

CANADIAN NATIONAL RAILWAY CO
Form 6-K
October 23, 2008

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, 2008

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. News Release dated October 21, 2008 entitled, "CN reports Q3-2008 net income of C\$552 million, or C\$1.16 per diluted share, including deferred income tax recovery of C\$0.09".
 2. Interim Unaudited 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
-

Item 1

North America's Railroad

NEWS RELEASE

CN reports Q3-2008 net income of C\$552 million,
or C\$1.16 per diluted share, including deferred
income tax recovery of C\$0.09

MONTREAL, Oct. 21, 2008 — CN (TSX: CNR)(NYSE: CNI) today reported its financial and operating results for the third quarter and nine months ended Sept. 30, 2008.

Third-quarter 2008 highlights

- Diluted earnings per share increased 21 per cent to C\$1.16.
 - Net income increased 14 per cent to C\$552 million.
 - Revenues increased 12 per cent to C\$2,257 million.
- Operating income increased 10 per cent to C\$844 million, with the Company's operating ratio rising by six-tenths of one point to 62.6 per cent.

CN said third-quarter 2008 net income was C\$552 million, or C\$1.16 per diluted share, compared with net income of C\$485 million, or C\$0.96 per diluted share, for the comparable period of 2007.

The results for the third quarters of 2008 and 2007 were affected by deferred income tax adjustments. Net income for the latest quarter included a deferred income tax recovery of C\$41 million, or C\$0.09 per diluted share, following resolution of various income tax matters and adjustments related to tax filings of prior years. Third-quarter 2007 net income included a deferred income tax recovery of C\$14 million, or C\$0.03 per diluted share, as a result of net capital losses from the reorganization of subsidiaries.

Operating income for third-quarter 2008 increased by 10 per cent to C\$844 million from C\$768 million a year earlier. Revenues increased 12 per cent to C\$2,257 million from C\$2,023 million, while operating expenses increased 13 per cent to C\$1,413 million from C\$1,255 million.

CN's operating ratio for the most recent three-month period was 62.6 per cent, compared with 62.0 per cent for the third quarter of 2007.

E. Hunter Harrison, president and chief executive officer, said: "I am extremely pleased with our results. Operational execution during the quarter was outstanding, with notable gains in network fluidity, productivity and asset utilization, while we enjoyed good revenue growth across most commodity groups.

“Looking forward, the uncertain economic landscape in North America and around the world will pose challenges to CN and its customers. But we believe CN is well positioned to weather the headwinds -- we have a unique business model anchored on precision railroading, and a strong freight franchise with growth prospects in intermodal, bulk commodities and energy-related developments in Western Canada. We will continue to pursue these opportunities aggressively while maintaining a clear focus on cost control and productivity improvements to keep CN at the forefront of rail industry efficiency.”

CN's third-quarter 2008 revenues increased 12 per cent due to freight rate increases, of which approximately two thirds was related to a higher fuel surcharge resulting from year-over-year increases in applicable fuel prices; and higher volumes in specific commodity groups, particularly intermodal, metals and minerals, and coal. These gains were partly offset by weakness in forest products, reduced grain volumes as a result of depleted stockpiles, and the effect of hurricanes on traffic in the Southern U.S.

Five of CN's seven commodity groups registered revenues gains in the quarter, led by coal (41 per cent), metals and minerals (29 per cent), intermodal (24 per cent), petroleum and chemicals (nine per cent), and automotive (three per cent). Forest products revenues declined two per cent, and grain and fertilizers revenues declined one per cent.

Revenue ton-miles, measuring the relative weight and distance of rail freight transported by CN, declined by two per cent during the third quarter versus the comparable period of 2007.

Operating expenses for the quarter increased by 13 per cent to C\$1,413 million, largely as a result of higher fuel costs and purchased services and material expenses, which were partly offset by lower labor and fringe benefits expense.

The financial results in this news release were determined on the basis of U.S. Generally Accepted Accounting Principles (U.S. GAAP).

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 growth opportunities, is the Company's assumption that such growth opportunities extend beyond business cycle considerations and, as such, 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 current economic conditions render such assumptions, reasonable at the time they were made, subject to greater uncertainty. The current situation in financial markets is adding a substantial amount of risk to the North American economy, which is currently experiencing recessionary conditions, and to the global economy, which is already slowing down. Under these circumstances, it is difficult to make a projection in respect of business prospects for the next 12 to 18 months. The Company cautions that its results could differ materially from those expressed or implied in such forward-looking 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, labor 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 “Management's Discussion and Analysis” in CN's annual and interim reports and 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.

- 30 -

Contacts:

Media

Mark Hallman

Director

Communications, Media

(905) 669-3384

Investment Community

Robert Noorigian

Vice-President

Investor Relations

(514) 399-0052

Item 2

CANADIAN NATIONAL RAILWAY COMPANY
CONSOLIDATED STATEMENT OF INCOME (U.S. GAAP)
(In millions, except per share data)

	Three months ended September 30		Nine months ended September 30	
	2008	2007 (Unaudited)	2008	2007
Revenues	\$ 2,257	\$ 2,023	\$ 6,282	\$ 5,956
Operating expenses				
Labor and fringe benefits	424	446	1,277	1,361
Purchased services and material	268	247	836	786
Fuel	390	251	1,099	719
Depreciation and amortization	177	165	528	504
Equipment rents	59	59	183	187
Casualty and other	95	87	285	259
Total operating expenses	1,413	1,255	4,208	3,816
Operating income	844	768	2,074	2,140
Interest expense	(92)	(78)	(265)	(251)
Other income	4	2	7	7
Income before income taxes	756	692	1,816	1,896
Income tax expense (Note 7)	(204)	(207)	(494)	(571)
Net income	\$ 552	\$ 485	\$ 1,322	\$ 1,325
Earnings per share (Note 8)				
Basic	\$ 1.17	\$ 0.97	\$ 2.77	\$ 2.62
Diluted	\$ 1.16	\$ 0.96	\$ 2.74	\$ 2.59
Weighted-average number of shares				
Basic	471.7	499.7	477.0	505.0
Diluted	477.1	506.4	482.6	512.1

See accompanying notes to unaudited consolidated financial statements.

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