

CANADIAN NATIONAL RAILWAY CO
Form 6-K
October 23, 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 October, 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 October 20, 2009 entitled, "CN reports Q3-2009 net income of C\$461 million, or C\$0.97 per diluted share, compared with year-earlier net income of C\$552 million, or C\$1.16 per diluted share."
 2. Interim Consolidated Financial Statements and Notes thereto (U.S. GAAP)
 3. Management's Discussion and Analysis (U.S. GAAP)
 4. Certificate of CEO
 5. Certificate of CFO
 6. XBRL exhibits
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CANADIAN NATIONAL RAILWAY COMPANY
PRESS RELEASE

Item 1

North America's Railroad

NEWS RELEASE

CN reports Q3-2009 net income of C\$461 million, or C\$0.97 per diluted share, compared with year-earlier net income of C\$552 million, or C\$1.16 per diluted share

MONTREAL, Oct. 20, 2009 — CN (TSX: CNR)(NYSE: CNI) today reported its financial and operating results for the third quarter ended Sept. 30, 2009.

Third-quarter 2009 highlights

- Net income declined to C\$461 million, or C\$0.97 per diluted share, from year-earlier net income of C\$552 million, or C\$1.16 per diluted share, largely as a result of lower freight volumes stemming from depressed North American and global economies.
- Revenues declined 18 per cent to C\$1,845 million, carloads declined 15 per cent to 1,032 thousand, and revenue ton-miles declined 11 per cent.
- Operating expenses declined 18 per cent to C\$1,156 million, reflecting lower year-over-year fuel prices and cost-containment measures in response to lower traffic.
- Operating income declined 18 per cent to C\$689 million, while the operating ratio was essentially flat at 62.7 per cent.
- Nine-month 2009 free cash flow increased to C\$657 million from C\$483 million generated during the comparable period of 2008. (1)

Net income for the third quarter of 2009 and third quarter of 2008 included deferred income tax recoveries of C\$15 million, or C\$0.03 per diluted share, and C\$41 million, or C\$0.09 per diluted share, respectively. The recoveries in both years resulted from the resolution of various income tax matters and adjustments related to tax filings of prior years. Excluding these items, adjusted third-quarter 2009 net income was C\$446 million, or C\$0.94 per diluted share, compared with year-earlier adjusted net income of C\$511 million, or C\$1.07 per diluted share, a reduction of 12 per cent in diluted earnings per share. (1)

The year-over-year increase in the U.S. dollar relative to the Canadian dollar affected the conversion of CN's U.S.-dollar-denominated revenues and expenses, increasing third-quarter 2009 net income by approximately C\$15 million, or C\$0.03 per diluted share.

E. Hunter Harrison, president and chief executive officer, said: "The third quarter of 2009 was another challenging one for CN, with significant weakness across markets affecting our freight volumes. Revenue ton-miles for the quarter declined 11 per cent, but that was a sequential improvement over the 14 per cent RTM reduction in the second quarter of this year.

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PRESS RELEASE

“The CN team continued to focus on cost containment and productivity improvements during Q3-2009. And the team delivered. We kept the operating ratio essentially flat at 62.7 per cent and made solid operational gains -- system train speeds improved again, rising 11 per cent year-over-year, while the average dwell time for freight cars in our classification yards across the railroad declined by nine per cent from a year earlier. Equally important, our accident rate improved by eight per cent over the same period of 2008.

“It appears that several of our markets may have hit bottom. Our productivity gains during 2009 position us well for the eventual recovery in traffic.”

Third-quarter 2009 revenues, traffic volumes and expenses

The reduction in third-quarter 2009 revenues largely resulted from significantly lower freight volumes in almost all markets as a result of prevailing economic conditions in the North American and global economies; and the impact of a lower fuel surcharge due to year-over-year decreases in applicable fuel prices, as well as lower freight volumes. Partly offsetting these factors were the positive translation impact of the weaker Canadian dollar on U.S.-dollar-denominated revenues and freight rate increases.

All commodity groups saw revenue declines – metals and minerals (32 per cent), automotive (25 per cent), forest products (24 per cent), intermodal (20 per cent), petroleum and chemicals (11 per cent), coal (nine per cent), and grain and fertilizers (nine per cent).

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, decreased by nine per cent in the third quarter, largely due to the impact of a lower fuel surcharge and an increase in the average length of haul. These factors were partly offset by the positive translation impact of the weaker Canadian dollar and freight rate increases.

The 18 per cent decline in operating expenses was primarily due to lower fuel costs, reduced expenses for purchased services and material, and lower casualty and other expenses. These factors were partially offset by the negative translation impact of the weaker Canadian dollar on U.S.-dollar-denominated expenses.

(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.

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Important factors that could cause such differences include, but are not limited to, the effects of adverse general economic and business conditions, including the recession in the North American economy and the global economic contraction in 2009, 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 risks.

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 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.

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)

Item 2

	Three months ended September 30		Nine months ended September 30	
	2009	2008 (Unaudited)	2009	2008
Revenues	\$ 1,845	\$ 2,257	\$ 5,485	\$ 6,282
Operating expenses				
Labor and fringe benefits	416	424	1,283	1,277
Purchased services and material	227	268	771	836
Fuel	192	390	548	1,099
Depreciation and amortization	191	177	593	528
Equipment rents	66	59	218	183
Casualty and other	64	95	319	285
Total operating expenses	1,156	1,413	3,732	4,208
Operating income	689	844	1,753	2,074
Interest expense	(97)	(92)	(317)	(265)
Other income (Note 3)	21	4	191	7
Income before income taxes	613	756	1,627	1,816
Income tax expense (Note 7)	(152)	(204)	(355)	(494)
Net income	\$ 461	\$ 552	\$ 1,272	\$ 1,322