



Karen Borlaug Phillips
Vice President – North American
Government Affairs

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karen.phillips@cn.ca

E1 16559
PB

March 10, 2009

Mr. Matthew Wallen
Director
Office of Public Assistance, Government
Affairs & Compliance
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Ms. Victoria Rutson
Chief
Environmental Analysis Section
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Dear Matt and Vicki:

Thank you very much for meeting with my colleagues and me on February 25 to discuss implementation of CN's acquisition of the major portion of the Elgin, Joliet & Eastern Railway Company (EJ&E). We very much appreciated the very productive discussion with Chairman Nottingham, you, and your colleagues.

As we discussed, please find enclosed copies of the written communications CN has undertaken since closing on the transaction:

- Jim Kvedaras' February 1, 2009 letter to EJ&E community leaders introducing himself as CN's Community Liaison for the implementation of the EJ&E and identifying next steps in the implementation process;
- Mr. Harrison's February 2 letter to EJ&E communities announcing the closing of the transaction – three different versions of the letter were sent, depending on whether the community was one with which we have negotiated a Voluntary Mitigation Agreement (VMA), one with which discussions on a potential VMA were ongoing at the time of closing, or one where no VMA discussions were ongoing – a sample of each letter is enclosed;
- Mr. Harrison's "open letter" ad, which ran on February 2 in the *Chicago Tribune*, the *Chicago Sun-Times*, the *Daily Herald*, the *Southtown Star*, and the *Northwest Indiana Times*;

Mr. Matthew Wallen
Ms. Victoria Rutson
March 10, 2009
Page Two

- the English and Spanish versions of CN's legal notice ad, which ran at various intervals from February 3 – March 4. The ads ran a total of 59 times in the *Chicago Tribune*, the *Daily Herald*, the *Southtown Star*, *El Dia*, *Hoy Chicago*, the *Joliet Herald-News*, *La Raza*, and the *Munster Times*, as well as on their websites;
- Jim Kvedaras' February 20 letter to each EJ&E community manager or administrator, inviting them to identify two representatives from their community to attend at CN's expense a five-day hazardous materials emergency responder training course at the Transportation Technology Center, Inc. in Pueblo, Colorado;
- communications between Jim Kvedaras and Barrington Village President Karen Darch regarding safety issues and Jim's potential participation in a February 27 meeting of the TRAC coalition;
- Jim Kvedaras' March 9 e-mail letter to police, fire, and EMS contacts of each EJ&E community inviting them to a meeting with CN representatives to discuss emergency preparedness and response issues; and
- Mr. Harrison's March 9 letter to each community along the EJ&E informing them of the rerouting of CN trains onto the EJ&E line, starting today.

In the future, we will send you copies of letters and other CN communications at the same time we are communicating with the communities.

You also requested the specific information for various CN contacts for communities, which is shown below.

- CN Community Liaison: Jim Kvedaras
Director – U.S. Government Affairs
CN
17641 S. Ashland Avenue
Homewood, IL 60430
(708) 332-3508
(708) 332-4361 (fax)
jim.kvedaras@cn.ca

Mr. Matthew Wallen
Ms. Victoria Rutson
March 10, 2009
Page Three

- CN Public Inquiry Line: 1-888-888-5909
(Residents can also send e-mail inquiries by accessing the public inquiry link on the CN website: www.cn.ca.)
- Emergency number posted at EJ&E grade crossings: 1-888-883-4202. This is the EJ&E number and will be shifted to the CN number at a future date.

In addition, while not directly related to our operational changes or environmental mitigation, I have enclosed for your information a copy of correspondence sent March 6 to CN customers affected by the EJ&E integration informing them of various changes CN will be implementing.

We will be providing you soon our proposed templates for the monthly operational and quarterly mitigation reports, as well as the legal and summary language of our crossing protocols. In the meantime, please let me know if you have any questions about our implementation activities.

Sincerely,



Karen Borlaug Phillips
Vice President, North American
Government Affairs

Enclosures

cc: Gordon Trafton
Ted Kalick
Normand Pellerin
Jim Kvedaras

Southern Region



Jim Kvedaras
Sr. Manager U.S. Public and Government
Affairs
17641 South Ashland Avenue
Homewood IL 60430
T 708-332-3508
F 708-332-4361

February 1, 2009

The Honorable Joseph Neeb
Town of Dyer
One Town Square
Dyer, IN 46311

Dear Manager Neeb:

CN has completed its acquisition of the majority of assets of the Elgin, Joliet & Eastern Railway. Beginning now, we are starting to undertake all of the work that has been outlined in the Surface Transportation Board's final decision on the acquisition, dated December 24, 2008.

I have been named CN's Community Liaison for implementation of our plans for the EJ&E. As Community Liaison, it is my goal to be in contact with you or your staff as needed to keep you up to date on our multi-year integration of the EJ&E into the CN family. I will be able to keep you and your residents informed about construction projects, safety and traffic issues, as well as the status of our various mitigation projects.

Some communities are currently engaged in negotiations with other CN staff, working towards development of voluntary mitigation agreements. My activities as Liaison will not affect those discussions, and they should continue to be advanced.

With the STB's approval of the purchase, CN became a member of your community, and it remains our genuine desire to be a good corporate citizen. One way to help accomplish this is to provide timely and accurate information, and the Liaison's role is to do just that.

In that spirit, the first thing you and your residents may notice is the placement of informational signs at each grade crossing location, as well as notices appearing in local newspapers and associated internet web sites, advising of increased train traffic. The signs will be placed on all crossings on Monday, February 2nd, and the various media notices will also start appearing Monday. We will not reroute any trains before March 4, and I will be able to share with you more specific information, relevant to your community, as that date draws near.

In the weeks ahead, CN will be setting up a web site so community officials and residents can find the latest information on project-related activities themselves. I will forward those details when they become available.

Please do not hesitate to contact me with any questions or issues you would like to discuss via phone, at (708) 332-3508, or email, at jim.kvedaras@cn.ca. It is my hope and expectation that I can serve as a resource for you and your community.

I look forward to working with you in the days and months ahead.

Sincerely,

A handwritten signature in black ink that reads "Jim Kvedaras". The signature is written in a cursive, flowing style.

Jim Kvedaras



www.cn.ca

February 2, 2009

E. Hunter Harrison
President and
Chief Executive Officer

935 de La Gauchetière Street West
Montreal, Quebec H3B 2M9
Canada
T 514-399-4800
F 514-399-6896

Président-
directeur général

935, rue de La Gauchetière Ouest
Montréal (Québec) H3B 2M9
Canada
T 514-399-4800
Tc 514-399-6896

The Honorable Arthur Schultz
Mayor
City of Joliet
150 W. Jefferson Street
Joliet, IL 60432-4156

Dear Mayor Schultz,

I wanted to take this opportunity to inform you that CN has closed on our acquisition of the major portion of the Elgin, Joliet & Eastern Railway Company. We assumed control of operations on this line as of 11:59 p.m. on January 31, and we plan to integrate the EJ&E operations into the CN system using the methodical, step-by-step approach that we have employed in our past transactions.

We appreciate your willingness to enter into a Voluntary Mitigation Agreement with CN to address your community's concerns about the environmental impacts of increased train traffic on the EJ&E line. Eric Jakubowski will be contacting you in the next few days to set up a meeting to confirm next steps to ensure smooth implementation of our agreement.

In addition, as the integration process now gets underway, please do not hesitate to contact Jim Kvedaras, CN's Community Liaison for the EJ&E integration, if you have questions or concerns. Jim can be reached at (708) 332-3508 or at jim.kvedaras@cn.ca.

Sincerely,



www.cn.ca

February 2, 2009

E. Hunter Harrison
President and
Chief Executive Officer

935 de La Gauchetière Street West
Montreal, Quebec H3B 2M9
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T 514-399-4800
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Président-
directeur général

935, rue de La Gauchetière Ouest
Montréal (Québec) H3B 2M9
Canada
T 514-399-4800
Tc 514-399-6896

The Honorable Roger Byrne
Village President
Village of Vernon Hills
290 Evergreen Drive
Vernon Hills, IL 60061

Dear President Byrne,

I wanted to take this opportunity to inform you that CN has closed on our acquisition of the major portion of the Elgin, Joliet & Eastern Railway Company. We assumed control of operations on this line as of 11:59 p.m. on January 31, and we plan to integrate the EJ&E operations into the CN system using the methodical, step-by-step approach that we have employed in our past transactions.

We recognize your community's concerns about the environmental impacts of increased train traffic on the EJ&E line. We will be diligent in our efforts to ensure that we meet the mitigation requirements specified by the Surface Transportation Board and are sensitive to your concerns. Eric Jakubowski and CN's team also remain interested in continuing the ongoing discussions about a possible voluntary mitigation agreement to address your environmental concerns.

CN will be working closely with your officials to ensure smooth implementation of the transaction. As the integration process now gets underway, please do not hesitate to contact Jim Kvedaras, CN's Community Liaison for the EJ&E integration, if you have questions or concerns. Jim can be reached at (708) 332-3508 or at jim.kvedaras@cn.ca.

Sincerely,



www.cn.ca

February 2, 2009

E. Hunter Harrison
President and
Chief Executive Officer

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Président-
directeur général

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Montréal (Québec) H3B 2M9
Canada
T 514-399-4800
Tc 514-399-6896

The Honorable Karen Darch
Village President
Village of Barrington
200 S. Hough Street
Barrington, IL 60010

Dear President Darch,

I wanted to take this opportunity to inform you that CN has closed on our acquisition of the major portion of the Elgin, Joliet & Eastern Railway Company. We assumed control of operations on this line as of 11:59 p.m. on January 31, and we plan to integrate the EJ&E operations into the CN system using the methodical, step-by-step approach that we have employed in our past transactions.

We recognize your community's concerns about the environmental impacts of increased train traffic on the EJ&E line. We will be diligent in our efforts to ensure that we meet the mitigation requirements specified by the Surface Transportation Board and are sensitive to your concerns. CN will be working closely with your officials to ensure smooth implementation of the transaction.

As the integration process now gets underway, please do not hesitate to contact Jim Kvedaras, CN's Community Liaison for the EJ&E integration, if you have questions or concerns. Jim can be reached at (708) 332-3508 or at jim.kvedaras@cn.ca.

Sincerely,

PUBLIC NOTICE

Elgin, Joliet & Eastern Railway Tracks

Effective on or after March 4, 2009 Canadian National Railway Company and Grand Trunk Corporation (CN) may begin to operate additional trains over the Elgin, Joliet & Eastern Railway Company (EJ&E), beginning CN's phased implementation of its acquisition of the principal lines of the EJ&E, as approved by the U.S. Surface Transportation Board in STB Finance Docket No. 35087 on December 24, 2008.

Information signs, advising the public of traffic increases have been posted at all appropriate crossings.

Please be aware of the additional trains and continue to cross the train tracks in a safe manner.



NOTICIA PUBLICA

Vías ferroviarias de Elgin, Joliet & Eastern Railway

Con vigencia a partir del 4 de marzo de 2009 o después de esta fecha, es posible que Canadian National Railway Company y Grand Trunk Corporation (CN) comiencen a operar trenes adicionales en las vías de Elgin, Joliet & Eastern Railway Company (EJ&E), dando inicio así a la implementación gradual de la adquisición por parte de CN de las principales líneas de EJ&E, tal como fuera aprobado por la Junta de Transporte Ferroviario de EE.UU. (U.S. Surface Transportation Board) en el expediente financiero de STB Num. 35087 del 24 de diciembre de 2008.

Se han colocado carteles informativos en todos los cruces correspondientes para avisar al público del aumento de tráfico ferroviario.

Le rogamos tener en cuenta la mayor cantidad de trenes en circulación y por favor continúe cruzando las vías ferroviarias con precaución.





Southern Region

Jim Kvedaras
Sr. Manager U.S. Public and Government Affairs
17641 South Ashland Avenue
Homewood IL 60430
T 708-332-3508
F 708-332-4361

February 20, 2009

Dear Mr. Gifford:

As I indicated in either my conversation with you or my voicemail message, as part of CN's implementation of our recently approved acquisition of the Elgin, Joliet & Eastern Railway, we have committed to providing emergency response training for the EJ&E communities that are impacted with increased train traffic as a result of the acquisition.

While the Surface Transportation Board's final decision indicates that we are to provide a training opportunity for one member of each impacted community, CN has gone a step further and offers the following:

CN will send two members from each community to Pueblo, CO for a five day hazardous materials emergency responder training course at the Transportation Technology Center, Inc. (TTCI), a wholly-owned subsidiary of the Association of American Railroads. If you want to check out the facility, their web site is www.aar.com, or to see their items about hazmat training, see www.hazmattraining.com. **Wherever you visit, DO NOT register for anything via the Internet.** We will handle all class participant registrations.

The TTCI facility is the U.S. railroad industry's state of the art training and testing center, offering a wide variety of hazardous materials education and certification classes. The facility offers classroom instruction as well as hands-on field practice, and is highly regarded as the premier facility for such railroad training.

Each community can decide which representatives are most appropriate to send, and may be two Fire Dept or other emergency response agency reps, one Police and one Fire, or whatever. The only thing we ask is that you send the appropriate personnel, who will be able to in turn share the results of their training experience with their own departments or agencies.

Two weeks are available at Pueblo. The weeks of August 16 - 21 and September 20 - 25, 2009 are confirmed as available for all interested EJ&E communities.

Included:

- Round trip airfare, Chicago O'Hare to Colorado Springs, Colorado. Participants will fly out Sunday afternoon, return to O'Hare Friday afternoon/evening (depending on final flight arrangements)
- Round trip bus transportation, Colorado Springs airport to Marriott, Pueblo, CO.
- Five nights' lodging at the Marriott in Pueblo.
- Breakfast (comes with hotel room) and buffet dinner at the Marriott each day, including welcome dinner on Sunday. Total six dinners, five breakfasts.
- Transport from the Marriott to/from AAR's facility Mon - Fri.
- Tuition and all fees for a five day course on hazardous materials response training for railroad operations. Courses begin Monday morning and conclude Friday, noonish.
- Lunches will be provided on-site.
- All attendees will ride same airplane to/from CO.
- CN to make all travel and meal arrangements from departure out of O'Hare, to arrival back at O'Hare.

- Total cost to attendees will be limited to their own transportation to/from O'Hare, parking, and any meals or entertainment outside of what we are covering.

Next steps:

Confirm your two attendees, select which week they will attend, and forward full names and addresses, including email addresses and preferred phone numbers, back to me via email so that air reservations can be booked. Hotel rooms will be single occupancy. Slots will be filled on a first come, first served basis. Once the first week is filled, only openings for the second week can be filled. Classes will be filled with EJ&E community representatives only.

Please send confirmations of your attendees as soon as possible. **Please confirm no later than March 20, 2009, so that air reservations can be booked.** Cost for any changes once airline tickets are confirmed are to be borne by the respective community.

Feel free to call me with questions.

Sincerely,



Jim Kvedaras
CN
708-332-3508 office



Jim
Kvedaras/KVEDARAS/CNR/C
A
02/27/2009 04:34 PM

To philli01@cn.ca
cc
bcc
Subject B'ton emails

----- Forwarded by Jim Kvedaras/KVEDARAS/CNR/CA on 2009/02/27 15:33 -----

Jim Kvedaras/KVEDARAS/CNR/CA

2009/02/06 11:01

To "Darch, Karen" <kdarch@barrington-il.gov>
cc
Subject Re: Safety Link

Mayor Darch,

I have been asked that question by reporters along the entire EJ&E route, it seems. What I know is that our current plan shows as many as six trains daily may be candidates for re-routing over portions of the EJ&E on or soon after March 4, but that no final decision has been made. I am in close contact with our Operations department, and as we get closer to that date, I will have a much more definitive answer. I will advise you before March 4 with the number of trains that we will start to reroute in your area.

As far as safety measures go, we are embarking upon implementation of the acquisition, including the various mitigation measures. As part of that process, the information signs that were placed on Monday, Feb 2 (which we plan to relocate to posts as we are able to complete "locates" of buried utilities at each crossing) are the beginning of safety measures, giving the public advance warning of increased train traffic. This is being reinforced with newspaper and web site ads, to use those media to expand the message beyond the physical signs at the crossings. Many of the mitigation measures and conditions of the final decision are safety-oriented, and as we incorporate the EJ&E property into CN's family, we are undertaking those as part of the whole project.

We have also begun a comprehensive inspection and non-invasive rail testing program to inspect the entire property. Any noted instances of conditions that warrant additional maintenance are being addressed now, in advance of adding any trains. Once we begin to add trains, our operations will be undertaken in full compliance with all applicable industry safety regulations and operating practices. Despite the unfortunate recent flurry of incidents across various railroads in the region, the entire railroad industry, CN included, continues its trend of experiencing fewer incidents and accidents, year over year.

I look forward to working with you or your designee as we move into implementation.

Regards,
Jim

"Darch, Karen" <kdarch@barrington-il.gov>

2009/02/03 17:08

To <jim.kvedaras@cn.ca>

cc

Subject Safety

Dear Jim,

Thank you for your letter and voicemail. I am wondering if you could give me an idea of the # and timing of trains we will see in Barrington come March 4 and what safety measures CN will have in place in Barrington by then . .

Thanks,

Karen Darch



The Regional Answer to Canadian National

February 23, 2009

Mr. Jim Kvedaras
Senior Manager
U.S. Public & Government Affairs
Canadian National Railway
17641 South Ashland Avenue
Homewood, IL 60430

VIA FAX

Dear Mr. Kvedaras,

As the co-chairs of the TRAC Coalition, we are writing to you to express our disappointment that CN is unwilling to have a representative at our upcoming February 27 meeting of TRAC to discuss many of the traffic and mitigation issues that are front and center in our communities with the commencement of CN rail operations on the EJ&E as of March 4, 2009. We fear the decision by your company to preclude meeting at one time with the elected leaders of many of the communities that will be burdened by your operations does not bode well for the future interests of the region.

As you know, the Surface Transportation Board mandated that numerous mitigation measures be put in place to safeguard -- to even a minimal extent -- the residents of our communities. Much of how that mitigation will be implemented is still a huge unknown and we were hoping that you, in your role as CN's "community liaison" on implementation issues, would be willing to address our many questions and provide a timeline on implementation of these mandated measures.

We respectfully request that you seek whatever corporate approval you need to be with us at the February 27 TRAC Coalition meeting that will take place at 9:30 am in the Barrington Village Hall or send someone else in your place to represent CN at this crucial forum. As you well know, the people of this region have rallied in unprecedented opposition to CN's plans because we don't believe that the freight volume you plan to run on the EJ&E can be done safely in such a heavily populated area. For now, however, you are here and we need to do everything possible to minimize the safety and logistical burdens on the region, and do not think it is asking too much that CN cooperate in this effort. Thank you for your consideration of our request.

Sincerely Yours,

A handwritten signature in cursive script, appearing to read "Karen Darch".

Karen Darch
TRAC Co-Chair
President, Village of Barrington

A handwritten signature in cursive script, appearing to read "Tom Weisner".

Tom Weisner
TRAC Co-Chair
Mayor, City of Aurora

cc: E. Hunter Harrison



Jim
Kvedaras/KVEDARAS/CNR/C
A

02/27/2009 05:51 PM

To philli01@cn.ca
cc
bcc
Subject B'ton emails

----- Forwarded by Jim Kvedaras/KVEDARAS/CNR/CA on 2009/02/27 16:51 -----
Jim Kvedaras/KVEDARAS/CNR/CA

2009/02/25 14:52

To jemerick@barrington-il.gov
cc
Subject CN Response to Mayor Darch

Mayor Darch,

I am in receipt of the February 23, 2009 letter from you and Mayor Weisner of Aurora.

As I indicated in our telephone conversation last week, my duties as the Community Liaison officer for CN include outreach to those communities along the EJ&E route that will experience more trains as a result of the acquisition of EJ&E by CN. I have been sharing with them CN's plans for implementing the voluntary mitigation agreements that some communities have executed with CN to resolve local issues. In the communities where voluntary agreements were not reached, we will comply with the various measures included in CN's comprehensive voluntary mitigation plan, along with additional conditions that the STB imposed for those communities. It is my role to timely communicate the progression of these measures, as well as CN's operational plans, so as to address community concerns with safety and other matters as CN's gradual integration of its operations along the EJ&E proceeds. The integration has many parts, and we are still developing plans to allow the overall integration to proceed with minimal disruption to the communities or the region's transportation network.

Also as we discussed, one of the issues the communities consistently seek information on is the timing of CN adding rerouted trains onto EJ&E tracks. Consistent with our conversation, it remains my intent to share directly with the communities the details once they have been confirmed, and to follow that up with notices to the local newspapers, who are also expressing interest in the timing of the changes in operations. So far, those decisions have not been finalized, but when they are, I will again reach out to the communities and media directly. I fully recognize that we are close to March 4, and I expect to have details to share with all of the communities in advance of our adding even the limited number of rerouted trains that we anticipate, which will not start before then.

I believe it speaks very well of CN to adopt an outreach approach to deal directly with those communities impacted, as our entire integration effort is rooted in communicating and cooperating with the communities. Our approach in this has been consistent throughout the entire acquisition. Just as we held ourselves out to be available for discussions and negotiations on a community-by-community basis, so do we feel it courteous to again deal directly with each individual community. As a result, I am again politely declining the offer to participate in the upcoming TRAC meeting. I remain available, however, to discuss CN's implementation of the transaction and mitigation-related activities with individual community officials.

We remain convinced that the gradual integration, still expected to take place over several years, will

ultimately provide the overall transportation benefits that will benefit the economy of the entire region , while allowing for implementation of measures to address legitimate community concerns . Surface transportation efficiency has to remain a focus of the entire business community as well as of the forces guiding our economic recovery efforts, as it remains one of the basic building blocks of a strong market .

Sincerely,
Jim Kvedaras
CN

Southern Region

Jim Kvedaras
Director - U.S. Government Affairs
17641 South Ashland Avenue
Homewood IL 60430
T 708-332-3508
F 708-332-4361



Dear Chief Puknaltis,

CN's Safety Group would like to invite you or your designee to an introductory meeting, where CN representatives will provide a detailed explanation of who we are and what we do as it relates to emergency preparedness and response. CN will discuss its emergency response training and education outreach programs as well as elaborate on recent invitations to participate in advanced training at the Association of American Railroad's Emergency Response Training Center in Pueblo, Colorado.

Details on the meeting date and location will be forwarded as soon as we are able to confirm. We anticipate a two hour time frame, depending on questions generated. While you are welcome to send as many attendees as you'd like, no actual training will be conducted at this preliminary meeting, as it is intended to be informational only. We would appreciate your selecting attendees accordingly.

Please feel free to call or email me with any questions.

Regards,

A handwritten signature in cursive script that reads "Jim Kvedaras".

Jim Kvedaras
CN
Community Liaison for the CN/EJ&E Integration jim.kvedaras@cn.ca
708-332-3508 office



www.cn.ca

March 9, 2009

E. Hunter Harrison
President and
Chief Executive Officer

935 de La Gauchetière Street West
Montreal, Quebec H3B 2M9
Canada
T 514-399-4800
F 514-399-6896

Président-
directeur général

935, rue de La Gauchetière Ouest
Montréal (Québec) H3B 2M9
Canada
T 514-399-4800
Tc 514-399-6896

The Honorable Kenneth H. Kessler
Mayor
Village of Mundelein
440 East Hawley Street
Mundelein, IL 60060
United States

Dear Mayor Kessler,

I would like to take this opportunity to provide an update on the status of CN's integration of the Elgin, Joliet and Eastern Railway Company (EJ&E). After assuming control of the EJ&E, we have been engaged in a careful, methodical integration process and we have been keeping in close contact with community officials along the EJ&E.

I know your community is very interested in when we will begin rerouting CN trains onto the EJ&E, and I wanted to inform you that beginning Tuesday, March 10, CN plans to reroute one pair of trains onto the EJ&E. The trains, one northbound and one southbound, are expected to operate daily along the EJ&E between Mundelein and Matteson. We anticipate adding up to two additional pairs of trains over the next few weeks that would operate similarly between Mundelein and Matteson. Communities east of Matteson would see no increase in the number of trains at this time.

With the number of freight trains of CN and other carriers already reduced as a result of the current economic downturn, we anticipate that the number of trains expected to move through some of the EJ&E communities, even with the planned three re-routed pairs of CN trains, will likely not reach the levels outlined in our application for the remainder of the year. While we of course share everyone's hope that our economy recovers quickly, these circumstances should provide those communities and CN added time to work together to ensure a smooth transition for the transaction and address concerns.

The Honorable Kenneth H. Kessler
March 9, 2009
Page 2

Finally, as we have consistently noted, our utilization of the EJ&E will proceed gradually over a three-year period and will be aligned with the completion of more than \$100 million in infrastructure improvements, including double-tracking and new connections, which will enable the safe and expeditious movement of added trains along the EJ&E. These improvements are in the early stages, and further implementation of the transaction beyond the rerouting of the trains noted above will be dependent to a large degree on the progress of those improvements and economic conditions.

CN's Community Liaison, Jim Kvedaras, will keep you apprised of further operational developments and implementation activities. In the meantime, please do not hesitate to contact Jim if you have any questions about the train rerouting that will be taking place over the next few weeks. Jim can be reached at (708) 332-3508 or at jim.kvedaras@cn.ca.

Sincerely,

A handwritten signature in black ink, appearing to read 'E. Hunter Harrison', with a long horizontal flourish extending to the right.

E. Hunter Harrison
President and
Chief Executive Officer

FINAL LETTER: CN – EJ&E Integration

March 6, 2009

Dear Customer,

As a follow-up to the letter sent on February 1, 2009, I would like to take this opportunity to highlight the changes CN will be implementing as we complete our integration with the Elgin Joliet & Eastern Railway Company (EJ&E).

Effective July 1, 2009, we will be introducing single-line routing, integrating our invoicing, simplifying optional services tariffs, and phasing-out car storage on the EJ&E. We have been testing the process for several months and all other rail carriers are working with us towards a seamless integration.

What does this mean for you?

1) Single invoice – All invoices will be issued by CN and there will be one remittance process through a single point of contact. Invoices for local shipments prior to July 1, 2009 for the EJ&E should continue to be processed and paid to the issuing carrier.

2) Optional services – Effective April 1, we will issue a new EJE Optional Services tariff 9000 that will replace the current tariffs EJE 6024-E and EJE 9156. The EJE 9000 tariff will feature lower rates than the current CN 9000 tariff and will act as a 3-month transition to CN 9000, which will be effective on July 1, 2009.

CN's Optional Services and other tariffs are available at www.cn.ca/optionalservices.

3) Private car storage – At CN we are always looking for ways to improve on-time delivery and increase network fluidity. One way we do this is by freeing up vital yard space. Going forward, we expect there will be less space available in our newly acquired EJ&E yards; we will therefore be progressively phasing out the storage of your private cars. We will work closely with you to find alternative storage solutions and we will communicate with you in the near future regarding your current storage agreements and track leases.

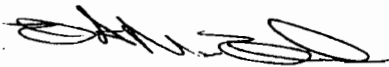
4) Fuel surcharge – Those of you who ship with CN today are familiar with the fuel surcharge applied to the linehaul invoice. Effective July 1, 2009 this mileage based fuel surcharge will be assessed on local-to-local shipments as well. CN fuel surcharge tariffs are available at www.cn.ca/fuelsurcharge.

5) Customer contact – CN's Sales Center will handle customer support for former EJ&E customers. Most of you who are already CN customers have been working with this group for a number of years. We look forward to serving you, and we can be reached at:

Toll-free: 1-866-9CN-RAIL (1-866-926-7245)

Our goal is to be clear and transparent on the upcoming changes and we are providing advance notice so you can plan for any necessary changes to your business processes.

Sincerely,



Doug MacDonald
Assistant Vice-President
Marketing