

CANADIAN NATIONAL RAILWAY CO
Form 6-K
April 26, 2005

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 2005

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

Table of Contents

- Item 1 Press Release dated April 20, 2005, titled " CN's first-quarter 2005 net income rises 42 per cent to \$299 million, or \$1.04 per diluted share .
 - 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
-

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Canadian National Railway Company

Date: April 26, 2005

By: /s/ Cristina Circelli

Name: Cristina Circelli
Title: General Counsel

Item 1

CANADIAN NATIONAL RAILWAY COMPANY
PRESS RELEASE

FOR IMMEDIATE RELEASE

www.cn.ca

CN's first-quarter 2005 net income rises 42 per cent to \$299 million, or \$1.04 per diluted share

MONTREAL, April 20, 2005 □ CN today reported its financial results for the first quarter ended March 31, 2005.

Highlights

- Net income of \$299 million, or \$1.04 per diluted share, an increase of 42 per cent from year-earlier net income of \$210 million, or 73 cents per diluted share;
- Revenues of \$1,706 million, an increase of 19 per cent;
- Operating income up 33 per cent to \$526 million;
- Record first-quarter operating ratio of 69.2 per cent, a 3.3-percentage point improvement over first-quarter 2004 performance;
- Free cash flow of \$310 million, compared with \$272 million for the comparable period of 2004. (1)

E. Hunter Harrison, president and chief executive officer of CN, said: □CN had an exceptional quarter, achieving □ for the first time □ an operating ratio of less than 70 per cent for the first three months of the year. This accomplishment was all the more striking given a severe winter and weather-related disruptions on parts of our network early in the quarter.

1

CANADIAN NATIONAL RAILWAY COMPANY PRESS RELEASE

□Our strong performance was driven by a number of factors - a solid economy, revenue gains from CN's 2004 acquisitions, a higher fuel surcharge, freight rate increases, and a return to more normal traffic levels following the first-quarter 2004 Canadian Auto Workers (CAW) strike. This resulted in double-digit revenue increases at five of our seven commodity groups, with particular strength in metals and minerals, forest products, and intermodal traffic.□

□By staying focused on cost control and asset utilization, we continue to be well positioned to convert revenue gains into strong bottom line growth. This is the real power of CN's operating leverage.□

Commodity groups that registered revenue gains during the quarter were metals and minerals (49 per cent); forest products (26 per cent); intermodal (26 per cent); coal (18 per cent); petroleum and chemicals (10 per cent); and grain and fertilizers (eight per cent). Automotive revenues declined by six per cent.

CN's first-quarter 2005 performance benefited from \$121 million in revenues from the rail and related holdings of Great Lakes Transportation LLC (GLT) and BC Rail, whose operations CN consolidated on May 10, 2004, and July 14, 2004, respectively.

Operating expenses for first-quarter 2005 increased by 13 per cent to \$1,180 million, largely because of the inclusion of \$96 million in GLT and BC Rail expenses, higher labour and fringe benefits, and increased fuel costs, all of which were partly offset by lower equipment rents.

The continued appreciation of the Canadian dollar affected the conversion of CN's U.S. dollar-denominated revenues and expenses, and, accordingly, reduced the company's first-quarter 2005 revenues, operating income and net income by approximately \$60 million, \$25 million, and \$15 million, respectively. In the first quarter of 2004, the CAW strike reduced CN's operating income and net income by \$35 million and \$24 million, respectively.

2

CANADIAN NATIONAL RAILWAY COMPANY
PRESS RELEASE

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

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

This news release contains forward-looking statements. CN cautions that, by their nature, forward-looking statements involve risk and uncertainties and that its results could differ materially from those expressed or implied in such statements. Reference should be made to CN's most recent Form 40-F filed with the United States Securities and Exchange Commission, and the Annual Information Form filed with the Canadian securities regulators, for a summary of major risks.

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 -

Contacts:

Media

Mark Hallman
System Director, Media Relations
(905) 669-3384

Investment Community

Robert Noorigian
Vice-President, Investor Relations
(514) 399-0052

3

CONSOLIDATED STATEMENT OF INCOME (U.S. GAAP)*(In millions, except per share data)*

	Three months ended March 31	
	2005	2004
	<i>(Unaudited)</i>	
Revenues	\$ 1,706	\$ 1,438
Operating expenses	1,180	1,043
Operating income	526	395
Interest expense	(75)	(72)
Other loss	(4)	(13)
Income before income taxes	447	310
Income tax expense	(148)	(100)
Net income	\$ 299	\$ 210
Earnings per share		
Basic	\$ 1.06	\$ 0.74
Diluted	\$ 1.04	\$ 0.73
Weighted-average number of shares		
Basic	281.9	284.5
Diluted	287.5	288.8

See accompanying notes to consolidated financial statements.

CANADIAN NATIONAL RAILWAY COMPANY
CONSOLIDATED STATEMENT OF OPERATING INCOME (U.S. GAAP)

(In millions)

	Three months ended March 31		
	2005	2004	Variance Fav (Unfav)
	<i>(Unaudited)</i>		
Revenues			
Petroleum and chemicals	\$ 275	\$ 250	10%
Metals and minerals	199	134	49%
Forest products	404	320	26%
Coal	79	67	18%
Grain and fertilizers	276	256	8%
Intermodal	287	228	26%
Automotive	122	130	(6%)
Other items	64	53	21%
	1,706	1,438	19%
Operating expenses			
Labor and fringe benefits	499	419	(19%)
Purchased services and material	206	190	(8%)
Depreciation and amortization	156	142	(10%)
Fuel	166	122	(36%)
Equipment rents	47	63	25%
Casualty and other	106	107	1%
	1,180	1,043	(13%)
Operating income	\$ 526	\$ 395	33%
Operating ratio	69.2%	72.5%	3.3

See accompanying notes to consolidated financial statements.

Certain of the 2004 comparative figures have been reclassified in order to be consistent with the 2005 presentation.

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

(In millions)

	March 31	December 31	March 31
	2005	2004	2004
	<i>(Unaudited)</i>		<i>(Unaudited)</i>
Assets			
Current assets:			
Cash and cash equivalents	\$ 202	\$ 147	\$ 175
Accounts receivable (Note 4)	727	793	519
Material and supplies	178	127	155
Deferred income taxes	250	364	126
Other	399	279	252
	1,756	1,710	1,227
Properties	19,799	19,715	18,421
Intangible and other assets	873	940	781
	\$ 22,428	\$ 22,365	\$ 20,429
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable and accrued charges	\$ 1,586	\$ 1,605	\$ 1,366
Current portion of long-term debt (Note 4)	225	578	149
Other	77	76	82
	1,888	2,259	1,597
Deferred income taxes	4,802	4,723	4,642
Other liabilities and deferred credits	1,474	1,513	1,200
Long-term debt (Note 4)	4,956	4,586	4,367

Shareholders' equity:

Common shares	4,715	4,706	4,682
Accumulated other comprehensive loss	(91)	(148)	(111)
Retained earnings	4,684	4,726	4,052
	9,308	9,284	8,623
Total liabilities and shareholders' equity	\$ 22,428	\$ 22,365	\$ 20,429

See accompanying notes to consolidated financial statements.
Certain of the 2004 comparative figures have been reclassified in order to be consistent with the 2005 presentation.

6

CANADIAN NATIONAL RAILWAY COMPANY CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (U.S. GAAP)

(In millions)

	Three months ended March 31	
	2005	2004
	<i>(Unaudited)</i>	
Common shares (1)		
Balance, beginning of period	\$ 4,706	\$ 4,664
Stock options exercised and other	86	18
Share repurchase program (Note 4)	(77)	-
Balance, end of period	\$ 4,715	\$ 4,682
Accumulated other comprehensive loss		
Balance, beginning of period	\$ (148)	\$ (129)
Other comprehensive income (loss):		

Unrealized foreign exchange loss on translation of U.S. dollar denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries	(37)	(32)
Unrealized foreign exchange gain on translation of the net investment in foreign operations	44	54
Unrealized holding gain on fuel derivative instruments (Note 6)	78	20
Unrealized holding loss on interest rate derivatives (Note 6)	-	(15)
<hr/>		
Other comprehensive income before income taxes	85	27
Income tax expense	(28)	(9)
<hr/>		
Other comprehensive income	57	18
<hr/>		
Balance, end of period	\$ (91)	\$ (111)
<hr/>		

Retained earnings

Balance, beginning of period	\$ 4,726	\$ 3,897
Net income	299	210
Share repurchase program (Note 4)	(270)	-
Dividends	(71)	(55)
<hr/>		
Balance, end of period	\$ 4,684	\$ 4,052
<hr/>		

See accompanying notes to consolidated financial statements.

(1) During the first quarter of 2005, the Company issued 2.0 million common shares as a result of stock options exercised. At March 31, 2005, the Company had 280.5 million common shares outstanding.

7

CANADIAN NATIONAL RAILWAY COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS (U.S. GAAP)

(In millions)

**Three months ended
March 31**

	2005	2004
	<i>(Unaudited)</i>	
<i>Operating activities</i>		
Net income	\$ 299	\$ 210
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation and amortization	157	143
Deferred income taxes	136	55
Equity in earnings of English Welsh and Scottish Railway	(5)	5
Other changes in:		
Accounts receivable	64	8
Material and supplies	(51)	(35)
Accounts payable and accrued charges	(21)	(66)
Other net current assets and liabilities	(10)	(29)
Other	14	14
Cash provided from operating activities	583	305

Investing activities

Net additions to properties	(153)
-----------------------------	--------------