

CANADIAN NATIONAL RAILWAY CO  
Form 6-K  
July 29, 2005

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**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 July 2005

Commission File Number: 001-02413

**Canadian National Railway Company**

(Translation of registrant's name into English)

**935 de la Gauchetiere Street West**  
**Montreal, Quebec**  
**Canada H3B 2M9**

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes

No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes

No

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes

No

If  Yes  is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

Canadian National Railway Company

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Item 1

**CANADIAN NATIONAL RAILWAY COMPANY  
PRESS RELEASE**

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North America's Railroad

**FOR IMMEDIATE RELEASE**

Stock symbols: TSX: CNR / NYSE: CNI

[www.cn.ca](http://www.cn.ca)

**CN raises full-year 2005 earnings outlook as second-quarter diluted earnings per share rise 30 per cent to \$1.47**

MONTREAL, July 20, 2005 CN today reported its financial and operating results for the second quarter and six-month period ended June 30, 2005.

**Financial highlights, and increased full-year 2005 earnings forecast**

Diluted earnings per share of \$1.47 for the second quarter of 2005, up 30 per cent from \$1.13 reported for second-quarter 2004;

Second-quarter 2005 net income of \$416 million, an increase of 28 per cent from second-quarter 2004 net income of \$326 million;

Second-quarter 2005 operating income of \$713 million, an increase of 24 per cent;

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Record second-quarter operating ratio of 61.2 per cent, a 4.3-percentage point improvement over second-quarter 2004 performance;

Free cash flow of \$787 million for the first half of 2005, compared with \$587 million for the comparable period of 2004;<sup>(1)</sup>

Strong results and solid outlook prompt management to increase full-year 2005 earnings guidance □ diluted earnings per share for the year now expected to rise in the range of 20 to 25 per cent, compared with previous guidance of 10-15 per cent increase over 2004 EPS of \$4.34.

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### **CANADIAN NATIONAL RAILWAY COMPANY PRESS RELEASE**

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E. Hunter Harrison, president and chief executive officer of CN, said: "CN had a terrific quarter and first half of the year, demonstrating once again the power of the company's business model □ precision railroading and the pursuit of profitable, sustainable growth □ along with the strength of our freight franchise. A key measure of our success was a record second-quarter operating ratio of 61.2 per cent.

□On the revenue side, CN's core merchandise businesses □ including forest products, metals and minerals, and petroleum and chemicals □ continued to register solid gains during the quarter. CN's intermodal business also performed well, benefiting from strong container imports via the Port of Vancouver, as did our coal business, which saw shipments from new metallurgical-coal mines in Western Canada. Grain and fertilizers revenues were affected by decreased availability of high-quality grain in Canada, while our automotive business experienced lower production at some of the southern Ontario production facilities we serve.

□Our free cash flow performance was outstanding and will permit us to reward shareholders with a new share buy-back program effective July 25, 2005. (See accompanying press release.) Under this program, CN plans to purchase for cancellation up to 16 million, or about six per cent, of the issued and outstanding shares of the company.□

Second-quarter revenues increased by 10 per cent to \$1,838 million, largely owing to freight rate increases, which included a higher fuel surcharge as a result of increases in crude oil prices, and the inclusion of revenues from the rail and related holdings of Great Lakes Transportation LLC (GLT) and BC Rail. Partly offsetting these gains was the unfavourable \$80-million translation impact of the stronger Canadian dollar on U.S.-dollar denominated revenues.

CN consolidated the operations of GLT and BC Rail on May 10, 2004, and July 14, 2004, respectively.

Operating expenses for the second quarter of 2005 increased by three per cent to \$1,125 million, largely as a result of increased fuel costs and the inclusion of GLT and BC Rail expenses. These expense increases were partly offset by the favourable \$50-million translation impact of the stronger Canadian dollar on U.S.-dollar denominated expenses, and lower labour and fringe benefits expenses.

The continued appreciation of the Canadian dollar reduced the company's second-quarter 2005 net income by approximately \$15 million.

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**CANADIAN NATIONAL RAILWAY COMPANY  
PRESS RELEASE**

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First-half 2005 financial results

Net income for the first six months of 2005 was \$715 million, or \$2.51 per diluted share, compared with \$536 million, or \$1.85 per diluted share, for the comparable period of 2004.

Operating income for the first half of 2005 rose 28 per cent to \$1,239 million.

CN's operating ratio for the first six months of 2005 was 65.0 per cent, an improvement of 3.7 percentage points.

Revenues for the first half of 2005 rose 14 per cent to \$3,544 million, mainly due to freight rate increases, the inclusion of GLT and BC Rail revenues, and a return to normal intermodal volumes following the first quarter 2004 Canadian Auto Workers (CAW) strike. Partly offsetting these gains was the unfavourable \$140-million translation impact of the stronger Canadian dollar on U.S.-dollar denominated revenues.

Operating expenses increased eight per cent to \$2,305 million, primarily due to increased fuel costs and the inclusion of GLT and BC Rail expenses, partly offset by the favourable \$85-million translation impact of the stronger Canadian dollar on U.S.-dollar denominated expenses.

The continued appreciation of the Canadian dollar reduced the company's first-half 2005 net income by approximately \$30 million.

In the first quarter of 2004, the CAW strike reduced CN's operating income and net income by \$35 million and \$24 million, respectively.

Increased full-year 2005 earnings guidance

Harrison said: "CN's strong first-half financial and operating performance, along with continued improvements in pricing, gives management confidence that the company will exceed previous earnings guidance for full-year 2005.

CN now expects 2005 diluted earnings per share will rise in the range of 20 to 25 per cent over 2004 earnings of \$4.34 per diluted share. This new earnings outlook compares with the Company's previous earnings growth forecast of 10 to 15 per cent for 2005. Our employees are performing strongly and we expect to continue to deliver solid benefits to shareholders."

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**CANADIAN NATIONAL RAILWAY COMPANY  
PRESS RELEASE**

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

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<sup>(1)</sup> Please see discussion and reconciliation of this non-GAAP adjusted performance measure in the attached supplementary schedule, Non-GAAP Measures.

This news release contains forward-looking statements. CN cautions that, by their nature, forward-looking statements involve risks 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, its Annual Information Form filed with the Canadian securities regulators, its 2004 Annual and 2005 Quarterly Consolidated Financial Statements and notes thereto, and Management's Discussion and Analysis, 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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Item 2

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

*(In millions, except per share data)*

	Three months ended June 30		Six months ended June 30	
	2005	2004(1)	2005	2004(1)
	<i>(Unaudited)</i>			
Revenues	\$ 1,838	\$ 1,665	\$ 3,544	\$ 3,103
Operating expenses	1,125	1,090	2,305	2,133
Operating income	713	575	1,239	970
Interest expense	(78)	(68)	(153)	(140)
Other loss	(5)	(23)	(9)	(36)

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Income before income taxes	<b>630</b>	484	<b>1,077</b>	794
Income tax expense	<b>(214)</b>	(158)	<b>(362)</b>	(258)
<b>Net income</b>	<b>\$ 416</b>	\$ 326	<b>\$ 715</b>	\$ 536
<b>Earnings per share</b>				
Basic	<b>\$ 1.50</b>	\$ 1.14	<b>\$ 2.55</b>	\$ 1.88
Diluted	<b>\$ 1.47</b>	\$ 1.13	<b>\$ 2.51</b>	\$ 1.85
<b>Weighted-average number of shares</b>				
Basic	<b>278.1</b>	284.9	<b>280.0</b>	284.7
Diluted	<b>283.0</b>	289.2	<b>285.2</b>	289.0

See accompanying notes to consolidated financial statements.

(1) Includes GLT as of May 10, 2004. (See Note 2 - Acquisitions)

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

(In millions)

	Three months ended June 30			Six months ended June 30		
	2005	2004(1)	Variance Fav (Unfav)	2005	2004(1)	Variance Fav (Unfav)
<i>(Unaudited)</i>						
<b>Revenues</b>						
Petroleum and chemicals	\$ 271	\$ 259	5%	\$ 546	\$ 509	7%
Metals and minerals	214	184	16%	413	318	30%
Forest products	450	369	22%	854	689	24%
Coal	97	74	31%	176	141	25%
Grain and fertilizers	260	274	(5%)	536	530	1%
Intermodal	313	287	9%	600	515	17%
Automotive	139	143	(3%)	261	273	(4%)
Other items	94	75	25%	158	128	23%
	<b>1,838</b>	1,665	10%	<b>3,544</b>	3,103	14%

**Operating expenses**

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Labor and fringe benefits	<b>436</b>	466	6%	<b>935</b>	885	(6%)
Purchased services and material	<b>196</b>	181	(8%)	<b>402</b>	371	(8%)
Depreciation and amortization	<b>158</b>	150	(5%)	<b>314</b>	292	(8%)
Fuel	<b>179</b>	123	(46%)	<b>345</b>	245	(41%)
Equipment rents	<b>53</b>	68	22%	<b>100</b>	131	24%
Casualty and other	<b>103</b>	102	(1%)	<b>209</b>	209	-
	<b>1,125</b>	1,090	(3%)	<b>2,305</b>	2,133	(8%)

**Operating income**      \$    **713**      \$    575                      24%      \$    **1,239**      \$    970                      28%

**Operating ratio**                      **61.2%**                      65.5%                      4.3                      **65.0%**                      68.7%                      3.7

See accompanying notes to consolidated financial statements.

(1) Includes GLT as of May 10, 2004. (See Note 2 - Acquisitions)

Certain of the 2004 comparative figures have been reclassified in order to be consistent with the 2005 presentation.

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

(In millions)

	<b>June 30 2005</b>	December 31 2004	June 30 2004
	<i>(Unaudited)</i>		<i>(Unaudited)</i>
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ <b>155</b>	\$    147	\$    135
Accounts receivable (Note 4)	<b>662</b>	793	617
Material and supplies	<b>187</b>	127	169
Deferred income taxes	<b>181</b>	364	102
Other	<b>279</b>	279	260
	<b>1,464</b>	1,710	1,283

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Properties	<b>20,057</b>	19,715	19,789
Intangible and other assets	<b>918</b>	940	898

<b>Total assets</b>	<b>\$ 22,439</b>	\$ 22,365	\$ 21,970
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**Liabilities and shareholders' equity**

**Current liabilities:**

Accounts payable and accrued charges	<b>\$ 1,577</b>	\$ 1,605	\$ 1,485
Current portion of long-term debt (Note 4)	<b>83</b>	578	256
Other	<b>82</b>	76	70

	<b>1,742</b>	2,259	1,811
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Deferred income taxes	<b>4,910</b>	4,723	5,129
Other liabilities and deferred credits	<b>1,499</b>	1,513	1,471
Long-term debt (Note 4)	<b>5,034</b>	4,586	4,568

**Shareholders' equity:**

Common shares	<b>4,640</b>	4,706	4,704
Accumulated other comprehensive loss	<b>(106)</b>	(148)	(35)
Retained earnings	<b>4,720</b>	4,726	4,322

	<b>9,254</b>	9,284	8,991
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<b>Total liabilities and shareholders' equity</b>	<b>\$ 22,439</b>	\$ 22,365	\$ 21,970
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See accompanying notes to consolidated financial statements.

Certain of the 2004 comparative figures have been reclassified in order to be consistent with the 2005 presentation.

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

(In millions)

Three months ended June 30		Six months ended June 30	
2005	2004(1)	2005	2004(1)

	<i>(Unaudited)</i>			
<b>Common shares (2)</b>				
Balance, beginning of period	\$ 4,715	\$ 4,682	\$ 4,706	\$ 4,664
Stock options exercised and other	15	22	101	40
Share repurchase program (Note 4)	(90)	-	(167)	-
Balance, end of period	\$ 4,640	\$ 4,704	\$ 4,640	\$ 4,704
<b>Accumulated other comprehensive loss</b>				
Balance, beginning of period	\$ (91)	\$ (111)	\$ (148)	\$ (129)
Other comprehensive income (loss):				
Unrealized foreign exchange loss on translation of U.S. dollar denominated long-term debt designated as a				
hedge of the net investment in U.S. subsidiaries	(40)	(97)	(77)	(129)
Unrealized foreign exchange gain on translation of the net investment in foreign operations	49	153	93	207
Increase (decrease) in unrealized holding gains on fuel				
derivative instruments (Note 6)	(31)	23	47	43
Unrealized holding gain on interest rate derivatives	-	33	-	18