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The Honorable Cynthia T. Brown
Chief, Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

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Re: *STB Docket No. FD 36514 – Canadian National Railway – Control – Kansas City Southern*

Dear Madam:

I am the General Chairman of the SMART Transportation Division General Committee of Adjustments 261. We represent approximately five hundred (500) employees of the craft or class of mostly Trainmen and some Engineers on the SOO Line Railroad Company (Canadian Pacific Railway (CPR)). This letter to share my view and the reasons why the Surface Transportation Board (Board) should reject the submitted Canadian National Railway (CN) proposal to use a voting trust in connection with its proffered acquisition of Kansas City Southern (KCS).

In Decision No. 3, the Board explained that it will adopt a; “more cautious approach” to the proposed voting trust process under the 2001 Major Merger Rules and will consider whether allowing the use of a voting trust would be consistent with the public interest in light of the; “potential benefits and costs of such use.” I am writing to express my view that the use of a trust for any merger under the 2001 Major Merger Rules would not be in the best public interest or the best interest of our Organization. As the Board acknowledged in Decision No. 3, those rules place; “heavier burden[s] on merger applicants to show that a major rail consolidation is consistent with the public interest” and allows the Board a much greater discretion to disapprove proposed transactions or impose extensive conditions aimed at ensuring that they serve the public interest.

Permitting the CN to use a voting trust to complete its acquisition of KCS would have adverse effects on my membership through the loss of rail traffic, and the railway industry as a whole, as it would eliminate the opportunity for KCS to be acquired by CPR and the strong competitive benefits that a CPR/KCS transaction would generate.

Furthermore, CN already has a high-capacity mainline route from Chicago, IL straight to New Orleans, LA, so with CN acquiring KCS there would be no need for the KCS parallel lines. CPR, by comparison, has a route that extends south only as far as Kansas City, MO; this is CPR's only connection with the KCS. The CN/KCS transaction is just the opposite and would be anti-competitive due to the overlap of existing rail lines. On the other hand, CPR/KCS transaction promises to create new, better single-line routes from Canada through the central United States, and on to the Gulf of Mexico. If CPR and KCS are allowed to incorporate, CPR would have a rational motive to invest in this route, opening up new competition against CN, BNSF, and Union Pacific.

The danger of approving the CN voting trust proposal has the real possibility of harming employees of both KCS and CN due to the amount of debt CN will carry; and the real possibility that the CN transaction would fail the regulatory test in the end.

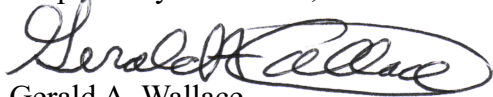
There is no dispute a CN/KCS transaction is the exact opposite of an end-to-end merger and will also be anti-competitive due to the overlap of existing rail lines/affected customers. If this proposed merger were granted approval of a voting trust, we fully expect job loss on either CN or KCS because it is likely the STB would require further sale or abandonment of competing rail lines, in addition to what has been recently announced by CN concerning New Orleans to Baton Rouge. The consequences for members represented by SMART and all other Union Brothers and Sisters will be uncertain, but likely adverse and severe, and certainly contrary to the public interest;

Allowing the CN to acquire all of KCS's stock as part of a voting trust transaction would greatly diminish, if not eliminate, this opportunity for enhanced competition. We ask that you consider the historic competition between CPR and CN and how that will be impacted with the voting trust and ultimately on the merits of the merger being reviewed. Moreover, the CN network within the United States would be three (3) times the size of CPR. This kind of competitive imbalance is bad for the United States rail network and most importantly, their customers, the consumer, and railway employees.

Accordingly, for the reasons described above and others, we urge the STB to carefully consider the implications on this proposed transaction and those that will follow, both short-term and long-term.

Therefore, on behalf of the members of the SMART Transportation Division, I urge the Board to reject CN's motion to approve its proposed voting trust.

Respectfully Submitted,



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General Chairman – GO261

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Cc: All Parties of Record