

CANADIAN NATIONAL RAILWAY CO  
Form 6-K  
April 24, 2014

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 2014

Commission File Number: 001-02413

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

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

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

Form 20-F	Form 40-F	X
-----------	-----------	---

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	X
-----	----	---

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	X
-----	----	---

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	X
-----	----	---

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

Table of Contents

Item1 News Release dated April 22, 2014 entitled, "CN reports Q1-2014 net income of C\$623 million, or C\$0.75 per diluted share"

"Adjusted diluted earnings per share for Q1-2014 increased eight per cent to C\$0.66 (1)"

Item2 Unaudited Consolidated Financial Statements and Notes thereto

Item3 Management's Discussion and Analysis

Item4 CEO Certificate

Item5 CFO Certificate

---

Press Release

Item 1

North America's Railroad

CN reports Q1-2014 net income of C\$623 million,  
or C\$0.75 per diluted share

Adjusted diluted earnings per share for Q1-2014  
increased eight per cent to C\$0.66 (1)

VANCOUVER, B.C., April 22, 2014 — CN (TSX: CNR) (NYSE: CNI) today reported its financial and operating results for the first quarter ended March 31, 2014.

First-quarter 2014 financial highlights

- Net income was C\$623 million, or C\$0.75 per diluted share, compared with net income of C\$555 million, or C\$0.65 per diluted share, for the year-earlier quarter.
- Excluding gains on rail line sales in both the 2014 and 2013 periods, first-quarter 2014 adjusted diluted earnings per share (EPS) increased eight per cent to C\$0.66 from adjusted diluted EPS of C\$0.61 in Q1-2013. (1)
- Adjusted Q1-2014 net income of C\$551 million increased six per cent over adjusted net income of C\$519 million for the first quarter of 2013. (1)
  - Q1-2014 operating income increased five per cent to C\$820 million.
- First-quarter 2014 revenues increased nine per cent to C\$2,693 million, revenue ton-miles grew by five per cent, and carloadings increased one per cent.
- CN's operating ratio for Q1-2014 deteriorated by 1.2 points to 69.6 per cent from 68.4 per cent the year before.
- Free cash flow for the first quarter of 2014 was C\$494 million, compared with C\$151 million for the year-earlier quarter. (1)

Claude Mongeau, president and chief executive officer, said: "CN delivered solid first-quarter results thanks to a dedicated team of railroaders who labored long and hard to keep us rolling through the harshest winter in decades. The winter of a lifetime took its toll on network capacity and affected all of our customers, but I'm pleased that CN's recovery is now well underway, with key safety, operating and service metrics returning to pre-winter levels.

"With continued focus on supply chain collaboration and solid execution, CN is reaffirming its 2014 financial outlook and increasing its capital envelope to C\$2.25 billion in support of its commitment to growth, efficiency and safety."

Foreign currency impact on results

Although CN reports its earnings in Canadian dollars, a large portion of its revenues and expenses is denominated in U.S. dollars. The fluctuation of the Canadian dollar relative to the U.S. dollar, which affects the conversion of the Company's U.S.-dollar-denominated revenues and expenses, resulted in a positive impact to net income of C\$26 million (C\$0.03 per diluted share) in the first quarter of 2014. (1)

Canadian National Railway Company

1

---

Press Release

CN maintains positive 2014 outlook, increases capital spending (1) (2)

CN reaffirms the 2014 financial guidance that it announced on Dec. 10, 2013. CN is aiming to deliver double-digit EPS growth in 2014 over adjusted diluted 2013 EPS of C\$3.06, as well as free cash flow in the range of C\$1.6 billion to C\$1.7 billion. (1)

CN is now targeting 2014 capital spending of C\$2.25 billion, an increase of C\$150 million over its previous spending forecast of C\$2.1 billion announced on Dec. 10, 2013, and C\$250 million higher than 2013 capital spending of C\$2.0 billion. (2)

First-quarter 2014 revenues, traffic volumes and expenses

Revenues for the first quarter of 2014 increased by nine per cent to C\$2,693 million. Revenues increased for petroleum and chemicals (23 per cent), intermodal (12 per cent), metals and minerals (seven per cent), coal (seven per cent), and grain and fertilizers (six per cent). Forest products revenues were flat, and automotive revenues declined by four per cent.

The increase in revenues was mainly attributable to the positive translation impact of the weaker Canadian dollar on U.S.-dollar-denominated revenues; freight rate increases; higher freight volumes due to strong energy markets and market share gains, particularly in intermodal; and the impact of a higher fuel surcharge as a result of higher volumes. Revenues were negatively affected by operational challenges due to an unusually harsh winter that reduced CN's capacity to serve its customers.

Carloadings for the quarter rose one per cent to 1,239 thousand.

Revenue ton-miles, measuring the relative weight and distance of rail freight transported by CN, increased by five per cent over the year-earlier quarter. Rail freight revenue per revenue ton-mile, a measurement of yield defined as revenue earned on the movement of a ton of freight over one mile, increased by four per cent over the year-earlier period, driven by the positive translation impact of the weaker Canadian dollar and freight rate increases, partly offset by an increase in the average length of haul.

Operating expenses for the quarter increased by 11 per cent to C\$1,873 million, mainly attributable to the negative translation impact of a weaker Canadian dollar on U.S.-dollar-denominated expenses, operational challenges due to an unusually harsh winter resulting in increased purchased services and material expense, increased fuel costs and higher casualty and other expense.

The first-quarter 2014 operating ratio was 69.6 per cent, compared with 68.4 per cent for the year-earlier quarter, a 1.2-point deterioration.

Canadian National Railway Company

Press Release

Forward-Looking Statements

Certain information included in this news release constitutes “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and under Canadian securities laws. CN cautions that, by their nature, these forward-looking statements involve risks, uncertainties and assumptions. The Company 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. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of the Company or the rail industry to be materially different from the outlook or any future results or performance implied by such statements. To the extent that CN has provided guidance that are non-GAAP financial measures, the Company may not be able to provide a reconciliation to the GAAP measures, due to unknown variables and uncertainty related to future results. Key assumptions used in determining forward-looking information are set forth below.

2014 key assumptions

CN has made a number of economic and market assumptions in preparing its 2014 outlook. The Company is forecasting that North American industrial production for the year will increase by about three per cent. CN also expects U.S. housing starts to be in the range of 1.1 million units and U.S. motor vehicles sales to be approximately 16 million units. In addition, the U.S. 2013/2014 grain crop was above the five-year average, the Canadian 2013/2014 grain crop was well above the five-year average, and CN is assuming 2014/2015 grain crops in both countries will be in-line with their respective five-year averages. With these assumptions, CN assumes mid-single digit carload growth, along with continued pricing improvement above inflation. CN also assumes that the value of the Canadian dollar in U.S. currency will be in the range of \$0.90 to \$0.95 and the price of crude oil (West Texas Intermediate) to be in the range of US\$95-\$105 per barrel. In 2014, CN plans to invest approximately C\$2.25 billion in capital programs – compared with its previous 2014 capital spending forecast of C\$2.1 billion announced on Dec. 10, 2013 -- of which approximately C\$1.2 billion is targeted toward maintaining the safety and integrity of the network, particularly track infrastructure. The capital program also includes funds for projects supporting growth and productivity.

Important risk factors that could affect the forward-looking statements include, but are not limited to, the effects of general economic and business conditions, 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, various events which could disrupt operations, including natural events such as severe weather, droughts, floods and earthquakes, labor negotiations and disruptions, environmental claims, uncertainties of investigations, proceedings or other types of claims and litigation, risks and liabilities arising from derailments, 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 risk factors.

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 Canadian 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.

- 1) See discussion and reconciliation of non-GAAP adjusted performance measures in the attached supplementary schedule, Non-GAAP Measures.
- 2) See Forward-Looking statements for a summary of the key assumptions and risks regarding CN’s 2014 outlook.

Canadian National Railway Company

3

---

Press Release

CN is a true backbone of the economy, transporting approximately C\$250 billion worth of goods annually for a wide range of business sectors, ranging from resource products to manufactured products to consumer goods, across a rail network spanning Canada and mid-America. CN – Canadian National Railway Company, along with its operating railway subsidiaries -- serves the cities and ports of Vancouver, Prince Rupert, B.C., Montreal, Halifax, New Orleans, and Mobile, Ala., and the metropolitan areas of Toronto, Edmonton, Winnipeg, Calgary, Chicago, Memphis, Detroit, Duluth, Minn./Superior, Wis., 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](http://www.cn.ca).

- 30 -

Contacts:

Media

Mark Hallman

Director

Communications and Public Affairs

(905) 669-3384

Investment Community

Janet Drysdale

Vice-President

Investor Relations

(514) 399-0052

Canadian National Railway Company



## Consolidated Statement of Income - unaudited

## Item 2

In millions, except per share data	Three months ended	
	March 31	
	2014	2013
Revenues	\$ 2,693	\$ 2,466
Operating expenses		
Labor and fringe benefits	587	569
Purchased services and material	388	328
Fuel	468	405
Depreciation and amortization	256	235
Equipment rents	77	68
Casualty and other	97	81
Total operating expenses	1,873	1,686
Operating income	820	780
Interest expense	(92)	(89)
Other income (Note 2)	94	42
Income before income taxes	822	733
Income tax expense (Note 6)	(199)	(178)
Net income	\$ 623	\$ 555
Earnings per share (Note 9)		
Basic	\$ 0.75	\$ 0.65
Diluted	\$ 0.75	\$ 0.65
Weighted-average number of shares (Note 9)		
Basic	828.0	853.4
Diluted	831.3	856.5

See accompanying notes to unaudited consolidated financial statements.

Canadian National Railway Company

## Consolidated Statement of Comprehensive Income - unaudited

In millions	Three months ended	
	March 31 2014	2013
Net income	\$ 623	\$ 555
Other comprehensive income (Note 10)		
Net gain on foreign currency translation	25	12
Net change in pension and other postretirement benefit plans	33	60
Other comprehensive income before income taxes	58	72
Income tax recovery (expense)	24	(2)
Other comprehensive income	82	70
Comprehensive income	\$ 705	\$ 625

See accompanying notes to unaudited consolidated financial statements.

Canadian National Railway Company

Edgar Filing: CANADIAN NATIONAL RAILWAY CO - Form 6-K

Consolidated Balance Sheet - unaudited

In millions	March 31 2014	December 31 2013	March 31 2013
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 198	\$ 214	\$ 128
Restricted cash and cash equivalents (Note 3)	471	448	512
Accounts receivable (Note 3)	899	815	900
Material and supplies	331	274	289
Deferred and receivable income taxes	162	137	75
Other	117	89	95
<b>Total current assets</b>	<b>2,178</b>	<b>1,977</b>	<b>1,999</b>
Properties	26,643	26,227	24,733
Intangible and other assets	2,072	1,959	260
<b>Total assets</b>	<b>\$ 30,893</b>	<b>\$ 30,163</b>	<b>\$ 26,992</b>