

CANADIAN NATIONAL RAILWAY CO
Form 6-K
April 30, 2007

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, 2007

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

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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

<u>Item</u>	
Item 1	Press Release dated April 23, 2007, titled “CN reports diluted Q1-2007 EPS of C\$0.63, net income of C\$324 million, reflecting adverse effects of severe winter weather and conductors’ strike”.
Item 2	Interim Consolidated Financial Statements and Notes thereto (U.S. GAAP)
Item 3	Management’s Discussion And Analysis (U.S. GAAP)
Item 4	Certificate of CEO
Item 5	Certificate of CFO

Item 1

North America's Railroad

News
FOR IMMEDIATE RELEASE

Stock symbols: TSX: CNR / NYSE: CNI

www.cn.ca

CN reports diluted Q1-2007 EPS of C\$0.63, net income of C\$324 million, reflecting adverse effects of severe winter weather and conductors' strike

MONTREAL, April 23, 2007 — CN today reported its financial and operating results for the first quarter ended March 31, 2007.

First-quarter 2007 financial highlights

- Diluted earnings per share of C\$0.63, down five per cent from year-earlier EPS of C\$0.66.
- Net income of C\$324 million, a decline of 10 per cent from first-quarter 2006 net income of C\$362 million.
- Revenues of C\$1,906 million, an increase of C\$9 million over first-quarter 2006 revenues of C\$1,897 million.
- Operating ratio of 70.6 per cent, a 3.5-point increase from the same quarter of 2006.

E. Hunter Harrison, president and chief executive officer of CN, said: “The first three months of 2007 were very challenging for CN, as we announced in our media release of March 29. Our results for the quarter were affected by unusually difficult winter weather in Western Canada during January and February, a work stoppage by conductors and yard-service employees across Canada in February, and then avalanches and landslides in Western Canada that blocked our main line to and from Vancouver in March.”

First-quarter operating income declined 10 per cent to C\$561 million, while CN’s operating ratio increased by 3.5-points to 70.6 per cent. CN estimates the United Transportation Union (UTU) strike reduced first-quarter operating income by approximately C\$50 million, and net income by C\$35 million, or seven cents per diluted share.

Revenues for the first three months of 2007 were basically flat at C\$1,906 million, reflecting freight rate increases, an overall improvement in traffic mix driven principally by extended routings for certain forest products traffic, and the translation impact of the weaker Canadian dollar on U.S. dollar-denominated revenues. This increase was partly offset by the effect of the UTU strike, unfavourable weather conditions, weakness in specific markets, and lower fuel surcharge revenues resulting from a decrease in crude oil prices.

Revenue ton-miles, a measurement of the relative weight and distance of rail freight transported by the company, declined three per cent during first-quarter 2007. Rail freight revenue per revenue ton-mile, a measurement of yield defined as revenue earned from the movement of a ton of freight over one mile, increased by four per cent over the same period of 2006.

Operating expenses for the first three months of 2007 increased by six per cent to C\$1,345 million, primarily due to increased casualty and other expenses, equipment rents, and purchased services and material expenses, which were partly offset by lower labour and fringe benefit expenses.

The financial results in this press release were determined on the basis of U.S. generally accepted accounting principles (U.S. GAAP).

This news release contains forward-looking statements. CN cautions that, by their nature, forward-looking statements involve risk and uncertainties, including the assumption that, while CN expects a moderate slowdown in the North American economy in the near term, positive economic conditions in North America and globally will continue, and that its results could differ materially from those expressed or implied in such statements. Important factors that could cause such differences include, but are not limited to, industry competition, 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, the effects of adverse general economic and business conditions, inflation, currency fluctuations, changes in fuel prices, labour 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 CN's most recent Form 40-F filed with the United States Securities and Exchange Commission, its Annual Information Form filed with the Canadian securities regulators, and its 2006 Annual Consolidated Financial Statements and Notes thereto and Management's Discussion and Analysis (MD&A), for a summary of major risks.

CN -- Canadian National Railway Company -- 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 cities of Toronto, Buffalo, Chicago, Detroit, Duluth, Minn./Superior, Wis., Green Bay, Wis., Minneapolis/St. Paul, Memphis, St. Louis, and Jackson, Miss., with connections to all points in North America.

- 30 -

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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	
	2007	2006
	<i>(Unaudited)</i>	
Revenues	\$ 1,906	\$ 1,897
Operating expenses		
Labor and fringe benefits	485	493
Purchased services and material	276	258
Depreciation and amortization	171	164
Fuel	219	204
Equipment rents	66	47
Casualty and other	128	106
Total operating expenses	1,345	1,272
Operating income	561	625
Interest expense	(88)	(75)
Other income (loss)	4	(1)
Income before income taxes	477	549
Income tax expense	(153)	(187)
Net income	\$ 324	\$ 362
Earnings per share (Note 8)		
Basic	\$ 0.64	\$ 0.68
Diluted	\$ 0.63	\$ 0.66
Weighted-average number of shares		
Basic	510.2	536.1
Diluted	517.8	545.1

See accompanying notes to unaudited consolidated financial statements.

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

(In millions)

	March 31	December	March 31
	2007	31	2006
	<i>(Unaudited)</i>	2006	<i>(Unaudited)</i>
<i>Assets</i>			
Current assets:			
Cash and cash equivalents	\$ 106		