

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

Table of Contents

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 &amp; statistical highlights

## Financial highlights

---

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

|  | 2006      | 2007      | 2008      |
|--|-----------|-----------|-----------|
| <b>Financial results</b>                             |           |           |           |
| 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     |
| <b>Financial ratios</b>                              |           |           |           |
| 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 |
| <b>Other information</b>                             |           |           |           |
| 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.









Edgar Filing: CANADIAN NATIONAL RAILWAY CO - Form 6-K

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<br>Q2       | Q3               | Q4               | Q1               | 2008<br>Q2       | Q3               | Q4               |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Assets</b>                                 |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Current assets:</b>                        |                  |                  |                  |                  |                  |                  |                  |                  |
| 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            |
| <b>Total assets</b>                           | <b>\$ 23,723</b> | <b>\$ 23,167</b> | <b>\$ 22,905</b> | <b>\$ 23,460</b> | <b>\$ 24,164</b> | <b>\$ 24,353</b> | <b>\$ 24,964</b> | <b>\$ 26,720</b> |
| <b>Liabilities and shareholders' equity</b>   |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Current liabilities:</b>                   |                  |                  |                  |                  |                  |                  |                  |                  |
| 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            |
| <b>Shareholders' equity:</b>                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 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

8

---

Edgar Filing: CANADIAN NATIONAL RAILWAY CO - Form 6-K

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    |



Edgar Filing: CANADIAN NATIONAL RAILWAY CO - Form 6-K

|   |       |       |         |         |         |       |         |       |       |         |
|---|-------|-------|---------|---------|---------|-------|---------|-------|-------|---------|
| Investing Activities  |       |       |         |         |         |       |         |       |       |         |
| Properties additions  | (203) | (344) | (350)   | (490)   | (1,387) | (177) | (352)   | (415) | (480) | (1,424) |
| 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      |
|   | (73)  | 135   | (27)    | 96      | (131)   | 24    | (173)   | 127   | 125   | 103     |

Edgar Filing: CANADIAN NATIONAL RAILWAY CO - Form 6-K

|   |          |          |          |          |          |          |          |          |          |          |  |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|--|
| Net increase<br>(decrease) in<br>cash and cash<br>equivalents |          |          |          |          |          |          |          |          |          |          |  |
| Cash and cash<br>equivalents,<br>beginning of<br>period       | 179      | 106      | 241      | 214      | 179      | 310      | 334      | 161      | 288      | 310      |  |
| Cash and cash<br>equivalents,<br>end of period                | \$ 106   | \$ 241   | \$ 214   | \$ 310   | \$ 310   | \$ 334   | \$ 161   | \$ 288   | \$ 413   | \$ 413   |  |
| Supplemental<br>cash flow<br>information                      |          |          |          |          |          |          |          |          |          |          |  |
| Net cash<br>receipts from<br>customers and<br>other           | \$ 2,074 | \$ 2,086 | \$ 1,770 | \$ 2,209 | \$ 8,139 | \$ 1,748 | \$ 1,886 | \$ 2,391 | \$ 1,987 | \$ 8,012 |  |
| Net cash<br>payments for:                                     |          |          |          |          |          |          |          |          |          |          |  |
| Employee<br>services,<br>suppliers and<br>other expenses      | (1,237)  | (1,017)  | (1,090)  | (979)    | (4,323)  | (1,339)  | (1,215)  | (1,195)  | (1,171)  | (4,920)  |  |
| Interest  | (114)    | (73)     | (86)     | (67)     | (340)    | (100)    | (90)     | (82)     | (124)    | (396)    |  |
| Workforce<br>reductions                                       | (9)      | (7)      | (8)      | (7)      | (31)     | (6)      | (6)      | (5)      | (5)      | (22)     |  |
| Personal injury<br>and other<br>claims                        | (20)     | (26)     | (12)     | (28)     | (86)     | (26)     | (18)     | (18)     | (29)     | (91)     |  |
| Pensions  | (1)      | (22)     | (27)     | (25)     | (75)     | (22)     | (31)     | (24)     | (50)     | (127)    |  |
| Income taxes  | (430)    | (175)    | (101)    | (161)    | (867)    | (90)     | (117)    | (110)    | (108)    | (425)    |  |
| Cash provided<br>from operating<br>activities                 | \$ 263   | \$ 766   | \$ 446   | \$ 942   | \$ 2,417 | \$ 165   | \$ 409   | \$ 957   | \$ 500   | \$ 2,031 |  |

Canadian National Railway Company

Quarterly financial and statistical data 2007 - 2008

unaudited

|   | Q1     | Q2     | 2007<br>Q3 | Q4     | Year    | Q1     | Q2     | 2008<br>Q3 | Q4     | Year    |
|---|--------|--------|------------|--------|---------|--------|--------|------------|--------|---------|
| Revenues<br>(millions of<br>dollars)                |        |        |            |        |         |        |        |            |        |         |
| Petroleum and<br>chemicals                          | 303    | 300    | 317        | 306    | 1,226   | 319    | 322    | 346        | 359    | 1,346   |
| Metals and<br>minerals                              | 198    | 225    | 208        | 195    | 826     | 205    | 239    | 269        | 237    | 950     |
| Forest products                                     | 410    | 414    | 392        | 336    | 1,552   | 330    | 357    | 383        | 366    | 1,436   |
| Coal  | 89     | 99     | 99         | 98     | 385     | 99     | 107    | 140        | 132    | 478     |
| Grain and<br>fertilizers                            | 309    | 322    | 330        | 350    | 1,311   | 340    | 334    | 327        | 381    | 1,382   |
| Intermodal  | 313    | 346    | 361        | 362    | 1,382   | 351    | 393    | 446        | 390    | 1,580   |
| Automotive  | 132    | 142    | 114        | 116    | 504     | 116    | 124    | 117        | 112    | 469     |
| Total rail<br>freight<br>revenues                   | 1,754  | 1,848  | 1,821      | 1,763  | 7,186   | 1,760  | 1,876  | 2,028      | 1,977  | 7,641   |
| Other revenues                                      | 152    | 179    | 202        | 178    | 711     | 167    | 222    | 229        | 223    | 841     |
| Total revenues                                      | 1,906  | 2,027  | 2,023      | 1,941  | 7,897   | 1,927  | 2,098  | 2,257      | 2,200  | 8,482   |
| Statistical<br>operating data                       |        |        |            |        |         |        |        |            |        |         |
| Gross ton miles<br>(GTM)<br>(millions)              | 81,741 | 88,344 | 88,498     | 89,315 | 347,898 | 84,327 | 87,287 | 86,369     | 81,871 | 339,854 |
| Revenue ton<br>miles (RTM)<br>(millions)            | 44,093 | 46,423 | 46,481     | 47,151 | 184,148 | 44,959 | 45,264 | 45,346     | 42,382 | 177,951 |
| Carloads<br>(thousands)                             | 1,131  | 1,204  | 1,204      | 1,205  | 4,744   | 1,132  | 1,188  | 1,217      | 1,078  | 4,615   |
| Route miles<br>(includes<br>Canada and the<br>U.S.) | 20,263 | 20,219 | 20,219     | 20,421 | 20,421  | 20,421 | 20,421 | 20,421     | 20,961 | 20,961  |
| Employees<br>(end of period)                        | 22,139 | 22,757 | 22,834     | 22,696 | 22,696  | 22,703 | 23,147 | 22,569     | 22,227 | 22,227  |
| Employees<br>(average for the<br>period)            | 21,478 | 22,494 | 22,789     | 22,796 | 22,389  | 22,636 | 22,953 | 22,730     | 22,461 | 22,695  |

Edgar Filing: CANADIAN NATIONAL RAILWAY CO - Form 6-K

Productivity

|   |       |       |       |       |        |       |       |       |       |        |
|---|-------|-------|-------|-------|--------|-------|-------|-------|-------|--------|
| Operating ratio                                   | 70.6  | 60.0  | 62.0  | 62.1  | 63.6   | 72.9  | 66.3  | 62.6  | 62.7  | 65.9   |
| Rail freight revenue per RTM (cents)              | 3.98  | 3.98  | 3.92  | 3.74  | 3.90   | 3.91  | 4.14  | 4.47  | 4.66  | 4.29   |
| Rail freight revenue per carload (\$)             | 1,551 | 1,535 | 1,512 | 1,463 | 1,515  | 1,555 | 1,579 | 1,666 | 1,834 | 1,656  |
| Operating expenses per GTM (cents)                | 1.65  | 1.38  | 1.42  | 1.35  | 1.44   | 1.66  | 1.59  | 1.64  | 1.69  | 1.64   |
| Labor and fringe benefits expense per GTM (cents) | 0.59  | 0.49  | 0.50  | 0.38  | 0.49   | 0.55  | 0.45  | 0.49  | 0.48  | 0.49   |
| GTM per average number of employees (thousands)   | 3,806 | 3,927 | 3,883 | 3,918 | 15,539 | 3,725 | 3,803 | 3,800 | 3,645 | 14,975 |
| Diesel fuel consumed (U.S. gallons in millions)   | 96    | 98    | 96    | 102   | 392    | 99    | 96    | 92    | 93    | 380    |
| Average fuel price (\$/U.S. gallon)               | 2.18  | 2.30  | 2.39  | 2.70  | 2.40   | 3.02  | 3.82  | 3.84  | 2.88  | 3.39   |
| GTM per U.S. gallon of fuel consumed              | 851   | 901   | 922   | 876   | 887    | 852   | 909   | 939   | 880   | 894    |

Safety indicators

|  |     |     |     |     |     |     |     |     |     |     |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Injury frequency rate per 200,000 person hours (1) | 1.6 | 1.6 | 2.2 | 2.1 | 1.9 | 2.1 | 1.2 | 2.1 | 1.7 | 1.8 |
| Accident rate per million train miles (1)          | 2.7 | 1.7 | 3.0 | 3.6 | 2.7 | 2.7 | 2.7 | 2.2 | 2.8 | 2.6 |

(1) Based on Federal Railroad Administration (FRA) reporting criteria.

Certain statistical data and related productivity measures are based on estimated data available at such time and are subject to change as more complete information becomes available.



## Appendix A

Canadian National Railway Company

Reconciliation of non-gaap measures

unaudited

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

## Adjusted performance measures

|                            | 2006     |                |          | 2007     |                |          | 2008     |                |          |
|----------------------------|----------|----------------|----------|----------|----------------|----------|----------|----------------|----------|
|                            | Reported | Adjustments(1) | Adjusted | Reported | Adjustments(2) | Adjusted | Reported | Adjustments(3) | Adjusted |
| Revenues                   | \$ 7,929 | \$ -           | \$ 7,929 | \$ 7,897 | \$ -           | \$ 7,897 | \$ 8,482 | \$ -           | \$ 8,482 |
| Operating expenses         | 4,899    | -              | 4,899    | 5,021    | -              | 5,021    | 5,588    | -              | 5,588    |
| Operating income           | 3,030    | -              | 3,030    | 2,876    | -              | 2,876    | 2,894    | -              | 2,894    |
| Interest expense           | (312)    | -              | (312)    | (336)    | -              | (336)    | (375)    | -              | (375)    |
| Other income               | 11       | -              | 11       | 166      | (153)          | 13       | 26       | -              | 26       |
| Income before income taxes | 2,729    | -              | 2,729    | 2,706    | (153)          | 2,553    | 2,545    | -              | 2,545    |
| Income tax expense         | (642)    | (277)          | (919)    | (548)    | (280)          | (828)    | (650)    | (117)          | (767)    |
| Net income                 | \$ 2,087 | \$ (277)       | \$ 1,810 | \$ 2,158 | \$ (433)       | \$ 1,725 | \$ 1,895 | \$ (117)       | \$ 1,778 |
| Operating ratio            | 61.8%    |                | 61.8%    | 63.6%    |                | 63.6%    | 65.9%    |                | 65.9%    |
| Diluted earnings           | \$ 3.91  | \$ (0.51)      | \$ 3.40  | \$ 4.25  | \$ (0.85)      | \$ 3.40  | \$ 3.95  | \$ (0.24)      | \$ 3.71  |

(1) Adjusted to exclude a deferred income tax recovery of \$277 million (\$0.51 per diluted share) that resulted primarily from the enactment of lower corporate income tax rates in Canada and the resolution of matters pertaining to prior years' income taxes.

(2) Adjusted to exclude a deferred income tax recovery of \$328 million (\$0.64 per diluted share) that resulted mainly from the enactment of corporate income tax rate changes in Canada, as well as the gains on sale of the Central Station Complex of \$92 million, or \$64 million after-tax (\$0.13 per diluted share) and the Company's investment in English Welsh and Scottish Railway of \$61 million, or \$41 million after-tax (\$0.08 per diluted share).

(3)

Adjusted to exclude a deferred income tax recovery of \$117 million (\$0.24 per diluted share), of which \$83 million was due to the resolution of various income tax matters and adjustments related to tax filings of prior years, \$23 million resulted from the enactment of corporate income tax rate changes in Canada and \$11 million was due to net capital losses arising from the reorganization of a subsidiary.

## Appendix A

Canadian National Railway Company

Reconciliation of non-gAAP measures 2006 - 2008

unaudited

\$ in millions, unless otherwise indicated

| Free cash flow   | Year ended December 31, | 2006      | 2007      | 2008      |
|--|-------------------------|-----------|-----------|-----------|
| Cash provided from operating activities  | \$                      | 2,951     | \$ 2,417  | \$ 2,031  |
| Cash used by investing activities  |                         | (1,349)   | (895)     | (1,400)   |
| Cash provided before financing activities  |                         | 1,602     | 1,522     | 631       |
| Adjustments:   |                         |           |           |           |
| Change in accounts receivable securitization   |                         | 82        | (228)     | 568       |
| Dividends paid   |                         | (340)     | (418)     | (436)     |
| Effect of foreign exchange fluctuations on U.S. dollar-denominated cash and cash equivalents |                         | (1)       | (48)      | 31        |
| Free cash flow   | \$                      | 1,343     | \$ 828    | \$ 794    |
| Adjusted debt-to-total capitalization ratio  | December 31,            | 2006      | 2007      | 2008      |
| Debt-to-total capitalization ratio (a)   |                         | 36.3%     | 35.6%     | 42.8%     |
| Add: Present value of operating lease commitments plus securitization financing (b)          |                         | 4.1%      | 4.8%      | 2.4%      |
| Adjusted debt-to-total capitalization ratio  |                         | 40.4%     | 40.4%     | 45.2%     |
| Adjusted debt-to-adjusted EBITDA   | Year ended December 31, | 2006      | 2007      | 2008      |
| Debt   | \$                      | 5,604     | \$ 5,617  | \$ 7,911  |
| Add: Present value of operating lease commitments plus securitization financing (b)          |                         | 1,044     | 1,287     | 787       |
| Adjusted debt  | \$                      | 6,648     | \$ 6,904  | \$ 8,698  |
| EBITDA   |                         | 3,680     | 3,553     | 3,619     |
| Add: Deemed interest on operating leases   |                         | 38        | 41        | 39        |
| Adjusted EBITDA  | \$                      | 3,718     | \$ 3,594  | \$ 3,658  |
| Adjusted debt-to-adjusted EBITDA   |                         | 1.8 times | 1.9 times | 2.4 times |



- (a) Debt-to-total capitalization is calculated as total long-term debt plus current portion of long-term debt divided by the sum of total debt plus total shareholders' equity.
- (b) The operating lease commitments have been discounted using the Company's implicit interest rate for each of the periods presented.



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: May 29, 2009

By: /s/ Cristina Circelli  
Name: Cristina Circelli  
Title: Deputy Corporate Secretary and  
General Counsel

---