CANADIAN NATIONAL RAILWAY CO
Form 6-K
April 22, 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 April, 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 X

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 X

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 X

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 X

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

North America's Railroad

NEWS RELEASE

CN reports Q1-2008 net income of C$311 million,
or C$0.64 per diluted share; now expects full-year
diluted EPS growth in mid-single digit range

Rail operations making steady gains after severe first-quarter weather

MONTREAL, April 21, 2008 — CN (TSX: CNR)(NYSE: CNI) today reported its financial and operating results for the first quarter ended March 31, 2008.

First-quarter 2008 results

Diluted earnings per share increased two per cent to C$0.64.
Net income declined four per cent to C$311 million.
Revenues increased one per cent to C$1,927 million.
Operating income declined seven per cent to C$523 million, with the Company's operating ratio rising by 2.3 points to 72.9 per cent.
The stronger Canadian dollar relative to the U.S. dollar, which affects the conversion of CN's U.S. dollar-denominated revenues and expenses, reduced first-quarter 2008 net income by approximately C$30 million, or C$0.06 per diluted share.

The comparability of CN's first-quarter 2008 and 2007 financial results is affected by a first-quarter 2008 deferred income tax recovery of C$11 million (C$0.02 per diluted share) resulting from net capital losses arising from the reorganization of a subsidiary, and the impact of a first-quarter 2007 strike by conductors in Canada. CN estimates the strike reduced first-quarter 2007 net income by approximately C$35 million, or C$0.07 per diluted share.

E. Hunter Harrison, president and chief executive officer, said: "CN experienced some of the worst winter weather in decades during the first quarter of this year. Extreme cold and snow affected us system-wide -- particularly in Western Canada -- delaying trains and putting crews, cars and locomotives out of cycle. In January we took the unprecedented step of suspending most operations in the West for almost two days to ensure the safety of our employees. All these factors depressed traffic volumes and increased costs. In addition, our financial performance was affected by the strength of the Canadian dollar and significant weakness in certain markets, mainly forest products, which saw reduced volumes as a result of the decline in U.S. housing activity.

"It was a tough way to start the year, but we're making steady progress in improving network fluidity and workload."

Harrison said CN remains cautious about the North American economy. “While we believe the U.S. economy may currently be in a recession, we expect a gradual recovery during the second half of the year, and that the global economy will grow at a moderate pace throughout the year. CN sees growth opportunities in the container trade over the Port of Prince Rupert, increased resource demand, and increased shipments of commodities associated with oil and gas development in Western Canada, including pipes, machinery and equipment, and condensate.”

The improvement in CN’s first-quarter 2008 revenues was mainly attributable to freight rate increases, which included higher fuel surcharge revenues as a result of applicable fuel prices; overall improvements in traffic mix; and increased volumes, particularly in grain and fertilizers and intermodal due in part to the negative impact of the conductors’ strike on first-quarter 2007 volumes. Partly offsetting these gains were the negative translation impact of the stronger Canadian dollar on U.S. dollar-denominated revenues; the harsh weather conditions in Canada and the U.S. Midwest, which affected the Company’s operations; and lower volumes resulting from significant weakness in certain markets, mainly forest products.

Five CN commodity groups posted improvements in revenues during first-quarter 2008, led by intermodal (12 per cent), coal (11 per cent), grain and fertilizers (10 per cent), petroleum and chemicals (five per cent), and metals and minerals (four per cent). Forest products revenues declined 20 per cent, while automotive revenues fell 12 per cent.

Revenue ton-miles, measuring the relative weight and distance of rail freight transported by the Company, increased by two per cent during first-quarter 2008 versus the comparable period of 2007. The absence of a labor disruption this year explains part of the volume increase.

First-quarter 2008 total rail freight revenue per revenue ton-mile, a measurement of yield defined as revenue earned on the movement of a ton of freight over one mile, declined two per cent, mainly due to the translation impact of the stronger Canadian dollar and an increase in the average length of haul, which were partly offset by freight rate increases.

Operating expenses for the latest quarter increased by four per cent to C$1,404 million, largely as a result of increased fuel costs and higher purchased services and material expenses, which were partly offset by the positive translation impact of the stronger Canadian dollar on U.S. dollar-denominated expenses, and lower casualty and other expenses.

Revised 2008 financial outlook

Based on difficult first-quarter 2008 operating conditions and significant weakness in certain markets, CN now expects 2008 diluted earnings per share (EPS) growth to be in the mid-single digit range over 2007 adjusted diluted EPS of C$3.40. Full-year 2008 free cash flow is now expected to be in the order of C$650 million. (1) CN is maintaining its forecast for revenue growth in the range of six to eight per cent.

CN’s prior financial outlook called for 2008 diluted EPS growth to be in the mid-to-high single digit range, and free cash flow in the order of C$750 million. (1)

CN's revised financial outlook is based on certain assumptions for the balance of 2008 — a Canadian-U.S. dollar exchange rate at or around parity, a crude oil (West Texas Intermediate) price of around US$105 per barrel, and North American economic growth of approximately one per cent.

Please see "Forward-Looking Statements" below for additional information.

The financial results in this press release 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 measure in the attached supplementary schedule, Non-GAAP Measure. To the extent CN has included non-GAAP financial measures as part of its financial outlook, the Company may not be able to provide a reconciliation to the non-GAAP measures, due to unknown variables and uncertainty related to future results.

Forward-Looking Statements

This news release contains forward-looking statements. CN cautions that, by their nature, forward-looking statements involve risk, uncertainties and assumptions. In addition to the other assumptions contained in this release, the Company believes the U.S. economy may currently be in a mild recession but that it will gradually recover in the second half of 2008 and that the global economy will grow at a moderate pace throughout the year. The Company cautions that these, as well as its other assumptions stated above, may not materialize. The Company's 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 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 2007 Annual Consolidated Financial Statements and Notes thereto and Management's Discussion and Analysis (MD&A), 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, St. Louis, 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 -

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3

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

(In millions, except per share data)

	Three months ended March 31 2008	2007
	(Unaudited)	
Revenues	$ 1,927	$ 1,906
Operating expenses		
Labor and fringe benefits	461	485
Purchased services and material	285	276
Fuel	310	219
Depreciation and amortization	175	171
Equipment rents	64	66
Casualty and other	109	128
Total operating expenses	1,404	1,345
Operating income	523	561
Interest expense	(86)	(88)
Other income (loss)	(6)	4
Income before income taxes	431	477
Income tax expense	(120)	(153)
Net income	$ 311	$ 324
Earnings per share (Note 7)		
Basic	$ 0.64	$ 0.64
Diluted	$ 0.64	$ 0.63
Weighted-average number of shares		
Basic	482.8	510.2
Diluted	488.6	517.8

See accompanying notes to unaudited consolidated financial statements.

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

(In millions)

	March 31 2008 (Unaudited)	December 31 2007	March 31 2007 (Unaudited)
Assets			
Current assets:			
Cash and cash equivalents	$ 334	$ 310	$ 106
Accounts receivable (Note 3)	621	370	508
Material and supplies	212	162	208
Deferred income taxes	67	68	83
Other	111	138	184
	1,345	1,048	1,089
Properties	20,754	20,413	20,988
Intangible and other assets	2,065	1,999	1,646
Total assets	$ 24,164	$ 23,460	$ 23,723
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable and accrued charges	$ 1,262	$ 1,282	$ 1,460
Current portion of long-term debt (Note 3)	269	254	244
Other	71	54	50
	1,602	1,590	1,754
Deferred income taxes	5,021	4,908	5,025
Other liabilities and deferred credits	1,404	1,422	1,532
Long-term debt (Note 3)	6,064	5,363	5,602
Shareholders' equity:			
Common shares	4,241	4,283	4,426
Accumulated other comprehensive income (loss)	9	(31)	(50)
Retained earnings	5,823	5,925	5,434
	10,073	10,177	9,810
Total liabilities and shareholders' equity	$ 24,164	$ 23,460	$ 23,723

See accompanying notes to unaudited consolidated financial statements.

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

(In millions)

	Three months ended March 31	
	2008	2007
		(Unaudited)
Common shares (1)		
Balance, beginning of period	$ 4,283	$ 4,459
Stock options exercised and other	23	23
Share repurchase programs (Note 3)	(65)	(56)
Balance, end of period	$ 4,241	$ 4,426
Accumulated other comprehensive income (loss)		
Balance, beginning of period	$ (31)	$ (44)
Other comprehensive income (loss):		
Unrealized foreign exchange gain (loss) on:		
Translation of the net investment in foreign operations	187	(56)
Translation of U.S. dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries	(182)	47
Pension and other postretirement benefit plans (Note 5) :		
Amortization of net actuarial loss included in net periodic benefit cost	(1)	12
Amortization of prior service cost included in net periodic benefit cost	6	5
Other comprehensive income before income taxes	10	8
Income tax recovery (expense)	30	(14)
Other comprehensive income (loss)	40	(6)
Balance, end of period	$ 9	$ (50)
Retained earnings		
Balance, beginning of period	$ 5,925	$ 5,409
Adoption of new accounting pronouncements (2)	-	95
Restated balance, beginning of period	5,925	5,504
Net income	311	324
Share repurchase programs (Note 3)	(302)	(287)
Dividends	(111)	(107)
Balance, end of period	$ 5,823	$ 5,434

See accompanying notes to unaudited consolidated financial statements.

(1) During the first quarter of 2008, the Company issued 0.8 million common shares as a result of stock options exercised and repurchased 7.3 million common shares under its current share repurchase program. At March 31, 2008, the Company had 478.7 million common shares outstanding.

(2) On January 1, 2007, the Company adopted Financial Accounting Standards Board (FASB) Interpretation (FIN) No. 48, "Accounting for Uncertainty in Income Taxes," and early adopted the measurement date provisions of Statement

of Financial Accounting Standards (SFAS) No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)." The application of FIN No. 48 on January 1, 2007 had the effect of decreasing the net deferred income tax liability and increasing Retained earnings by $98 million. The application of SFAS No. 158 on January 1, 2007 had the effect of decreasing Retained earnings by $3 million.

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

(In millions)

	Three months ended March 31	
	2008	2007
	(Unaudited)	
Operating activities		
Net income	$ 311	$ 324
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation and amortization	175	172
Deferred income taxes	25	7
Other changes in:		
Accounts receivable	(235)	176
Material and supplies	(48)	(19)
Accounts payable and accrued charges	(68)	(402)
Other net current assets and liabilities	38	(18)
Other	(33)	23
Cash provided from operating activities	165	263
Investing activities		
Property additions	(177)	(203)
Other, net	11	10
Cash used by investing activities	(166)	(193)
Financing activities		
Issuance of long-term debt	1,055	434
Reduction of long-term debt	(580)	(145)
Issuance of common shares due to exercise of stock options and related excess tax benefits realized	18	18
Repurchase of common shares	(367)	(343)
Dividends paid	(111)	(107)
Cash provided from (used by) financing activities	15	(143)
Effect of foreign exchange fluctuations on U.S. dollar-denominated cash and cash equivalents	10	-
Net increase (decrease) in cash and cash equivalents	24	(73)
Cash and cash equivalents, beginning of period	310	179
Cash and cash equivalents, end of period	$ 334	$ 106
Supplemental cash flow information		
Net cash receipts from customers and other	$ 1,748	$ 2,074
Net cash payments for:		
Employee services, suppliers and other expenses	(1,339)	(1,237)
Interest	(100)	(114)
Workforce reductions	(6)	(9)

Personal injury and other claims	(26)	(20)
Pensions	(22)	(1)
Income taxes	(90)	(430)
Cash provided from operating activities	$ 165	$ 263

See accompanying notes to unaudited consolidated financial statements.

CANADIAN NATIONAL RAILWAY COMPANY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (U.S. GAAP)

Note 1 – Basis of presentation

In management's opinion, the accompanying unaudited Interim Consolidated Financial Statements and Notes thereto, expressed in Canadian dollars, and prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial statements, contain all adjustments (consisting of normal recurring accruals) necessary to present fairly Canadian National Railway Company's (the Company) financial position as at March 31, 2008, December 31, 2007, and March 31, 2007, and its results of operations, changes in shareholders' equity and cash flows for the three months ended March 31, 2008 and 2007.

These unaudited Interim Consolidated Financial Statements and Notes thereto have been prepared using accounting policies consistent with those used in preparing the Company's 2007 Annual Consolidated Financial Statements. While management believes that the disclosures presented are adequate to make the information not misleading, these unaudited Interim Consolidated Financial Statements and Notes thereto should be read in conjunction with the Company's Interim Management's Discussion and Analysis (MD&A) and Annual Consolidated Financial Statements and Notes thereto.

Note 2 – Agreement to acquire Elgin, Joliet and Eastern Railway Company (EJ&E)

In September 2007, the Company entered into an agreement with the U.S. Steel Corporation (U.S. Steel) for the acquisition of the key operations of EJ&E for a purchase price of approximately U.S.$300 million. Under the terms of the agreement, the Company will acquire substantially all of the railroad assets and equipment of EJ&E, except those that support the Gary Works site in northwest Indiana and the steelmaking operations of U.S. Steel. The acquisition will be financed by debt and cash on hand.

In accordance with the terms of the agreement, the Company's obligation to consummate the acquisition is subject to the Company having obtained from the Surface Transportation Board (STB) a final, unappealable decision that approves the acquisition and does not impose on the parties conditions that would significantly and adversely affect the anticipated economic benefits of the acquisition to the Company.

On November 26, 2007, the STB accepted the Company's application to consider the acquisition as a minor transaction. The STB, however, is also requiring an Environmental Impact Statement (EIS) for the transaction, and it has indicated that its decision on the transaction will not be issued until the EIS process is completed. The Company believes that the STB should be able to conclude its environmental review and issue a decision that would enable the transaction to close by late 2008. If the transaction is approved by the STB, the Company will account for the acquisition using the purchase method of accounting.

Note 3 – Financing activities

Revolving credit facility
As at March 31, 2008, the Company had letters of credit drawn on its U.S.$1 billion revolving credit facility, expiring in October 2011, of $59 million ($57 million as at December 31, 2007). The Company also had total borrowings under its commercial paper program of $631 million, of which $67 million was denominated in Canadian dollars and $564 million was denominated in U.S. dollars (U.S.$549 million). The weighted-average interest rate on these borrowings was 3.08%. As at December 31, 2007, total borrowings under the Company's commercial paper program were $122 million, of which $114 million was denominated in Canadian dollars and $8 million was denominated in U.S. dollars (U.S.$8 million). The weighted-average interest rate on these borrowings was 5.01%.

Accounts receivable securitization
The Company has a five-year agreement, expiring in May 2011, to sell an undivided co-ownership interest for maximum cash proceeds of $600 million in a revolving pool of freight receivables to an unrelated trust. Pursuant to the agreement, the Company sells an interest in its receivables and receives proceeds net of the retained interest as stipulated in the agreement.

As at March 31, 2008, the Company had sold receivables that resulted in proceeds of $440 million under this program ($588 million as at December 31, 2007), and recorded retained interest of approximately 10% of this amount in Other current assets

CANADIAN NATIONAL RAILWAY COMPANY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (U.S. GAAP)

(retained interest of approximately 10% recorded as at December 31, 2007). As at March 31, 2008, the servicing asset and liability were not significant.

Share repurchase program
In the first quarter of 2008, under the current 33.0 million share repurchase program, the Company repurchased 7.3 million common shares for $367 million, at a weighted-average price of $50.26 per share. The Company has repurchased a total of 25.0 million common shares since July 26, 2007, the inception of this program, for $1,264 million, at a weighted-average price of $50.57 per share.

Note 4 – Stock plans

The Company has various stock-based incentive plans for eligible employees. A description of the plans is provided in Note 12 — Stock plans, to the Company's 2007 Annual Consolidated Financial Statements. For the three months ended March 31, 2008 and 2007 the Company recorded total compensation expense for awards under all plans of $28 million and $29 million, respectively. The total tax benefit recognized in income in relation to stock-based compensation expense for the three months ended March 31, 2008 and 2007 was $7 million and $8 million, respectively.

Cash settled awards
Following approval by the Board of Directors in January 2008, the Company granted 0.7 million restricted share units (RSUs) to designated management employees entitling them to receive payout in cash based on the Company's share price. The RSUs granted by the Company are generally scheduled for payout in cash after three years ("plan period") and vest upon the attainment of targets relating to return on invested capital over the plan period and the Company's share price during the last three months of the plan period. As at March 31, 2008, 0.1 million RSUs remained authorized for future issuance under this plan.

The following table provides the activity for all cash settled awards in 2008:

	RSUs		Vision 2008 Share Unit Plan (Vision)		Voluntary Incentive Deferral Plan (VIDP)
In millions	Nonvested	Vested	Nonvested	Vested	Vested
Outstanding at December 31, 2007	1.6	0.9			