CANADIAN NATIONAL RAILWAY CO
Form 6-K
January 22, 2003

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20459

FORM 6-K
Report of Foreign Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For January 21, 2003

Canadian National Railway Company
(Exact name of registrant as specified in its charter)

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 office)

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 whether the registrant by furnishing the information contained in this Form 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

[GRAPHIC OMITTED]
North America's Railroad

News
FOR IMMEDIATE RELEASE

Stock symbols: TSX: CNR / NYSE: CNI

www.cn.ca

CN reports solid full-year, fourth-quarter 2002
financial results despite tough environment for grain

Record 2002 free cash flow rises 16 per cent
to $513 million

MONTREAL, Jan. 21, 2003 -- Canadian National today reported 2002 net income of $800 million, or $3.97 per diluted share, compared with net income of $1,040 million, or $5.23 per diluted share, for 2001.

Operating income for the year ended Dec. 31, 2002, was $1,469 million, compared with $1,682 million for 2001. Revenues for 2002 were $6,110 million, compared with $5,652 million for 2001, while operating expenses for 2002 were $4,641 million, compared with $3,970 million for 2001.

CN's 2002 and 2001 results include certain items affecting the comparability of the Company's financial performance. Excluding these items, 2002 adjusted net income (1) was $1,052 million, an eight per cent increase over comparable net income of $978 million for 2001, while the related diluted earnings per share rose six per cent to $5.22 from $4.92 for 2001.

On an adjusted basis, 2002 operating income increased five per cent to $1,870 million. Operating expenses rose 10 per cent to $4,240 million, owing primarily to the inclusion of a full year of expenses attributable to the operations of WC and higher expenses associated with the movement of merchandise traffic. As adjusted, CN's operating ratio for 2002 was 69.4 per cent, compared with 68.5 per cent for 2001.

CN's 2002 revenues increased by eight per cent, reflecting the acquisition of Wisconsin Central (WC) and a strong performance by the majority of the company's business units - petroleum and chemicals, automotive, intermodal and forest products. Gains by these businesses were partially offset by continued weakness in Canadian grain and coal revenues.

CN President and Chief Executive Officer E. Hunter Harrison said: "Thanks in large part to the discipline of our operating plan, CN turned in a solid 2002 financial performance in an extremely challenging environment for bulk commodities.

"Our business model focuses on service quality, which drove the strong revenue performance of our service-sensitive merchandise and intermodal units. This enabled us to offset the sharp downturn in grain revenues. Scheduled railroading also permitted us to control some of the cost increases associated with moving a higher proportion of merchandise traffic on our trains, and to boost asset utilization. As a result, we generated record free cash flow of $513 million in 2002. All CN employees deserve credit for meeting the challenge.

"For 2003, we remain cautious about CN's prospects given uneven North American economic growth, uncertain precipitation levels in Western Canada, and potentially volatile international energy prices. Based on our superior service levels, we are optimistic that our merchandise and intermodal revenues will outpace overall economic growth."

Five of CN's seven business units registered revenue gains in 2002: forest products (22 per cent); petroleum and chemicals (19 per cent); automotive (14 per cent); metals and minerals (14 per cent); and intermodal (nine per cent). Grain and fertilizers revenues declined 15 per cent and coal by four per cent.

Carloadings for the year increased nine per cent to 4,164 thousand.

Fourth-quarter 2002 results

Net income for the fourth quarter of 2002 was $22 million, or 11 cents per diluted share, compared with net income of $296 million, or $1.48 per diluted share, for the same quarter of 2001. Operating income for the 2002 fourth-quarter was $89 million, compared with $521 million for the same quarter of 2001.

Revenues for fourth-quarter 2002 increased one per cent to $1,547 million, while expenses increased to $1,458 million from $1,016 million for the same quarter of 2001.

As adjusted, fourth-quarter 2002 net income was $274 million ($1.36 per diluted share), operating income was $490 million, and operating expenses were $1,057 million. On a comparable basis, CN's operating ratio for the final quarter of 2002 was 68.3 per cent, compared with 66.1 per cent for the year-earlier quarter.

Four of CN's seven business units registered gains during the final quarter of 2002: intermodal (16 per cent); petroleum and chemicals (11 per cent); forest products (four per cent); and automotive (three per cent). Revenues declined for grain and fertilizers (21 per cent); metals and minerals (two per cent); and coal (two per cent.)

Carloadings for the final quarter of 2002 increased six per cent to 1,063 thousand.

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

(1) The Company's results of operations include items affecting the comparability of results. Management believes adjusted consolidated net income and the resulting adjusted performance measures for items such as operating income, operating ratio, per share data and other statistical measures are useful measures of performance that facilitate period-to-period comparisons. These adjusted measures do not have any standardized meaning prescribed by generally accepted accounting principles (GAAP) and are not necessarily comparable to similar measures presented by other companies, and therefore should not be considered in isolation. Note 11 to the accompanying financial statements provides a reconciliation of adjusted net income to the Company's net income reported in accordance with U.S. GAAP. In addition, Supplementary Pro Forma Information has been presented to facilitate a year-over-year comparison of the Company's results as if the Company had acquired Wisconsin Central Transportation Corporation on Jan. 1, 2001.

For 2002 and fourth-quarter 2002, two items affected the comparability of CN's financial results: a $281-million ($173 million after tax) charge recorded in Casualty and Other expense, resulting from a change in the company's estimated liability for U.S. personal injury and other claims; and a $120-million ($79 million after tax) workforce adjustment charge recorded in Labor and Fringe Benefits expense. For 2001, the comparability of financial results was affected by a $98-million ($62 million after tax) workforce adjustment charge recorded in Labor and Fringe Benefits expense; a $101-million ($73 million after tax) gain from the sale of CN's 50 per cent interest in the Detroit River Tunnel Company and a $99-million ($71 million after tax) charge to write down CN's net investment in 360networks Inc. recorded in Other Income; and a $122-million deferred income tax recovery resulting from the enactment of lower corporate tax rates in Canada.

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.

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

(In millions, except per share data)

	Three months ended December 31		Year ended December 31	
	2002	2001 (a)	2002	2001(a)
	(Unaudited)			
Revenues	$ 1,547	$ 1,537	$ 6,110	$ 5,652
Operating expenses	1,458	1,016	4,641	3,970
Operating income	89	521	1,469	1,682
Interest expense	(85)	(96)	(361)	(327)
Other income (Note 5)	7	31	76	65

Income before income taxes	11	456	1,184	1,420
Income tax (expense) recovery (Note 6)	11	(160)	(384)	(380)
Net income (Note 11)	$ 22	$ 296	$ 800	$ 1,040
Earnings per share (Note 11)				
Basic	$ 0.11	$ 1.54	$ 4.07	$ 5.41
Diluted	$ 0.11	$ 1.48	$ 3.97	$ 5.23
Weighted-average number of shares				
Basic	199.5	192.6	196.7	192.1
Diluted	202.0	201.7	202.8	201.0

See accompanying notes to consolidated financial statements.

Certain of the 2001 comparative figures have been reclassified in order to be consistent with the 2002 presentation.

(a) Includes Wisconsin Central Tranportation Corporation from October 9, 2001.

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

(In millions)

	Three months ended December 31			Year ended December 31		
	2002	2001(a)	Variance Fav (Unfav)	2002	2001(a)	Variance Fav (Unfav)
	(Unaudited)					
Revenues						
Petroleum and chemicals	$ 283	$ 255	11%	$1,102	$ 923	19%
Metals and minerals	123	126	(2%)	521	458	14%
Forest products	327	314	4%	1,323	1,088	22%
Coal	83	85	(2%)	326	338	(4%)
Grain and fertilizers	245	311	(21%)	986	1,161	(15%)
Intermodal	283	245	16%	1,052	969	9%
Automotive	151	146	3%	591	520	14%
Other items	52	55	(5%)	209	195	7%
	1,547	1,537	1%	6,110	5,652	8%
Operating expenses						
Labor and fringe benefits (Note 4)	547	435	(26%)	1,837	1,624	(13%)
Purchased services and material	184	149	(23%)	778	692	(12%)
Depreciation and amortization	150	138	(9%)	584	532	(10%)
Fuel	124	109	(14%)	459	484	5%
Equipment rents	82	88	7%	346	309	(12%)

Casualty and other (Note 2)	371	97	(282%)	637	329	(94%)
	1,458	1,016	(44%)	4,641	3,970	(17%)
Operating income	$ 89	$ 521	(83%)	$1,469	$1,682	(13%)
Operating ratio (b) (Note 1)	68.3%	66.1%	(2.2)	69.4%	68.5%	(0.9)

See accompanying notes to consolidated financial statements.

Certain of the 2001 comparative figures have been reclassified in order to be consistent with the 2002 presentation.

(a) Includes Wisconsin Central Transportation Corporation from October 9, 2001.

(b) Excludes a fourth quarter 2002 charge of $281 million to increase the Company's U.S. personal injury and other claims liability and workforce reduction charges of $120 million and $98 million in 2002 and 2001, respectively.

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

(In millions)

	December 31 2002	December 31 2001
Assets		
Current assets:		
Cash and cash equivalents	$ 25	$ 53
Accounts receivable (Note 7)	722	645
Material and supplies	127	133
Deferred income taxes (Note 6)	122	153
Other	196	180
	1,192	1,164
Properties	19,681	19,145
Other assets and deferred charges	865	914
Total assets	$ 21,738	$ 21,223
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and accrued charges	$ 1,487	$ 1,374
Current portion of long-term debt	574	163
Other	73	132
	2,134	1,669
Deferred income taxes (Note 6)	4,826	4,591

Other liabilities and deferred credits	1,406	1,345
Long-term debt (Note 7)	5,003	5,764
Convertible preferred securities (Note 8)	-	366
Shareholders' equity:		
Common shares (Note 8)	4,785	4,442
Accumulated other comprehensive income	97	58
Retained earnings	3,487	2,988
	8,369	7,488
Total liabilities and shareholders' equity	$ 21,738	$ 21,223

See accompanying notes to consolidated financial statements.

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

(In millions)

	Three months ended December 31		Year ended December 3	
	2002	2001(a)	2002	200
	(Unaudited)			
Common shares (b)				
Balance, beginning of period	$ 4,848	$ 4,415	$ 4,442	$ 4
Stock options exercised	9	27	75	
Share repurchase program (Note 7)	(72)	-	(72)	
Conversion of convertible preferred securities (Note 8)	-	-	340	
Balance, end of period	$ 4,785	$ 4,442	$ 4,785	$ 4
Accumulated other comprehensive income				
Balance, beginning of period	$ 102	$ 68	$ 58	$
Other comprehensive income (loss):				
Unrealized foreign exchange gain (loss) on translation of U.S. dollar denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries	1	(39)	51	
Unrealized foreign exchange gain (loss) on translation of the net investment in foreign operations	12	60	(40)	
Unrealized holding loss on investment in 360networks Inc.	-	-	-	
Unrealized holding gain (loss) on fuel derivative instruments (Note 9)	(1)	(20)	68	

Minimum pension liability adjustment	(20)	(17)	(20)	
Other comprehensive income (loss) before income taxes	(8)	(16)	59	
Income tax (expense) recovery on other comprehensive income (loss)(Note 6)	3	6	(20)	
Other comprehensive income (loss)	(5)	(10)	39	
Balance, end of period	$ 97	$ 58	$ 97	$
Retained earnings				
Balance, beginning of period	$ 3,640	$ 2,729	$ 2,988	$ 2
Net income	22	296	800	1
Share repurchase program (Note 7)	(131)	-	(131)	
Dividends	(44)	(37)	(170)	
Balance, end of period	$ 3,487	$ 2,988	$ 3,487	$ 2

See accompanying notes to consolidated financial statements.

(a) Includes Wisconsin Central Transportation Corporation from October 9, 2001.

(b) The Company issued 0.2 million and 7.8 million shares for the three months and year ended December 31, 2002, respectively, as a result of stock options exercised and the conversion o convertible preferred securities. At December 31, 2002, the Company had 197.5 million common shares outstanding.

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

(In millions)

	Three months ended December 31		Year ended December 31	
	2002	2001(a)	2002	200
	(Unaudited)			
Operating activities				
Net income	$ 22	$ 296	$ 800	$ 1
Adjustments to reconcile net income to net cash provided from operating activities:				
Depreciation and amortization	152	140	591	
Deferred income taxes (Note 6)	35	232	272	
Charge to increase U.S. personal injury and other claims				

liability (Note 2)	281	-	281	
Workforce reduction charges (Note 4)	120	-	120	
Equity in earnings of English Welsh and Scottish Railway	(14)	(8)	(33)	
Gain on sale of investment (Note 5)	-	-	-	
Write-down of investment (Note 5)	-	-	-	
Other changes in:				
Accounts receivable	(37)	243	(80)	
Material and supplies	17	24	-	
Accounts payable and accrued charges	(56)	(156)	(154)	
Other net current assets and liabilities	(14)	(12)	(18)	
Other	(82)	(45)	(167)	
Cash provided from operating activities	424	714	1,612	1
Investing activities				
Net additions to properties	(305)	(279)	(938)	
Acquisition of Wisconsin Central Transportation Corporation (Note 3)	-	(1,278)	-	(1
Other, net	(1)	(20)	14	
Cash used by investing activities	(306)	(1,577)	(924)	(2
Dividends paid	(44)	(37)	(170)	
Financing activities				
Issuance of long-term debt	614	1,477	3,146	4
Reduction of long-term debt	(491)	(1,363)	(3,558)	(3
Issuance of common shares	7	9	69	
Repurchase of common shares (Note 7)	(203)	-	(203)	
Cash provided from (used by) financing activities	(73)	123	(546)	
Net increase (decrease) in cash and cash equivalents	1	(777)	(28)	
Cash and cash equivalents, beginning of period	24	830	53	
Cash and cash equivalents, end of period	$ 25	$ 53	$ 25	$
Supplemental cash flow information				
Payments (recoveries) for:				
Interest	$ 105	$ 51	$ 398	$
Workforce reductions	47	41	177	
Personal injury and other claims	51	30	156	
Pensions	40	40	92	
Income taxes	(23)	(7)	65	

See accompanying notes to consolidated financial statements.

Certain of the 2001 comparative figures have been reclassified in order to be consistent with the 2002 presentation.

(a) Includes Wisconsin Central Transportation Corporation from October 9, 2001.

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

Note 1 - Basis of presentation

In management's opinion, the accompanying unaudited interim consolidated financial statements, prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), contain all adjustments (consisting of normal recurring accruals) necessary to present fairly Canadian National Railway Company's (the Company) financial position as at December 31, 2002 and December 31, 2001, its results of operations, changes in shareholders' equity and cash flows for the three and twelve months ended December 31, 2002 and 2001.

These consolidated financial statements and notes have been prepared using accounting policies consistent with those used in preparing the Company's Annual Consolidated Financial Statements. While management believes that the disclosures presented are adequate to make the information not misleading, these consolidated financial statements and notes should be read in conjunction with the Company's Management Discussion and Analysis and Annual Consolidated Financial Statements.

The Company's results of operations include items affecting the comparability of results. Management believes adjusted consolidated net income and the resulting adjusted performance measures for such items as operating income, operating ratio, per share data and other statistical measures are useful measures of performance that facilitate period-to-period comparisons. These adjusted measures do not have any standardized meaning prescribed by GAAP and are not necessarily comparable to similar measures presented by other companies, and therefore, should not be considered in isolation. Note 11 provides a reconciliation of adjusted net income to the Company's net income reported in accordance with U.S. GAAP. In addition, Supplementary Pro Forma Information has been presented as to facilitate a year over year comparison of the Company's results as if the Company had acquired Wisconsin Central Transportation Corporation (WC) on January 1, 2001.

Note 2 - Accounting changes

U.S. personal injury and other claims
In the fourth quarter of 2002, the Company changed its methodology for estimating its liability for U.S. personal injury and other claims, including occupational disease claims and claims for property damage, from a case-by-case approach to an actuarial-based approach. Consequently, the Company recorded a charge of $281 million ($173 million after tax) to increase its provision for these claims.

Under the actuarial-based approach, the Company accrues the cost for the expected number of personal injury claims and existing occupational disease claims, based on actuarial estimates of the ultimate cost. The Company is unable to estimate the total cost for unasserted occupational disease claims. However, a liability for unasserted occupational disease claims is accrued to the extent they are probable and can be reasonably estimated.

Under the case-by-case approach, a liability was recorded only when the expected loss was both probable and reasonably estimable based on currently available information. In addition, the Company did not record a liability for unasserted claims, as such amounts could not be reasonably estimated under the case-by-case approach.

The Company's U.S. personal injury and other claims expenses, including the above-mentioned charge, was $362 million in 2002. Had the Company continued to apply the case-by-case approach to its U.S. personal injury and other claims liability, recognizing the effects of the actual claims experience for existing and new claims in the fourth quarter, these expenses would have been approximately $135 million in 2002.

Note 3 - Acquisition of Wisconsin Central Transportation Corporation

On January 29, 2001, the Company, through an indirect wholly owned subsidiary, and WC entered into a merger agreement (the Merger) providing for the acquisition of all of the shares of WC by the Company for an acquisition cost of $1,301 million (U.S.$833 million). The Merger was approved by the shareholders of WC at a special meeting held on April 4, 2001. On September 7, 2001, the U.S. Surface Transportation Board rendered a decision, unanimously approving the Company's acquisition of WC. On October 9, 2001, the Company completed its acquisition of WC and began a phased integration of the companies' operations. The acquisition was financed by debt and cash on hand.

The Company accounted for the Merger using the purchase method of accounting as required by Statement of Financial Accounting Standards (SFAS) No. 141 "Business Combinations." As such, the Company's consolidated financial statements include the assets, liabilities and results of operations of WC as of October 9,

2001, the date of acquisition. The Company had estimated, on a preliminary basis, the fair values of the assets and liabilities acquired based on currently available information. In 2002, the Company finalized the allocation of the purchase price and adjusted the preliminary fair values of the assets and liabilities acquired as follows: Current assets decreased by $10 million, Properties increased by $141 million, Other assets & deferred charges decreased by $98 million, Current liabilities increased by $10 million, Deferred income taxes increased by $16 million and Other liabilities & deferred credits increased by $3 million. The increase in Properties and decrease in Other assets and deferred charges was mainly due to the final valuation of the Company's foreign equity investment. The remaining adjustments resulted from additional information obtained for conditions and circumstances that existed at the time of acquisition.

The following table outlines the final fair values of WC's assets and liabilities acquired:

In millions	
Current assets	$ 165
Properties	2,576
Other assets and deferred charges	335
Total assets acquired	3,076
Current liabilities	363
Deferred income taxes	759
Other liabilities and deferred credits	181
Long-term debt	472
Total liabilities assumed	1,775
Net assets acquired	$ 1,301

If the Company had acquired WC on January 1, 2001, based on the historical amounts reported by WC, net of the difference between the Company's cost to acquire WC and its net assets, revenues, net income, basic and diluted earnings per share would have been $6,090 million, $1,090 million, $5.67 per basic share and $5.48 per diluted share, respectively for the year ended December 31, 2001. These pro forma figures do not reflect synergies, and accordingly, do not account for any potential increases in operating income, any estimated cost savings or facilities consolidation.

In 2002, the Company sold its interests in Tranz Rail Holdings Limited and Australian Transport Network Limited for aggregate net proceeds of $69 million, which approximated the carrying value of the investments. The Company had acquired these investments through its acquisition of WC in 2001 and had accounted for them as "available for sale" in accordance with the Financial Accounting Standards Board's Emerging Issues Task Force (EITF) 87-11, "Allocation of Purchase Price to Assets to be Sold".

Note 4 - Workforce reduction charges

In 2002, the Company announced 1,146 job reductions, in a renewed drive to improve productivity in all its corporate and operating functions, and recorded a charge of $120 million, $79 million after tax. In 2001, a charge of $98 million, $62 million after tax, was recorded for the reduction of 690 positions. Reductions relating to these charges were 388 in 2001, 433 in 2002, with the remainder to be completed by the end of 2003. The charges included payments for severance, early retirement incentives and bridging to early retirement, to be made to affected employees.

Note 5 - Other income

In June 2001, the Company recorded a charge of $99 million, $71 million after tax, to write down its net investment in 360networks Inc.

In the first quarter of 2001, the Company recorded a gain of $101 million, $73 million after tax, from the sale of its 50 percent interest in the Detroit River Tunnel Company (DRT). The DRT is a 1.6-mile rail-only tunnel crossing the Canada-U.S. border between Detroit and Windsor, Ontario.

Note 6 - Income taxes

In 2001, the Company recorded a reduction of $90 million to its net deferred income tax liability resulting from the enactment of lower corporate tax rates in Canada. As a result, for the year ended December 31, 2001, a deferred income tax recovery of $122 million was recorded in the Consolidated statement of income and a deferred income tax expense of $32 million was recorded in Other comprehensive income.

Note 7 - Financing activities

Share repurchase program

On October 22, 2002, the Board of Directors of the Company approved a share repurchase program which allows for the repurchase of up to 13 million common shares between October 25, 2002 and October 24, 2003 pursuant to a normal course issuer bid, at prevailing market prices. As at December 31, 2002, $203 million was used to repurchase 3.0 million common shares at an average price of $67.68 per share.

Revolving credit facilities

In December 2002, the Company entered into a U.S.$1,000 million three-year revolving credit facility and concurrently terminated its previous revolving credit facilities before their scheduled maturity in March 2003. The credit facility provides for borrowings at various interest rates, plus applicable margins, and contains customary financial covenants. Throughout the year, the Company was in compliance with all financial covenants contained in its outstanding revolving credit agreements. The Company's borrowings of U.S.$172 million (Cdn$273 million) outstanding at December 31, 2001 were entirely repaid in the first quarter of 2002. At December 31, 2002, the Company had borrowings under its revolving credit facility of U.S.$90 million (Cdn$142 million) at an average interest rate of 1.77%. Outstanding letters of credit under the previous facilities were transferred into the current facility. As at December 31, 2002, letters of credit under the revolving credit facility amounted to $295 million.

Commercial paper

The Company has a commercial paper program, which is backed by a portion of its revolving credit facility, enabling it to issue commercial paper up to a maximum aggregate principal amount of $600 million, or the U.S. dollar equivalent. Commercial paper debt is due within one year but has been classified as long-term debt, reflecting the Company's intent and contractual ability to refinance the short-term borrowing through subsequent issuances of commercial paper or drawing down on the long-term revolving credit facility. As at December 31, 2002, the Company had U.S.$136 million (Cdn$214 million) of commercial paper outstanding under this program.

Accounts receivable securitization

The sale of a portion of the Company's accounts receivable is conducted under a securitization program, which has a $350 million maximum limit and will expire in June 2003. The program is subject to customary credit rating and reporting requirements. In the event the program is terminated before its scheduled maturity, the Company expects to have sufficient liquidity remaining in its revolving credit facility to meet its payment obligations. The Company intends to renew or replace the program upon expiration. At December 31, 2002, pursuant to the agreement, $173 million and U.S.$113 million (Cdn$177 million) had been sold on a limited recourse basis, an increase of $5 million from the level of accounts receivable sold at December 31, 2001.

Note 8 - Termination of conversion rights of 5.25% Convertible preferred securities ("Securities")

On May 6, 2002, the Company met the conditions required to terminate the Securities holders' right to convert their Securities into common shares of the Company, and set the conversion termination date as July 3, 2002. The conditions were met when the Company's common share price exceeded 120% of the conversion price of U.S.$38.48 per share for a specified period, and all accrued interest on the Securities had been paid. On July 3, 2002, Securities that had not been previously surrendered for conversion were deemed converted, resulting in the issuance of 6.0 million common shares of the Company.

Note 9 - Derivative instruments

At December 31, 2002, a portion of the Company's fuel requirement has been hedged using derivative instruments that are carried at market value on the balance sheet. These fuel hedges are accounted for as cash flow hedges whereby the effective portion of the change in the market value of the derivative instruments has been recorded in Other comprehensive income. At December 31, 2002, Accumulated other comprehensive income included an unrealized holding gain of $30 million, $20 million after tax, ($38 million unrealized holding loss, $25 million after tax at December 31, 2001) of which $29 million relates to derivative instruments that will mature within the next twelve months.

Note 10 - Commitments

As at December 31, 2002, the Company had commitments to acquire railroad ties, rail, freight cars and locomotives at an aggregate cost of $183 million ($52 million at December 31, 2001).

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

Note 11 - Net income and earnings per share

In addition to the inclusion of a full year of WC results of operations in 2002 as explained in Note 3, the comparability of the results of operations for the three months and year ended December 31, 2002 and 2001 is also impacted by the following items:

	Three months ended December 31			
	2002	2001(a)	2001 pro forma(b)	2002
(In millions)			(Unaudited)	
Income before income taxes, excluding undernoted items	$ 412	$ 456	$ 459	$ 1,585
Income tax expense	(138)	(160)	(162)	(533)
Adjusted net income	274	296	297	1,052
Undernoted items, net of tax:				
Charge to increase U.S. personal injury and other claims liability	(173)	-	-	(173)
Workforce reduction charges	(79)	-	-	(79)
Write-down of net investment in 360networks Inc.	-	-	-	-
Deferred income tax recovery	-	-	-	-
Gain on sale of Detroit River Tunnel Company	-	-	-	-
	(252)	-	-	(252)
Net income	$ 22	$ 296	$ 297	$ 800

The following table provides a reconciliation between basic and diluted earnings per share:

	Three months ended December 31			
	2002	2001(a)	2001 pro forma(b)	2002
(In millions, except per share data)				(Unaudited)
Net income	$ 22	$ 296	$ 297	$ 800
Income impact on assumed conversion of preferred securities (Note 8)	-	3	3	6

	$ 22	$ 299	$ 300	$ 806
Weighted-average shares outstanding	199.5	192.6	192.6	196.7
Effect of dilutive securities and stock options	2.5	9.1	9.1	6.1
Weighted-average diluted shares outstanding ...	202.0	201.7	201.7	202.8
Basic earnings per share	$ 0.11	$ 1.54	$ 1.54	$ 4.07
Diluted earnings per share	$ 0.11	$ 1.48	$ 1.49	$ 3.97

(a) Includes Wisconsin Central Transportation Corporation from October 9, 2001.

(b) The pro forma figures reflect the Company's results of operations as if the Company had acqui
See Note 1 and Note 3 to consolidated financial statements.

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

Note 12 - Stock-based compensation cost

The Company accounts for stock-based compensation in accordance with Accounting Principles Board Opinion (APB) 25, "Accounting for Stock Issued to Employees," and related interpretations. Accordingly, compensation cost is recorded for the Company's performance-based stock option awards and no compensation cost is recorded for the Company's conventional stock-option awards. If compensation cost had been determined based upon fair values at the date of grant for awards under all plans, consistent with the methods of SFAS No. 123, "Accounting for Stock-Based Compensation," the Company's pro forma net income and earnings per share would have been as follows:

	Three months ended December 31		Year ended December 31	
	2002	2001	2002	2001
	(Unaudited)			
Net income, as reported (in millions)	$ 22	$ 296	$ 800	$ 1,040
Add (deduct) compensation cost, net of applicable taxes, determined under:				
Intrinsic value method for performance-based awards (APB 25)	4	13	9	19
Fair value method for all awards (SFAS 123)	(13)	(7)	(45)	(28)
Pro forma net income (in millions)	$ 13	$ 302	$ 764	$ 1,031
Basic earnings per share, as reported	$ 0.11	$ 1.54	$ 4.07	$ 5.41
Basic earnings per share, pro forma	$ 0.07	$ 1.57	$ 3.88	$ 5.37
Diluted earnings per share, as				

reported	$ 0.11	$ 1.48	$ 3.97	$ 5.23
Diluted earnings per share, pro forma	$ 0.06	$ 1.52	$ 3.80	$ 5.19

These pro forma amounts include compensation cost as calculated using the Black-Scholes option-pricing model with the following assumptions:

	Three months ended December 31		Year ended December 31	
	2002(a)	2001	2002	2001
Expected option life (years)	7.0	7.0	7.0	7.0
Risk-free interest rate	5.79%	5.36%	5.79%	5.36%
Expected stock price volatility	30%	30%	30%	30%
Average dividend per share	$ 0.86	$ 0.78	$ 0.86	$ 0.78

	Three months ended December 31		Year ended December 31	
	2002(a)	2001	2002	2001
Weighted average fair value of options granted	$ -	$ 13.88	$ 30.98	$ 13.79

(a) In the fourth quarter of 2002, the Company did not grant any stock-option awards.

CANADIAN NATIONAL RAILWAY COMPANY
SELECTED RAILROAD STATISTICS (U.S. GAAP)

	Three months ended December 31		
	2002	2001(a)	
		(Unaudited)	
Rail operations			
Freight revenues ($ millions)	1,495	1,482	
Gross ton miles (millions)	79,618	76,994	30
Revenue ton miles (RTM) (millions)	40,795	39,828	15
Route miles (includes Canada and the U.S.)	17,821	17,986	1
Operating expenses per RTM (cents)(b)	2.59	2.55	
Freight revenue per RTM (cents)	3.66	3.72	
Carloads (thousands)	1,063	1,007	
Freight revenue per carload ($)	1,406	1,472	
Diesel fuel consumed (Liters in millions)	373	341	
Average fuel price ($/Liter)	0.34	0.35	
Revenue ton miles per liter of fuel consumed	109	117	
Gross ton miles per liter of fuel consumed	213	226	
Diesel fuel consumed (U.S. gallons in millions)	98	90	
Average fuel price ($/U.S. gallon)	1.28	1.31	
Revenue ton miles per U.S. gallon of fuel consumed	416	443	

Gross ton miles per U.S. gallon of fuel consumed	812	855	
Locomotive bad order ratio (%)(c)	7.2	6.8	
Freight car bad order ratio (%)	6.0	5.5	
Productivity			
Operating ratio (%)(b)	68.3	66.1	
Freight revenue per route mile ($ thousands)	84	82	
Revenue ton miles per route mile (thousands)	2,289	2,214	
Freight revenue per average number of employees ($ thousands)	66	62	
Revenue ton miles per average number of employees (thousands)	1,796	1,671	
Employees			
Number at end of period	22,114	22,868	2
Average number during period	22,712	23,839	2
Labor and fringe benefits expense per RTM (cents)(d)	1.05	1.09	
Injury frequency rate per 200,000 person hours	2.5	4.2	
Accident rate per million train miles	1.6	2.5	
Financial			
Debt to total capitalization ratio (% at end of period)	40.0	45.7	
Return on assets (% at end of period)(e)(f)	1.5	1.7	

(a) Includes Wisconsin Central Transportation Corporation from October 9, 2001.

(b) Excludes a fourth quarter 2002 charge of $281 million to increase the Company's U.S. persona
claims liability and workforce reduction charges of $120 million and $98 million in 2002 and

(c) In 2002, the Company expanded its measure of bad order locomotives to include all those not
service, including on-line failures. The 2001 figures have been restated accordingly.

(d) Excludes workforce reduction charges recorded in 2002 and 2001.

(e) Based on 2002 and 2001 adjusted net income, as presented in Note 11 to the consolidated fina

(f) 2001 calculated on a pro forma basis.

CANADIAN NATIONAL RAILWAY COMPANY
SUPPLEMENTARY INFORMATION (U.S. GAAP)

	Three months ended December 31			
	2002	2001(a)	Variance Fav (Unfav)	2
			(Unaudited)	
Revenue ton miles (millions)				
Petroleum and chemicals	7,784	6,944	12%	30,
Metals and minerals	3,493	3,065	14%	13,
Forest products	8,351	7,940	5%	33,

Coal	3,717	3,777	(2%)	14,
Grain and fertilizers	8,860	10,795	(18%)	35,
Intermodal	7,757	6,571	18%	29,
Automotive	833	736	13%	3,
	40,795	39,828	2%	159,
Freight revenue / RTM (cents)				
Total freight revenue per RTM	3.66	3.72	(2%)	3
Business units:				
Petroleum and chemicals	3.64	3.67	(1%)	3
Metals and minerals	3.52	4.11	(14%)	3
Forest products	3.92	3.95	(1%)	3
Coal	2.23	2.25	(1%)	2
Grain and fertilizers	2.77	2.88	(4%)	2
Intermodal	3.65	3.73	(2%)	3
Automotive	18.13	19.84	(9%)	18
Carloads (thousands)				
Petroleum and chemicals	149	136	10%	
Metals and minerals	94	92	2%	
Forest products	148	142	4%	
Coal	125	126	(1%)	
Grain and fertilizers	135	156	(13%)	
Intermodal	333	275	21%	1,
Automotive	79	80	(1%)	
	1,063	1,007	6%	4,
Freight revenue / carload (dollars)				
Total freight revenue per carload	1,406	1,472	(4%)	1,
Business units:				
Petroleum and chemicals	1,899	1,875	1%	1,
Metals and minerals	1,309	1,370	(4%)	1,
Forest products	2,209	2,211	-	2,
Coal	664	675	(2%)	
Grain and fertilizers	1,815	1,994	(9%)	1,
Intermodal	850	891	(5%)	
Automotive	1,911	1,825	5%	1,

(a) Includes Wisconsin Central Transportation Corporation from October 9, 2001.

CANADIAN NATIONAL RAILWAY COMPANY
SUPPLEMENTARY PRO FORMA INFORMATION
PRO FORMA CONSOLIDATED STATEMENT OF INCOME (U.S. GAAP)

(In millions, except per share data)

	Three months ended December 31		
	2002	2001 pro forma(a)	Variance Fav (Unfav)

(Unaudited)

Revenues				
Petroleum and chemicals	$ 283	$ 258	10%	$ 1,
Metals and minerals	123	129	(5%)	
Forest products	327	319	3%	1,
Coal	83	86	(3%)	
Grain and fertilizers	245	312	(21%)	
Intermodal	283	246	15%	1,
Automotive	151	146	3%	
Other items	52	55	(5%)	
	1,547	1,551	-	6,
Operating expenses				
Labor and fringe benefits	547	441	(24%)	1,
Purchased services and material	184	151	(22%)	
Depreciation and amortization	150	139	(8%)	
Fuel	124	110	(13%)	
Equipment rents	82	89	8%	
Casualty and other	371	97	(282%)	
	1,458	1,027	(42%)	4,
Operating income	89	524	(83%)	1,
Interest expense	(85)	(97)		(
Other income	7	32		
Income before income taxes	11	459		1,
Income tax (expense) recovery	11	(162)		(
Net income	$ 22	$ 297		$
Operating ratio (b)	68.3%	66.2%	(2.1)	6
Diluted earnings per share	$ 0.11	$ 1.49		$ 3
Adjusted diluted earnings per share (c)	$ 1.36	$ 1.49		$ 5
Diluted weighted-average number of shares	202.0	201.7		20

(a) The pro forma figures reflect the Company's results of operations as if the Company had acqu

(b) Excludes a fourth quarter 2002 charge of $281 million to increase the Company's U.S. persona liability and workforce reduction charges of $120 million and $98 million in 2002 and 2001,

(c) 2002 excludes a fourth quarter charge to increase the Company's U.S. personal injury and oth workforce reduction charge. 2001 excludes the gain on sale of DRT, the workforce reduction c down the net investment in 360networks Inc., and the deferred income tax recovery resulting corporate tax rates in Canada.

CANADIAN NATIONAL RAILWAY COMPANY
SUPPLEMENTARY PRO FORMA INFORMATION (U.S. GAAP)

(In millions, except per share data)

	Three months ended December 31			
	2002	2001 pro forma(a)	Variance Fav (Unfav)	2
			(Unaudited)	
Revenue ton miles (millions)				
Petroleum and chemicals	7,784	6,984	11%	30,
Metals and minerals	3,493	3,141	11%	13,
Forest products	8,351	8,038	4%	33,
Coal	3,717	3,819	(3%)	14,
Grain and fertilizers	8,860	10,821	(18%)	35,
Intermodal	7,757	6,579	18%	29,
Automotive	833	737	13%	3,
	40,795	40,119	2%	159,
Freight revenue / RTM (cents)				
Total freight revenue per RTM	3.66	3.73	(2%)	3
Business units:				
Petroleum and chemicals	3.64	3.69	(1%)	3
Metals and minerals	3.52	4.11	(14%)	3
Forest products	3.92	3.97	(1%)	3
Coal	2.23	2.25	(1%)	2
Grain and fertilizers	2.77	2.88	(4%)	2
Intermodal	3.65	3.74	(2%)	3
Automotive	18.13	19.81	(8%)	18
Carloads (thousands)				
Petroleum and chemicals	149	138	8%	
Metals and minerals	94	96	(2%)	
Forest products	148	146	1%	
Coal	125	127	(2%)	
Grain and fertilizers	135	156	(13%)	
Intermodal	333	276	21%	1,
Automotive	79	81	(2%)	
	1,063	1,020	4%	4,
Freight revenue / carload (dollars)				
Total freight revenue per carload	1,406	1,467	(4%)	1,
Business units:				
Petroleum and chemicals	1,899	1,870	2%	1,
Metals and minerals	1,309	1,344	(3%)	1,
Forest products	2,209	2,185	1%	2,
Coal	664	677	(2%)	

Grain and fertilizers	1,815	2,000	(9%)	1,
Intermodal	850	891	(5%)	
Automotive	1,911	1,802	6%	1,

(a) The pro forma data has been prepared assuming the Company had acquired WC on January 1, 2001

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
(Registrant)

Date: January 21, 2002

By: /s/ Sean Finn
Sean Finn
Senior Vice-President,
Chief Legal Officer
Corporate Secretary