

CANADIAN NATIONAL RAILWAY CO
Form 6-K
May 29, 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 May, 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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Item

1. 2008 Update – CN Investor Fact Book
-



Ticker symbols

CNR
Toronto Stock Exchange

CNI
New York Stock Exchange

Except where otherwise indicated, all financial information reflected in this document is expressed in Canadian dollars and determined on the basis of United States generally accepted accounting principles (U.S. GAAP). The Company's objective is to provide meaningful and relevant information reflecting the Company's financial condition, results of operations and operational performance. In certain instances, the Company may make reference to certain non-GAAP measures that, from management's perspective, are useful measures of performance. In addition, certain statistical data are based on estimated data available at such time and are subject to change as more complete information becomes available. The reader is advised to read all information provided in this document in conjunction with the Company's 2008 Annual Consolidated Financial Statements, Notes thereto and Management's discussion and analysis (MD&A).

The Company makes reference to non-GAAP measures in this document that do not have any standardized meaning prescribed by U.S. GAAP and are, therefore, not necessarily comparable to similar measures presented by other companies and, as such, should not be considered in isolation. Management believes that non-GAAP measures such as adjusted net income and the resulting adjusted performance measures for such items as operating income, operating ratio and per share data are useful measures of performance that can facilitate period-to-period comparisons as they exclude items that do not arise as part of the normal day-to-day operations or that could potentially distort the analysis of trends in business performance. The exclusion of the specified items in the adjusted measures do not, however, imply that such items are necessarily non-recurring. The Company also believes that free cash flow is a useful measure of performance as it demonstrates the Company's ability to generate cash after the payment of capital expenditures and dividends. Free cash flow does not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies. The Company defines free cash flow as cash provided from operating activities, excluding changes in the accounts receivable securitization program and changes in cash and cash equivalents resulting from foreign exchange fluctuations, less cash used by investing activities and the payment of dividends. In addition, the Company believes that adjusted debt-to-total capitalization is a useful credit measure that aims to show the true leverage of the Company. Similarly, adjusted debt-to-adjusted earnings before interest, income taxes, depreciation and amortization (EBITDA) is another useful credit measure because it reflects the Company's ability to service its debt. The Company excludes Other income in the calculation of EBITDA. A reconciliation of the various non-GAAP measures presented in this document to their comparable U.S. GAAP measures is provided in Appendix A.

Financial & statistical highlights

Financial highlights

\$ in millions, except per share data, or unless otherwise indicated

	2006	2007	2008
Financial results			
Revenues	\$ 7,929	\$ 7,897	\$ 8,482
Operating income	\$ 3,030	\$ 2,876	\$ 2,894
Adjusted net income (1)	\$ 1,810	\$ 1,725	\$ 1,778
Adjusted diluted earnings per share (1)	\$ 3.40	\$ 3.40	\$ 3.71
Weighted-average number of shares diluted (millions)	534.3	508.0	480.0
Financial ratios			
Operating ratio	61.8%	63.6%	65.9%
Debt-to-total capitalization	36.3%	35.6%	42.8%
Adjusted debt-to-total capitalization (2,4)	40.4%	40.4%	45.2%
Adjusted debt-to-adjusted EBITDA (2,3,4)	1.8 times	1.9 times	2.4 times
Other information			
Dividend per share	\$ 0.65	\$ 0.84	\$ 0.92
Net capital expenditures	\$ 1,298	\$ 1,387	\$ 1,424
Free cash flow (4)	\$ 1,343	\$ 828	\$ 794

(1) Adjusted to exclude items affecting the comparability of results. See Appendix A for a reconciliation of Non-GAAP measures.

(2) Debt adjusted to include the present value of operating lease commitments plus securitization financing.

(3) Earnings before interest, income taxes, depreciation and amortization (EBITDA), and adjusted to exclude other income and the deemed interest on operating leases.

(4) See Appendix A for a reconciliation of Non-GAAP measures.

Statistical highlights

unaudited

	2006	2007	2008
Route miles (includes Canada and the U.S.)	20,264	20,421	20,961
Carloads (thousands)	4,824	4,744	4,615
Gross ton miles (millions)	352,972	347,898	339,854
Revenue ton miles (millions)	185,610	184,148	177,951
Employees (average for the year)	22,092	22,389	22,695
Employees (end of year)	22,250	22,696	22,227
Diesel fuel consumed (U.S. gallons in millions)	401	392	380
Average fuel price (\$ per U.S. gallon) (1)	2.13	2.40	3.39

(1) 2006 includes the impact of the Company's fuel hedging program.

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Canadian National Railway Company

Quarterly consolidated statement of income 2007 -
2008

unaudited

\$ in millions, unless otherwise
indicated

	2007					2008				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Revenues	\$ 1,906	\$ 2,027	\$ 2,023	\$ 1,941	\$ 7,897	\$ 1,927	\$ 2,098	\$ 2,257	\$ 2,200	\$ 8,482
Operating expenses										
Labor and fringe benefits	485	430	446	340	1,701	461	392	424	397	1,674
Purchased services and material	276	263	247	259	1,045	285	283	268	301	1,137
Fuel	219	249	251	307	1,026	310	399	390	304	1,403
Depreciation and amortization	171	168	165	173	677	175	176	177	197	725
Equipment rents	66	62	59	60	247	64	60	59	79	262
Casualty and other	128	44	87	66	325	109	81	95	102	387
Total operating expenses	1,345	1,216	1,255	1,205	5,021	1,404	1,391	1,413	1,380	5,588
Operating income	561	811	768	736	2,876	523	707	844	820	2,894
Interest expense	(88)	(85)	(78)	(85)	(336)	(86)	(87)	(92)	(110)	(375)
Other income (loss)	4	1	2	159	166	(6)	9	4	19	26
Income before income taxes	477	727	692	810	2,706	431	629	756	729	2,545
Income tax (expense) recovery	(153)	(211)	(207)	23	(548)	(120)	(170)	(204)	(156)	(650)
Net income	\$ 324	\$ 516	\$ 485	\$ 833	\$ 2,158	\$ 311	\$ 459	\$ 552	\$ 573	\$ 1,895
Earnings per share										
Basic	0.64	1.02	0.97	1.70	4.31	0.64	0.96	1.17	1.22	3.99
Diluted	0.63	1.01	0.96	1.68	4.25	0.64	0.95	1.16	1.21	3.95
Weighted-average number of shares										
Basic	510.2	505.2	499.7	489.8	501.2	482.8	476.4	471.7	468.1	474.7
Diluted	517.8	512.3	506.4	495.9	508.0	488.6	482.0	477.1	472.5	480.0

Canadian National Railway Company

Quarterly consolidated balance sheet 2007 - 2008

unaudited

In millions

	Q1	2007 Q2	Q3	Q4	Q1	2008 Q2	Q3	Q4
Assets								
Current assets:								
Cash and cash equivalents	\$ 106	\$ 241	\$ 214	\$ 310	\$ 334	\$ 161	\$ 288	\$ 413
Accounts receivable	508	425	641	370	621	843	657	913
Material and supplies	208	204	206	162	212	217	213	200
Deferred income taxes	83	73	69	68	67	67	69	98
Other	184	159	316	138	111	88	131	132
	1,089	1,102	1,446	1,048	1,345	1,376	1,358	1,756
Properties	20,988	20,401	19,883	20,413	20,754	20,864	21,472	23,203
Intangible and other assets	1,646	1,664	1,576	1,999	2,065	2,113	2,134	1,761
Total assets	\$ 23,723	\$ 23,167	\$ 22,905	\$ 23,460	\$ 24,164	\$ 24,353	\$ 24,964	\$ 26,720
Liabilities and shareholders' equity								
Current liabilities:								
Accounts payable and other	\$ 1,510	\$ 1,489	\$ 1,261	\$ 1,336	\$ 1,333	\$ 1,289	\$ 1,329	\$ 1,386
Current portion of long-term debt	244	366	293	254	269	85	449	506
	1,754	1,855	1,554	1,590	1,602	1,374	1,778	1,892
Deferred income taxes	5,025	4,885	4,940	4,908	5,021	5,100	5,246	5,511
Other liabilities and deferred credits	1,532	1,443	1,410	1,422	1,404	1,381	1,378	1,353
Long-term debt	5,602	5,193	5,342	5,363	6,064	6,389	6,264	7,405
Shareholders' equity:								
Common shares	4,426	4,417	4,359	4,283	4,241	4,208	4,171	4,179
Accumulated other comprehensive income (loss)	(50)	(180)	(257)	(31)	9	(1)	54	(155)
Retained earnings	5,434	5,554	5,557	5,925	5,823	5,902	6,073	6,535
	9,810	9,791	9,659	10,177	10,073	10,109	10,298	10,559
	\$ 23,723	\$ 23,167	\$ 22,905	\$ 23,460	\$ 24,164	\$ 24,353	\$ 24,964	\$ 26,720

Total liabilities and
shareholders' equity

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Canadian National Railway Company

Quarterly consolidated statement of cash flows 2007
- 2008

unaudited

In millions

	2007					2008				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Operating Activities										
Net income	\$ 324	\$ 516	\$ 485	\$ 833	\$ 2,158	\$ 311	\$ 459	\$ 552	\$ 573	\$ 1,895
Adjustments to reconcile net income to net cash provided from operating activities:										
Depreciation and amortization	172	169	165	172	678	175	176	177	197	725
Deferred income taxes	7	43	75	(207)	(82)	25	89	73	43	230
Gain on sale of Central Station Complex	-	-	-	(92)	(92)	-	-	-	-	-
Gain on sale of investment in English Welsh and Scottish Railway	-	-	-	(61)	(61)	-	-	-	-	-
Other changes in:										
Accounts receivable	176	38	(252)	267	229	(235)	(233)	209	(173)	(432)
Material and supplies	(19)	(1)	(6)	44	18	(48)	(6)	6	25	(23)
Accounts payable and other	(428)	2	(69)	99	(396)	(59)	(39)	(1)	(28)	(127)
Other current assets	8	21	46	(9)	84	29	22	(16)	2	37
Other	23	(22)	2	(122)	(119)	(33)	(59)	(43)	(139)	(274)
Cash provided from operating activities	263	766	446	942	2,417	165	409	957	500	2,031
Investing Activities										
Properties additions	(203)	(344)	(350)	(490)	(1,387)	(177)	(352)	(415)	(480)	(1,424)

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Acquisitions, net of cash acquired	-	-	-	(25)	(25)	-	-	-	(50)	(50)
Sale of Central Station Complex	-	-	-	351	351	-	-	-	-	-
Sale of investment in English Welsh and Scottish Railway	-	-	-	114	114	-	-	-	-	-
Other, net	10	2	14	26	52	11	9	22	32	74
Cash used by investing activities	(193)	(342)	(336)	(24)	(895)	(166)	(343)	(393)	(498)	(1,400)
Financing Activities										
Issuance of long-term debt	434	1,050	1,841	846	4,171	1,055	1,597	778	1,003	4,433
Reduction of long-term debt	(145)	(904)	(1,420)	(1,120)	(3,589)	(580)	(1,418)	(798)	(793)	(3,589)
Issuance of common shares due to exercise of stock options and related excess tax benefits realized	18	41	14	4	77	18	16	14	6	54
Repurchase of common shares	(343)	(344)	(452)	(445)	(1,584)	(367)	(323)	(327)	(4)	(1,021)
Dividends paid	(107)	(105)	(104)	(102)	(418)	(111)	(109)	(108)	(108)	(436)
Cash provided from (used by) financing activities	(143)	(262)	(121)	(817)	(1,343)	15	(237)	(441)	104	(559)
Effect of foreign exchange fluctuations on U.S. dollar-denominated cash and cash equivalents	-	(27)	(16)	(5)	(48)	10	(2)	4	19	31
Net increase (decrease) in cash and cash equivalents	(73)	135	(27)	96	(131)	24	(173)	127	125	103
Cash and cash equivalents, beginning of period	179	106	241	214	179	310	334	161	288	310
Cash and cash equivalents, end of period	\$ 106	\$ 241	\$ 214	\$ 310	\$ 310	\$ 334	\$ 161	\$ 288	\$ 413	\$ 413