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July 25, 2001

BY HAND

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
Office of the Secretary
1925 K Street, N.W.
Washington, D.C. 20423-0001



**Re: Canadian National Railway Company, Grand Trunk Corporation,
and WC Merger Sub, Inc. – Control – Wisconsin Central
Transportation Corporation, Wisconsin Central Ltd., Fox Valley &
Western Ltd., Sault Ste. Marie Bridge Company, and Wisconsin
Chicago Link Ltd. (CN/WC-16)
(STB Finance Docket No. 34000)**

Dear Mr. Williams:

Enclosed for filing in the above-captioned docket please find an original and 25 copies of Applicants' Rebuttal (designated as "CN/WC-16"), attached to which is Applicants' "Certificate of Compliance with Directives of Decision No. 2 Relating to Environmental Appendix." Also enclosed is a diskette containing the text of this document in WordPerfect 6/7/8/9 format and a CD containing the entire filing in Adobe Acrobat "PDF" format.

Very truly yours,

Paul A. Cunningham
Paul A. Cunningham *RV*

Enclosures

262979

CN/WC-16

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BEFORE THE SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 34000

**CANADIAN NATIONAL RAILWAY COMPANY,
GRAND TRUNK CORPORATION, AND WC MERGER SUB, INC.
- CONTROL -**

**WISCONSIN CENTRAL TRANSPORTATION CORPORATION,
WISCONSIN CENTRAL LTD., FOX VALLEY & WESTERN LTD.,
SAULT STE. MARIE BRIDGE COMPANY, AND
WISCONSIN CHICAGO LINK LTD.**



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July 25, 2001

TABLE OF CONTENTS

	<u>Page</u>
APPLICANTS' REBUTTAL CN/WC-16	
<u>Table of Abbreviations</u>	v
<u>Rebuttal</u>	1
<u>Attachment A</u>	
Selected Portions of Deposition Transcript of G.P. "Rusty" Radloff	41
<u>Attachment B</u>	
Selected Portions of Deposition Transcript of John Ernest Giles	51
<u>Supporting Statements</u>	
Joint Rebuttal Verified Statement of James M. Foote and William R. Schauer	63
Joint Rebuttal Verified Statement of George C. Woodward and Richard L. Bottorff	97

SUPPLEMENTAL STATEMENTS OF PUBLIC OFFICIALS, OTHER RAILROADS, AND SHIPPERS IN SUPPORT OF THE APPLICATION

[* Originals substituting for copies previously filed as part of the Application, CN/WC-2, Vol.2]

State & Local Officials, Public Agencies, Chambers of Commerce, and Others

<u>Entity</u>	<u>Witness</u>	<u>Page</u>
Alabama State Port Authority*	James K. Lyons	106
The City of Ashland, WI	Mayor Lowell J. Miller	109
The City of Waukesha, WI	Mayor Carol J. Lombardi	110
The City of Wausau, WI	Mayor Linda Lawrence	111
The Corporation of the City of Brantford	Mayor Chris Friel and Kevin Davis	112
Congress of the United States - Members of Wisconsin Delegation	Thomas Petri, James Sensenbrenner, David Obey, Jerry Kleczka, Tom Barrett, Paul Ryan, Ron Kind, Mark Green, and Tammy Baldwin	114

CUPPAD Regional Commission
Dickinson Area Partnership
Florida Parishes Economic Development Association
Illinois Department of Transportation
Jefferson Parish Economic Development Commission
Metropolitan Milwaukee Association of Commerce
Northwest Regional Planning Commission
Sarnia-Lambton Office of Economic Development
Sault Ste. Marie Chamber of Commerce
Sault Ste. Marie Economic Development Corporation*
State of Michigan
Waukesha Area Chamber of Commerce
Members of Wisconsin State Legislature

David Gillis 115
Todd Gustafson 116
Skip Smart 118
Kirk Brown 119
Peter Chocheles 120
Timothy R. Sheehy 121
Douglas Finn 122
George Mallay 123
Michael Marinovich 124
James F. Hendricks, AICP 125
Governor John Engler 126
Ann M. Nischke 127
Roger Breske, Jeff Stone,
Joanne Huelsman,
Carol Roessler,
Dale Schultz,
John Ainsworth, Donald Friske,
Al Ott, Tom Sykora,
and Frank Urban 128

Other Railroads

Railroad

Witness

Page

Iron Road Railways Incorporated
Ottawa Central Railway, Inc.
Southern Manitoba Railway, Inc.
St. Lawrence & Atlantic Railroad Company
Tuscola and Saginaw Bay Railway Co., Inc.

Robert T. Schmidt 132
James D. Allen 138
Morris H. Kulmer 140
Robert Grossman 141
James E. Shepherd 144

Shipper Statements

Shipper

Witness

Page

3M Company
Ace Storage
Alliance Forest Products, Paper Products Division
Anglo American Cedar Products
Badger Mining Corporation
Baldwin Logistics
Basic Chemical Solutions
Bay Area Piggyback, Inc.
Bay Motor Transport, Inc.
Bayou Railcar Services, Inc.
Belle Pulses Ltd.
CANPAR Industries
Canadian Intermodal Services Ltd.
Cargill, Incorporated
Cole Freight, Inc.*

Patrick L. Gonda 150
Lawrence W. Smith Sr. 151
Jeff Walters 153
Gerry Clark 154
Robert Bartol 155
William J. Rankin 157
Earl L. Skidmore 159
George W. Francis 161
Jeff LeClaire 162
F. Ray Chidester Jr. 163
Francis Gaudet 165
Gord Smith 166
John Chimuk 167
Frank Sims 168
Josh O'Dell 170

Dofasco, Inc.	David Halcrow	171
GS Industries	J. Douglas Kitson	174
Grant Forest Products, Inc.	F. David Hall	176
Institute of Scrap Recycling	Robin K. Wiener	178
Irving Forest Services Ltd.	Lawrence V. Mackisoc	180
Ivaco Rolling Mills	Ian McRae	182
J. M. Smucker (Canada) Inc.	Joseph Bitton	184
Johns Manville	Randy Brooks	185
Kronos Canada, Inc.	Robert J. Hicks	186
Land O' Lakes Farmland Feed	Rod Eisenhauer	188
Locher Evers International	Bruno R. Locher	189
Louisiana-Pacific Corporation	Angelo LaMantia	190
Manson Insulation Inc.	Robert Charron	191
Mapleleaf Distribution Services, Inc.	Mark A. Marasco	192
Metals Manufacturing Corporation	Tom Peters	193
Monticello Hardwood Inc.	James R. Duncan	194
Normerica*	Warren R. Cresswell	196
North Central Commodity Transfer Association, Inc.	Roy M. Anderson	198
Novarco Ltd.	Scott Bonder	199
QIT-Fer et Titane *	Gilles Beauchemin	201
Quad/Graphics, Inc.	Dave Riebe	202
Red Lava Inc.*	David J. Alverson	203
Rockwell Lime Company*	Joseph H. Brisch	205
Roberts & Dybdahl Inc.	Donald B. Strater	207
Royal Oak Waste Paper & Metal Co.*	Habib Mamou	209
SCA Hygiene Products	Dominique Sirois	210
Saskatchewan Pulse Growers Board	Richard L.M. Dawson	211
Saskferco Products Inc.	D. Frederick Gill	213
South Coast Paper	Kenneth Loyd	214
Stang Wisconsin Corp.	Ronald L. Rife	216
Stelco Inc. - Hilton Works	R. C. Easter	217
Stellar Distribution Services, Inc.	Gary J. Buccilli	219
Stevedoring Services of America – Gulf Region	Brian R. Frennea	220
Stylus	John Audia	223
Synco Timber Ltd.	Gracielle Bergeron-Lachance ...	224
Teal Cedar Products Ltd.	Howard Anderson	225
The American Coal Sales Company	B.J. Cornelius	226
Tiger Calcium Services / Keg River Chemical Corp.	Clark Sazwan	227
Titan Steel & Wire Co. Ltd.	Trevor Greenwood	229
Titletown Express, Inc.	Curt Smits	230
Tree Island Industries, Ltd.	Yvonne Gell Winder	232
WRR Environmental Services Company, Inc.	James A. Gilbertson	233
Waldun Forest Products Partnership	Curtis Walker	235
Wausau-Mosinee Paper Corporation	Robert T. Ahles	236
Western Canada Express	W. Albert Redekopp	238
Westway Trading Corporation	Richard Shepherd	241
Wheels Pacific Freight Systems, Inc.	Ronald A. Benton	244

CERTIFICATE OF COMPLIANCE WITH DIRECTIVES OF DECISION NO. 2	
RELATING TO ENVIRONMENTAL APPENDIX	245

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TABLE OF ABBREVIATIONS

AK Steel	AK Steel Corporation
ATDD	American Train Dispatchers Department of the International Brotherhood of Locomotive Engineers
Agreement	Agreement and Plan of Merger dated as of January 29, 2001, among Wisconsin Central Transportation Corporation, Canadian National Railway Company and WC Merger Sub, Inc.
Amtrak	National Railroad Passenger Corporation
Applicants	CN and WC
Application	CN/WC-2, <i>Canadian National Railway Company, Grand Trunk Corporation, and WC Merger Sub, Inc. – Control – Wisconsin Central Transportation Corporation, Wisconsin Central Ltd., Fox Valley & Western, Ltd., Sault Ste. Marie Bridge Company, and Wisconsin Chicago Link</i> , STB Finance Docket No. 34000.
BLE	Brotherhood of Locomotive Engineers
B&LE	Bessemer and Lake Erie Railroad Company
BMWE	Brotherhood of Maintenance of Way Employees
BNSF	Burlington Northern Santa Fe Corporation, The Burlington Northern and Santa Fe Railway Company, and, where the context indicates, their subsidiaries
Board	Surface Transportation Board
CN	CNR and subsidiaries
CNR	Canadian National Railway Company
CP	Canadian Pacific Ltd., Canadian Pacific Railway, and where the context indicates, their subsidiaries
CSX	CSX Corporation, CSX Transportation, Inc., and, where the context indicates, their subsidiaries
Clay Producers	U.S. Clay Producers Traffic Association, Inc.

D&H	Delaware and Hudson Railway Company, Inc.
DMIR	Duluth, Missabe and Iron Range Railroad Company
DOT	United States Department of Transportation
DWP	Duluth, Winnipeg and Pacific Railway Company
EIS	Environmental Impact Statement
FRA	Federal Railroad Administration, United States Department of Transportation
Fraser	Fraser Shipyards, Inc.
FVW	Fox Valley & Western Ltd.
GTC	Grand Trunk Corporation
GTW	Grand Trunk Western Railroad Incorporated
GLT	Great Lakes Transportation LLC, and, when the context indicates, its subsidiaries: DMIR, B&LE, USS Great Lakes Fleet, Inc., and Pittsburgh and Conneaut Dock Company.
IAMAW/IBEW	International Association of Machinists and Aerospace Workers and International Brotherhood of Electrical Workers
IC	Illinois Central Railroad Company, and, where the context indicates, its subsidiaries
ICC	Interstate Commerce Commission
ICCTA	ICC Termination Act of 1995
IDOT	Illinois Department of Transportation
MKC	McKeesport Connecting Railroad
Merger Sub	WC Merger Sub, Inc.
NAFTA	North American Free Trade Agreement
NCCC	National Carriers' Conference Committee

NEPA	National Environmental Policy Act of 1969
NITL	National Industrial Transportation League
NRPC	National Railroad Passenger Corporation (Amtrak)
NS	Norfolk Southern Corporation, Norfolk Southern Railway Company, and, where the context indicates, their subsidiaries
P&G	The Procter & Gamble Company
RailAmerica	Rail America, Inc.
RTM	Revenue-ton-miles
SAP	Service Assurance Plan
SEA	Section of Environmental Analysis, Surface Transportation Board
SIP	Safety Integration Plan
Soo	Soo Line Railroad
SP	Southern Pacific Rail Corporation, Southern Pacific Transportation Company, and, where the context indicates, their subsidiaries
SSMB	Sault Ste. Marie Bridge Company
STB	Surface Transportation Board
TCU	Transportation-Communications International Union
TI	Transportation Institute
Transaction	Proposed acquisition of control of WC by CN, pursuant to the Agreement
UP	Union Pacific Railroad
URR	Union Railroad Company
USDA	United States Department of Agriculture
USS	United States Steel LLC

UTU	United Transportation Union
Vulcan	Vulcan Chemicals (A Business Unit of Vulcan Materials Company)
WC	WCTC, WCL, FVW, SSMB, WCLL, and, where the context indicates, their subsidiaries
WCLL	Wisconsin Chicago Link Ltd.
WCTC	Wisconsin Central Transportation Corporation
WCL	Wisconsin Central Limited
WE	Wheeling and Lake Erie
WMC	Wisconsin Manufacturers & Commerce
WPS	Wisconsin Public Service Corporation
WSOR	Wisconsin & Southern Railroad Co.
WisDOT	Wisconsin Department of Transportation

BEFORE THE SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 34000

CANADIAN NATIONAL RAILWAY COMPANY,
GRAND TRUNK CORPORATION, AND WC MERGER SUB, INC.
-- CONTROL --
WISCONSIN CENTRAL TRANSPORTATION CORPORATION,
WISCONSIN CENTRAL LTD., FOX VALLEY & WESTERN LTD.,
SAULT STE. MARIE BRIDGE COMPANY, AND
WISCONSIN CHICAGO LINK LTD.

APPLICANTS' REBUTTAL

Applicants¹ submit this Rebuttal, supported by the accompanying rebuttal verified statements of James M. Foote and William R. Schauer ("Foote/Schauer RVS") and George C. Woodward and Richard L. Bottorff ("Woodward/Bottorff RVS"), excerpts from the depositions of G.R. Radloff ("Radloff Dep. Tr.") and John E. Giles ("Giles Dep. Tr."), and an additional 78 letters of support from shippers and others.

INTRODUCTION

The Board is required by law to approve any non-major rail control transaction unless the Board finds *both* that:

¹Applicants are Canadian National Railway Company ("CNR"), Grand Trunk Corporation ("GTC"), WC Merger Sub, Inc. ("Merger Sub"), Wisconsin Central Transportation Corporation ("WCTC"), Wisconsin Central Ltd. ("WCL"), Fox Valley & Western Ltd. ("FVW"), Sault Ste. Marie Bridge Company ("SSMB"), and Wisconsin Chicago Link Ltd. ("WCLL"). CNR, GTC, and Merger Sub are referred to collectively as "CN." WCTC, WCL, FVW, SSMB, and WCLL are referred to collectively as "WC." CN and WC are referred to together as "Applicants." Where the context requires, "CN" is also used to refer to all rail carrier subsidiaries under the control of CNR.

(1) as a result of the transaction, there is likely to be substantial lessening of competition, creation of a monopoly, or restraint of trade in freight surface transportation in any region of the United States; and

(2) the anticompetitive effects of the transaction outweigh the public interest in meeting significant transportation needs.

49 U.S.C. § 11324(d).

This standard requires the Board to approve a proposed minor transaction unless that transaction would have “adverse competitive effects that are both ‘likely’ and ‘substantial.’” *Kansas City S. Indus., Inc. – Control – Gateway W. Ry.*, STB Finance Docket No. 33311, slip op. at 4 (STB served May 1, 1997). Even if the transaction would have such effects, the Board may not disapprove it “unless the anticompetitive impacts outweigh the public interest factors and cannot be mitigated through conditions.” *Illinois Cent. Corp. – Control – CCP Holdings, Inc.*, STB Finance Docket No. 32858, slip op. at 3 (STB served May 14, 1996).

On April 9, 2001, Applicants filed a Railroad Control Application (the “Application”). They sought authority under 49 U.S.C. §§ 11323-11325 and the Board’s Railroad Consolidation Procedures, 49 C.F.R. Part 1180, for authorization for CN to acquire control of WC. Applicants established that their proposed control transaction (the “Transaction”) should be classified as “minor” under the Board’s rules. Applicants established that the Transaction did not involve control or merger of two or more Class I railroads, and that the Application contained sufficient evidence for the Board to find both that the Transaction would “clearly not have any anticompetitive effects” and, even if it did, that those effects would “clearly be outweighed by the transaction’s anticipated

contribution to the public interest in meeting significant transportation needs.” *See* 49 C.F.R. §§ 1180.2(b), (c).²

The Application contained substantial evidence on both the absence of any anticompetitive effects (let alone of any “likely” and “substantial” anticompetitive effects) and on the many transportation benefits expected as a result of the Transaction. The Application contained not only all the information strictly required for a “minor” transaction, but also the additional information that would be required if the Transaction were classified as “significant.” In addition, the Application contained a Service Assurance Plan (“SAP”), not required under the Board’s rules,³ and contained Applicants’ commitment to provide to the Federal Railroad Administration (“FRA”) a Safety Integration Plan (“SIP”), also not required by the Board’s rules,⁴ which Applicants submitted to FRA on May 9, 2001. The Application thus firmly established that the Transaction merited approval under 49 U.S.C. § 11324(d).

²A transaction is classified as “major” if it involves the control or merger of two or more Class I railroads. 49 C.F.R. § 1180.2(a). Given that the Transaction was not “major” (and did not fall within any of the class exemptions set forth at 49 C.F.R. § 1180.2(d)), the Transaction would be classified as “significant” if the Board were unable to make either of the findings enabling it to classify the Transaction as “minor.” 49 C.F.R. § 1180.2(c).

³Since the filing of the Application, the Board has adopted rules that would require a SAP in applications seeking approval of “major,” but not “significant” or “minor,” transactions. *See* 49 C.F.R. §§ 1180.1(h), 1180.10.

⁴As the Board noted in Decision No. 2 (served May 9, 2001), Applicants had voluntarily committed to submit a SIP regarding the Transaction. A SIP has never previously been required in connection with a “minor” or even a “significant” transaction. The Board subsequently adopted rules that would require submission of a SIP as part of the environmental review in all “major” (but not “significant” or “minor”) transactions. *See* 49 C.F.R. § 1180.1(f)(3)(i).

In Decision No. 2, the Board accepted the Application and found the Transaction to be “minor.” Decision No. 2 at 8. Consistent with that classification, the Board in Decision No. 2 adopted a procedural schedule. It provided for submission of “comments, protests, requests for conditions, and any other evidence and argument in opposition to the application” by June 25, 2001, and for Applicants to file their response to comments, protests, requested conditions, and other opposition by July 25, 2001.⁵

The Board received 26 comments.⁶ Applicants hereby reply to those comments, and request that the Board approve the Application without further proceedings (including briefs or oral argument) and without any conditions other than the standard *New York Dock* labor protective conditions,⁷ and other conditions to which Applicants have agreed.

DISCUSSION

The Board’s decision classifying the Transaction as “minor” was tantamount to a preliminary determination that the Transaction “clearly” satisfied these approval standards. *See Railroad Consolidation Procedures: Definition of, and Requirements Applicable to, “Significant” Transactions*, 9 I.C.C.2d 1198, 1199 (1993) (“a non-major

⁵The Board advised protesting parties that, “if they [sought] either the denial of the application or the imposition of conditions upon any approval thereof, on the theory that approval without imposition of conditions [would] harm either their ability to provide essential services and/or competition, *they must present substantial evidence in support of their positions.*” *Id.* at 11 (emphasis added).

⁶This total includes comments filed by ONDEO Nalco after the June 25 due date and by Applicants themselves before that date (CN/WC-13, filed June 19, 2001).

⁷*See New York Dock Ry. – Control – Brooklyn E. Dist. Term.*, 360 I.C.C. 60, *aff’d sub nom. New York Dock Ry. v. United States*, 609 F.2d 83 (2d Cir. 1979).

transaction is a minor transaction, not a significant transaction, if a determination can clearly be made, at the outset, that the transaction satisfies the 49 U.S.C. § 11344(d) [now § 11324(d)] substantive standard”). None of the commenters has given the Board any reason to question that determination. No party has shown any anticompetitive effects that would flow from the Transaction.⁸ And, even if such effects had been shown, no party has provided any evidence that those effects could outweigh the Transaction’s contribution to the public interest in meeting significant transportation needs. There likewise has been no showing that the Board would have to impose any conditions not agreed to by Applicants upon the Transaction for it to meet the approval criteria of 49 U.S.C. § 11324(d).

I. The Transaction Will Have No Adverse Competitive Impacts, And Will Bring Substantial Transportation Benefits To The Public.

A. Overview

As detailed in the Application and supporting evidence, and not materially questioned by any party, the Transaction does not present any 2-to-1 conditions or other substantial prospects for a diminution of competition, would have no anticompetitive effects, and would provide substantial transportation benefits to the public. It would secure CN’s permanent access to the WC line between Superior, WI, and Chicago, which CN now traverses by means of haulage service under a limited-term agreement, and

⁸While certain parties have claimed that the Transaction could have anticompetitive effects (most notably, Great Lakes Transportation LLC (“GLT”) before it had become more fully informed), neither GLT nor other parties submitted substantial evidence supporting such claims, and GLT did not pursue them further in its comments. Other parties have provided no more than conclusory allegations which, as discussed more fully below, in no way refute the substantive evidence in the Application.

which has become an essential link in CN's network. Permanent access to the WC line would ensure CN's ability to maximize the efficiency of operations using this link, which CN requires to compete more effectively in markets opened up by the North American Free Trade Agreement ("NAFTA").

The Transaction would benefit shippers across a variety of commodity groups, as may be seen from the 237 statements of support that were filed with the Application (CN/WC-2, Vol. 2 at 85-468) and the 78 additional statements by shippers and others included in this Rebuttal. CN and WC shippers would enjoy extended market reach as a result of expanded single-line routing opportunities to origin and destination markets in North America made possible by the Transaction. With minimal changes in operations, the Transaction would provide for greater operating efficiencies, including a reduction in the need to block traffic or handle cars in Chicago, as well as access to an integrated and/or more efficiently used fleet of railroad-supplied cars. By reducing projected expenses of the combined CN/WC system for general and administrative, engineering, mechanical, information technology, procurement, and other costs, the Transaction will create a stronger CN/WC system, permitting it to serve CN and WC customers even better in the future.

Comments filed by parties in response to the Application have not undercut the evidence supporting these facts. Indeed, only two commenters (Transportation Institute ("TI") and The Procter & Gamble Company ("P&G")) directly oppose the Transaction, and they have submitted no evidence of the Transaction's failure to satisfy the statutory

criteria for approval.⁹ United Transportation Union (“UTU”) “conditionally opposes” it, pending resolution of unspecified concerns. Two commenters (Vulcan Chemicals (“Vulcan”) and Canadian Pacific Railway Company and subsidiaries (“CP”)) seek the imposition of conditions on Applicants, and one (AK Steel Corporation (“AK Steel”)) seeks imposition of conditions on a third party (GLT). Three commenters (U.S. Clay Producers Traffic Association, Inc. (“Clay Producers”), Wisconsin Department of Transportation (“WisDOT”), and RailAmerica, Inc. (“RailAmerica”)) support the Transaction unconditionally, while one (Illinois Department of Transportation (“IDOT”)) conditionally supports it, and two (GLT and Wisconsin Manufacturers & Commerce (“WMC”)) support approval with conditions. No party, however, has shown that imposition of conditions is necessary in order to satisfy the statutory criteria for approval. Nor is there otherwise any merit to any of the requests for conditions, other than customary labor conditions and Applicants’ and GLT’s request for imposition of a condition requiring compliance with their settlement agreement as further described

⁹In addition, eight commenters (American Train Dispatchers Department of the International Brotherhood of Locomotive Engineers (“ATDD”), Brotherhood of Locomotive Engineers (“BLE”), Brotherhood of Maintenance of Way Employees (“BMWE”), International Association of Machinists and Aerospace Workers and International Brotherhood of Electrical Workers (“IAMAW/IBEW”), National Railroad Passenger Corporation (“Amtrak”), United States Department of Agriculture (“USDA”), United States Department of Transportation (“DOT”), and Wisconsin Public Service Corporation (“WPS”)) state variously that they “do not oppose” or that they “neither oppose nor support” the Transaction.

Five commenters (the cities of Des Plaines, IL, East Chicago, Gary, and Hammond, IN, and ONDEO Nalco Company) express concerns about increases in or shifts of traffic, but do not oppose the Transaction, although the cities seek a three-year oversight period.

Concern has been expressed that the new CN/WC service would be used to introduce subsidized iron ore from Brazil (Letter from Rep. James L. Oberstar, May 3, 2001). However, such traffic is already moving via truck-barge and truck-rail (CN/WC-2, Vol. 1 at 171) and Applicants’ traffic study showed no additional CN/WC movements of such traffic (Woodward/Bottorff RVS at 2 n.1).

below, and CN's request in accordance with its settlement with the National Industrial Transportation League ("NITL") for imposition of a condition requiring CN to adhere to its representation (CN/WC-2, Vol. 1 at 14) that it would waive any defenses that might arise, as a result of the Transaction, under the "contract exception" in the Board's Bottleneck decisions.

B. Government Agencies

1. DOT

DOT reserved its position until it has reviewed other comments. DOT has also expressed the view that the record was incomplete concerning the Transaction's impacts on the viability of Great Lakes shipping. However, DOT did not identify any specific factual gaps of particular concern, did not itself pursue any discovery to address such matters, and did not review the documents produced by Applicants in response to discovery by GLT. The GLT settlement and the supplementation of the record made in this rebuttal should make it unnecessary to develop the record further as to these issues, which Applicants believe have become academic.¹⁰

2. USDA

The U.S. Department of Agriculture ("USDA") agrees that the Transaction is minor and does not oppose approval because any anticompetitive effects would clearly be

¹⁰In its comments on the Environmental Appendix, DOT urged the Board to impose as a condition on any approval of the Transaction a requirement that Applicants adhere to their representation in the Application that they would consult with FRA before any decision was made to move dispatching of WC rail operations to Canada (DOT-1 at 4). Applicants do not object to such a condition.

outweighed by transportation benefits.¹¹ USDA endorses the NITL agreement and urges its imposition as a condition.

3. States

The State of Michigan, the Wisconsin Department of Transportation (“WisDOT”) and the Illinois Department of Transportation (“IDOT”) support approval of the Application. Michigan’s and WisDOT’s support is unconditional. IDOT, noting that “the proposed merger will provide significant benefits to the shipping public,” supports the Transaction on the understanding that its estimated impact on employment reductions in Illinois will be accomplished through normal attrition (IDOT-2 at 4).

C. Passenger Service

No party has challenged Applicants’ assessment that the Transaction is unlikely to have any adverse effect on passenger or commuter service. The only comment on this subject was from Amtrak, which does not oppose approval of the Transaction and seeks no conditions.¹²

¹¹USDA withheld affirmative support only because it is concerned about continuing concentration in the rail transportation market. USDA Comments at 3. We note that USDA’s statistics appear to overstate the increase in concentration, insofar as they overlook a change in the definition of Class I carriers in 1992. See GAO, *Railroad Regulation: Changes in Railroad Rates and Service Quality Since 1990*, at 15 n.6 (1999).

¹²Amtrak asserts that a statement in the Application that the CN/IC merger did not cause problems with Amtrak’s passenger service was “not entirely correct” (NRPC-3 at 1). It states that on-time performance of one of 10 Amtrak trains operating over CN/IC, Amtrak’s northbound Illini from Carbondale to Chicago, IL, has declined since July 1, 1999, mostly since last fall. It further asserts that the decline is “primarily attributable to increased freight train interference.” Significantly, however, Amtrak does not assert that such interference was a result of the CN/IC merger. Amtrak does not identify, and CN is unaware of, any changes in operations since the CN/IC merger that would be likely to affect the Illini’s performance adversely. Amtrak’s statement that the decline is attributable to increased freight train interference is evidently a reference to reasons for delay set forth in delay reports reflecting unverified data provided by Amtrak conductors based on the limited information available to them at the time. The categories of “delays attributable to CN/IC” in such reports include such diverse causes as: slow orders;

D. Labor

This Transaction raises no extraordinary issues regarding the interest of carrier employees, and those issues that may arise can be readily handled under the Board's standard *New York Dock* labor protective conditions.

As is evident from the Application, and as the Board concluded in Decision No. 2, the proposed Transaction is "minor." CN and WC contemplate very limited operational changes and only modest workforce reductions. As a consequence, Applicants do not now anticipate any significant changes in work rules or labor agreements on account of

mechanical problems; signal delays; Amtrak scheduled meet (other Amtrak trains operate over this segment in the same time window); foreign line delays (e.g., in crossing other railroad lines in Chicago); derailments; heat delays; meeting CN/IC trains (can be affected by seasonal increases (e.g., grain) and weather); and CN/IC train delays (can be affected by, e.g., dispatching decisions, heavier traffic, and lateness of Amtrak trains). Most categories of such delay have no likely or apparent connection with the CN/IC merger and Amtrak has not identified any. The Amtrak comment contains no analysis or acknowledgement of other causes of train interference, e.g., bad winter weather, increased grain traffic, or cascading effects of Amtrak departure delays. Amtrak also suggested no reason why merger-caused problems would not appear until 15 months after consummation of the merger, nor why merger-caused problems would only affect this one train, and not its southbound counterpart operating over the same track, or the other Amtrak trains.

As Amtrak acknowledges, CN/IC and Amtrak are working cooperatively to produce improved and more consistent performance of all Amtrak trains, so that CN/IC can earn a greater amount of potential financial incentives and Amtrak can have better, more consistent service for all of its trains. The Illini's apparent performance problems provide no basis to question Applicants' conclusion that the CN/WC Transaction, which is expected to cause only modest increases in traffic, will have no adverse effects on Amtrak passenger service.

Finally, we note the observation of the Interstate Commerce Commission: "Increased traffic over existing rail lines, the essence of Amtrak's concerns, is a normal occurrence, with or without a merger. It would be very difficult, and, after a few years, it most likely would be impossible, to determine whether any particular traffic increases were or were not merger-related." *Burlington N. Inc. – Control & Merger – Santa Fe Pac. Corp.*, 10 I.C.C. 2d 661, 780 (1995), *aff'd sub nom. Western Resources, Inc. v. STB*, 109 F.3d 782 (D.C. Cir. 1997). Amtrak's quarrel with the correctness of the statement in the Application rests at bottom on no more than fallacious "*post hoc ergo propter hoc*" reasoning, repeatedly rejected by the courts, which merely assumes that because the Illini faced service problems after the CN/IC merger they were caused by the merger. See *Sunward Corp. v. Dun & Bradstreet, Inc.*, 811 F.2d 511, 519-22 & n.8 (10th Cir. 1987); *Edward J. Sweeney & Sons, Inc., v. Texaco*, 637 F.2d 105, 116 (3d Cir. 1980), *cert. denied*, 451 U.S. 911 (1981).

the Transaction. Moreover, CN and WC have acknowledged that implementation of the labor aspects of the proposed Transaction will be governed by the applicable labor protection and procedural provisions of *New York Dock*. As labor commenters expressly acknowledge, CN's policy in prior control transactions has been to avoid invocation of statutory powers to modify labor agreements and to achieve necessary work organization changes through voluntary, mutually acceptable agreements. CN and WC have reaffirmed their commitment to this policy in this Transaction. From a labor implementation perspective, this Transaction is unexceptional.

Of the five rail labor commenters, only one, UTU, "conditionally" opposes the transaction; the others take a neutral position. The labor commenters recognize that CN's commitment to implementing Transaction-related changes through the *New York Dock* voluntary agreement process has worked well in the past. Although several labor commenters voice "concerns" regarding the proposed Transaction, these concerns are quite hypothetical and provide no basis for the Board to depart from its established procedures in connection with this Transaction.

Despite the limited nature of the operational changes necessary to implement this Transaction, a number of the labor commenters ask the Board to go beyond the standard *New York Dock* protections. For example, IAMAW/IBEW requests that the Board convert Applicants' interrogatory responses -- that they do not presently intend to abolish or transfer certain mechanical work or positions in connection with the Transaction -- into binding obligations precluding any such changes.

In this regard, Applicants have described in the Operating Plan the very limited changes they now foresee to be necessary to implement the Transaction. Applicants fully intend to implement the Transaction in the manner in which it is described in the Operating Plan, Safety Integration Plan, Service Assurance Plan, and other related documents. However, Applicants have also expressly recognized that the need for additional changes to achieve efficiencies made possible by this Transaction may become apparent only after they have had an opportunity to gain experience with implementation. The statute and the Board's *New York Dock* precedent provide for modification of labor agreements where necessary to realize the efficiencies of a control transaction, and they establish a fair process for reaching agreement on how to accomplish those modifications. It therefore would be entirely inappropriate and unnecessary for the Board to forbid Applicants prospectively from making any changes in existing work rules not specified in the Application, no matter what efficiencies might result.

UTU and BMW E raise hypothetical "concerns" related to the fact that CN is not a signatory to the recent agreement negotiated between the National Carriers' Conference Committee ("NCCC") and rail labor organizations concerning reliance on the statutory override authority, 49 U.S.C. § 11321(a). UTU, however, fails to identify any specific issues of concern or to explain what form of "heightened labor protection" it believes would be appropriate.

BMW E's comments likewise raise nothing more than speculative concerns about "the use, or misuse, of the immunity provisions of 49 U.S.C. § 11321(a)," which BMW E alleges have been used in *other* control transactions to effect "the wholesale abrogation of

existing CBAs.” BMW-2 at 23. BMW’s purported concerns about the possibility of “misuse” of the statutory immunity authority are especially puzzling given BMW’s acknowledgment that “the previous CN/Illinois Central merger was implemented well for the maintenance of way craft as a result of a voluntary agreement.” BMW-2 at 2. Indeed, CN’s commitment to the voluntary agreement process in the CN/IC transaction led to an agreement with BMW that, for the first time in that organization’s history, resulted in its active support of a major rail combination. Applicants have committed to bringing the same approach to bear in negotiating any necessary implementing agreements in this Transaction. Similarly, the fact that a number of WC employees are not unionized does not require the Board to impose prematurely any novel labor protection procedures.

E. Absence of Environmental Effects

Despite unsupported suggestions by some parties, no basis has been shown for questioning Applicants’ statements that the Transaction would cause no more than minor increases in traffic on any rail line segment and thus no environmental effects requiring analysis under the National Environmental Policy Act of 1969 (“NEPA”),

42 U.S.C. §§ 4321 *et seq.*¹³ Nor has any party provided any other reason to suspect that

¹³An attempt to argue otherwise was initially made by GLT, whose comments on the Environmental Appendix (GLT-9) made unsubstantiated claims that the Transaction would likely shift up to 15 million tons of taconite from rail-water routings over GLT’s subsidiaries to all-rail routings using CN/WC lines. As discussed below, there are many reasons why the substantial traffic shifts posited by GLT are unlikely to occur. In all events, as also discussed below, GLT was unable to explain how such diversions, if they were to occur, would be the result of the Transaction. Applicants thus showed that GLT’s arguments about Transaction-related traffic shifts were based on a false premise. The Village of Solon Springs, WI, filed comments on the Environmental Appendix, raising concerns about impacts of increased taconite traffic that echoed those initially raised by GLT, but which provided no reason to believe that such traffic increases were likely. In addition, the Village of Buffalo Grove, IL, filed comments on the

the Transaction would have potentially significant environmental effects requiring NEPA review.¹⁴ Accordingly, the Transaction is appropriately exempted under 49 C.F.R. § 1105.6(c)(2)(i) from environmental review.¹⁵

Finally, the Transaction raises no significant issues regarding safety or service assurance. DOT has stated that Applicants' SIP is satisfactory as respects the implementation process now envisioned (DOT-1 at 5). No commenters (other than WMC, whose comments are discussed below) have raised any questions regarding the assurance of service quality during the implementation of the Transaction. Potential issues regarding service assurance have been proactively addressed in Applicants'

Environmental Appendix that expressed concerns about increases in commuter train traffic on the WC line through the Village. Those increases, however, were ones already planned independent of the Transaction, and any environmental impacts from those increases are therefore not Transaction-related.

¹⁴Beside GLT, the only comments of which Applicants are aware that were filed on the Environmental Appendix were those submitted by Applicants themselves, DOT, the Michigan Department of Environmental Quality, and the Villages of Solon Springs and Buffalo Grove.

The Michigan Department of Environmental Quality agreed with Applicants that "impact to the environment [as a result of the Transaction] will be nil." DOT stated that, in light of the relatively minor changes in traffic attributable to the Transaction, it would apparently be appropriate for the Board to issue a finding that the Transaction would cause no significant environmental or community impacts. DOT suggested that affected communities and others be given up to three years to demonstrate significant adverse environmental impacts, but did not explain how identifying such impacts after the fact would be consistent with the Board's obligation under NEPA to prepare an environmental impact statement before undertaking a "major Federal action significantly affecting the quality of the human environment." 42 U.S.C. § 4332(C); *see also* 49 C.F.R. § 1105.10(f) (environmental appendix or environmental impact statement and comments responsive thereto to be part of the record on which the Board makes its decision in a proceeding).

The comments of the Village of Solon Springs were described above (*see* preceding footnote). The Village of Buffalo Grove, in addition to raising the issue regarding increased commuter traffic that was described above, stated concerns about the sounding of horns at grade crossings, but did not explain any possible connection between this issue and the Transaction.

¹⁵The Transaction is also exempt under 49 C.F.R. §§ 1105.8(b)(1) and (3) from review under the National Historic Preservation Act, 16 U.S.C. § 470f.

settlement with NITL, as discussed below in Section IV.B, and in the Foote/Schauer RVS, and require no further action from the Board.¹⁶

II. The Handful of Comments Opposing or Seeking To Impose Non-Consensual Conditions on the Transaction Provide No Evidence or Arguments To Justify the Relief Sought.

Although more than 110 parties filed notices of intent to participate, only 26 actually filed comments after receiving the Application, fewer than 10 of which opposed the Transaction or sought conditions upon its approval other than ones agreed to by Applicants.

Perhaps inevitably, there are some commenters opportunistically taking advantage of the Board's proceeding to seek conditions or raise issues of one kind or another that cannot even remotely be justified under the governing statute and rules. Also, some commenters evidently misunderstand or seek to second guess or to enlarge upon the settlement reached between CN and NITL. However, as shown below, none of these commenters has provided any foundation in the evidentiary record or under the standards governing this proceeding for the positions advanced in their submissions.

A. Shippers

1. Vulcan

While not opposing the Transaction, Vulcan seeks a condition limiting WC's ability to increase switching tariffs at Port Edwards, WI, under an agreement between WC and Vulcan that already contains a limitation on escalation that Vulcan fails to

¹⁶Based in part on the NITL Agreement, Clay Producers also submitted a statement that it supports Board approval of the proposed Transaction.

mention. Vulcan also seeks a different formulation of Applicants' commitment to keep existing active gateways open. Applicants' response is set forth in the Foote/Schauer RVS at 12-15.

2. P&G

P&G opposes the Transaction based on its general opposition to rail mergers and concededly offers no "substantial evidence" for its contentions (P&G Comments at 5). P&G also expresses concerns about open gateways. P&G's contentions are rebutted in the Foote/Schauer RVS at 8-11.

3. WMC

While expressing "unequivocal support" for the Transaction, WMC also asks the Board in effect to apply the new merger rules for major transactions to this transaction (*e.g.*, it complains that Applicants do not propose to "enhance" competition), and to remedy asserted shortcomings in the NITL Agreement. WMC's contentions are rebutted in the Foote/Schauer RVS at 15-25.

B. Other Railroads

No other railroad opposes the Transaction, and none seeks conditions (other than GLT's affiliates) except CP. CP seeks to obtain for itself the rights provided to shippers under the NITL Agreement concerning interchanges, and also the imposition of a 20-year term on a Green Bay intermodal haulage agreement with WC that has been dormant for years and is cancellable by either party on 90 days' notice. Applicants' responses to these unmeritorious requests are set forth in the Foote/Schauer RVS at 2-8 and the Woodward/Bottorff RVS at 6.

C. Commenters Professing Concern About Conjectural Taconite Diversions.

Of the handful of professed concerns about adverse impacts of the Transaction, the apprehension noted most frequently, in comments filed both before and on June 25, was about the prospect, first suggested by GLT in earlier filings, that the CN/WC Transaction would somehow cause massive traffic shifts, overlooked or concealed by Applicants. After these shifts, large volumes of taconite, presently carried to U.S. Steel (“USS”) and other steel mills in joint rail-water movements by GLT’s rail and water carrier subsidiaries, would purportedly move in all-rail routings involving CN/WC that would necessarily also involve GLT affiliate DMIR.¹⁷

This entire scenario rested on a single paragraph in the Application, in which Applicants’ marketing witnesses said that they perceived “a potential longer term opportunity” to develop an all-rail routing for a particular taconite movement now moving by rail and water to a USS mill in Pittsburgh (CN/WC-2, Vol. 1 at 170). GLT seized upon that statement to assume that CN/WC would pursue and successfully gain not only the limited traffic involved in that particular movement, but also substantial

¹⁷Five commenters (the Cities of East Chicago, Gary, and Hammond, IN; ONDEO Nalco; and TI) specifically stated that they were concerned about possible shifts of taconite traffic as a result of the Transaction, but submitted no supporting evidence. The cities were primarily concerned about effects from traffic increases, including possible increases in pollution, the risk of accidents at grade crossings, and blockage of grade crossings used by emergency vehicles. TI, on the other hand, while asserting that rail-water transportation had substantial inherent advantages over all-rail, said it was concerned that CN/WC would gain a larger share of the taconite market through predatory pricing, which would “devastate U.S. maritime assets in the [Great Lakes] region.” TI Comments at 2. In addition to complaining about rail mergers generally, ONDEO Nalco vaguely expressed concern that the Transaction could disrupt service and reduce convenient transportation options, seriously harming Great Lakes shipping interests involved in moving taconite. ONDEO Nalco Comments at 2. None of these commenters indicated how the CN/WC Transaction would make it more likely that Applicants would either engage in “predatory pricing” or capture the taconite traffic under discussion, or would disrupt service or reduce transportation options.

diversions from GLT's substantial body of other rail-water taconite traffic (GLT-9 at 6, 10).¹⁸ As explained in GLT's June 25 comments, its concerns have been fully addressed in the settlement with CN, discussed below in Section IV.A. However, we review the background and developments leading up to the settlement to aid in understanding this issue.

When Applicants filed the Application on April 9, 2001, CN and GLT-affiliate DMIR were in the midst of negotiations about some preexisting disputes unrelated to the CN/WC Transaction. GLT took note of the Application's passing reference to the possibility that one shipper (USS) might someday view an all-rail routing involving CN and WC (and DMIR) as an alternative to GLT's rail-water movement for seasonal or even non-seasonal shipments on one particular movement. Seizing upon this reference, GLT opposed treatment of the Transaction as "minor," based on a conjecture that Applicants were instead seeking and were likely to divert all or most of GLT's rail-waterborne taconite business, leading to the claimed demise of the Great Lakes shipping industry (GLT-1 at 10-12). GLT also evidently used this scenario to motivate a variety of

¹⁸GLT implied that its maritime affiliate (U.S.S. Great Lakes Fleet, or "GLF" as termed by GLT's Mr. Hughes) carries most or all of the taconite moving today by lake vessel to Indiana and Ohio steel mills. See GLT-9, Hughes VS at 2 ("I will review the flows currently handled by DMIR and GLF, and the ability of CN-WC to divert specific flows of taconite now handled by DMIR and GLF."), 14 ("GLT would work hard to retain this traffic on the Lakes"). However, that is not the case. Waterborne movements to the A.K. Steel plant in Middletown, OH, are handled by Oglebay Norton. AKS-6 at 2. Ispat Inland has used the Oglebay Norton, Interlake and American steamship companies as well as its own vessels to transport taconite to Indiana Harbor, and American handles at least a portion of the taconite destined to RTI at Lorain, OH. Notably, while Oglebay Norton, American, and Interlake submitted form letters in support of GLT's request to treat CN/WC as a "significant" transaction, none of these Great Lakes carriers made any subsequent filing opposing approval or requesting conditions.

others to make conclusory “me-too” submissions to the Board opposing minor treatment on grounds similar to those of GLT.¹⁹

After Decision No. 2 accepted the Application as one for a minor transaction, GLT initially continued its campaign to raise issues that could delay or complicate the proceeding. On June 13, GLT submitted comments on the Environmental Appendix that Applicants had submitted to SEA pursuant to Decision No. 2. These comments again rested on the unproven premise that Applicants would seek, and would be likely to obtain, a shift of all or a substantial portion of GLT’s Great Lakes taconite business. They also suggested that WC’s main line lacked the capacity to handle the additional CN/WC trains that GLT projected would be required (GLT-9 at 7-8, Verified Statement of Elliott M. Hughes, III at 7).²⁰ As part of its offensive, GLT also served multiple sets of extensive discovery requests. Although these requests were subject to many valid objections, Applicants responded, producing a combination of information in answers and additional documents (beyond the extensive documentation in Applicants’ work papers) that GLT did not have the benefit of when it made its initial filing.

Another steel company, AK Steel, sought discovery from GLT about its assertions, including GLT’s contention that the Transaction would or might result in the shift of so much of GLT’s rail-water taconite traffic to USS in Pittsburgh (moving via

¹⁹Most of these took the form of correspondence rather than formal pleadings.

²⁰Applicants submitted to SEA the same day initial comments responding to GLT’s claims as articulated in GLT’s initial motion opposing treatment of the Transaction as minor (CN/WC-10). In those comments and their Comments on the Status of GLT Issues (CN/WC-13), Applicants explained the absence of any basis for GLT’s claims of massive Transaction-related shifts of taconite traffic from rail-water to all-rail movements.

GLT's affiliate B&LE between Lake Erie and Pittsburgh) that B&LE might have to abandon the part of its line south of Pittsburgh, which serves AK Steel's plant in Butler, PA. When GLT objected, AK Steel moved to compel, and GLT responded by withdrawing its initial contention as being unfounded (GLT-10 at 5).²¹ In the meantime, the negotiations about pre-existing issues between CN and DMIR were broadened to include a possible settlement relating to this proceeding. Because Applicants had never contemplated that significant non-seasonal rail-water movements of taconite by GLT would be likely to shift to all-rail movement involving CN/WC, CN determined that it could enter into a settlement that might require cooperation with GLT regarding traffic that it otherwise foresaw no reasonable likelihood of obtaining. In comments submitted in advance of the June 25 deadline, focusing on the status of GLT issues, Applicants elaborated on the lack of support for GLT's assertions and also alluded to the possibility of a settlement with GLT, so that other parties could address such a settlement in their June 25 comments if they had concerns about it (CN/WC-13 at 2-5).

GLT's comments served on June 25 stated that it had reached a settlement with Applicants as described in those comments, on the basis of which GLT expressed its support for the Application. GLT also asked the Board to make Applicants' compliance with the settlement (so long as GLT remains in compliance) a condition of approval.

²¹AK Steel does not oppose approval of the Transaction, or seek any condition bearing on what Applicants can or cannot do if they consummate the Transaction. However, AK Steel does ask the Board to order GLT to adhere to its representations that it will not take any actions to abandon its service (through GLT's B&LE affiliate) to AK Steel's facility at Butler, PA (AKS-8). On the understanding that this condition would impose no obligations or liabilities on Applicants, Applicants take no position on such a condition, or whether it is within the Board's authority to impose such a condition upon a non-applicant.

GLT's June 25 comments did not rely upon or provide evidence supporting any of its pre-settlement submissions to the Board or to SEA. Nor did the comments of any other party. Nevertheless, lest the record be left in a potentially misleading and inaccurate state, Applicants note the following points about GLT's prior submissions:

- GLT presented no substantial evidence to support the assertion that Applicants anticipated but failed to disclose that the Transaction would lead to substantial diversions of taconite from rail-water to all-rail movement, or that any such shift was likely to occur. GLT's early submissions focused on the *effects* that it claimed would be suffered by GLT and other Lakes carriers *if* diversions at the extraordinary levels posited by GLT were ever to occur. (In its environmental comments, GLT's claims were somewhat more expansive, describing a variety of environmental and safety impacts that GLT suggested would result if major diversions occurred.) However, in no submission did GLT (or any other party) provide any factual substantiation to show how or why it was plausible to think such diversions were probable.
- In its environmental comments, GLT offered its only rationale for linking these speculative traffic shifts to the Transaction. GLT suggested that perhaps WC has been unsuccessful in diverting large volumes of waterborne taconite to all-rail WC routings due to claimed capacity constraints on WC's line between Superior and Chicago or to inefficient access to Lake-side mills in Indiana and Ohio. GLT conjectured that the CN/WC Transaction would lead to capital investments that "WC's limited financial resources [have] inhibit[ed]," to upgrade the line to accommodate these movements or to improve access to the Lake-side mills (GLT-9 at 7-8). Applicants thereafter showed that the WC line today is fully capable of handling the volumes in question, without need for any upgrades by the merged company. *See* CN/WC-13, Verified Statement of Randy H. Henke at 2-3. No party disputes the record on this point. As shown in the Foote/Schauer rebuttal verified statement, there is also no basis for the suggestion initially made by GLT that WC's ability to shift rail-water movements to the Lake-side steel mills -- which are designed to receive water deliveries and could also be served all-rail by BNSF, UP or CP -- to all-rail movements over WC has been materially hindered by limitations on WC's financial capacity. Foote/Schauer RVS at 27-32. And, no party has shown why, even if these points remained in dispute, there is any basis to believe that the merged CN/WC could or would profitably make those investments and capture any substantial part of this taconite traffic.

- GLT also argued that Applicants “presumably” were “prepared to undercut existing rail-water rates” in order to divert “most or all” of GLT’s rail-water taconite traffic (GLT-9 at 9). However, there is nothing on the record (and certainly no “substantial evidence” called for in Decision No. 2) to indicate such an intent, or that Applicants profitably would be able to undercut rail-water rates, or that any effort to do so would be successful in the short term or long term (CN/WC-13, App. II at 6-7; *see* Giles Dep. Tr. 29). In all events, GLT’s rail subsidiary, DMIR -- as the bottleneck rail carrier serving the taconite origins at issue -- has substantial pricing power to influence the routing of the traffic it originates and to preclude all-rail movements in which CN/WC might participate.
- The deposition testimony of GLT’s President, John Giles, suggests that GLT’s initial concern about the Transaction may have been an overreaction. When the Application was filed in early April 2001, GLT’s current management, headed by Mr. Giles, had just taken over after the reorganization of GLT and other entities previously owned by USS’s parent (USX) and Blackstone Group (Giles Dep. Tr. 6). Mr. Giles acknowledged that GLT’s rail-water movements have for a century had very substantial economic advantages over all-rail movements (*id.* at 27, 29). In addition, he disclosed the fact that the USS business that is the focus of GLT’s stated concern is tied up by contracts with GLT lasting until 2008 and 2009 (*id.* at 61). He said he had been concerned, however, that CN/WC might aggressively pursue such all-rail business even if it were uneconomic, in pursuit of volume rather than profitability (*id.* at 34, 50, 71). However, he conceded that WC has not competed in this fashion and that CN has given him no reason to believe that CN/WC would compete more aggressively than WC has in this respect (*id.* at 74-75).
- As Mr. Giles conceded, while it might be “theoretically” possible to put together an all-rail rate and service package to convert GLT’s rail-water Minntac-USS business to all-rail, he did not think CN/WC could do so on a long-term basis (*id.* at 26-27, 29). Nevertheless, he said GLT was concerned that CN/WC would engage in aggressive (if not predatory) pricing, by “put[ting] in a rate that would not be sustainable in the long term . . .” (*id.* at 21). To put this ultimate concern to rest, Applicants hereby represent for the record that they will not establish a revenue requirement (or rate factor) for their portion of any such movement originating on DMIR’s lines at a level that would not be profitable for CN/WC.

The absence of evidence to support central points of GLT’s submissions should not be surprising. The competitive dynamics and existing shipper contracts that affect the

taconite movements in question would make it very difficult for any all-rail routing -- involving CN/WC or otherwise -- to significantly displace the GLT rail-water routings in use today. The Woodward/Bottorff RVS describes these dynamics,²² how they have led to the dominance of rail-water over all-rail taconite transportation,²³ and why the CN/WC Transaction creates no significant new benefit that would transform the merged company's ability to provide all-rail competition for taconite traffic that moves today via rail-water routes.²⁴ Taken together, these points confirm the validity of Applicants'

²²These dynamics include "the inherent advantages" -- including, in particular, low-cost transportation -- that water carrier service holds over rail. *McAllister Bros., Inc., Extension - Steel*, 335 I.C.C. 52, 55 (1969) ("We have long recognized certain inherent advantages in water transportation, but, without a doubt, the primary advantage, from a shipper's viewpoint, is that of low transportation charges"); *John I. Hay Co., Extension - Milwaukee*, 285 I.C.C. 472, 475, 477 (1954) (discussing competitive advantages of Great Lakes water transport over rail for coal moving from states below the Great Lakes to the Milwaukee area and noting that Lorain, OH, and Pittsburgh steel producers have advantage of water transport). They include, as well, a tradition of government investment in maritime infrastructure with no parallel in the rail industry; DMIR's position as a "bottleneck" carrier that can ensure that the natural cost advantages of waterborne transport are reflected in its revenue requirements; and the restrictions in trackage rights agreements DMIR has entered into separately with CN and WC that prohibit either applicant from transporting any movement of taconite originating in Minnesota's Mesabi Range from moving over DMIR's line without its consent. See Woodward/Bottorff RVS at 3-4.

²³Despite their efforts, rail carriers have made no notable inroads against maritime's century-long dominance in the transport of iron ore and taconite from the Mesabi Range. All-rail transportation remains the exception, generally limited to seasonal moves when winter weather prevents shipment over the Great Lakes. *Id.* at 3 n.2. Indeed, TI, an organization that represents Great Lakes water carriers, had filed comments stating that "rail transport is only competitive [with waterborne taconite transport] during the limited period (typically about two months annually) when U.S.-flag shipping assets cannot be utilized" due to winter weather. TI Comments at 1.

²⁴GLT could not show that CN/WC would be able to offer any significantly better routing than either carrier can now offer. The DMIR-WC-CN-WE-URR route that would be used in the scenario described in the Application for taconite destined to Pittsburgh (CW/WC-2, Vol. 1 at 170) is in fact longer than either of the existing all-rail alternatives (DMIR-WC-CSX-MKC-URR and DMIR-WC-NS-URR), neither of which has been successful in capturing year-around taconite traffic. WC does not need the CN network for any all-rail taconite movement to Indiana, Ohio, or Pennsylvania steel mills, and has ample capacity to move this traffic today. Woodward/Bottorff RVS at 5; CN/WC-13, Henke VS at 2-3. Nor is there any basis to believe that Applicants would have an interest in investing in Indiana or Ohio mills to equip them to receive more deliveries by rail, when they do not serve any of those mills directly and no other rail carrier who handles or could potentially handle all-rail taconite movements has seen fit to make such investments to date. Woodward/Bottorff RVS at 4-5; Foote/Schauer RVS at 27-32.

determination that there was and is no reasonable prospect the Transaction could or would result in significant shifts in taconite traffic moving via rail-water routes to all-rail movements involving CN/WC.²⁵

²⁵GLT's environmental submission had other major deficiencies. For example, although GLT's witness, Mr. Grimes, acknowledged that FRA computes accident rates based on train miles and employee hours, he said he used revenue-ton-miles ("RTM") because such data were not available (GLT-9, Verified Statement of G. Avery Grimes at 9). However, both train-miles and employee hours could have been readily derived from data on the FRA web site (<http://safetydata.fra.dot.gov/officeofsafety>). Moreover, using RTM comparisons severely flawed the analysis. For example, train crossing and trespasser accidents relate closely to the number of trains that operate over a particular segment. That is why FRA uses train-miles in its comparative accident ratios, and why SEA uses train count increases as a threshold for environmental analysis. Use of RTMs is particularly misleading when dealing with a heavy commodity such as taconite. A trainload of taconite would result in a much higher increase in RTMs than a similar train of mixed merchandise or intermodal commodities, yet the train-mile increase and the effect on safety would be essentially the same in either case. Similarly, employee injuries are generally a function of employee hours as well as location or type of work (e.g., yard work). Mr. Avery made no showing that RTMs are a valid basis on which to assess employee injuries. In addition, Mr. Avery:

- attempted to justify using RTMs by comparing accident rates for WC and for Class I railroads on both an RTM and a train-hour basis, although the fact that on a train-hour basis WC had a 42% higher rate than the average Class I road whereas on a RTM basis WC had a 106% higher rate demonstrates how unrepresentative a measure RTMs are;
- used overall WC system accident data as a basis for analysis, although where trains would be using a specific route, as here, it is more accurate to use safety data that pertains to the route in question, particularly as the route to be used (Superior to Chicago) is WC's main traffic route, and, as such, has higher standards for track inspection, increased wayside detection coverage, higher frequency of automatic crossing protection, and the like; this is reflected in the fact that, despite handling over 60% of WC's train-miles last year, this segment accounted for only 33% of WC's crossing accidents;
- ignored the fact that the taconite traffic that GLT assumed would be diverted to rail would be handled in unit trains, which would not require switching in yards, and that accidents are substantially less common with longer-haul single-line main track movements than where more switching and yard handling are required;
- took no account of the reductions in switching and associated accidents resulting from reduction in interchanges;
- predicted the effect of increased traffic on the number of crossing accidents by simplistically multiplying the percentage increase in traffic without regard, e.g., to the nature of the lines involved, the relative frequency of crossings, and the type of crossing protection, a factor that FRA's model for this purpose takes into account; and
- erred in using system data for employee injuries, for while an increase in the number of trains operated will potentially result in increased injuries to train crews operating the trains, it would

Other adverse comments echoed in a conclusory way concerns raised initially by GLT about the Transaction's possible effects on rail-water taconite movements over the Great Lakes. All of those comments predated and hence did not take into account the settlement agreement reached between Applicants and GLT, which has obviated GLT's concerns and should likewise address the similar derivative concerns expressed by others. In any event, most other comments concerning the issues initially raised by GLT did not add anything of significance to what GLT had alleged and do not warrant separate discussion. However, it may be useful to address very briefly arguments that are particular variations of, or elaborations on, GLT's initial conjecture.

TI contends that, despite the concededly huge cost advantage of water transportation of taconite over all-rail, CN/WC will be likely to engage in predatory pricing. Fraser Shipyards, Inc. contends generally to the same effect. *See* Letter on behalf of Fraser Shipyards, Inc. dated May 29, 2001. This contention is answered in the Foote/Schauer RVS at 26. It is also negated by the GLT Settlement. As discussed below, that settlement reinforces GLT's position to ensure that all-rail movements of taconite involving CN/WC to steel mills from Indiana to Pennsylvania -- which can only occur with the consent of GLT affiliate DMIR, a necessary party to such movements -- do not entail such pricing.²⁶

have much less, if any, impact on injuries to mechanical or engineering employees.

²⁶ONDEO Nalco expresses concern about potential harm to Great Lakes shipping interests and/or intramodal competition, but does not oppose approval or seek conditions. Its general concern about mergers, or possible adverse effects of the Transaction on the Great Lakes shipping industry, are answered elsewhere.

* * *

In sum, none of the commenters has provided any evidence or arguments remotely justifying denial of approval or even imposition of any conditions beyond those agreed to by Applicants:

- no party has substantively challenged Applicants' evidence that the Transaction will have no anticompetitive effects, and no anti-competitive effects have been shown to be likely;
- no party has substantively challenged Applicants' evidence as to the public benefits of the Transaction, and no showing has been made that the undisputed public benefits would not outweigh any adverse competitive impacts;
- no significant labor issues have been identified;
- no environmental issues have been established;
- no issues have been raised about service assurance or implementation;
- no issues have been raised about safety; and
- no issues have been raised about adverse impacts on passenger service.

For all of the foregoing reasons, the proposed Transaction should be approved.

III. The Board Should Approve the Proposed Transaction Subject to the Terms of the GLT and NITL Settlements Agreed to By Applicants, Which Serve the Public Interest.

A. The GLT Settlement.

GLT's ultimate concern with the Transaction, as described in the Application, was that it would permit and might facilitate short-term, uneconomic behavior by CN/WC that could threaten the viability of GLT's rail-water routings for taconite traffic originating on the lines of GLT's rail subsidiary, DMIR. Conversely, CN/WC wanted to ensure that

GLT would be responsive and reasonable in supporting an all-rail, joint-line movement of taconite originating on DMIR and moving over CN/WC's lines, should such a movement ever become commercially feasible. The settlement agreement would resolve both issues in a pro-competitive manner. The Board should therefore approve the proposed Transaction subject to the terms of the settlement.

1. Terms of the Agreement.

The definitive settlement agreement between Applicants and GLT was submitted to the Board in GLT-16. The specific elements of the agreement are outlined below. The first two elements relate to the parties' respective concerns, described above, relating to potential future all-rail movements of taconite. The remaining elements relate principally to other issues that would be resolved to provide each party with increased operational flexibility, yielding competitive benefits for GLT, Applicants, and the Great Lakes community. The agreement is contingent upon a Board decision imposing compliance with the agreement as a condition on the Transaction.

a. DMIR Agency (Section II). CN and WC would designate DMIR as their exclusive agent for the arrangement of all-rail, joint-line movement of taconite and other forms of beneficiated iron ore originating on DMIR and moving over CN's and/or WC's lines to destinations at Gary or Indiana Harbor, IN, Pittsburgh/Braddock, PA, Nanticoke, ON, or Lorain, OH. The agreement would require DMIR to make arrangements for joint-line all-rail movements that are "commercially feasible" as reasonably determined by DMIR, meaning that the aggregate revenue requirements of

DMIR, CN/WC and any other participating rail carrier or carriers permit a through rate and a quality of service competitive with comparable offerings available to the shipper, including via water transport. DMIR would also have to make such arrangements if they were requested by a shipper. CN/WC would independently define its revenue requirements for such movements at a level that would cause the movement in question to be profitable for CN/WC. The Agreement would prohibit both parties (and their Affiliates) from acting unreasonably or anticompetitively in establishing their respective revenue requirements. The agency designation would remain in place for 10 years absent specified changes in the control of DMIR or GLT.

b. Movements to WC's Escanaba Docks (Section II.A.6). As part of the agency arrangement described above, DMIR would be authorized to offer through rates for joint-line movements of taconite (or other forms of beneficiated iron ore) from DMIR-served origins to WC's Escanaba Docks for further waterborne transport.

c. WC Interchange Rights (Section III.A.1). The parties would amend an April 14, 1988, trackage rights agreement between DMIR and WCL, WC's rail subsidiary, to provide that WCL shall have the right to use the trackage rights granted thereunder to interchange traffic with any carrier at Pokegama Yard, subject to the described restrictions.

d. Trackage Rights (Section III.A.2). The parties would standardize the rate structure set forth in a May 9, 1991, trackage rights agreement between DMIR and WCL to conform to the "per loaded car rate" formula set forth in a July 30, 1981,

trackage rights agreement between DMIR and Duluth, Winnipeg and Pacific Railway Company (“DWP”), a CN subsidiary.

e. Reciprocal Switching at Koppers and Removal of Ambridge Diamond (Sections III. B and III.C). Subject to DMIR’s provision of reciprocal switching services for CN/WC at the Koppers facility at Ambridge, WI, and execution of the amendment described in point c. above, DMIR would be permitted to remove the track structure associated with the at-grade crossing of WC and DMIR track at Ambridge (known as the “Ambridge Diamond”), eliminating the need for DMIR to provide ongoing maintenance and repairs at this site.

f. Oliver Bridge (Section III. D). The parties have included provisions that would resolve their dispute relating to compensation payable to DMIR for the costs of reconstruction of the Oliver Bridge, which spans the St. Louis River between Minnesota and Wisconsin.

g. Disputes (Sections IV. C and I.B). Interpretation of the settlement terms would be subject to arbitration and the agreement would be enforceable by the Board as a condition of approval of the Transaction.

2. Imposition of Settlement as a Condition Will Serve the Public Interest.

The arrangement by which DMIR would serve as CN/WC’s exclusive agent for all-rail taconite movements from DMIR-served origins preserves the existing commercial situation under which customers are able to choose between a rail-water routing and an all-rail routing, depending on which is more economical. Under this

cooperative agency arrangement, the carriers would have incentives to choose the most efficient and cost-effective routing, so as to compete more effectively with taconite movements on other carriers, such as BNSF. At the same time, the arrangement offers shippers greater flexibility, expanding their options to move taconite via more cost-efficient water routes out of Escanaba when the DMIR-served ports of Duluth and Two Harbors are ice-bound. It also provides customers with the convenience and cost benefits of “one-stop” shopping for all of their taconite movements, all-rail as well as rail-water.

The Agreement prohibits the parties (and their Affiliates) from acting unreasonably or anticompetitively in establishing their respective independent revenue requirements. The agency arrangement thus preserves the existing opportunity for DMIR and CN/WC to provide all-rail service when it is economically advantageous,²⁷ while safeguarding against unreasonable or anticompetitive pricing actions.

With the settlement, the parties also undertook to resolve several other issues so as to enhance operating or administrative efficiencies. For example, the agreement confirms that the merged WC may interchange traffic with other carriers at CN’s Pokegama Yard, clarifying a right that was previously in dispute between DMIR and Applicants, and permitting smooth operations for the merged entity. The settlement would also improve efficiency by providing CN/WC with reciprocal switching rights at the Koppers facility. CN/WC would be able to maintain efficient access to this rail

²⁷Of course, DMIR could not simply refuse to enter into an all-rail movement if a shipper requested an all-rail movement. DMIR would be required to provide a rate for such service in connection with CN/WC or other carriers. *See* 49 U.S.C. §§ 10701(b), 10702, 11101.

customer, giving it continued service from both DMIR and CN/WC, while DMIR eliminates track maintenance problems and costs associated with the Ambridge Diamond. In addition, the settlement would standardize trackage rights charges for CN and WC, and resolve a dispute concerning the reconstruction of infrastructure (the Oliver Bridge) for the mutual benefit of DMIR and Applicants. These provisions of the settlement would eliminate any need for the Board to resolve these controversies. As GLT has noted, the settlement should also obviate the possible environmental concerns that GLT had posited (GLT-14 at 9 n.10).

Under 49 U.S.C. §11324 (c), the Board has broad authority to impose conditions on mergers. That authority encompasses all conditions “needed to advance the public interest.”²⁸ As described above, the provisions of the settlement agreement between GLT and Applicants meet that standard by both preserving and promoting competition. The provisions offer benefits to Great Lakes shippers, including greater convenience and flexibility of routing, and improved operations for the merged CN/WC. With or without the settlement, the public-interest benefits of the Transaction would outweigh any potential adverse effects. With it, the balance weighs even more heavily in favor of approval.

Despite the advance notice of basic terms of a potential settlement similar to that ultimately entered into, no other parties’ comments expressed concerns about or even

²⁸*Lamoille Valley R.R. v. ICC*, 711 F.2d 295, 300-01 & n.3 (D.C. Cir. 1983).

addressed the settlement.²⁹ Significantly, very few of the many parties who had made preliminary submissions echoing GLT's initial theories even filed any comments on the Application.

While Applicants agree with GLT that the settlement would be *procompetitive*, not *anticompetitive*, experience teaches that it is prudent to be concerned about even the possibility of antitrust claims, with their attendant cost, disruption, and potential exposure. Accordingly, the antitrust immunity conferred by imposition of a condition requiring compliance with the settlement is an appropriate and necessary aspect of the settlement.³⁰ Hence, GLT and Applicants condition their assent to the settlement terms upon the adoption of the settlement as an unqualified condition to the Board's approval of the Transaction. Such an unqualified condition would, pursuant to 49 U.S.C. § 11321(a), afford the settlement antitrust immunity.

3. Issues Raised by USS about the GLT Settlement in Discovery.

USS had not earlier participated in the proceeding even to the extent of being placed on the service list. However, after GLT served its June 25 comments regarding

²⁹GLT's Chief Executive Officer testified that, other than USS (discussed below), no shipper has expressed concern to GLT about the settlement. Giles Dep. Tr. 62.

³⁰Acknowledging that he was "not in a position to speak to the antitrust issue whatsoever from a legal perspective" (Radloff Dep. Tr. 92), Mr. Radloff expressed his understanding that it was not CN's intention to obtain antitrust immunity by having the Agreement imposed as a condition, and that CN's conditional support of the proposed STB condition had nothing to do with an antitrust violation (*id.* at 91). Of course, when the "legal perspective" is considered, it is perfectly understandable that, even though an agreement may have no anticompetitive purpose or effect, the parties to it (and their counsel) might reasonably want (and insist on) the antitrust immunity conferred by 49 U.S.C. § 11321(a), as an added protection against even the threat of spurious litigation -- a concern that has been heightened for Applicants by witnessing what has already occurred in this proceeding.

the settlement agreement, USS, a former co-owner of the GLT subsidiaries until earlier this year, sought leave from the Board to participate in this proceeding and has since taken discovery in the form of the depositions of the principal negotiators of the GLT/CN settlement, Mr. Giles (for GLT) and Mr. Radloff (for CN). Based on the line of questioning in those depositions, Applicants anticipate that USS may oppose the requested condition imposing the settlement agreement, at least insofar as it would apply to movements from USS taconite refineries or to USS steel mills. Applicants address USS's apparent concerns here.

Applicants are in a good position to address USS concerns that the settlement might reduce competition. Applicants themselves expressed concern in their June 19 Comments that only a condition on the Transaction that would foreclose competition between GLT and CN/WC for certain movements of taconite originating on the DMIR would meet GLT's desire to be assured that it would not lose traffic to CN/WC. CN/WC-13 at 4. In the end, however, GLT did not require protection against competition but only against uneconomic practices by CN/WC. Since CN/WC was not about to engage in such practices in any event, it was quite willing to offer that protection. As a result, the proposed settlement condition has no anticompetitive implications. Instead, it will have only pro-competitive implications for the shippers and receivers that now use GLT for rail-water moves.

As GLT has recognized, the only way that CN/WC can expect to participate in a large volume of all-rail taconite moves off DMIR is if it is pricing for revenue rather than profit or if its cost structure changes dramatically. *See* Giles Dep. Tr. 34, 84. The

settlement addresses GLT's concerns about unprofitable pricing directly by requiring that CN/WC's revenue factor for any all-rail move be profitable for CN/WC (Section II.A.4.) but it leaves CN/WC free to participate should there be changes in the relative costs of all-rail and rail-water moves that would lead shippers to prefer all-rail moves. The settlement also prohibits CN/WC from pricing in an anticompetitive manner (Section II.A.7.). These protections for GLT threaten no harm to USS or any other shipper because shippers cannot reasonably expect carriers to provide unprofitable services or to price anticompetitively.

The settlement offers no protections to GLT's Great Lakes operation against cost and service-based competition from efficient all-rail movements involving CN/WC should such an option ever become more feasible. The settlement requires GLT, upon a shipper's request, to establish all-rail arrangements that include CN/WC and prohibits GLT from acting unreasonably or anticompetitively in establishing those arrangements (Section II.A.7.). These contract-based requirements that CN/WC can enforce would supplement various assurances that shippers have under the law. Moreover, if the settlement were imposed as a condition of the Transaction, as requested, shippers and other interested parties could seek to enforce the condition before the Board. Thus, the settlement would proscribe the parties from implementing their agency relationship in an anticompetitive manner and would give shippers remedies that they would not otherwise have.

The settlement also imposes no limits on either: (1) the ability of CN/WC to build into and serve without application of the settlement agreement the origins now served

exclusively by DMIR (or for the origin plant to build out to CN/WC) or otherwise to find a way to serve those plants without the services of DMIR, or (2) the ability of CN/WC to consult with shippers and to take shippers' interests into account when it sets its rate factor and discusses the service design for all-rail moves with DMIR.

In discovery, USS indicated a concern that the settlement would preclude CN/WC from independent ratemaking or deprive shippers of rights they now have to certain forms of rates. *See* Radloff Dep. Tr. 86-88; Giles Dep. Tr. 39-44. But that would not be the case. CN/WC would be free under the settlement to set its own rate factor for moves originating on the DMIR, just as CN and WC are today. What CN has agreed not to do is to tender directly to shippers independent rates for a portion of such moves. This right, to enter into only through rates, and not to offer common carrier or contract rates (which need not be offered at all) for a segment of a move, is one that carriers have today and could be exercised by CN/WC with or without the settlement with GLT. Thus, agreeing with GLT to exercise that right for a term of 10 years is in no manner anticompetitive and leaves shippers in no different position from where they are today.

While it should be clear that the settlement places no limits on competition and proscribes anticompetitive behavior, it may not be as clear why the settlement will enhance competition. As the record demonstrates, CN/WC would have little hope of competing with GLT for all-rail moves without a dramatic and currently unanticipated change in the relative costs of these movements. Applicants have no plans that would lead to such changes in their costs and anticipate no such changes. However, the settlement offers shippers the expectation that, should the relative cost structures change

dramatically to make all-rail movements involving CN/WC more competitive with rail-water movements, GLT will have the tools to offer shippers a competitive all-rail route that would preserve its own profit opportunity.

As explained by CN's negotiator, Mr. Radloff, when deposed by USS, CN was willing to enter into the GLT Settlement Agreement because water transportation of taconite has substantial advantages over rail, making it hard for all-rail movements to compete with rail-water movements (Radloff Dep. Tr. 53, 85). CN did not expect that significant volumes of GLT rail-water taconite movements would shift to all-rail movement involving CN/WC (*id.* at 85). He explained that CN did not see how it could participate in such moves without the cooperation of GLT (*id.* at 95) and that CN's intent was to secure GLT's full cooperation and thereby provide a pro-competitive alternative to rail-water movements that customers could choose when it met their needs (*id.* at 70, 77, 86, 97). Both CN and GLT anticipate that this agreement will enhance the likelihood that GLT will pursue participation in all-rail moves if and when the economics of such moves make them the best arrangement for shippers (*id.* at 98; Giles Dep. Tr. 51, 62). In short, the settlement benefits shippers by facilitating pricing on interline movements. Radloff Dep. Tr. 70; Giles Dep. Tr. 42.

For all these reasons, Applicants see no reason for USS to be concerned about the CN/GLT settlement. USS's concerns about a loss of CN/WC competition are as baseless as GLT's concerns about the sudden and unexplained appearance of that competition.³¹

³¹In seeking an extension of time for comments, AK Steel and Eveleth Mines have belatedly indicated that they may raise certain questions about the GLT settlement agreement (AKS-9). In replies to

* * *

In the end, Applicants are convinced that their settlement with GLT is pro-competitive. The Transaction itself poses no meaningful likelihood that significant volumes of GLT's taconite business would shift from rail-water movement to all-rail movement involving CN/WC. The threat is meaningless in the absence of uneconomic pricing by CN/WC. That is so because of (a) the inherent cost advantages of rail-water over all-rail transportation of taconite, (b) the absence of any material benefit to CN/WC from the merger that is so great as to make CN/WC better able to attract such all-rail business than WC can on its own, and (c) the need for DMIR consent for all-rail movements of taconite over CN/WC from DMIR-served origins. In short, there is no competition to be diminished. Moreover, the settlement has no effect on build-ins to or build-outs from taconite origins. And, there are railroads other than CN/WC comparably situated to handle such all-rail movements. Thus, the Board should conclude that the settlement would have no adverse effect on competition. Because the settlement will enhance shipper protections and the competitive viability of all-rail moves over CN/WC, the Board should approve it as a condition of the Transaction.³²

that motion, which the Board denied in Decision No. 8 (served July 23, 2001), Applicants and GLT both explained that the questions being raised were without substance (CN/WC-15; GLT-17).

³²Section IV.A. of the settlement agreement provides that the agreement will terminate either if the Board approves the Transaction without imposing the requested condition, or if for any reason the Board has not issued a final decision on the merits of the Transaction by October 9, 2001 (the statutory deadline for a decision under 49 U.S.C. § 11325(d)(2)). Hence, it is particularly important that the Board issue its decision by that date, if for some reason it is unable to do so by the presently scheduled date of September 7, 2001.

B. The NITL Settlement.

As discussed in its statement of support, NITL entered into a settlement agreement with CN which provided certain benefits and protections for rail shippers as to gateway closings or service problems that some shippers might otherwise have anticipated. The agreement provides for protection of rates and services through existing WC interchanges with any rail carrier. As agreed, CN hereby requests the imposition by the Board of a condition that would require CN to adhere to the representation at page 14 of the Application that it will waive any defenses that might arise as a result of the Transaction under the so-called “contract exception” in the Board’s Bottleneck decisions.³³

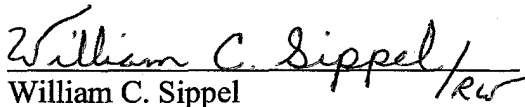
In addition, the NITL Agreement provides for CN to make a good-faith offer to enter into service protection agreements with affected shippers. The agreement also provides for prompt resolution of any disputes with respect to the terms of either the NITL agreement or any service protection agreements, by arbitration. As NITL stated, these provisions offer significant contributions to the public interest by meeting major concerns of rail customers that might be affected by the Transaction. *See generally* Foote/Schauer RVS. The agreement is also consistent with the spirit of the Board’s recent rules adopted in *Major Rail Consolidation Procedures*, Ex Parte No. 582 (Sub-No. 1) (STB served June 11, 2001).

³³See *MidAmerican Energy Co. v. STB*, 169 F. 3d 1099, 1107 (8th Cir. 1999); *Union Pac. R.R. v. STB.*, 202 F.3d 337 (D.C. Cir. 2000); *Central Power & Light Co. v. Southern Pac. Transp. Co.*, 2 S.T.B. 235, 247 (1997); *Central Power & Light Co. v. Southern Pac. Transp. Co.*, 1 S.T.B. 1059, 1070 (1996).

CONCLUSION

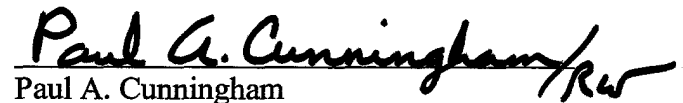
The Board should grant the Application and deny requests for conditions other than those consented to by Applicants.

Respectfully submitted,


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July 25, 2001

CERTIFICATE OF SERVICE

I certify that I have this 25th day of July, 2001, served copies of the foregoing Applicants' Rebuttal and the attached "Certificate of Compliance with Directives of Decision No. 2 Relating to Environmental Appendix" by causing a copy to be sent to all known parties of record in this proceeding by first-class mail or a more expeditious method of delivery.



Heather Pinnock

**ATTACHMENT A
SELECTED PORTIONS OF
DEPOSITION TRANSCRIPT OF
G.P. "RUSTY" RADLOFF**

50 1 Q. On any commodity? 2 A. No. 3 Q. Does CN have a line from -- goes from 4 the vicinity of Duluth, Minnesota north into 5 Canada that traverses the iron range where these 6 mines are located? 7 A. Yes. 8 Q. How close does the CN line come to the 9 Minntac facility? 10 A. It would be a guess on my part. 11 Q. What would be your best guess? 12 A. Couple miles. 13 Q. Are there any other reasons why CN 14 would have no hope of handling these moves as 15 you put it in the letter? 16 A. There are agreements in place that 17 preclude us from doing so without DM&IR in the 18 route. 19 Q. What are the nature of those 20 agreements? 21 A. I'm not an expert on those agreements. 22 Q. Have you looked at those agreements? 23 A. I read them once. 24 Q. What was the nature of the agreement? 25 MS. CORWIN: I'm going to object on	52 1 Q. Was that before or after you started 2 negotiations with Great Lakes? 3 A. After. 4 Q. You weren't previously aware of those 5 agreements? 6 A. I was aware of agreements in 7 existence. 8 Q. You didn't have any knowledge as to 9 their terms? 10 A. Correct. 11 Q. Why did you find it necessary to read 12 the agreements? 13 MR. CUNNINGHAM: Objection as to form. 14 BY MR. WOOD: 15 Q. You indicated you read the agreements 16 for the first time sometime after May 24; is 17 that correct? 18 A. Correct. 19 Q. Why was it necessary for you to read 20 the agreements? 21 MR. CUNNINGHAM: Objection as to form. 22 BY MR. WOOD: 23 Q. You may answer. 24 MR. CUNNINGHAM: Lack of foundation. 25 You may answer the question.
51 1 the grounds of foundation. I don't think he has 2 established that he knows enough to answer the 3 question. 4 MR. WOOD: I'm not sure that counsel 5 for Great Lakes has any standing to interpose 6 objections to my questions to a CN witness. I 7 don't think that's proper. 8 BY MR. WOOD: 9 Q. Do you recall the question? 10 A. Yes. 11 Q. Can you answer it? 12 A. Again, I'm not an expert on that 13 subject, on those agreements. To my knowledge 14 we are precluded from handling taconite from the 15 mines in question without the DM&IR in the 16 route. 17 Q. Do you know when those agreements were 18 entered into? 19 A. I don't know the specific date. 20 Q. You indicated that, in response to an 21 earlier question, you had read those agreements 22 once. When did you read those agreements? 23 A. Late May. 24 Q. Of this year? 25 A. Uh-huh.	53 1 THE WITNESS: Obviously we were 2 involved in discussing taconite movements with 3 the DM&IR and I wanted to see what provision 4 stated that we could not serve, just for my own 5 benefit, directly those mines. 6 BY MR. WOOD: 7 Q. Had you previously been given 8 information from someone else in CN that such 9 agreements existed? 10 A. I had heard, yes. 11 Q. You recall who you heard it from? 12 A. I believe it was from Jerry Boland's 13 group. 14 Q. How many such agreements are there? 15 A. There's two agreements to my 16 knowledge, one involving the WC, one involving 17 the DWP. 18 Q. Are there any other reasons why you 19 would make the statement that CN has no hope of 20 handling these moves? 21 A. Just from experience when you come up 22 against waterborne competition, it's extremely 23 difficult to compete on a per ton basis from a 24 rate perspective for a commodity which is bulk 25 and very heavy.

70 1 being legal in nature in terms of how one would 2 interpret the agreement and therefore I would 3 not concede that Mr. Radloff's responses are 4 necessarily the correct legal response. 5 BY MR. WOOD: 6 Q. Was it your intention by entering into 7 this agreement to preclude CN from providing a 8 rate to U.S. Steel for a movement over a build 9 in/build out in connection with an all rail rate 10 to Pittsburgh? 11 MR. CUNNINGHAM: Objection as to form 12 but if you could answer the question you may. 13 THE WITNESS: It was never our 14 intention to construct a mechanism to harm any 15 shipper, what we constructed was an agreement 16 that allows for rapid response in a 17 pro-competitive environment that should benefit 18 the shippers at any given time should the 19 economics prove themselves capable of handling 20 the business. Build in/build out was never 21 thought about. 22 MR. CUNNINGHAM: Can we have two 23 minutes while you're thinking of your next 24 question. 25 MR. WOOD: Actually if we can take a	72 1 a contract rate from CN, would this agreement, 2 if in effect, preclude CN from providing such a 3 rate? 4 MR. CUNNINGHAM: You can answer such 5 question to the extent that it doesn't require a 6 legal conclusion, but I don't -- 7 MR. WOOD: I'm sorry, Paul, I can't 8 understand. 9 MR. CUNNINGHAM: I'm sorry. He can 10 answer the question under our prior 11 understanding to the extent that it doesn't 12 require a legal conclusion, but the witness 13 can't be asked a legal judgment. 14 THE WITNESS: And I believe I said 15 something similar to this previously, that would 16 become a legal question at that point in time, 17 not necessarily a marketing question, and we 18 would defer to our lawyers to answer that. 19 BY MR. WOOD: 20 Q. Did you contemplate that that 21 possibility might occur when you were 22 negotiating this agreement with Great Lakes? 23 A. We never contemplated an uproar from 24 any shipper in particular because we believed 25 this to be a pro-competitive transportation
71 1 short break, I need to take a break. 2 MR. CUNNINGHAM: Okay, great. 3 (Recess.) 4 BY MR. WOOD: 5 Q. Mr. Radloff, this provision precluding 6 CN from independently soliciting such movements 7 or setting rates -- setting prices, who first 8 proposed this provision be included in the 9 agreement? 10 A. Back to -- 11 MR. CUNNINGHAM: You may answer the 12 question. 13 THE WITNESS: Back to a point I made 14 earlier, the Canadian National came up with the 15 thought process about an exclusive agent. 16 BY MR. WOOD: 17 Q. So this provision here is all part of 18 the exclusive agency arrangement that you had in 19 mind? 20 A. Correct. 21 Q. Again, as with the build out questions 22 I posed, speaking hypothetically, if 23 United States Steel came to CN and said we would 24 like to challenge DM&IR's bottleneck rate from 25 the Minntac mine to the interchange and request	73 1 solution continuing alternatives to open gateway 2 policies that the Canadian National supports 3 wholeheartedly. 4 Q. Does CN presently participate in the 5 all rail movement of iron ore from Minntac to 6 Fairfield, Alabama? 7 A. Yes. 8 Q. What portion of the movement do they 9 participate in? 10 A. Centralia, Illinois to Memphis, 11 Tennessee. 12 Q. Does WC participate in any portion of 13 the movement? 14 A. I believe it's the Burlington Northern 15 that participates in that. 16 Q. WC has no participation in it? 17 A. Not to my knowledge. 18 Q. As a result of CN's participation in 19 that movement to Fairfield, Alabama do you have 20 knowledge of what DM&IR's revenue factor is per 21 its portion of that movement? 22 A. I'm not familiar with the rate 23 structure on that particular movement. It's my 24 understanding that we are providing a haulage 25 service for the Burlington Northern Santa Fe

74 1 from Centralia, Illinois to Memphis, Tennessee. 2 Q. So it's your testimony, to be sure I 3 understand it, that CN does not have any 4 knowledge because their only participation is as 5 a haulage carrier -- 6 MR. CUNNINGHAM: Objection to form. 7 He didn't -- you didn't ask him whether CN had 8 knowledge. You asked if he had knowledge. 9 MR. WOOD: Could you read back the 10 previous question and answer? 11 THE REPORTER: "Question: As a result 12 of CN's participation in that movement to 13 Fairfield, Alabama do you have knowledge of what 14 DM&IR's revenue factor is per its portion of 15 that movement?" 16 "Answer: I'm not familiar with the 17 rate structure on that particular movement. 18 It's my understanding that we are providing a 19 haulage service for the Burlington Northern 20 Santa Fe from Centralia, Illinois to Memphis, 21 Tennessee." 22 BY MR. WOOD: 23 Q. All right. Let me broaden the 24 question a little bit and maybe I created some 25 uncertainty. When I was referring to you, I was	76 1 let Mr. Radloff answer the question. Otherwise 2 we'll be here a little longer. Could you read 3 the question back please? 4 THE REPORTER: "Question: If this 5 agreement was in effect and United States Steel 6 approached CN about supporting a request to the 7 Surface Transportation Board for competitive 8 access over the DM&IR line between the 9 interchange at Duluth Superior to Minntac, would 10 this agreement preclude CN from supporting that 11 kind of a request by U.S. Steel?" 12 MR. CUNNINGHAM: Objection as to form, 13 calls for a legal conclusion or may call for a 14 legal conclusion. 15 BY MR. WOOD: 16 Q. You have the question in mind? 17 A. Yeah, I've got it. There is 18 absolutely nothing that can prevent a customer 19 from asking support from a carrier on any topic. 20 Whether or not this agreement is binding as to 21 our participation and support of that request 22 would have to be addressed by our legal 23 department at that point in time. 24 Q. Was it your intention to have this 25 agreement preclude that kind of support by CN?
75 1 meaning CN generally, not you personally. Would 2 your answer be the same? 3 A. Absolutely. 4 Q. Pardon me? 5 A. Yes. 6 Q. If this agreement was in effect and 7 United States Steel approached CN about 8 supporting a request to the Surface 9 Transportation Board for competitive access over 10 the DM&IR line between the interchange at Duluth 11 Superior to Minntac, would this agreement 12 preclude CN from supporting that kind of a 13 request by U.S. Steel? 14 MS. CORWIN: I'm going to object. I 15 know you don't recognize my right to object but 16 I think that is calling for an improper legal 17 conclusion from the witness and I just repeat my 18 position that his views do not determine what 19 the agreement says. 20 MR. WOOD: Well, I'll interpose my 21 observation and indeed request that you not 22 interpose objections for questions directed to a 23 witness that's not even yours. You'll have your 24 chance next week when we talk to your witnesses 25 but at the moment I would appreciate it if you	77 1 MR. CUNNINGHAM: Objection as to form, 2 lack of foundation. 3 THE WITNESS: Our intention was to 4 provide a pro-competitive arrangement with 5 GLT/DM&IR that maintains competitive 6 alternatives in the marketplace and makes it 7 more efficient for a shipper to obtain those 8 services. That was our only intention and to 9 basically remove GLT's overriding unfounded 10 fears of total water taconite diversion. 11 BY MR. WOOD: 12 Q. So the answer to my question is yes, 13 it was your intention to have the agreement 14 preclude that kind of support? 15 MR. CUNNINGHAM: Objection as to form. 16 THE WITNESS: No, that's not what I 17 said. 18 BY MR. WOOD: 19 Q. What is the answer to my question, is 20 the answer no, it does not preclude -- 21 MR. CUNNINGHAM: Asked and answered. 22 He answered your question. 23 BY MR. WOOD: 24 Q. Would a request by U.S. Steel to the 25 STB for competitive access over the DM&IR line

78 1 for Canadian National be regarded by CN as a 2 pro-competitive step? 3 MR. CUNNINGHAM: Objection, calls for 4 speculation on the part of the witness. 5 THE WITNESS: Pro-competitive can be 6 defined in many different ways. Whether 7 competitive access is pro-competitive by a rail 8 perspective versus a shipper perspective could 9 be a completely different thing. 10 BY MR. WOOD: 11 Q. What would CN's perspective be, would 12 it be regarded as a pro-competitive step? 13 MR. CUNNINGHAM: Objection, calls for 14 speculation on the part of the witness, no 15 foundation, there's no specification. Totally 16 vague hypothetical. 17 THE WITNESS: I am not in a position 18 to comment as a representative of CN as to 19 whether the CN views that as a pro-competitive 20 or a nonpro-competitive move. 21 BY MR. WOOD: 22 Q. In the sentence where it says unless 23 required to do so by law, if CN/WC were required 24 by the STB to establish a proportional rate for 25 all rail movements of taconite from the junction	80 1 Q. Turning to the next page, the top 2 paragraph states that we, meaning CN, I believe, 3 will be willing to have this agency arrangement, 4 and I assume you mean by that all of the terms 5 of this agreement, imposed as a condition. Does 6 CN believe that the imposition of this condition 7 would be in the public interest? 8 A. Absolutely. As I've stated 9 previously, we believe this to be a 10 pro-competitive arrangement. 11 (Exhibit No. 5 was 12 marked for identification.) 13 MR. WOOD: For the record Exhibit 5 is 14 the complete text of a pleading submitted to the 15 STB in this proceeding on or about June 19th 16 titled Applicants' comments on the status of the 17 GLT issues. 18 BY MR. WOOD: 19 Q. Have you seen this document before, 20 Mr. Radloff? 21 A. Yes. 22 Q. At the time you were negotiating 23 between May 24th and June 22nd with Great Lakes, 24 were you aware that this document was being 25 prepared for filing at the STB?
79 1 at Duluth Superior, would CN regard that as a 2 breach of this agreement? 3 MR. CUNNINGHAM: Asked and answered, 4 also calls for a legal conclusion. 5 MR. WOOD: I don't think it was 6 answered. 7 MS. CORWIN: Could I hear the question 8 again? 9 MR. CUNNINGHAM: It was answered, we 10 can go back and find it if you want but it was 11 answered that CN was going to abide by the law 12 including directives from the Surface 13 Transportation Board notwithstanding this 14 agreement. Whether it constitutes a breach is a 15 legal question which Mr. Radloff is not 16 qualified to answer. 17 BY MR. WOOD: 18 Q. You can answer. 19 A. I believe I've answered that before. 20 The Canadian National will abide by any existing 21 laws pertaining to this agreement to rate 22 structures that are going to be created and by 23 any laws that are passed in the future 24 pertaining to this agreement and/or rate 25 structures.	81 1 A. Yes. 2 Q. Did you have any part in the decision 3 to file this document at the STB? 4 A. I was part of the discussion. 5 Q. Who else was it discussed with? 6 A. Our attorneys and several of the folks 7 at the CN that head up particular segments of 8 the transaction. 9 Q. I'd like to turn your attention to 10 page 4, the second paragraph on that page that 11 begins it is unclear. 12 MS. CORWIN: Can you explain where you 13 are again? 14 MR. WOOD: Pardon me? 15 MS. CORWIN: Can you explain where you 16 are in the document? 17 MR. WOOD: Page 4, second full 18 paragraph that begins it is unclear. 19 MS. CORWIN: I'm with you. Thank you. 20 BY MR. WOOD: 21 Q. Is it still CN's position that the 22 characterization of GLT's efforts in this 23 proceeding are accurately described here? 24 MR. CUNNINGHAM: What is the scope of 25 your question, as accurately described by what?

82 1 MR. WOOD: Can you read the question 2 back? I think it was clear. 3 THE REPORTER: "Question: Is it still 4 CN's position that the characterization of GLT's 5 efforts in this proceeding are accurately 6 described here?" 7 MR. CUNNINGHAM: Here is where, the 8 whole document? 9 MR. WOOD: In this paragraph that I 10 was referring to. 11 MR. CUNNINGHAM: Okay, second 12 paragraph. 13 MR. WOOD: Yes. 14 BY MR. WOOD: 15 Q. You understand the question with that 16 clarification? 17 A. Yes, I do. This second paragraph when 18 brought out of the context of relating back to 19 the previous paragraph would indicate that at 20 one time GLT could seek from the Board some 21 authority that precludes our ability to compete 22 for the waterborne movements. What we have done 23 is put together what we consider to be a 24 pro-competitive, pro-shipper agreement with GLT 25 in lieu of seeking the Board's approval for this	84 1 set a rate under the arrangements specified in 2 the June 22 letter that would allow CN and WC to 3 participate in an all rail movement? 4 A. Yes. 5 Q. What basis do you have that 6 expectation? 7 A. There are alternate sources of 8 taconite around available to steel producers, 9 whether it be import other mines -- there are 10 competitive routes coming off of the DM&IR with 11 other major class one carriers to the markets 12 that these steel producers are in. It is in the 13 best interest of the DM&IR to always maintain a 14 commercially reasonable rate structure and it is 15 the philosophy of the Canadian National to 16 supply commercially reasonable rate structures. 17 Q. Let me call your attention back to the 18 letter agreement, memorandum of understanding, 19 the second paragraph refers to, we, CN, expects 20 to incur no economic loss for meeting your 21 goals. Does that mean that CN never had any 22 expectation of obtaining -- 23 A. Which paragraph are you talking about? 24 Q. Second paragraph, the last -- second 25 sentence.
83 1 noncompete issue. 2 Q. Is the agreement that is embodied in 3 the memorandum of understanding, as you 4 characterize it, in Exhibit 4 any different from 5 what's described in these two paragraphs? 6 MR. CUNNINGHAM: Asked and answered. 7 BY MR. WOOD: 8 Q. You could answer. 9 A. Yes, absolutely it's different than 10 what is described in these two paragraphs. 11 Q. In what way is it different? 12 A. These two paragraphs make reference to 13 an application to the Board that will provide 14 for noncompete on waterborne taconite. The 15 agency agreement that we have entered into, or 16 will enter into, with GLT, DM&IR is again a 17 pro-competitive, shipper-friendly arrangement 18 that provides for alternative transportation, 19 while these two paragraphs would dictate no 20 alternative transportation for those taconite 21 movements. The agency agreement is a very 22 simplistic tool in the marketplace to provide 23 alternative transportation for the shipper. 24 Q. Do you have any -- does CN have any 25 reason to believe that DM&IR would ever agree to	85 1 A. I'm sorry. Okay. I've got it. I'm 2 sorry to interrupt. 3 Q. Does that sentence -- does that 4 statement mean that CN never had any realistic 5 expectation of being able to participate in all 6 rail movements of taconite? 7 MR. CUNNINGHAM: Objection as to form. 8 THE WITNESS: As stated previously we 9 have absolutely no understanding as to why GLT 10 considered this a major threat to their 11 existence. We have -- we are not in a position 12 in our opinion to compete with waterborne 13 taconite transportation from the standpoint of 14 straight up rate to rate structures. We do not 15 foresee handling that taconite, therefore it 16 would be impossible for us to sustain economic 17 loss when we see no future movement to the 18 benefit of the CN on the taconite in question. 19 BY MR. WOOD: 20 Q. So that the statement contained in 21 Mr. Foote and Mr. Schauer's verified statement 22 was incorrect? 23 MR. CUNNINGHAM: Objection as to form. 24 THE WITNESS: Again, I believe this 25 has been covered once. No, the statement is

86 1 correct. It provides an alternative solution to 2 the marketplace at times of climatic problems, 3 whether there be equipment failure or some sort 4 of unforeseen problem in the existing supply 5 chain that is provided by GLT. 6 BY MR. WOOD: 7 Q. Was there any limitation contained in 8 that discussion in the joint verified statement 9 that it was limited to emergency situations or 10 climatic situations? 11 A. That statement went on to say that it 12 had the potential to provide continued supply 13 chain capability via an all rail, and that's a 14 very true statement. It has that capability, 15 but the customer will decide, not the railroads. 16 Q. But if the customer decides that it 17 wants to use that all rail alternative and this 18 agreement is in effect, has CN taken itself out 19 of the marketplace by agreeing to this 20 arrangement with GLT? 21 A. Not at all. 22 Q. Is CN in the position to respond 23 directly to any request from a customer for 24 rates for an all rail movement with this 25 agreement in effect?	88 1 level the DM&IR sets those rates? 2 MR. CUNNINGHAM: Objection as to form. 3 THE WITNESS: There is nothing in this 4 agreement that precludes talking to the DM&IR 5 about the overall rate structure and what is 6 required in the marketplace to move the taconite 7 from mines served by the DM&IR to the points 8 listed in the agreement. 9 BY MR. WOOD: 10 Q. Ultimately DM&IR has the exclusive 11 right and the sole right to set that rate level; 12 is that correct? 13 A. Under the provisions of this agreement 14 the DM&IR is the exclusive agent of the Canadian 15 National for taconite movements from the mines 16 it serves to the points listed in the agreement. 17 Q. So the answer to my question is yes? 18 MR. CUNNINGHAM: Asked and answered. 19 THE WITNESS: I believe I answered it 20 but to shorten that answer, yes, they are our 21 exclusive agent from the mines they serve to the 22 points named in the agreement. 23 BY MR. WOOD: 24 Q. Referring again to page 2 of the 25 memorandum of understanding letter, the top
87 1 A. Again I think we've touched on that in 2 several different forms. The DM&IR on an all 3 rail movement to the points named within this 4 agreement will be our exclusive agent. We will 5 provide a commercially reasonable rate structure 6 to the DM&IR so that they may make a through 7 contract rate for that customer. We are not out 8 of the market. 9 Q. And if the customer receives such a 10 rate from DM&IR after forwarding a request to CN 11 and does not believe that the rate is responsive 12 and it approaches CN again and says we would 13 like you to set the rate, are you precluded from 14 responding to that request by this agreement? 15 A. Again to the points that are contained 16 within this agreement for the all rail movements 17 of taconite, the DM&IR is our exclusive agent. 18 We will quote a commercially reasonable through 19 rate with the DM&IR. 20 Q. But you would let DM&IR set the level 21 of those rates? 22 A. DM&IR will set the overall level of 23 the rate once they receive our factor. 24 Q. You would have no input into it, other 25 than providing your revenue factor as to what	89 1 paragraph indicates that you would support a 2 request but the -- well, it says agency 3 arrangement. Let me clarify one point. Is it 4 your understanding that the request will be to 5 impose the entire agreement as a condition of 6 the transaction, the definitive terms of the 7 agreement, that's ultimately submitted to the 8 Board? 9 A. Yes. 10 Q. Including the ancillary terms that are 11 shown in attachment C? 12 A. Yes. 13 Q. If the Surface Transportation Board 14 were to decide not to impose this agreement as a 15 condition on approval of the transaction, would 16 Canadian National continue to abide by the terms 17 of the agreement? 18 A. If this is not a condition of the 19 transaction approved by the Board there is no 20 agreement. 21 Q. If the Surface Transportation Board, 22 before imposing this as a condition, were to 23 modify any of the terms of this agreement would 24 CN still consider itself bound by the terms as 25 modified?

90 1 MR. CUNNINGHAM: Objection, calls for 2 speculation by the witness. 3 MR. WOOD: Stated as a hypothetical 4 question obviously. I'm asking what his -- CN's 5 intention would be. 6 MR. CUNNINGHAM: Answer if you know. 7 THE WITNESS: It would be impossible 8 for me to say what our intention would be not 9 knowing what the changes of the conditions would 10 be. 11 BY MR. WOOD: 12 Q. If the Board modified the agreement so 13 as to preclude CN from designating DM&IR as its 14 exclusive agent within the provisions specified 15 in here, would CN continue -- consider the 16 agreement still to be binding? 17 MR. CUNNINGHAM: Asked and answered. 18 THE WITNESS: I believe I've answered 19 that question. I said that if the agreement has 20 been changed we would have to review what those 21 changes would be and then make a decision at 22 that time. 23 BY MR. WOOD: 24 Q. Does CN regard the imposition of this 25 agreement as a condition by the STB essential to	92 1 operational items thrown in. 2 Q. Then I would just like an explanation 3 -- then I'd like an explanation why CN believes 4 it's necessary to have this agreement imposed as 5 a condition if it does not want the benefit of 6 the antitrust immunity? 7 MR. CUNNINGHAM: Objection as to form. 8 THE WITNESS: I am not in a position 9 to speak to the antitrust issue whatsoever from 10 a legal perspective. What I am in a position to 11 speak to is what we believe this agreement does 12 in the marketplace, what it does for the shipper 13 and what it does for the rail carriers. We are 14 asking the STB to support this agreement as a 15 condition to the transaction. 16 BY MR. WOOD: 17 Q. Well, if CN's view of this agreement 18 is correct and it is pro-competitive, isn't that 19 true whether or not it's imposed as a condition 20 on approval? 21 MR. CUNNINGHAM: Calls for a legal 22 conclusion. 23 MR. WOOD: I don't think it does. 24 MR. CUNNINGHAM: Well, that's fine. I 25 do, and I'm going to object.
91 1 make it binding on both CN and Great Lakes? 2 A. Yes. 3 Q. Was it CN's intention to obtain 4 thereby, from such imposition of the agreement 5 as a condition, immunity from the antitrust 6 laws? 7 A. No. The antitrust immunity would be 8 referring back to your earlier questions on page 9 4 where we were talking about the noncompet 10 issue, and that was in -- 11 Q. I'm sorry page 4 in the Exhibit 5? 12 A. Exhibit 5, second full paragraph tied 13 into the first full paragraph. 14 Q. So you no longer feel -- does CN no 15 longer feel the imposition of this agreement as 16 a condition is necessary to provide antitrust 17 immunity? 18 A. I'm not certain I follow your 19 question. 20 Q. I'm not sure I understand your 21 previous answer. 22 A. We believe the conditional support of 23 the STB on this agreement has absolutely nothing 24 to do with an antitrust violation. This is a 25 pro-competitive marketing arrangement with some	93 1 BY MR. WOOD: 2 Q. You can answer. 3 A. Repeat the question please? 4 MR. WOOD: Could you read it back 5 please? 6 THE REPORTER: "Question: Well, if 7 CN's view of this agreement is correct and it is 8 pro-competitive, isn't that true whether or not 9 it's imposed as a condition on approval?" 10 MR. CUNNINGHAM: Calls for a legal 11 conclusion. 12 THE WITNESS: From the perspective of 13 a marketing officer, it is a pro-competitive 14 agreement. 15 BY MR. WOOD: 16 Q. And that would be so whether or not 17 it's included as a condition on approval of the 18 agreement; is that correct from a marketing 19 perspective? 20 A. Yes. 21 MR. CUNNINGHAM: I'm going to need 22 about five minutes, before 1:15, for redirect. 23 MR. WOOD: If I could maybe have a few 24 minutes to consult with my colleagues to see if 25 there's -- look at my notes to see if there's

94 1 anything else we need to cover it would be 2 appreciated. 3 (Recess.) 4 MR. WOOD: I have nothing further of 5 this witness subject to anything you might ask 6 on redirect, if any, and certainly don't want -- 7 let me just interject if I may, I don't want to 8 preclude anyone else representing other parties 9 who might have any questions. 10 MR. NORTON: I think Mr. Kolesar has 11 indicated he has no questions. 12 MR. KOLESAR: No questions. 13 MS. CORWIN: I don't plan to ask any 14 questions unless something comes up. 15 EXAMINATION BY COUNSEL FOR 16 CANADIAN NATIONAL RAILWAY COMPANY 17 BY MR. CUNNINGHAM: 18 Q. You had a clarification you said you 19 wanted to make with respect to one of your 20 answers? 21 A. Yes. I made a reference talking about 22 the taconite movements and referenced it back to 23 the Foote/Schauer verified statement, and in 24 reality, it's much more global than that, the 25 single reference to GLT's fears went far beyond	96 1 A. That's it. I'm done. 2 MR. CUNNINGHAM: Does that conclude 3 the deposition. 4 MR. WOOD: Thank you. Just a moment. 5 FURTHER EXAMINATION BY COUNSEL 6 FOR UNITED STATES STEEL LLC 7 BY MR. WOOD: 8 Q. Let me ask first about the point you 9 made about GLT's fears about diversion of all of 10 the traffic. What did they convey to you and 11 the CN was the basis for those fears? 12 A. The Foote/Schauer verified statement. 13 Q. Anything else? 14 A. Nothing else. 15 Q. The other question Mr. Cunningham 16 asked you about whether, from a commercial 17 aspect, from a business aspect, the -- strike 18 that. In response to his other question you 19 indicated that it's CN's view, and perhaps 20 generally in the railroad industry that the 21 origin carrier is in a position to control the 22 rate structure, is that a fair characterization 23 of your answer? 24 A. It's close. What I said is that they 25 have considerable leverage in the creation of
95 1 that one taconite movement, and again while it 2 was referenced in some of the dialogue that I 3 had, they had what we considered to be an 4 unfounded fear that would be a diversion of all 5 railborne taconite and that was the central 6 issue that became their platform in front of 7 their constituency. 8 Q. The only other question I have on 9 redirect is a -- as a practical matter, from a 10 commercial standpoint, could CN/WC have any 11 realistic expectation of participating in an all 12 rail move which would be subject to the 13 settlement agreement, in the absence of that 14 agreement, without the consent and active 15 participation of DM&IR in the movement? 16 A. Absolutely not. It is standard in the 17 industry that cooperation among the rail 18 carriers to establish commercially reasonable 19 rate structures capable of transporting commerce 20 is required. The DM&IR as the origin carrier 21 carries considerable leverage as to the final 22 outcome of any given rate structure on a through 23 basis. 24 Q. Did you have anything else that you 25 wanted to --	97 1 the rate structure, in particular when there are 2 multiple outlets for that carrier to create 3 contract through rates. 4 Q. And is it also your experience that a 5 carrier which possesses that considerable 6 leverage is more likely to use it to favor other 7 carriers that are part of its system? 8 A. Not necessarily. They're going to 9 provide the most efficient service product to 10 the customer. After all, the customer is going 11 to make a choice as to which of the products. 12 Q. If the customer makes the choice that 13 it would like an all rail service as opposed to 14 a rail, lake, rail movement of taconite, do you 15 think that DM&IR would still be responsive to 16 that choice by the customer if it meant that it 17 would lose the water portion of the movement? 18 A. That, at that point in time, becomes 19 an economic decision by the customer himself 20 predicated off of the rate structures that are 21 presented before him by the competing modes. 22 Q. And that choice would then be driven 23 entirely by whatever rate the DM&IR chose to 24 offer under this agreement; is that right? 25 A. It would be driven by a combination of

98

1 rate and service predicated off the requirements
2 of that customer.

3 MR. WOOD: That's all I have.

4 MR. CUNNINGHAM: I have one other
5 follow up to Mr. Wood's last question. I'm
6 sorry.

7 FURTHER EXAMINATION BY COUNSEL FOR
8 CANADIAN NATIONAL RAILWAY COMPANY
9 BY MR. CUNNINGHAM:

10 Q. Would your last answer apply whether
11 or not this agreement were in place?

12 A. Yes.

13 MR. CUNNINGHAM: That's all.

14 MR. WOOD: Nothing else.

15 (Whereupon, at 1:04 p.m., the taking
16 of the instant deposition ceased.)

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19 _____
Signature of the Witness

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21 SUBSCRIBED AND SWORN to before me this _____
22 day of _____, 20__.

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NOTARY PUBLIC

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1 My Commission expires: _____

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**ATTACHMENT B
SELECTED PORTIONS OF
DEPOSITION TRANSCRIPT OF
JOHN ERNEST GILES**

6

1 Q. How long have you held that position?
 2 A. Since March 23 of this year.
 3 Q. What are your responsibilities?
 4 A. Overall direction, strategy, development,
 5 profitability of the firm.
 6 Q. And does this include all of the
 7 transportation subsidiaries, such as the DM&IR,
 8 Bessemer & Lake Erie?
 9 A. It does.
 10 Q. As well as the USS Great Lakes Fleet?
 11 A. It does. And the fourth one is the
 12 Pittsburgh & Conneaut Dock Company.
 13 Q. Thank you.
 14 Prior to becoming president of Great Lakes
 15 Transportation, what position did you hold?
 16 A. I worked as a consultant for the Blackstone
 17 Partners from November of 2000 until closing in
 18 March, to help them direct and guide the four
 19 companies that would become part of Great Lakes
 20 Transportation.
 21 Q. And prior to November of 2000, what positions
 22 did you have?
 23 A. I worked in a number of positions as an

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1 independent consultant for approximately nine months
 2 in the year 2000. And prior to that, I spent 20
 3 years with CSX in a broad range of positions.
 4 Q. What position did you hold with CSX -- what
 5 was the last position held with CSX?
 6 A. Vice president of planning.
 7 MR. MORENO: I'd like to introduce Giles
 8 Exhibit No. 1 and ask the reporter to mark it.
 9 (Giles Deposition Exhibit No. 1
 10 was marked for identification.)
 11 BY MR. MORENO:
 12 Q. Mr. Giles, you've just been handed what's
 13 been marked as Giles Exhibit 1, and the cover
 14 indicates that it's Comments of Great Lakes
 15 Transportation, and Finance Docket No. 34000,
 16 involving the merger of the Canadian National with
 17 Wisconsin Central Railroad.
 18 Is this a document that you've seen before?
 19 A. Yes.
 20 Q. This document is dated June 25th, 2001. I'd
 21 like to focus your attention on -- I believe it's
 22 Appendix B -- Attachment B, which is near the end.
 23 Attachment B purports to be a letter dated June 22 to

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1 you from Mr. Rusty Radloff, Assistant Vice President
 2 of Sales and Marketing for the Canadian National
 3 Railroad.
 4 Is this a letter you've seen before?
 5 A. Yes.
 6 Q. And in what context -- when did you first see
 7 this letter?
 8 A. I don't remember exactly. As you can see, it
 9 was signed by Elliott Hughes. I was out of the
 10 office when the letter was received. It was read to
 11 me, and Mr. Hughes signed it on my behalf.
 12 Q. So, did you see this letter before Mr. Hughes
 13 signed it?
 14 A. No.
 15 Q. And what is your understanding of the purpose
 16 of this letter?
 17 MR. MEYER: Object to the form.
 18 BY MR. MORENO:
 19 Q. Do you understand the question?
 20 A. What is the objective of the letter?
 21 Q. What's your understanding of the purpose of
 22 Canadian National in sending this letter?
 23 MR. MEYER: Object to the form of that

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1 question as well. You can ask him his understanding.
 2 But you can't ask him, obviously, about CN's
 3 understanding.
 4 MR. MORENO: That's what I asked, his
 5 understanding of CN's purpose.
 6 A. My understanding of the purpose of this
 7 letter was to memorialize an agreement between CN and
 8 Great Lakes Transportation relative to some concerns
 9 that we had about their merger.
 10 Q. Had there been prior discussions of those --
 11 of Great Lakes' concerns before receiving this letter
 12 between Great Lakes and CN?
 13 MR. MEYER: I'm going to interpose an
 14 objection. You're entitled to examine this witness
 15 on the subject that was noticed in your Notice of
 16 Deposition, the comments that were filed by GLT,
 17 which you've marked as Exhibit 1. And I'm not going
 18 to restrict your ability to inquire about the
 19 agreement that was reached between CN and Great
 20 Lakes.
 21 However, I am going to assert the STB
 22 settlement privilege to preclude examination into the
 23 back and forth of discussions between Great Lakes and

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1 and Joe Schulte, my CFO.

2 **Q. And when did the second meeting that you**
3 **recall take place?**

4 A. I'd say -- again, I don't have the dates in
5 my mind, but I would say a few weeks after that.

6 **Q. And who participated?**

7 A. Jim Foote and Rusty Radloff from CN, and the
8 same people from Great Lakes, John Giles and Joe
9 Schulte.

10 **Q. Did Jerry Vest participate in any of the**
11 **meetings?**

12 A. No.

13 **Q. What was Mr. Vest's role in negotiating this**
14 **agreement?**

15 A. He had a series of conversations with
16 principals in my organization, gathering facts,
17 getting perspective, researching particular kinds of
18 things that got embedded in the final agreement and,
19 in turn, had a series of conversations with Rusty
20 Radloff about the particulars of the agreement. And,
21 to my knowledge, all over the telephone.

22 **Q. What is Mr. Vest's expertise?**

23 A. Jerry is a businessman, he has some

19

1 experience in mergers, regulatory proceedings.

2 **Q. For what expertise did you engage him to**
3 **represent you in these negotiations with the CN?**

4 A. I actually didn't retain him to negotiate
5 with the CN. I retained him and his firm to help
6 guide me through the process of the CN/WC merger, how
7 it relates to the STB and the range of roles and
8 options we had, Great Lakes had, available to it.
9 So, it was a big picture kind of perspective.

10 **Q. Did you see any drafts of this June 22 letter**
11 **prior to this final version that is Attachment B to**
12 **Exhibit 1?**

13 MR. MEYER: You know, at this point I
14 think I'm inclined to just cut this off. Again, if
15 you want to ask him about the June 22nd letter, you
16 want to ask him about the nature of the agreement
17 between CN and Great Lakes, that's fine. I'm not
18 going to limit that at all.

19 But I think going into the extent to which
20 there were drafts, presumably in order to glean
21 something about the substance of the negotiating
22 process and the back-and-forth subjects that are
23 covered in the June 22nd agreement, is something that

20

1 is not permitted under the Board settlement

2 privilege. And I don't think it's appropriate.

3 MR. MORENO: Are you directing Mr. Giles
4 not to respond to my question?

5 MR. MEYER: I think at this point, I am.

6 BY MR. MORENO:

7 **Q. Why is Great Lakes concerned with the CN/WC**
8 **merger? Let me narrow this even more. What concerns**
9 **does Great Lakes have with the CN/WC merger that this**
10 **June 22nd letter is intended to address?**

11 A. One of the benefits for us, and I think the
12 shipper, is that this institutionalizes an
13 arrangement where the principals, meaning shippers,
14 rail carriers and DM&IR, are actively engaged in
15 talking about the development of options and
16 alternatives and solutions for shippers. It creates
17 a forum where those conversations can take place.

18 **Q. And was Great Lakes concerned that this**
19 **proposed merger would eliminate such a forum?**

20 A. There was some concern.

21 **Q. How did you believe that would occur?**

22 A. We wanted to be sure that on DM&IR-origin
23 traffic, that we had an appropriate set of

21

1 arrangements with WC and CN to work together and
2 cooperate. And that's what this was designed to do
3 for us.

4 **Q. If I can focus your attention on the second**
5 **paragraph of the letter, the last sentence of that**
6 **paragraph states, "Nevertheless, given that we are**
7 **incurring substantial costs to litigate your claims,**
8 **and that we expect to incur no economic loss from**
9 **meeting your goals, we offer the following for your**
10 **consideration." Then the next paragraph begins, "One**
11 **means to achieve your goal..."**

12 What is your understanding of Mr. Radloff's
13 reference to "your goals," I assume meaning Great
14 Lakes' goals, in this letter?

15 A. One of the concerns we had coming out of our
16 closing in March was the need to be good stewards for
17 the assets and responsibilities we'd assumed taking
18 over the companies, the four companies. And as we
19 read the verified statements of Mr. Foote and Mr.
20 Schauer, we had a concern that on DM&IR origins, in
21 particular, that the CN/WC merger would target those
22 movements and put in a rate that would be not
23 sustainable in the long term, but be problematic in

26

1 in the past.

2 **Q. On that basis, you believe that they could**
3 **occur in the future?**

4 A. Sure. You asked me are they viable, and the
5 answer -- I'm answering that in the context of, yes,
6 there are rail tracks that cover that territory,
7 there's rolling stock and there's locomotives and
8 people to move the trains. So, I think it's
9 absolutely viable.

10 **Q. Can an all-rail move from Minntac to**
11 **Pittsburgh compete effectively with the rail-water**
12 **rail move that exists today?**

13 MR. MEYER: Are you talking about a
14 seasonal basis, or year-round basis, or emergency
15 basis, or any other basis?

16 MR. MORENO: Well, let's break it out.
17 BY MR. MORENO:

18 **Q. First, on a year-round basis.**

19 A. I'd answer that in two ways. At the end of
20 the day, the shipper's going to make a decision based
21 on the total economics of the alternatives available
22 to the company. So, if you're asking me is it
23 possible to put together a rate and service package

27

1 that could convert the business to all-rail, the
2 answer is theoretically, sure.

3 The history, however, is pretty clear that --
4 to me at least, that when a product has been moving
5 over a certain route for, I don't know, pick a
6 hundred years as a reasonable amount of time, it
7 tells you something about the basic economics of that
8 mode, and so, you know, all things are possible.

9 **Q. Do you believe that a CN/Wisconsin Central**
10 **merger would improve the economics of an all-rail**
11 **movement from the Minntac Mine to Pittsburgh?**

12 A. I want to answer that by going back and
13 giving an example. I gave you a conceptual response
14 earlier in our comments. And I want to give you a
15 very critical example now of what I saw occur.

16 I was in the coal department back at the
17 Chessie system back in the early '80s, and there are
18 significant movements of coal that moved to the Ohio
19 and Kentucky and Mississippi River, movements and
20 beyond. And we at Chessie were greatly concerned
21 that the truckers were making inroads and capturing
22 more market share and competing very effectively.
23 And, so, it was decided to become a more aggressive

28

1 competitor in our movements, coal movements, to the
2 river. So, overnight, the rates were reduced by, I
3 don't remember, 30 percent, 50 percent, some
4 significant reduction in the rates.

5 The idea of the basic premise was sound, and
6 that is, let's build up our critical mass, let's get
7 our costs down, let's put ourselves in position to
8 compete more effectively with the trucks. If you
9 could do that, good for everybody.

10 The facts of the matter are that we weren't
11 able to effectively get a cost of the control. In
12 the short term, we did grow the business
13 significantly in terms of market share and tonnage.
14 But within a couple of years, we looked at what had
15 been done, and we didn't like what we saw. And so at
16 that time, the Chessie system railroads decided to
17 withdraw from that particular effort and go back to
18 where it could compete more effectively based on the
19 costs it had in place.

20 The problem was that in that two-year period
21 of time, coal shippers enjoyed mixed blessings, they
22 enjoyed short-term benefits, but long-term or
23 intermediate-term disadvantages, because the

29

1 infrastructure was damaged. Effective competitors
2 were harmed in the short term, and in a sense, it was
3 a false start for the rail industry for Chessie.

4 So, if you're asking me could CN/WC put
5 together and mount an effective campaign, I would
6 answer to you, if they wanted to behave like Chessie
7 did in that instance, certainly they could do that.
8 If you're asking me do I think they could do that on
9 a long-term basis, I would say I don't think so. A
10 hundred years of traffic moving in a certain mode, I
11 think, tells us all about the basic economics of
12 rail-water.

13 MR. MORENO: I'd like to have Giles
14 Exhibit 3 marked.

15 (Giles Deposition Exhibit No. 3
16 was marked for identification.)

17 MR. MEYER: I don't know, before you get
18 started on this line of questioning, could we take a
19 short break?

20 MR. MORENO: Sure.

21 (Recess.)

22 BY MR. MORENO:

23 **Q. Just before the break, I had introduced**

34

1 **Is that a fair characterization of your**
2 **concerns?**

3 MR. MEYER: I just want to be clear that
4 you're asking him about GLT's concerns and not about
5 anything that was communicated in negotiations. Is
6 that right?

7 MR. MORENO: The current question is
8 directed towards GLT's concerns in this proceeding.

9 A. I want to say that it is a concern, but this
10 paragraph doesn't capture it fully. The concern we
11 had -- concern I had was that the applicants would
12 compete in a manner that I characterized the way this
13 Chessie competed for a very short period of time on
14 coal movements to the river. So, I was concerned
15 that they would compete with more of an emphasis on
16 revenue growth than on cost and true economics.

17 **Q. So, is your concern with self-destructive**
18 **competition?**

19 A. "Self-destructive," what do you mean by that?

20 **Q. Let's pass that question.**

21 **Turning to the next page, on page 3, the**
22 **first full paragraph, beginning "Nevertheless," the**
23 **second sentence states, "Allegedly, such shifts would**

35

1 **imperil the existence of GLT and, by extension, the**
2 **continued viability of the Port of Duluth."**

3 **Does that more accurately reflect GLT's**
4 **concerns in this proceeding?**

5 MR. MEYER: That being what?

6 MR. MORENO: That sentence that I just
7 read.

8 A. Let me read the footnote. (Reviewing
9 document.)

10 MR. MEYER: You know, I want to
11 reiterate an objection that I stated a short while
12 ago, which is, you have in the record in this case
13 several expressions of GLT's concerns, and by GLT,
14 which are considerably more lengthy than half of a
15 sentence quoted out of the middle of something filed
16 by the applicants in this case, not by GLT. So, I
17 think trying to get this witness to testify about
18 whether half a sentence accurately describes GLT's
19 concerns, when we have it in the record, and nothing
20 about any of it has to do with the agreement that was
21 reached and is the subject of this deposition, I
22 think, is inappropriate.

23 I'm not going to instruct him not to answer,

36

1 but I think this is an inappropriate line of
2 questioning.

3 MR. MORENO: Let me see if I can
4 rephrase this to be more helpful in all this.

5 BY MR. MORENO:

6 **Q. Turning back to page 2, in the first**
7 **paragraph you were looking at, the paragraph begins,**
8 **"In our negotiations, GLT has clarified the scope of**
9 **its concerns," and then proceeds to characterize what**
10 **GLT allegedly represented to CN in those**
11 **negotiations.**

12 MR. MEYER: I'm not going to let you ask
13 about what was discussed in those negotiations.
14 That's out of bounds under the settlement privilege.
15 And there's no conceivable need for you to ask about
16 that in order to find out what the settlement
17 agreement does or doesn't do, what it means or
18 doesn't mean and what effect it has or doesn't have.

19 MR. MORENO: It appears CN has placed,
20 subject to those negotiations, into the record in
21 this pleading, and I'm just seeking to determine
22 whether this is an accurate characterization to the
23 extent it is revealed.

37

1 MR. MEYER: Whether this is an accurate
2 description of anything or not is not a subject I'm
3 going to get into, and I don't think that this is at
4 issue in this proceeding. It certainly does not
5 constitute a waiver of the settlement privilege by
6 GLT. And we are not going to waive the settlement
7 privilege.

8 MR. MORENO: Just so the record is
9 clear, you're directing the witness not to respond?

10 MR. MEYER: I don't know that there's
11 even a question pending. I was responding to your
12 assertion about this paragraph and the context.

13 MR. MORENO: Well, there was a question
14 pending as to whether this characterization of what
15 GLT expressed to CN during the negotiations is
16 accurate.

17 MR. MEYER: Perhaps I misunderstood.
18 That question, I will not let him answer.

19 MR. MORENO: I would also adhere that
20 GLT is asserting that -- is asking that this
21 settlement agreement be imposed as a condition of
22 this merger as being in the public interest. I
23 believe that gives us a particularized need to

38

1 ascertain what GLT's concerns are regarding the
2 public interest.

3 MR. MEYER: It certainly is appropriate
4 for you to inquire about whether the agreement that
5 is reflected in the June 22 letter and the agreement
6 that's been reached between these parties is in the
7 public interest. You're certainly entitled to
8 inquire, and I've allowed you to inquire about the
9 manner in which that agreement addressed GLT's
10 concerns in this proceeding. The nature of those
11 concerns is not only in the record in numerous
12 filings by GLT, but it's something I've allowed you
13 to ask this witness about.

14 The only thing I'm telling you that you can't
15 inquire about with this witness is the back and forth
16 of the discussions between GLT and CN, which under
17 long-standing Board precedent are not properly in the
18 scope of discovery in a Board proceeding. And
19 there's nothing about the fact that we're seeking a
20 condition in this case that in any manner upsets the
21 nature of that settlement privilege. Indeed, the
22 privilege has repeatedly been enforced, precisely in
23 a situation where someone is seeking to find out

39

1 about the back-and-forth underlying agreement that
2 the parties are seeking that poses a condition.

3 So, I'll just put that on the record, and the
4 answer is still no. If you want to ask any question
5 you want about the nature of GLT's concerns and about
6 why this agreement is in the public interest, have at
7 it.

8 MR. MORENO: That's fine. We reserve
9 U.S. Steel's right to show a particularized need.

10 MR. MEYER: I haven't heard one
11 articulated today, that's for sure.

12 BY MR. MORENO:

13 **Q. I'm going to turn your attention back to**
14 **Exhibit 1, the June 22nd letter. The third paragraph**
15 **of that letter, starting out: One means to achieve**
16 **your goal would be for us to designate DMIR as our**
17 **exclusive agent for the arrangement of all-rail**
18 **transportation for movements over CN or WC of**
19 **taconite pellets originating on the DMIR and destined**
20 **to: Gary or Indiana Harbor, Indiana, Pittsburgh, PA,**
21 **Nanticoke, Ontario, or Lorain, Ohio.**

22 Who first proposed this arrangement that I've
23 just read? GLT, or CN?

40

1 MR. MEYER: I'm going to reiterate my
2 objection regarding settlement privilege. And I know
3 we have a standing agreement on this subject, which
4 if you'll reaffirm as to this specific issue, I'll
5 let the witness answer this specific question.

6 MR. MORENO: I'll reaffirm.

7 A. CN.

8 **Q. Does the DMIR have any similar arrangement**
9 **with Wisconsin Central currently or in the past?**

10 A. Not to my knowledge.

11 **Q. What concern of GLT's is this exclusive**
12 **agency addressing?**

13 A. Actually, it tends to address a number of
14 concerns. One of the concerns is the importance that
15 DM&IR and CN feel about keeping shippers on a DM&IR
16 competitive. At the end of the day, if we don't
17 cooperate and effectively knit together
18 transportation solutions that serve DM&IR shippers
19 well, they don't prosper, and we don't prosper. So,
20 this arrangement with CN institutionalizes a
21 cooperation and enhanced level of dialogue and
22 additional options for those shippers. So, that's,
23 if you will, one concern that it addresses.

41

1 The other important consideration here is
2 that, while this only deals with taconite producers
3 on the DM&IR, it's important that we keep in mind
4 that there are many other taconite producers up on
5 the Iron Range and elsewhere, Michigan and other
6 points in Canada, that are eager to sell their
7 pellets to destinations we serve. So, this, in a
8 sense, allows CN and DM&IR to be more effective
9 suppliers for DM&IR origins, and then able to compete
10 more effectively against taconite producers that
11 originate their product on other Class 1 railroads in
12 that area.

13 **Q. Why is it necessary for DM&IR to be the**
14 **exclusive agent for CN on these taconite moves in**
15 **order to accomplish the two objectives you've just**
16 **outlined?**

17 A. Would you repeat the question.

18 **Q. Why is it necessary for DM&IR to be CN's**
19 **exclusive agent?**

20 A. I don't know that that's the case. This is
21 what was proposed, and it was acceptable to us.

22 **Q. What other options might be available, aside**
23 **from this exclusive agency arrangement, to accomplish**

42

1 **your objectives?**

2 MR. MEYER: Object to the form.

3 A. I don't know. I haven't thought about it
4 that way. This was proposed, it clearly served a
5 number of objectives.

6 One of the things we constantly have heard
7 from shippers and customers over the years is, "You
8 railroads are way too difficult to deal with." You
9 know, "Why do I need to call four different railroads
10 to track a car?" "Why can't we have one-stop
11 shipping?" "Why is it I need to go negotiate rates,
12 service, equipment, escalation and many other
13 provisions with three or four rail carriers between a
14 single OD pair?"

15 This agency arrangement was designed to --
16 it's very responsive to all those concerns that we've
17 historically heard from shippers, and it's designed
18 to make life easier and more effective for shippers.

19 **Q. Did you consult with any of your shipper**
20 **customers regarding the benefits of this arrangement**
21 **before signing the June 22 letter?**

22 A. No.

23 **Q. In the last paragraph of the June 22 letter,**

43

1 **four lines down, the sentence begins, "So, as far as**
2 **we are concerned, we have nothing to lose by this**
3 **arrangement." "We" referring to CN.**

4 **Do you agree that CN has nothing to lose by**
5 **this settlement agreement?**

6 A. I'm not comfortable speculating as to what
7 they think or how they view this issue.

8 **Q. I'm asking what you think. Do you agree?**

9 MR. MEYER: No, you're clearly asking
10 him to agree with something that CN is saying about
11 its own view of its internal analysis. So, I think
12 the witness's reaction in answer to your question was
13 quite appropriate.

14 MR. MORENO: I'm attempting to clarify.

15 Let's move on.

16 BY MR. MORENO:

17 **Q. Is this exclusive agency arrangement**
18 **beneficial to DMIR?**

19 A. Yes, we think so.

20 **Q. How so?**

21 A. Well, in a range of ways. I think I've
22 covered some of them just a few minutes ago. But, in
23 our view, there's a big competitive world out there.

44

1 If you were to ask your associates at U.S. Steel,
2 they would be very concerned about the delivered cost
3 of Brazilian pellets, taconite pellets, being landed
4 here in the U.S. And I can assure you they're
5 working very, very hard trying to get their
6 production costs down. I'm trying to reduce my
7 transportation costs. And we're trying to
8 participate -- continue to participate with Minntac
9 pellets into the Midwest. This arrangement, I think,
10 allows an enhanced level of cooperation between us
11 and CN so that we can continue to help USX retain
12 their competitive advantage in serving those
13 customers.

14 So, this, I think, really helps DM&IR, keeps
15 us engaged with the shipper, it allows for an
16 enhanced level of cooperation and dialogue with CN.
17 And, frankly, it also brings about more options and
18 better options for the shipper. So, I think, long
19 term, that's good and healthy for DM&IR.

20 **Q. Why is it necessary to achieve these**
21 **objectives, to have this exclusive agency impose a**
22 **condition on the merger?**

23 A. Why is it as -- say that again, please.

45

1 **Q. Let me rephrase it. Is it necessary in order**
2 **to achieve all of the objectives that you've given in**
3 **your previous responses for this exclusive agency to**
4 **be imposed as a condition upon the CN/WC merger?**

5 A. I don't know. It's a complicated issue.
6 It's, in part, I think in large part, kind of a legal
7 question you're asking me, or at least I hear
8 legalese there, and I'm not an attorney. I don't
9 really know how to answer that.

10 **Q. I don't mean to intrude upon the legal realm**
11 **here. I'm asking you, as a businessperson, your**
12 **business perspective, can DMIR achieve the goals that**
13 **you've been discussing through an exclusive agency**
14 **arrangement that is separate and apart from this**
15 **merger transaction, that is not a condition that the**
16 **board imposes upon the merger?**

17 A. I don't know.

18 **Q. So, you haven't explored that possibility?**

19 A. No. This was proposed to us, and it -- you
20 know, to use a phrase, it met the test of what we
21 were concerned about, and it came with that
22 condition, and we accepted it.

23 **Q. When you say it came with that condition, are**

50

1 **Q. Focusing again on the last sentence of that**
 2 **paragraph, is the exclusive agency provision in the**
 3 **June 22 settlement agreement designed to preclude the**
 4 **applicant from competing for taconite movements**
 5 **originated on the DMIR?**

6 A. No. No. We've consistently said, and we
 7 should say it again, that we at Great Lakes and we at
 8 DM&IR don't mind competing. In fact, it's critical
 9 that we do so. In fact, we like to do so.

10 The only competitive issues that we have
 11 concerns with is that competition isn't on a
 12 straight-up and forthright basis. Again I'll go back
 13 to my coal to the river model, and there are others
 14 I've witnessed over the years, having been vice
 15 president of sales and marketing for a major Class 1.
 16 So, it is not competing that gives us any angst at
 17 all. In fact, the more effective competitor we are,
 18 the better we serve U.S. Steel and the other shippers
 19 on the Iron Range.

20 And, as I said, you know, this document, when
 21 it came in, you know, startled would be the way to
 22 kind of review how it was viewed and read. And, as I
 23 said, it's got an incorrect context, it's not

51

1 reflective of the conversations. We never talked
 2 about not competing for business. That's not
 3 something we initiate, not something we talked about,
 4 it's not how we behave.

5 I would actually -- it's too bad we don't
 6 have the document in place now to give you, the
 7 agreement, because I think you'll see that it's, in
 8 our view, it's -- we think in yours, it's pro
 9 competitive. It serves to not just maintain the
 10 existing competitive options that shippers have, but
 11 it increases the options available to them, and so, I
 12 still don't know where this comes from.

13 **Q. As the exclusive agent of CN under this**
 14 **settlement agreement, is it fair to say that DM&IR**
 15 **would have the sole ability to set a through-rail**
 16 **rate to, say, the Edgar Thomson facility in**
 17 **Pittsburgh?**

18 A. No. Our role is not to set the total
 19 through-rate. Our job is to manage and arrange the
 20 pieces of the puzzle that originate, let's say, at
 21 one of the DM&IR origins and terminates at, to use
 22 your example, Edgar Thomson. Our job is to go out
 23 and get in place the components of the rates, you

52

1 know, "CN, let's talk about all-rail to ET. How do
 2 you think about equipment, how do you think about
 3 transit time, service, your requirements, revenue
 4 requirements, interchange points?" And, of course,
 5 that just gets the business to Chicago.

6 From Chicago east, there are a range of
 7 alternatives, CSX, Norfolk Southern, Wheeling Lake
 8 Erie and others, that would then want to weigh in and
 9 compete for that business. Again, our role, as I see
 10 it, is to be the arranger, the orchestra leader, you
 11 know, bringing in those components, making sure that
 12 the service and the transit and the equipment,
 13 etcetera, is all there and good. And to that, we
 14 then add our component, and that's what goes to the
 15 customer after all that work is done. So, the
 16 characterization of -- you made an oversimplification
 17 that I wanted to clarify in terms of how I see the
 18 role.

19 **Q. Let's say in my example what if U.S. Steel**
 20 **desired to go out and assemble a through-rate on its**
 21 **own with each of the railroads involved in the**
 22 **movement, in the movement of taconite to Pittsburgh,**
 23 **would this settlement agreement preclude CN from**

53

1 **negotiating separately with U.S. Steel?**

2 A. Yes.

3 MR. MEYER: Object to the form and
 4 suggest that you should clarify what you mean by
 5 "negotiating."

6 BY MR. MORENO:

7 **Q. Well, let's focus on specific language in the**
 8 **June 22 letter. The last sentence of the third**
 9 **paragraph states, "So long as DMIR was our agent for**
 10 **these movements, CN would not independently solicit**
 11 **such movements or set prices to shippers for its**
 12 **portion of such movement unless required to do so by**
 13 **law."**

14 **Does this provision preclude CN from**
 15 **contacting U.S. Steel to set rates for an all-rail**
 16 **move from Minntac to Pittsburgh?**

17 A. It does not limit CN or U.S. Steel from
 18 meeting and talking about anything that has to do
 19 with all-rail movements to anywhere. It does
 20 prohibit U.S. Steel -- excuse me, it does prohibit CN
 21 from independently setting prices over their portion
 22 of the route.

23 **Q. So, CN could not give U.S. Steel a price for**

58

1 elements are there.

2 MR. MEYER: You'll see it shortly.

3 MR. MORENO: Doesn't do me any good
4 right now.

5 Do you have any objections to my asking him
6 regarding the terms of that agreement as it exists
7 right now?

8 MR. MEYER: You can go ahead and ask him
9 questions. I'll take them as they come.

10 BY MR. MORENO:

11 **Q. Do you recall the language of this final**
12 **agreement that's being negotiated that would be**
13 **responsive to -- that would implement your response**
14 **that the rates would have to be reasonable?**

15 A. Well, obviously, I don't -- I can't, you
16 know, do the verbatim, you know, recitation of the
17 language, but I think the important themes are that
18 in order to be -- to make sure this is pro
19 competitive and maintains or even enhances the
20 options available to shippers, both parties need to
21 be reasonable about the levels and the quality and
22 how diligent we go about our business. And there are
23 specific -- and the theme of being competitive is

59

1 resident in that language, and I think appropriately
2 so.

3 **Q. Is "reasonable" defined in the language of**
4 **the current draft of the final agreement?**

5 A. I don't remember.

6 **Q. In your view, how would you define**
7 **"reasonable" in the context of this final agreement?**

8 MR. MEYER: I object to the --

9 BY MR. MORENO:

10 **Q. Draft of the final agreement.**

11 MR. MEYER: Well, I'm also going to
12 object on the basis that you're treading into really
13 asking for a legal conclusion about what language of
14 an agreement means and would be interpreted as by an
15 arbitrator or another adjudicator.

16 BY MR. MORENO:

17 **Q. Do you have an understanding of the term**
18 **"reasonable" as it's being used in this agreement?**

19 A. Yes.

20 **Q. Would you share that understanding with us.**

21 A. Again, the premise here is that we're trying
22 to do something that's pro competitive and
23 supportive. And, so, "reasonable" has to be in a

60

1 sense -- our behavior has to be reasonable in that
2 context. Our behavior in terms of how we deal with
3 particular issues and problems that may come up with,
4 you know, negotiating a service rate package.
5 "reasonable" means that we can't torture -- I'll just
6 shoot with what we can't do -- we can't torture our
7 own revenue requirements in order to achieve our own
8 independent gains if it, in fact, is not good for the
9 shipper and not good for the other competitors in the
10 route.

11 **Q. Under your agreement, does the shipper have**
12 **any recourse if it believes the rates are not**
13 **reasonable under this agreement, in the way**
14 **"reasonable" is defined in this agreement?**

15 A. I would say the shipper always has lots of
16 options. You know, one of the options here is that
17 the Wisconsin Central and CN is not the only railroad
18 that moves between superior Wisconsin and Chicago.
19 Burlington Northern runs north and south, the Union
20 Pacific runs north and south.

21 If CN and DM&IR offer up something to one of
22 the shippers on a DM&IR, that's -- you know, it
23 doesn't make sense. There are plenty of other

61

1 railroads out there eager to haul that product to
2 market.

3 **Q. We've been talking in the context of the**
4 **DMIR's factor and its ability to quote the**
5 **through-rate. Does the shipper have any alternative**
6 **to the DM&IR to move its taconite?**

7 MR. MEYER: What taconite?

8 MR. MORENO: From the Minntac Mine in
9 the case of U.S. Steel.

10 A. That business is under contract, I think,
11 until 1998 or 1999.

12 **Q. You're referring to the rail business?**

13 A. I'm talking about the rail and the water
14 movements. There are two separate agreements, to my
15 knowledge.

16 **Q. In your answer I believe you said 1998 and**
17 **'99. Do you mean 2008?**

18 A. 2008 and 2009. There are two separate
19 agreements with two separate termination dates.

20 So, to be clear, so U.S. Steel has options
21 with competing carriers on the through route. It's
22 also the case, again I go back to the macro economic
23 world we all live in, and that is, we need to make

62

1 sure that U.S. Steel can get their pellets to market,
 2 you know, with no disadvantage. They need to get
 3 there economically and efficiently. And I work on
 4 that every day. I meet with those people to try to
 5 bring solutions to that end.
 6 **Q. You've described this agreement as pro**
 7 **competitive. What do you mean when you use the term**
 8 **"pro competitive"?**

9 MR. MEYER: He just elaborated at some
 10 length about what he means, but if you want to answer
 11 it again...

12 BY MR. MORENO:

13 **Q. Pro competitive to whom? From whose**
 14 **perspective?**

15 A. The shipper. The customer. The marketplace.

16 **Q. Have any of your customers indicated they**
 17 **believe this agreement is pro competitive?**

18 A. I have spoken with the customers, and they
 19 have -- you know, we've had some extensive
 20 conversations, and I have not heard a single concern
 21 expressed from any of those shippers until the
 22 deposition came in from U.S. Steel. And, in fact, I
 23 never heard a concern expressed by U.S. Steel until

[REDACTED]

64

1 do.

2 MR. MORENO: Do you want to take a short
 3 break? I have a few more areas to cover, but we may
 4 be coming near the end.

5 THE WITNESS: Great.

6 MR. MEYER: Let's take a break.

7 (Recess.)

8 MR. MORENO: Back on the record.

9 BY MR. MORENO:

10 **Q. Mr. Giles, would this June 22 agreement,**
 11 **particularly the exclusive agency provision, preclude**
 12 **CN from serving the Minntac Mine directly via**
 13 **buildout, thereby bypassing DM&IR completely?**

14 MR. MEYER: Object to the form.

15 A. Would the agreement prohibit, is that what
 16 you said?

17 **Q. (Nodding head.)**

18 A. Is that the question?

19 **Q. Yes.**

20 A. Would it prohibit CN from serving Minntac?

21 **Q. Directly. Via a build-in or buildout.**

22 A. This agreement doesn't deal with that in any
 23 way, shape or form.

65

1 **Q. Assuming that this agreement does not**
 2 **preclude such service, are you aware of any other**
 3 **restrictions upon CN serving the Minntac Mine**
 4 **directly via a build-in or buildout?**

5 A. There is language in the current TSA between
 6 us and U.S. Steel that prohibits that during the term
 7 of the agreement.

8 **Q. By "TSA," you're referring to a tracking**
 9 **rights agreement, correct?**

10 A. Excuse me. A transportation contract.

11 MR. MORENO: Would you read the answer
 12 back.

13 MR. CUNNINGHAM: And the question.

14 (Testimony read.)

15 BY MR. MORENO:

16 **Q. What about after the expiration of that**
 17 **transportation service agreement, would there be any**
 18 **restrictions that you're aware of that would preclude**
 19 **CN from serving the Minntac Mine directly?**

20 MR. MEYER: Can you explain to me how
 21 this is relevant to the subject of the agreement that
 22 is the subject of this deposition?

23 MR. MORENO: It's relevant to the

70

1 Q. I'd like you to turn to page 7 of your
2 Exhibit 1, it is the Comments Of Great Lakes
3 Transportation.
4 A. (Complying.)
5 Q. Focusing on the first paragraph under subpart
6 A, the statement, "The arrangement by which DM&IR
7 will serve as agent for CN/WC for rail movement of
8 taconite originating on the DM&IR preserves the
9 existing commercial situation under which customers
10 are able to choose between a rail-water routing and
11 an all-rail routing, depending on which is more
12 economical."

13 How would -- let me rephrase that. How does
14 this merger alter the existing commercial situation
15 such that this agreement is necessary to preserve it?

16 A. Again, how...?

17 Q. How does the merger of CN and WC alter the
18 existing commercial situation that's referenced in
19 the sentence I just read?

20 MR. MEYER: I think in large part this
21 has been asked and answered.

22 BY MR. MORENO:

23 Q. Such that it's necessary -- that this

71

1 settlement agreement is necessary to preserve the
2 existing commercial situation.

3 A. I do think this is ground we covered earlier
4 in terms of when we were talking about, you know,
5 what changes were going to occur as a result of the
6 merger.

7 Q. Could you refresh my memory on that, please?

8 A. I will if you'll make the question a little
9 more crisp for me. I got myself --

10 Q. I'll see what I can do.

11 The sentence refers to preserving the
12 existing commercial situation under which customers
13 are able to choose between rail-water and an all-rail
14 routing, depending on which is more economical.

15 A. Um-hmm. Yes, and I think that's -- the
16 agreement does that.

17 Q. Why is this agreement necessary to preserve
18 the existing situation?

19 A. Again, I think we've covered that pretty
20 thoroughly in terms of the concern I expressed about
21 behavior that I was concerned CN might engage in in
22 terms of pricing behavior that's more growth-oriented
23 than profit-oriented. I mean, I'm back around to

72

1 that set of themes again.

2 Q. What is it about this merger that would allow
3 CN to engage in this pricing behavior that they can't
4 already do today?

5 A. That who can't already do today?

6 Q. CN.

7 A. CN.

8 Q. Or Wisconsin Central.

9 A. If you're asking me -- aren't you really
10 asking me if CN/WC is a more effective competitor
11 than WC by itself? Is that the question?

12 Q. Not really. You've expressed concerns about
13 how CN -- CN/WC might price its portion of an
14 all-rail movement that might be detrimental to the
15 infrastructure, I believe is the term you used
16 earlier. What will be different after this merger
17 that will allow CN/WC to do this, that these carriers
18 can't already do today?

19 A. These carriers -- it's a little difficult to
20 answer the question. CN doesn't even play in the
21 arena pre-merger. And, so, I can't -- there isn't --

22 Q. Let's remove CN from the picture. WC does
23 play in the picture today.

73

1 A. So, in fact, you really are asking what
2 changes with the merger and is CN/WC going to be more
3 competitive -- a more effective competitor than WC.

4 Q. Can't WC engage in the same detrimental
5 pricing that you're concerned about after the merger,
6 can't WC do that today?

7 A. I think it's pretty clear that they have
8 competed effectively on an ongoing basis, but they
9 don't have the wherewithal, they don't have the
10 surplus power, they don't have the surplus rolling
11 stock and locomotives. They don't have the --
12 frankly, they don't have the financial support, the
13 deep pockets and the marketing acumen to pull it off
14 nearly effectively as they do post-merger.

15 Q. So, your concern is operationally, their
16 operational constraints upon WC today that will
17 disappear after the merger with CN?

18 A. Not just operational. It's not that narrow.

19 Q. And financial?

20 A. Commercial, strategic, equipment.

21 Clearly, CN is, you know, the -- as we speak,
22 the most effective Class 1 in North America. The
23 best operating ratio, the best debt-to-equity

74

1 situation, the best cash flow. The best -- the most
2 efficient. That's a remarkable difference than WC
3 with its, you know, fairly modest resources
4 pre-merger.

5 **Q. Given your characterization of CN in your**
6 **last response, what leads you to believe or be**
7 **concerned that CN would engage in the type of**
8 **detrimental pricing of taconite traffic that you've**
9 **expressed?**

10 A. You know, I really think that's been -- we've
11 drug that fish through the streets here a couple of
12 times. But I've seen railroads behave in ways that I
13 characterized to you. I've been given missions by
14 CEOs to go clean up some of the commercial mistakes
15 that were made by previous people. I've watched
16 western carriers behave in startling and curious
17 ways, competing for pieces of business out west. I
18 mean...

19 **Q. That's --**

20 A. I've seen it happen.

21 **Q. Has CN said or done anything that you believe**
22 **indicates they would engage in such detrimental**
23 **behavior?**

75

1 A. No.

2 **Q. Turn to page 10 of that same document.**

3 A. (Complying.)

4 **Q. In the first paragraph, four lines down, the**
5 **sentence that begins, "The settlement terms preserve**
6 **the existing ability of customers to choose between**
7 **rail-water and all-rail routings depending on which**
8 **is more economical, as well as DM&IR's rights as**
9 **originating carrier."**

10 I'm focusing on that last phrase. What is
11 being referenced there as DM&IR's rights as
12 originating carrier? What rights are being
13 referenced?

14 A. I don't know.

15 **Q. If you'll turn back to page 8 of the same**
16 **document.**

17 A. (Complying.)

18 **Q. Focusing on the provisions of the settlement**
19 **related to the Escanaba dock, and in this first full**
20 **paragraph, reference that the settlement would**
21 **promote competition, because CN/WC will provide DM&IR**
22 **with a rate factor for taconite originating on DM&IR**
23 **and moving to the Escanaba dock.**

76

1 **Does WC provide such a rate factor today?**

2 A. To DM&IR?

3 **Q. Yes.**

4 A. I don't think so.

5 **Q. Do you know why that is?**

6 A. No.

7 **Q. Have you asked them to provide a rate factor,**
8 **or has any shipper, to your knowledge, asked them?**

9 A. Not since I've been here.

10 **Q. Does taconite move -- originated on the DM&IR**
11 **move to the Escanaba docks?**

12 A. Yes.

13 **Q. And under what terms or what type of rate is**
14 **it moving?**

15 A. I don't know the particulars. It's a
16 movement that's, you know, got far more history than
17 I have with the properties. I don't know.

18 **Q. Do you have any reason to believe that WC**
19 **would not -- or that CN, the combined CN/WC, would**
20 **not provide a rate to the Escanaba dock absent this**
21 **settlement agreement?**

22 A. I don't know.

23 I would also like to add that one of the

77

1 things -- there are a couple points I'd like to make
2 here. One is this settlement, I think, is important
3 between us and CN, because what I've learned is that
4 there's not been a lot of constructive dialogue with
5 WC -- between WC and DM&IR in the past. And I don't
6 think that serves either one of us well, I don't
7 think it serves customers well, and that's one of the
8 reasons why I think enhanced company cooperation is a
9 good outcome here.

10 It's also the case that there are situations
11 where moving DM&IR-origin traffic to the Escanaba
12 docks is a solution that we ought to have in our
13 portfolio available to some of our customers. Now,
14 it doesn't fit in every instance, but my view is we
15 ought not be fighting it, we ought to be working with
16 shippers to the extent it solves some of their
17 considerations and some problems. It's got to. For
18 example, the waters don't freeze nearly as quickly,
19 and they've got a two-month longer shipping season.
20 That's a value in terms of keeping inventory down for
21 shippers, and that's something we ought to be
22 sensitive to.

23 So, I think this is a good example of

82

1 deadline of July 25 for us to file our comments in
2 this proceeding, and would request that you give us
3 your "highly confidential" designations by
4 4:00 o'clock on Thursday, since we are getting a
5 24-hour turnaround on this, to give us sufficient
6 time.

7 MR. MEYER: I can't commit to 4:00 on
8 Thursday. We may not have the transcript until
9 tomorrow evening sometime.

10 MR. MORENO: That would give you an
11 entire day to review.

12 MR. MEYER: I can't commit to
13 4:00 o'clock on Thursday. We'll do our best to move
14 as quickly as we can and certainly do our best to get
15 something to you by 4:00 o'clock on Thursday, if it's
16 possible, or by the following day, if that's
17 possible. I don't see a reason why it's not
18 possible. I'm not saying we won't do it. We'll just
19 do our best. But we certainly -- I certainly have no
20 problem agreeing to act promptly.

21 MR. WOOD: If I could put on the record
22 that after the conclusion of the deposition of
23 Mr. Radloff last week, I had a similar request from

83

1 CN counsel to designate the transcript as highly
2 confidential, and I'd like to take a moment to ask if
3 we could have similar consideration to completing a
4 prompt review of that transcript.

5 MR. CUNNINGHAM: Yes.

6 MR. WOOD: Thank you.

7 MR. MORENO: I have just one or two
8 follow-up questions.

9 EXAMINATION

10 BY MR. MORENO:

11 Q. Mr. Giles, you were asked by your counsel a
12 moment ago whether the agreement to quote a rate
13 factor to the Escanaba docks was part of a package
14 deal.

15 Just in follow-up to that, is there any
16 reason -- do you have any reason to believe that
17 CN/Wisconsin Central after this merger would not
18 provide a rate factor to the Escanaba docks?

19 A. Any reason that they wouldn't? I'm
20 struggling a little bit.

21 My initial answer is I don't know why they
22 wouldn't. But it is interesting to see that, as you
23 look at the history, there wasn't one in place for

84

1 long periods of time. I don't know why that is. I
2 don't know if it's because CN didn't want it or DM&IR
3 didn't want it or whether it wasn't demanded by
4 shippers. So, I'm struggling.

5 Q. In your response, you said "whether CN didn't
6 want it." Did you mean to say Wisconsin Central?

7 A. Excuse me. Yes, Wisconsin Central.

8 So, I really don't know.

9 Q. With respect to the counsel's question
10 regarding whether there would ever be -- whether you
11 could conceive of any circumstance in which an
12 all-rail movement would be more profitable to GLT
13 than a rail-water move, besides hypothesizing as to
14 whether it's conceivable, do you have any specific
15 circumstances in mind?

16 A. I think that one of the specific conditions
17 that would have to occur would be that the economics
18 of all-rail to a subject designation would have to
19 improve. In other words, be reduced. The cost
20 structure would, I think, have to be altered pretty
21 significantly.

22 The second condition is that each carrier
23 would price their portion of the service to reflect

85

1 those new low economics. And with those conditions
2 in place, it's conceivable.

3 Q. Would DM&IR's rate factor be dramatically
4 different for an all-rail move as opposed to a
5 rail-water rail move?

6 MR. MEYER: Object to the form. You
7 mean under the conditions that he's been describing,
8 or in some other world or --

9 A. Today, or when?

10 Q. Fair enough.

11 Let's look at today, and let's focus on the
12 Minntac to Pittsburgh movement.

13 Would DM&IR's rate factor on an all-rail
14 movement to Pittsburgh be significantly different
15 from its rate factor on a rail-water move?

16 A. It could.

17 Q. And on which move would you anticipate the
18 rate factor would be higher?

19 A. This is today?

20 Q. Today.

21 A. Well, again, I just don't think that's -- I
22 don't know how to answer it, because if you remember,
23 I talked about the conditions that needed to take

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JOINT REBUTTAL VERIFIED STATEMENT

OF

JAMES M. FOOTE AND WILLIAM R. SCHAUER

We are James M. Foote, Executive Vice President of Sales and Marketing at Canadian National Railway Company ("CN"), and William R. Schauer, Vice President, Marketing, for Wisconsin Central System ("WC"). We previously submitted a joint verified statement as part of the Application in this proceeding (CN/WC-2, Vol. 1 at 143), attached to which was a statement of our qualifications. In this joint rebuttal statement, we reply to the comments of parties that have asked for conditions that we believe have no justification. In addition, we comment briefly on our settlement with Great Lakes Transportation LLC ("GLT"). (Applicants discuss that settlement at some length in the narrative section of the Rebuttal.)

The comments to which we are responding consist of:

- a request by Canadian Pacific Railway ("CP") that it, too, be given the gateway protection rights provided to shippers by the agreement between CN and the National Industrial Transportation League ("NITL Agreement" or "Agreement") – a request premised on erroneous readings of the Agreement by means of which CP constructs a misconceived argument that shippers themselves will be unable effectively to exercise their rights under the Agreement;
- a further request by CP to freeze in place for 20 years a haulage agreement between it and WC that provides for cancellation on 90-days notice by either party and that CP has not used for seven years;
- a demonstrably erroneous assertion by The Procter & Gamble Company ("P&G") that CN shifted gateways to gain the long haul after the IC merger and may be expected to do so to the detriment of shippers after a WC merger;

- a request by Vulcan Chemicals to change contractual provisions governing escalation of WC's switching rates to Union Pacific ("UP") at a location where UP effectively controls WC's opportunity to increase the rates;
- a request by Wisconsin Manufacturers & Commerce ("WMC") that the Board apply its new Merger Rules for major transactions to this minor transaction, and that the Board out of whole cloth impose a laundry list of service and gateway obligations in addition to those in the Application and the NITL Agreement; and
- an unsupported and far-fetched assertion by the Transportation Institute ("TI") that CN may somehow engage in predatory conduct.

Each of these comments consists wholly of surmise; none is supported by facts; and none calls into question in any way our evidence, or the Board's earlier finding, that this minor transaction will have no anticompetitive effects. In responding to some of these comments, we will be dispelling a number of misinterpretations of the NITL Agreement. During preparation of this rebuttal statement, we conveyed our interpretations to NITL, and we are authorized to state that NITL is in complete agreement with each of them.

Canadian Pacific Railway Company

NITL Agreement. [Foote] In our Application, we showed that our proposed Transaction would cause no reduction in competition, and we committed to keeping "all existing active gateways affected by the transaction open on commercially reasonable terms." CN/WC-2, Vol. 1 at 14. CN reinforced and added to that commitment by executing an historic agreement with NITL for the benefit of all shippers potentially affected by the Transaction. NITL submitted this Agreement as part of the record, along with its statement of support for the Transaction as conditioned by the Agreement. NITL, Statement of Support on behalf of The National Industrial Transportation League (April 27, 2001).

As CN's chief negotiator for the NITL Agreement, I understand the meanings we intended for its various provisions. I believe the NITL Agreement provides the most developed service, interchange, and dispute resolution protections ever voluntarily agreed to in a control proceeding. Despite that fact, and our undisputed evidence that the proposed Transaction will not in any way impair competition, and despite the unprecedented commitments to the protection of shippers and competition, CP asserts that the NITL Agreement must be clarified and extended, not to benefit shippers directly but for the benefit of CP. CP asks the Board to "extend" the interchange protection provisions for shippers in the NITL Agreement to CP, a railroad (CPR-3 at 2); it also makes perfunctory mention of including all other rail carriers that connect with WC (none of whom has requested such extension). In this section, I explain why the NITL Agreement provides ample protections for shippers and competition without the "extension" requested by CP, and why CP's rigid and narrow readings of the NITL Agreement are not correct.

CP first asserts that our gateway commitment in the Application does not adequately protect interchanges because it "applies only to 'active' gateways that are 'affected by the transaction.'" *Id.* at 6-7. CP states that these terms are not defined in the Application, and expresses particular concern that the interchange protections may not extend to points served today by WC but not by CN, such as the Twin Cities and Franz, Ontario. *Id.* at 6.

This is a non-issue. First, "active" simply requires some traffic to have moved over the gateway. And, Paragraph 3) a) of the NITL Agreement provides an ample period within which such movements might occur, by requiring only that an interchange have been active

“during the 12 months prior to the date of this Agreement.” CP itself appears satisfied by the additional “specificity” added by the NITL Agreement. *See id.* at 7.

Second, CP points to supposed ambiguity in the phrase “affected by the transaction,” but that phrase does not appear in the “Interchange Protection” section of the Agreement (Paragraph 3), which is the section as to which CP is seeking rights. (The phrase appears only in connection with service protection (Paragraph 2), where it logically relates to our undertaking in that section to make good faith efforts to enter into agreements to preserve transit times.) With respect to CP’s particular concerns relating to gateways, I note that the WC-CP interchange points at the Twin Cities and Franz are covered by the interchange protection provisions.

CP next argues that the definition in Paragraph 2 of the NITL Agreement of “Shipper” as including “any shipper or receiver of property on CN and/or WC” is ambiguous and might exclude shippers whose facilities are not physically located on CN’s or WC’s lines. CPR-3 at 7 (emphasis in original). This language simply requires that the rail movement originate or terminate on WC. If, for example, there were a prior or subsequent drayage from or to a shipper facility not physically located on WC, that movement would be covered so long as the rail portion originated or terminated on WC.

The remainder of CP’s argument about the NITL Agreement relates to the language in Paragraph 3) a) that there be a “request of a Shipper” before Applicants are required to establish a contract through rate or charge. *Id.* at 8-10. From this provision, CP argues that a shipper considering a CP-WC interline route would bear the burden of negotiating separately with CN and CP, whereas CN would be able to quote a single-line rate. *Id.* at 8.

CP's argument reflects its misapprehension that the provision displaces connecting railroads from the process of establishing the contract through rate. That reading is simply wrong. This provision does *not*: "force shippers to negotiate separately with CPR and Applicants;" preclude CP or other connecting carriers from taking the lead in the negotiation; or preclude a connecting carrier such as CP from proposing a through rate to a shipper. All this provision does is ensure that there is an underlying shipper request before we undertake to construct a contract through rate. CN is willing (and indeed would expect) to work directly with connecting carriers to establish contract through rates. If a shipper wants CP to champion its interests, the shipper can have CP do so. If CP or some other connecting carrier proposes a through rate to the shipper or to Applicants, and the proposal elicits shipper interest in the form of a request to CN to establish a contract through rate, our obligation is triggered, and we will deal with CP if that is the shipper's preference.¹

CP further argues that a shipper request for a through rate will give Applicants "an undue (and potentially anticompetitive) advantage" over their connections because Applicants will have the ability to "monitor" the efforts of connecting carriers to solicit shipments to or from WC-served locations; in particular, Applicants will know the identity of the customer involved. *Id.* at 9-10. The NITL Agreement does not increase the ability of Applicants to "monitor" the solicitation activities of connecting carriers. CP is incorrect to suggest that it is somehow unusual to know the name of the shipper for which a connecting

¹ This commitment to establish commercially reasonable contract through rates is complemented by our undertaking in the NITL Agreement (Paragraph 3 b)) for a period of five years not to increase our portion of common carrier through rates in effect when we consummate the Transaction, subject only to increases based on RCAF-U or RCAF-U minus fuel charges and plus a cost-based fuel surcharge.

carrier is seeking to construct a through rate. Constructing a rate factor ordinarily requires knowledge of the commodity, any volume commitments by the shipper, special equipment needs, and so forth. Typical practice today is that, when a railroad is asked by a connection for a rate factor for a through rate, the connection identifies the shipper or the railroad inquires and is told the identity. And, we cannot very well establish a *contract* through rate without knowing who the shipper signatory will be.

CP also asserts that some shippers may be unable “to utilize effectively the arbitration remedy set forth in the NITL Agreement” (Paragraph 5), because they lack necessary information or resources. *Id.* at 9. It was precisely to assure an effective means of dispute resolution that NITL preferred arbitration to potentially more time-consuming and costly litigation before the Board or a court. The Board has long recognized the benefits of informal dispute resolution, and CP presents no basis for concluding that such dispute resolution would not be effective under the NITL Agreement. Moreover, shippers may tailor arbitration provisions through their private agreements with Applicants. If a shipper were to require the assistance in an arbitration of a connecting carrier such as CP that participates in the move in question, there is nothing in the NITL Agreement that would preclude such assistance. CP and other connecting carriers that participate in the relevant move need not be vested with independent rights in order to assist the shipper.

In fact, vesting independent rights in connecting carriers would itself have anticompetitive potential. CN, like any major railroad, works with different carriers over different gateways. Our revenue requirements for the same traffic may differ across gateways depending on numerous factors. The Board recognized the legitimacy of such

differences when it abandoned rate equalization. It could only encourage anticompetitive harassment if CP could take us to arbitration over our revenue requirements.

Green Bay Intermodal Haulage Agreement. [Schauer] In 1993, WC entered into an agreement with CP for haulage by WC of CP intermodal traffic moving between Green Bay, WI, and certain enumerated points on the Delaware and Hudson Railway Company, Inc. (“D&H”). The agreement is cancellable by either party on 90 days’ notice. CP now asks the Board to condition its approval of the Transaction on Applicants’ agreement to maintain the haulage agreement for 20 years. *Id.* at 12.

This request is astonishing.

- CP utilized the agreement for only about a year after it was entered into, and has not moved a single containerload or trailerload of traffic under the agreement for about seven years.
- The agreement obligated CP to provide, install and service computers necessary for implementation of the agreement, and without which the implementation was very inefficient. CP never installed the computers.
- So far as WC can determine, CP no longer offers intermodal service between Green Bay and the enumerated D&H points.

In short, the agreement is moribund.² The only reason WC did not long ago cancel the agreement is because, with changes in personnel at WC after the Fox River Valley Railroad acquisition, it was no longer on anybody’s screen, due in part to CP’s failure to move traffic under the agreement or even put in place the promised information technology infrastructure. We do not rule out negotiating a new agreement, with suitable take-or-pay

² It is also not likely to be economic. The WC-CP interchange for Green Bay intermodal traffic is Milwaukee or Duplainville, a distance of about 115 miles, or somewhat over two hours by truck. Moving intermodal traffic in WC manifest trains would add about one day. Absent volumes that would justify new, dedicated trains, drayage is far faster.

provisions, if CP believes (for reasons it has not yet disclosed) that there is any rational economic reason to do so. But there is no conceivable reason for the Board now to override the right of cancellation and impose a condition requiring a 20-year or any other fixed term for an agreement that has not even been used in the past seven years.³

The Procter & Gamble Company

P&G recognizes that it has not provided the Board with “substantial evidence” (P&G Comments at 5), but asks the Board to consider its comments, in which it expresses general opposition to railroad mergers, including the Transaction. We can understand P&G’s generally negative view of railroad mergers. We understand that the UP/SP service problems severely affected segments of P&G, and that NS’s problems in implementing the division of Conrail caused a temporary shut-down at a P&G plant in Mehoopany, PA. However, P&G’s comments, in addition to being unsupported by any evidence, simply do not provide reasons to deny approval of our Transaction.

P&G states that CN “appears to be silent” on the impacts of the Transaction on rail-to-rail competition. *Id.* at 3. This statement simply ignores the extensive verified statements in the Application by Richard Bottorff and Christopher Vellturo that discussed (and demonstrated the absence of) any reduction in competition between CN and WC, including

³ CP’s witness Williams states that the condition will help Green Bay participate in growing NAFTA trade. CPR-3, Verified Statement of John H. Williams at 9. Although the assertion is irrelevant to CP’s request (and not repeated in CP’s own argument), we note that the assertion is also directly contradicted by the haulage agreement itself. The agreement explicitly provides that it is “limited to *domestic* U.S. business for traffic between Green Bay and [enumerated U.S. D&H points] and will *not* apply to Trailers having other origins and destinations, including international” (emphasis added).

source competition; our own gateway commitments; the NITL Agreement; and our traffic analysis.

P&G asserts that the Transaction will adversely affect competition because CN/WC will favor (a) its own single-line routes, and (b) its own long haul for interline traffic. As to the first point, P&G disagrees with the “logic that a CP-CN lane will ever be competitive with a CN-direct option for the same lane.” P&G Comments at 3. We will, however, be keeping existing active CP-WC gateways open on commercially reasonable terms. If a CP-WC lane nevertheless is not competitive, it is because the lane is less efficient. If the merger makes a CN/WC single-line move more beneficial to a shipper than a CP-WC interline move, that is a positive, competition-enhancing, outcome, not a negative one as P&G somehow seems to suggest. The CP-WC alternative will remain as a competitive constraint, but rail-to-rail competition will have been ratcheted up by reason of the new single-line route.

With respect to the long haul, P&G acknowledges in light of the CN/IC merger that “CN indeed keeps the gateways open.” *Id.* at 4. P&G asserts, however, that CN/IC chooses the gateway that “best meets [its] needs,” which P&G purports to illustrate by claiming that “freight originating in Canada with a destination in the southeast part of the United States will be interchanged at Memphis as opposed to Buffalo so that the CN can get the long-haul.” *Id.* The connecting carrier, in P&G’s scenario, gets “the same revenue through Memphis as if the freight had gone through Buffalo, all at the expense of the shipper.” *Id.* Based on this supposed experience with CN/IC, P&G predicts that WC traffic moving to the Southeast will shift from a Chicago interchange to a Memphis interchange. *Id.*

Every element in P&G's construction is contrary to the facts. CN has not categorically routed traffic moving between Canada and the Southeast via Memphis (nor could it have if shippers directed the use of some other route). We confirmed this by examining the routing of that traffic based on our 100% Waybill. In the second year after the CN/IC transaction, by which time CN had an opportunity to shift gateways, less than one percent of CN traffic between Eastern and Western Canada and the Southeast⁴ moved over the Memphis gateway. The volume of that traffic moving over Buffalo was 11 times, and the volume moving over Chicago was 29 times, the volume that moved over Memphis. The volumes of such traffic at various other gateways that allow CN a shorter haul than Memphis (for example, Detroit, Flint, and Superior) also greatly exceeded the volumes moving over Memphis. The Memphis gateway is insignificant for this traffic in both the northbound and southbound directions, despite the fact that CN is the originating carrier for southbound traffic.⁵

In responding to P&G, we are not saying that gateway shifts after a merger are somehow inherently suspect. Since a central purpose of an end-to-end merger is to increase single-line routes, it should not be surprising if routes involving the two merging railroads become more efficient after the merger than competing interline routes. However, P&G seems to be saying that, after the merger with IC, CN sought its long haul for Canadian

⁴ "Southeast" refers to stations of other railroads in Alabama, Florida, Georgia, North and South Carolina, and Virginia.

⁵ For traffic between Western Canada and the Southeast, Chicago is by far the preferred gateway, so that neither the Buffalo nor the Memphis gateway was heavily utilized. For traffic between Eastern Canada and the Southeast, traffic over the Buffalo gateway was over 270 times as great as traffic over Memphis.

traffic to and from the Southeast, to the detriment of shippers, and will do so again if it merges with WC. What the facts we discussed above show is that CN did not seek its long haul for such traffic to the detriment of its customers, and instead continued to move the traffic through the gateways that are most efficient for those flows.

With respect to supposed adverse effects on shippers when merged carriers do obtain a longer haul, P&G seems to ignore the fact that a shipper has the right to direct traffic over any established route. And we find it very unlikely that a gateway shift would cause the shipper to have to pay more for the move from origin to destination because the merged carrier increases its revenue while the connecting carrier retains the same revenue. Presumably, most rates from origin to destination on the existing interline route prior to the merger are as high as the participating railroads can bargain for at those service levels, so any revenue shift between those carriers will not ordinarily result in a higher overall rate to the shipper.⁶ P&G gives no example of a contrary result.

While we are sympathetic to the adverse experiences that P&G has had during the implementation of some recent control transactions, P&G did not have those experiences on CN/IC, and we are confident that it will not have them on a merged CN/WC. P&G's assertion that, after a merger, CN routes traffic so as to secure its long haul when doing so is detrimental to the shipper is completely without foundation.

⁶ There may of course be instances where the merged carrier is able to charge more for its new single-line route because it is providing a better quality service, for example, reduced transit times, greater reliability, or reduced damage to lading because of less handling. If the shipper shifts to the new single-line route, it does so because it finds that the quality increase is at least proportionate to (and may exceed) the rate increase, so that the increased value of the service makes the higher rate worthwhile.

Vulcan Chemicals

Like CP and the Green Bay haulage agreement, Vulcan asks the Board to impose conditions that would override a contract, in this case, an agreement between WC and Vulcan under which WC reciprocally switches traffic for UP from Vulcan's Port Edwards, WI plant. The agreement has a five-year term (which ends in December, 2005), and establishes the switching charge at \$300 per car. The contract provides that any escalation may only occur in "proportion to the escalation of reciprocal switch charges published by the UP for provision of services to WC." This is a typical provision in reciprocal switching agreements. Without mentioning this contractual limit on escalation, Vulcan asks the Board to impose a condition that limits escalation to cost increases. Vulcan does not attempt to show that there is any relation between the Transaction and its professed concerns regarding the level of switching rates at Port Edwards.

Nonetheless, Vulcan appears to assume that a merged CN/WC will breach this agreement: "To the extent that the merged [CN/WC] is free to increase the switching fee *above the agreed upon level*, it is free to foreclose effective competition" from UP. VUL-2 at 5 (emphasis added). We can state categorically that a merged CN/WC will live up to this pre-merger contractual switching commitment, including the escalation limitation. Vulcan has no cause for concern.

That should be the end of the matter, except that Vulcan also asserts that the UP services "can only remain viable" if the switching charge remains at its current level "as fairly escalated to reflect increased costs." *Id.* This statement, if it is intended to be different from the first that we have discussed above, is simply saying that Vulcan does not like the

agreement it negotiated less than a year ago (after “a lengthy period of discussion,” *id.* at 3), and wants the Board to change it. Vulcan provides no evidence at all for its assertion that anything above a cost-based escalation would render UP non-competitive at Port Edwards. (Vulcan’s implicit assertion that any cost-based increase would enable UP to remain competitive is also unsupported.)

Moreover, under the contract, WC may not escalate at all unless UP first increases its fees for services to WC. In other words, UP controls WC’s ability to escalate. UP therefore controls its own competitiveness at Port Edwards to the extent its competitiveness depends on the level of the switching charge. UP can be counted on to take competitive consequences into account before it increases any of its charges to WC.⁷ It also bears mention that the contractual proportionality limit could mean that CN/WC is *unable* to increase the switching fee sufficiently to recover its own cost increases. In that case, Vulcan would be better off under the contractual limit than under the cost-based limit that it requests.

Vulcan’s position suggests a broader additional point. A switching agreement, as the Board knows, is a type of access agreement. If, when the host railroad merges, such agreements become a basis for conditions that would not have been imposed in the absence of the agreements, the Board would only be discouraging the voluntary access arrangements that shippers generally want to encourage. As marketing officers, we believe that the Board

⁷ Vulcan of course makes no suggestion that the Transaction will somehow increase UP’s incentives or ability to increase its charges to WC, let alone increase them to the point that proportional increases at Port Edwards (if CN/WC were to avail itself of that contractual option) would make UP non-competitive.

should not override a voluntary switching arrangement absent very strong reasons for override. Here, Vulcan has provided no reason at all.

Vulcan also finds Applicants' commitment to keep existing active gateways affected by the Transaction open on commercially reasonable terms to be "appropriate to various of the smaller gateways" but insufficient for the Chicago gateway. *Id.* at 5. For the latter gateway, Vulcan asks the Board to impose a standard of "open and competitive."

If the standards are properly understood, there should be little or no distinction between "open on commercially reasonable terms" and "open and competitive," as we suggested in our opening statement.⁸ Nevertheless, Vulcan apparently believes that there is a substantial difference, and requiring gateways to remain "competitive" might be asserted by Vulcan or others as resurrecting gateways policies based on "commercial closing" and "rate equalization." The Board only recently pointed out that a policy based on those notions "destroys the ability of the merged carrier to reduce rates to reflect its new efficiencies, inhibits competition, and thereby harms both shippers and carriers."⁹

As marketing officers, we urge the Board not to multiply the verbal formulations of the open gateways standard. Multiple formulations will only cause confusion, invite litigation, and create work for lawyers. To us, the critical distinction is between dictating an *outcome* and requiring an *opportunity*. Our commitment to commercially reasonable terms

⁸ See CN/WC-2, Vol. 1 at 150 (Joint Verified Statement of James M. Foote and William R. Schauer). One possible difference could emerge if a connecting railroad increases its revenue requirement to the point that the route becomes non-competitive unless the newly merged railroad reduces its revenue requirement. As we pointed out, a merging railroad does not control the revenue requirements of connecting railroads. *Id.*

⁹ *Major Rail Consolidation Procedures*, Ex Parte No. 582 (Sub-No. 1), slip op. at 25 (STB served June 11, 2001) ("Merger Rules").

ensures the competitive opportunity for alternative routes to compete on their merits, and that is what benefits Vulcan and all other shippers and what competition requires. Anything more is protectionism.

We are, of course, aware that, in *CN/IC*, the Board characterized applicants' commitment not to close the CP/IC gateway at Chicago for North Dakota grain as a commitment to keep the Chicago gateway "open and competitive." *Canadian Nat'l Ry. – Control – Illinois Cent. Corp.*, STB Finance Docket No. 33556, Decision No. 37, slip op. at 37 (STB served May 25, 1999). The Board adopted that formulation without briefing on the point by the parties and, of course, prior to the airing of the issues in Ex Parte No. 582. As a senior CN marketing officer at the time, I (Mr. Foote) had no reason to believe that we were obligated to do anything other than keep the gateway open on commercially reasonable terms, which we have done. For the reasons we have discussed, however, the "open and competitive" formulation now seems best avoided in the future.

Wisconsin Manufacturers & Commerce

WMC states its "unequivocal" support for the Transaction, and at the same time asks the Board to impose conditions, without making its support for the Transaction dependent upon imposition of the conditions. WMC Comments at 3-4. Indeed, WMC urges expedition in the resolution of this proceeding, asserting that long delay "in resolution of Wisconsin Central's future will result in acceleration of deterioration . . . of service quality which it took Wisconsin Central most of a decade to build." *Id.* at 3.

WMC represents a broad range of manufacturing and commercial establishments in Wisconsin, many of whom have a vital interest in efficient, service-oriented rail

transportation – precisely what we believe the merger of our two railroads will enhance.

WMC offers no evidence with respect to any conditions, but expresses some general concerns. These fall into two categories: first, WMC asks the Board to apply its new Merger Rules to this transaction; second, WMC asks the Board to impose a laundry list of service and gateway obligations in addition to those in the Application and the NITL Agreement.

The Board's new Merger Rules are of course directed to "major" transactions; WMC did not petition the Board to expand the informational requirements for this "minor" transaction, and its comments point to no particular reason why the record now needs to be supplemented with information required by the new Merger Rules for major transactions. In fact, our Application provides the Board with information required for "significant" transactions, and substantial portions of the information required only for major transactions. For example, we included a Service Assurance Plan, and submitted a Safety Integration Plan to FRA.

WMC asserts that the Application fails to address "major competition policy issues" (*id.* at 4) but does not identify any such issue, or question any of Applicants' evidence demonstrating that this transaction will have no anticompetitive effects. WMC mentions "downstream" transactions, for example, but the particular concern it expresses is that a merger involving any two of CN, CP, and BNSF, would be "major." *Id.* We agree. That fact, however (which would be true even in the absence of this transaction between CN and WC), is obviously no reason to require this minor application to attempt to address downstream transactions.

WMC also points out that the Transaction will mean that WC is “under the control of foreign ownership.” *Id.* at 4-5. That is also true of IC and GTW. WMC does not identify any operational or competitive issue flowing from the fact that CN is incorporated in Canada (nor does it mention that over 60 percent of CN’s common stock is owned by U.S. stockholders). CN and WC already have a history of close cooperation under their Superior-Chicago haulage agreement. As the Application makes clear, after the merger WC will maintain its distinct identity as a sixth division of CN, while benefitting from becoming part of the far-reaching CN network that will extend WC in all directions. Wisconsin shippers will benefit from the new opportunities for expanded single-line service and CN’s greater resources.

WMC also seems to suggest that this merger proceeding should be the occasion for a “systematic review” of what WMC calls “legacy” conditions that were part of the “spin-off” that created WC. *Id.* at 5. WMC does not identify which such conditions it might have in mind. The Board recently declined to require the general elimination of “paper” and “steel” barriers, even in major transactions. At the same time, the Board required applicants in a major transaction to take into account the effects of their transaction on the ability of Class II and III railroads to continue to participate in the competitive process. Merger Rules at 85 (49 C.F.R. §1180.7(b)(6)). Our Transaction is all about increasing the ability of WC, a Class II railroad, to participate in the competitive process and better serve its shippers. As WC’s CEO, Thomas Power, testified, it had become clear that “WC was bumping against the limits of what it could accomplish within its own geographic boundaries and position within the rail

industry.” CN/WC-2, Vol. 1 at 125. This Transaction will enable the WC system to move beyond those limits, to the benefit of WMC members.¹⁰

WMC is not satisfied, however, with what it calls “the traditional benefits of consolidation.” WMC Comments at 6. It finds fault because the Transaction, and the NITL Agreement, do not address “enhancement of competition” between railroads. *Id.* We believe that the “traditional benefits” that will flow from our Transaction will enhance competition, including rail-to-rail competition. WMC identifies no reason why it is dissatisfied with those enhancements. And, it does not claim to have identified some unremediable consequence of our Transaction that would be adverse to the public interest, let alone one that requires enhancement in order for the benefits to outweigh the costs. WMC simply wants the Board to require conditions that enhance competition. The Board was careful in its final Merger Rules not to make such enhancement an absolute requirement even for major transactions. There is no reason to impose such a requirement in our case.

WMC next asserts that there are “flaws and shortcomings” in the NITL Agreement. *Id.* at 7. WMC objects to the fact that the NITL Agreement contemplates a contract between CN/WC and a shipper as the mechanism for putting service protections in place. This objection would make a vice out of a central virtue of our agreement with NITL. This is an

¹⁰ WMC asks for a condition that would require CN to “maintain cooperative pricing and marketing arrangements” by which WC extended its reach beyond its own properties and other railroads extended their reach to users on WC. WMC Comments at 13. WMC does not identify any such arrangements. CN will, however, fulfill WC contractual commitments to connecting railroads, and will enter into new relationships with other railroads when it is efficient to do so. It bears reiterating that it is the limits of WC’s relationships with other railroads that in part led WC to this Transaction, as discussed in the verified statement of Thomas Power. *See, e.g.*, CN/WC-2, Vol. 1 at 126 (“the inherent limitations of WC’s rail system, which is so heavily dependent on interline traffic, yet so vulnerable to . . . the service performance of connecting carriers;” “the carload traffic business . . . does not always get the attention that it deserves from some of our connecting carriers”).

historic and unprecedented agreement, because it contemplates transit-time protections, and remedies, that are specific to individual shippers and commodities. To achieve those protections, we need to enter into obligations specific to that shipper. That is a contract. We do not see how we could accomplish this level of protection without one. WMC may be concerned that the Agreement would require a shipper to enter into a full-blown transportation contract in order to gain contractual service protections. That was not our intent. A shipper may instead enter into an agreement that deals only with service protections.

WMC apparently believes that shipper-specific service protections are somehow less useful than system averages; it complains that the NITL Agreement does not address what it calls “[o]verall service levels,” such as transit-time and car supply. *Id.* at 8. This complaint overlooks the system-wide actions described in our Operating Plan and Service Assurance Plan that are part of the Application. The contract option provided in the NITL Agreement is for shippers that want more specific protections, but shippers without a contract can expect the type of service that has made CN the most efficient railroad in North America and that is constantly improving.

Furthermore, as described in the Application, CN, like other Class I railroads, already posts on the AAR website information relating to four aspects of our system-wide performance: total cars on line, average train speed; average terminal dwell time; and bill of lading timeliness. CN/WC-2, Vol. 1 at 435. Applicants “will continue to keep and monitor those metrics to ensure that operations are not being degraded as a result of the Transaction.”

Id. WC currently uses two of these metrics, and the Transaction will enable us to extend the two additional measures to the WC system. *Id.*

CN has just filed its second annual progress report detailing its successful implementation of the far larger CN/IC transaction. The major section of that report is justifiably titled “Doing What We Say We Will Do.” *See* Finance Docket No. 33556 (Sub-No. 4), CN-4 at 8 (July 2, 2001) (“Second Progress Report”). Each of our managements has brought our respective railroads to where they are by paying attention. Mr. Tellier was emphatic in his commitment to on-the-ground management flexibility and top-level backing in the unlikely event that problems do arise in the implementation of this Transaction. CN/WC-2, Vol. 1 at 112. That commitment is not limited to problems affecting shippers with whom we have entered a contract for service assurances, although we carried that commitment into the NITL Agreement as well.

To sum it up: The levels of service reflected in the Operating Plan and Service Assurance Plan; the contract option for service protection under the NITL Agreement; the system-wide information that we are posting; our proven efficiency; CN’s successful implementation of the CN/IC transaction; and the Board’s oversight, should together give WMC every reasonable assurance that significant problems, whether “overall” or shipper-specific, will be neither unnoticed nor unremedied.

WMC also faults the NITL Agreement for not covering boxcar supply. WMC Comments at 7. WMC seems to ignore the evidence in the Application relating to improved equipment utilization as a result of the Transaction. *See, e.g.*, CN/WC-2, Vol. 1 at 398-400. In particular, we described in our opening statement how the Transaction will make available

“a more efficiently used fleet of CN-owned woodpulp boxcars,” which will “yield new opportunities to better meet the service needs of woodpulp shippers moving product to or through WC-served territory.” *Id.* at 158-59. In the current year, CN’s boxcar upgrade program has included:

- Upgrading 900 paper boxcars at a cost of \$7.8 million
- Upgrading 150 woodpulp boxcars, at a cost of \$1.05 million
- Upgrading 124 boxcars from IC, at a cost of \$2.8 million, making these cars suitable for the magazine-quality paper that the industry is increasingly producing, and increasing both their cube and carrying capacity
- Refurbishing 380 boxcars from the former IC at a cost of \$4.8 million

In addition, CN guarantees that it will deliver empty equipment on the agreed upon day or pay the customer a \$100 per car penalty. The guaranteed car supply is part of CN’s continued customer commitment to providing a quality service. Implementation of this guarantee began in July, 2000 on a fleet-by-fleet basis and is 70% complete. We expect to implement this program for the remainder of the fleet prior to the end of this year. CN has averaged better than 96% delivery on the day of commitment.

Apart from its substantially greater ability to invest in new equipment and upgrades, CN today has over four times the number of boxcars that WC has (*see id.* at 398).

Equipment availability on all railroads is driven by many factors, including factors not within the control of the railroad, such as operational problems on other railroads, sudden increases in shipper demand without adequate notice, lack of customer discipline in turning around cars, weather, and so forth. We are not saying that every request for boxcars by every shipper has always been met to the perfect satisfaction of the customer (although our guarantee

program is coming close). But it is clear that CN has not experienced any structural boxcar shortages that would lead it to “dilute” the investments in boxcars that WC has made. To the contrary, in the period between the first quarter of 1999 and the fourth quarter of 2000, which includes implementation of the CN/IC merger, CN increased car miles per day (system velocity) by 22%, and decreased car cycle times by 18%. Second Progress Report at 34. As the Board knows, this outstanding performance effectively increases equipment supply.

Shippers that rely on CN for boxcars have written the Board to support this Transaction, without identifying any boxcar shortages during the last two years, including such boxcar-dependent shippers as Abitibi Consolidated, Georgia Pacific, and Louisiana Pacific. Similarly, many of the hundreds of shippers that have written the Board to support this Transaction rely on WC for boxcars, and they have not expressed concern about future boxcar availability. In fact, no shippers individually have expressed concern to the Board about inadequate supply of any type of equipment.

Not surprisingly, WMC offers no reason to suppose that, with their combined boxcar fleet, CN/WC will fail to serve the combined needs of shippers on the two systems. For example, WMC offers no reason to suppose that the incentives of the merged CN/WC to supply adequate boxcars for WMC members will be less than WC’s incentives to do so, and we see no reason why that would be the case. Nor does WMC suggest that there will be something inherent in CN/WC’s structure or operations that increases the risk of inadequate boxcar supply despite our best efforts, and, again, we see no such element.

WMC also finds the NITL Agreement flawed because its gateway protection “is limited to the shipper or shippers who actually used the gateway” within the 12 months prior

to the Agreement, and because it appears limited “to specific origins and/or destinations of traffic which cleared the interchange.” WMC Comments at 8. WMC is wrong on both counts. The use requirement in Paragraph 3) a) of the Agreement – that the gateway have been “active” during the prior 12 months – relates to the gateway and not to the shippers that used it. An active gateway will remain open for a shipper whether or not the particular shipper used the gateway during that period. Similarly, the protection is not limited to traffic moving between the origins and destinations that were involved in the movements during the 12-month period. The protection is for all traffic for which the rail movement originates on or is destined to “points on WC.” Paragraph 3) b) is to the same effect (moves “to or from origin or destination points on WC”). And our commitment in the Application itself is to keep all active gateways affected by the Transaction open on commercially reasonable terms. CN/WC-2, Vol. 1 at 106 (Verified Statement of Paul M. Tellier). This commitment extends to all shippers and all commodities.

WMC, however, objects to maintaining only active gateways; in its view, “all open gateways regardless of activity within any specified time period” should be required to remain open. WMC Comments at 9. WMC asserts that an “open” (but inactive) gateway may have provided competitive pressure for a contract via an alternative gateway. *Id.*

It is not possible to respond specifically to this type of speculation, in the absence of a single cited instance. WMC seems to be positing a route over an active gateway for which the only competing route involves an inactive gateway. That circumstance is unlikely in the extreme. WC has numerous active gateways with CP, BNSF, and UP. WC’s active gateways

with Class I railroads face competition from other active gateways, and at the major gateways of Chicago and Minneapolis/St. Paul there are multiple railroads.¹¹

In its new Merger Rules, the Board noted that parties were free to ask the Board to protect a “particular gateway” not initially identified by the applicants. Merger Rules at 25. The Board’s case-by-case approach is far preferable to the wholesale protection of unidentified paper gateways to preserve unidentified, theoretical, and unlikely competitive pressures.

In a similar vein, WMC objects to the provision in the NITL Agreement under which Applicants could, five years after consummation of the Transaction, close a gateway that is not “then in active use.” WMC Comments at 9. Again, WMC’s wholesale approach to paper gateways is misplaced. Moreover, five years provides a lot of notice, and a shipper that wants the gateway to remain open can simply choose to use it.

WMC has a further objection on the ground that the gateway protections in the NITL Agreement are limited to traffic moving under contract. *See* WMC Comments at 9. But this is a misapprehension on WMC’s part. In fact, the gateway protection in Paragraph 3) b) applies to common carrier through rates, and the protection in Paragraph 3) c) applies to all traffic, whether or not it moves under a contract. In Paragraph 3) b), we agree not to increase our portion of common carrier through rates that are in effect on the date of consummation of

¹¹ For example, WC connects with CP in Illinois at Chicago; in Minnesota at Minneapolis/St. Paul; in Wisconsin at DuPlainville, La Crosse, Milwaukee, New Lisbon, and Superior; and in Ontario at Sault Ste. Marie and Franz. WC connects with BNSF in Illinois at Chicago; in Minnesota at Minneapolis/St. Paul; and in Wisconsin at East Winona and Superior. WC connects with UP in Illinois at Chicago and in Wisconsin at Butler, Wisconsin Rapids, Waukesha, Nekoosa, Port Edwards, Milwaukee, and Chippewa Falls. WC connects with both CSX and NS at Chicago (and at no other gateway, active or inactive).

the Transaction, subject to increases tracking RCAF-U (or RCAF-U less any fuel cost element plus a cost-based fuel surcharge). This provision protects all traffic from commercial closing of a gateway. In Paragraph 3) c), we agree for a five-year period not to close by commercially unreasonable means any active interchange between WC and any other rail carrier. Again, this protects all traffic.

Paragraph 3) a), in contrast, is a commitment to establish commercially reasonable contract through rates, and it makes no sense to criticize a provision in which we agree to provide contractual protections, on the ground that it does not apply to non-contract traffic. Again, our basic gateway commitment in the Application is not limited to traffic moving under contract.

WMC also finds wanting the dispute resolution provisions of the NITL Agreement. Based on an erroneous belief that these provisions require a contract with a shipper seeking redress, WMC asserts that avenues to dispute resolution should not be so limited. WMC Comments at 9. In fact, the dispute resolution provisions will be available for disputes arising under Paragraphs 3) b) or c) of the NITL Agreement, neither of which, as we have already discussed, requires a contract.¹²

¹² In addition, we understand that the Board's existing procedures will remain available for claims based on loss, damage, or delay, and for alternative rail service in the unlikely event of an extended period of deteriorated rail service on the merged system.

The Transportation Institute

TI expresses concern that “predatory pricing by CN-WC to gain market share” would “devastate” Great Lakes shipping interests. Letter from James L. Henry to STB (June 25, 2001), at 2. It asks for legal restraints to prevent such an impact.¹³

TI offers no suggestion as to why the Transaction would increase the likelihood of the conduct it describes. In any event, we are aware that the antitrust laws already provide legal constraints on predation, and we have no intention of violating the antitrust laws. Moreover, our understanding is that predation involves below-cost pricing, and we do not believe that such pricing would ever be in our interest. TI offers no scenario that could make its far-fetched concern credible.

Great Lakes Transportation LLC

It will not surprise the Board to learn that we have been puzzled from the outset as to how GLT could seriously ask the Board to believe that our Transaction would result in massive diversions of taconite that now moves rail-water over GLT. We have now had the opportunity to review the deposition transcript of John Giles, who is the President and CEO of GLT. There, GLT appears to have revealed the concern that has prompted its position before the Board, namely, the possibility that CN/WC will engage in pricing that seeks revenues rather than profits, so that it is not sustainable for more than a short time. Our settlement with GLT directly addresses this concern, by obligating CN contractually to set its revenue requirement for all-rail moves at “profitable” levels. This provision simply reflects

¹³ Fraser Shipyards, Inc. expressed a similar view in a letter to the Board dated May 29, 2001.

what CN would do in any event. If the Board adopts the settlement as a condition, GLT could enforce the obligation not only under the dispute resolution provisions of the settlement agreement but at the Board.

Great Lakes Steel Mills' Ability To Receive Taconite Deliveries By Rail

I, William Schauer, address in this section the assertion made in GLT's environmental comments that Indiana and Ohio steel mills that currently receive all or most of their taconite via waterborne deliveries could readily receive these deliveries by rail.

GLT's suggestion that rail deliveries could be accomplished "either immediately or following limited modifications to existing facilities" (GLT-9 at 7) does not accurately portray the conditions present at any of these mills. Rather, as described below, substantial investments and infrastructure changes would be needed to enable these mills to receive by rail the significant volumes of taconite that they are currently set up to receive by water.

The Ispat Inland mill at Indiana Harbor (East Chicago), IN, for example (known as the "Indiana Harbor Works"), receives all of its taconite via vessel delivery. This lakeside mill, which has two receiving points located a mile apart, has never been equipped to receive taconite by rail. The construction of new materials handling systems – each of which would have to include trackage and switches, a car-dump facility and related infrastructure for unloading unit trains, and a self-standing stacker (to replace those incorporated within Ispat Inland's two self-unloading lake vessels) for piling the taconite pellets – would be required before significant rail deliveries of any nature (seasonal or otherwise) would be possible at the mill's two receiving sites. Expansions and/or adaptations to the conveyance systems used to transport taconite from delivery point to the blast furnaces would also be needed. Based

both on my experience with industrial shippers who transport and must be equipped to receive heavy bulk raw materials, and on WC's own experience with taconite unloading and loading facilities at our Escanaba, MI, ore dock, I believe that even the most basic, low-volume bottom-dump car unloading facility would cost at least \$1 million. A higher-volume rotary-dump facility – which would be needed if anywhere near the current volume of taconite moving to the Indiana Harbor Works were to be handled by rail – would likely cost \$3-4 million, while a stacker could be upwards of \$3-6 million. At the very least, preparing Ispat Inland's Indiana Harbor Works to receive taconite by rail is a multi-million dollar proposition.

As indicated above, Ispat Inland currently owns and operates two self-unloading vessels used to deliver taconite to the Indiana Harbor Works.¹⁴ Ispat Inland owns a third, non-self-unloading vessel as well. The need to deal with any unrecovered sunk investment in these vessels would make it even more improbable that either Ispat Inland or a rail carrier would find it economically desirable to make the significant additional investments that would be needed to convert the Indiana Harbor Works to receive rail-direct taconite deliveries.

WC's direct experiences with Ispat Inland confirm these facts. In addition to receiving taconite via rail-water service from the Minorca ore facility on DMIR, the Indiana Harbor Works also receives taconite via rail-water service from mines on the WC in the Marquette Range of Michigan's Upper Peninsula (transferred to lake vessel at WC's

¹⁴In addition to its own vessels, Ispat Inland also uses the American and Interlake steamship companies to move taconite from the Mesabi range to its Indiana Harbor Works.

Escanaba Ore Docks). Ispat Inland has consistently indicated to us that any “all-rail” movements of taconite to the Indiana Harbor Works would likely have to be transloaded to lake vessels at the KCBX barge terminal in Chicago for the final few miles to the mill, specifically because the company has no capability of unloading unit trains of iron ore at the mill. The improbability that Ispat Inland would incur the expense and inconvenience of unloading taconite from rail cars and reloading it into boats – *virtually within sight of its mill* – rather than unload the cars directly at the mill simply highlights the vast impediments to direct all-rail service that currently exist. Indeed, Ispat Inland has previously informed us that it would take *five days* to unload a unit train of iron ore at the Indiana Harbor Works as currently configured, while it takes only a matter of hours to unload far larger deliveries by vessel.¹⁵

None of this is news to the Board, which considered precisely these issues (among others) when SSMB acquired UP’s so-called “Duck Creek North” lines in 1997. As the Board explained in that proceeding, “[t]he record establishes that ... [t]he [Ispat Inland] steel plants in East Chicago are configured to receive taconite by boat. Plant facilities to receive all-rail unit train movements do not exist.”¹⁶ Nothing has occurred since 1997 to change that conclusion.

¹⁵ I understand that taconite has never moved to the Indiana Harbor Works via either an all-rail or a rail-water (KCBX) routing. An adjacent LTV Steel mill, configured in essentially the same manner as the Indiana Harbor Works, has received emergency shipments of taconite (from a BNSF origin at Hibbing, MN) that moved by rail to Chicago, but for the same reasons discussed above those shipments were delivered to the facility via the cumbersome KCBX transload routing.

¹⁶ *Sault Ste. Marie Bridge Co. – Acquisition and Operation Exemption – Lines of Union Pac. R.R.*, STB Finance Docket No. 33290 slip op. at 5 (STB served Jan. 24, 1997).

The U.S. Steel (“USS”) mill at Gary, IN also has historically received taconite only by Great Lakes vessel. Although emergency (or “spot”) movements of taconite were delivered by rail in the past on rare occasions, USS discontinued even that limited practice in the early 1990s and has used waterborne delivery exclusively since that time. Taconite was unloaded via a “highline,” or elevated trestle, that has long been out-of-service and is in substantial disrepair.¹⁷ USS has indicated repeatedly that it is unwilling to receive any further taconite deliveries through these facilities. Indeed, I understand that USS schedules its taconite delivery orders so that Gary can receive its entire annual supply during the Great Lakes shipping season, at the expense of mills such as Pittsburgh that can more readily make up the shortfall through all-rail taconite deliveries during the winter months.

While the Gary Works does have a car dumper, it is my understanding that that facility is now used to unload several million tons of coal and coke annually and could not simultaneously handle the huge volumes of taconite (over seven million tons annually) that Gary now receives by water. Thus, new unloading facilities would be needed to handle either new all-rail movements of taconite or the coal that the existing dumper is now used to unload. In addition, all of the other major components of the existing rail infrastructure would require substantial rehabilitation and upgrading to enable the plant to handle rail-direct taconite deliveries with the safety and efficiency achieved by vessel delivery. Once again, the costs involved – costs which USS has studiously avoided for many years – would run into the millions of dollars.

¹⁷ Until the mid-1990s, the Gary Works also received via the highline small inbound rail shipments of natural, or unprocessed, iron ore from Auburn Minerals. Those shipments now move via the lakes.

Like the Ispat Inland mill at Indiana Harbor, the RTI steel plant at Lorain, OH, has never, to my knowledge, received taconite by rail.¹⁸ I understand that the Lorain plant has an underground conveyor system, used to move product from the vessel unloading site to the blast furnace, that could possibly be integrated into the infrastructure that would be required to equip this mill to receive any significant volume of taconite by rail. However, all of the other components of such a system – including extensive trackage and switches to enable the Lorain plant to handle 85 to 100-car unit train deliveries, a car dumper and related infrastructure, and probably a stacker – would have to be constructed from scratch.

Obviously, engineering studies would be needed in each of these cases to identify the specific infrastructure improvements and costs that would allow the plant to receive taconite by rail instead of vessel. But clearly, the associated infrastructure costs for rail delivery would be in the multi-million dollar range in each case. As the current configuration and recent shipping patterns of these mills demonstrate, it is simply mistaken to think that any of them could receive any significant portion of their taconite requirements – let alone *all* of their requirements – by rail “either immediately or following limited modifications” GLT-9 at 7. I do not believe that in these circumstances any steel company would have the interest, inclination or practical ability to make the required infrastructure investments, particularly in light of the current financial state of the industry and the significant cost advantages water transport holds over rail.

¹⁸In the past, waterborne movements to Lorain were handled by U.S.S. Great Lakes Fleet, GLT’s maritime affiliate. However, I understand that at least a portion of the taconite moving to Lorain today is handled by American Steamship Company, another Great Lakes water carrier.

For the same reasons, GLT's suggestion that WC may have had, or that CN/WC would have, an interest in making such investments is misplaced. The interest has never arisen at WC for the simple reason that it would not be a profitable business opportunity for the railroad. Given the cost advantages generally enjoyed by water transport of taconite, the additional need to earn an appropriate return on millions of dollars of incremental investment would make it even less likely that all-rail taconite movements could be economically viable. WC's acquisition by CN – no matter what the extent of CN's "financial resources" – will not change that fundamental economic truth.¹⁹

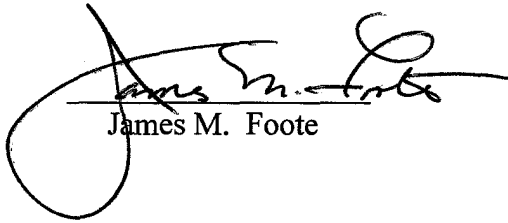
The fact is that *no* rail carrier (including BNSF, UP, and CP) that could participate in all-rail taconite movements to these destinations has ever seen fit to make the investments that would be needed. Indeed, it would be surprising if they had, given that BNSF, UP, CP and WC do not serve the mills in question, and that the economics of transporting bulk materials so heavily favor waterborne movement. The Transaction will not alter the economic and other market forces that have led lakeside steel makers to configure their facilities to receive taconite by water instead of rail. There is no basis in logic or fact to think that the investments posited by GLT would be of interest to, or could be profitably made by, CN/WC.

¹⁹I am thus unable to make any sense of GLT's Mr. Hughes' claim that "CN would likely conclude that an offer of financial support to the receiver" to undertake these multi-million dollar steel plant improvements "would be economically justified." GLT-9, Hughes V.S. at 9. Unless its larger size makes it more willing to lose money, CN is unlikely to conclude any such thing.

VERIFICATION

I, James M. Foote, verify under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed on July 23, 2001.

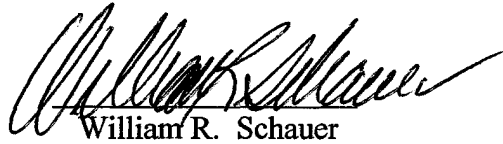


James M. Foote

VERIFICATION

I, William R. Schauer, verify under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed on July 24, 2001.



William R. Schauer

**JOINT REBUTTAL VERIFIED STATEMENT
OF
GEORGE C. WOODWARD AND RICHARD L. BOTTORFF**

We are George C. Woodward and Richard L. Bottorff. We previously submitted a joint verified statement as part of the Application describing the traffic study conducted under our oversight to determine the volume of rail traffic likely to be gained by the combined CN/WC system as a result of full implementation of the Transaction. *See* CN/WC-2, Vol. 1 at 284-92. That statement included a description of Mr. Woodward's background and qualifications. Mr. Bottorff's background and qualifications were described in a separate verified statement submitted with the Application evaluating the potential effects on competition of the proposed Transaction. *See* CN/WC-2, Vol. 1 at 175-76.

We submit this rebuttal verified statement to respond to the assertion initially made in filings by Great Lakes Transportation LLC ("GLT") early in this proceeding, before GLT had the benefits of discovery, that the Transaction would result in significant diversions of taconite that currently move from origins in Minnesota's Mesabi Iron Range served by DMIR, its rail affiliate, via the Great Lakes to steel mills in Indiana, Ohio, and Pennsylvania. As detailed in Part A below, there is no factual foundation for such a conclusion. Rather, the competitive dynamics that affect these movements make it especially unlikely that any all-rail movement could displace to any material degree on a non-seasonal basis the rail-water routings in use today. The points set forth in Section A are also offered to ensure that the record on the Transaction's potential to impact Great Lakes shipping is not incomplete in any

material respect, consistent with DOT's initial comments expressing interest that the factual record be further developed.

We explain in Part B why CP's assertion that Applicants may close the Twin Cities and Chicago gateways to achieve certain traffic gains found in their traffic analysis misconstrues that analysis and its underlying assumptions, which included the foundational premise that all existing active gateways would be maintained and kept open.¹

A. Taconite Movements

Among other commodities, our study of traffic likely to be gained by CN/WC as a result of the Transaction evaluated the potential for shifts in movements of taconite. Our analysis considered existing movements by rail as well as additional transportation modes, including water. Under the study's two-step process, CN and WC marketing personnel first identified the traffic they thought might potentially be gained as a result of the Transaction, based on 100% rail waybill data for their respective companies as well as additional information available to them, including information from their files, discussions with customers, and from their own knowledge of customers and markets. With this information in hand, we then made a detailed independent evaluation of likely traffic gains. This second phase included an examination of the confidential STB Waybill Sample, in which we individually reviewed all movements within origin and destination pairs by commodity, as a check

¹ We also wish to allay a concern that has been expressed about new CN/WC service being used to introduce subsidized iron ore, direct reduced iron, pig iron, or semi-finished steel from Brazil. See Letter from Rep. James L. Oberstar, May 3, 2001. This traffic, which we understand is currently moving by barge-truck or barge-rail (see CN/WC-2, Vol. 1, Joint Verified Statement of James M. Foote and William R. Schauer, at 171), was within the scope of the traffic analysis submitted as part of the Application, and that analysis showed no gains of this traffic by CN/WC.

on the new business opportunities identified by CN and WC marketers and to identify any additional new business opportunities. We took particular care in designing it to guard against understating traffic gains. Even with this broad approach, these efforts identified no taconite movement with any reasonable likelihood of shifting from rail-water to all-rail transport.²

Several points attest to the soundness of this conclusion and show that there is no factual foundation for an assertion that the Transaction would likely result in significant shifts of taconite from rail-waterborne movements to all-rail movements that Applicants failed to disclose. These points include the following:

- Water has been the preferred mode for moving taconite (concentrated iron ore) from the Mesabi Iron Range to Midwestern steel mills since taconite was first developed some 40 years ago, and before then for movements of iron ore that date back to the late 19th century. In over 100 years, rail carriers have failed to make any notable inroads against maritime dominance, in large part due to the significant cost and other advantages of waterborne shipping.
- All-rail transport of taconite to destinations in states on the Great Lakes has historically been the exception, most often limited to seasonal movements (when winter weather prevents handling over the Great Lakes) and occasional spot or other unique shipments, and remains so today. The Transportation Institute, an organization that represents Great Lakes water carriers, has filed comments in this proceeding noting with regard to waterborne taconite transport that “rail transport is only competitive during the limited period (typically about two months annually) when U.S.-flag

² The only taconite movement identified as likely to shift was from another all-rail movement (to the U.S. Steel facility in Fairfield, AL) and not from waterborne carriers. *See* CN/WC-2, Vol. 1 at 169-70. The Application also noted the long-term possibility that CN/WC, in cooperation with GLT’s DMIR subsidiary, might develop a seasonal all-rail taconite movement from the Minntac mine in the Mesabi Range to U.S. Steel’s Edgar Thomson Works in Pittsburgh, PA. *Id.* at 170. However, by definition, this winter movement, which U.S. Steel has used in the past when the Lakes are icebound, would not divert waterborne traffic. The reference concluded with mention of the even more remote possibility that such all-rail transportation between Minntac and Pittsburgh via DMIR and CN/WC might “eventually provide more than a seasonal choice.” *Id.* However, we found no basis for concluding that this traffic would be likely to shift as a result of the Transaction from waterborne movement to all-rail movement involving CN/WC.

shipping assets cannot be utilized” due to winter weather. Comments of Transportation Institute, filed on June 25, 2001, at 1.

- The inability of experienced rail carriers such as BNSF, UP, CP, and WC who operate between Duluth/Superior and Chicago to secure all-rail taconite traffic (beyond limited seasonal and spot movements), despite many attempts, demonstrates that the cost and other advantages of water transport are compelling.
- Water transport allows for backhaul and fuel use efficiencies that cannot be economically replicated in the rail industry. With products delivered to a single point for loading at the dock, vessels avoid the logistical complexities and costs confronted by railroads attempting to reposition cars for “backhaul” movements that may originate some distance from a “headhaul” delivery point and may not even be served by the same carrier. Ease in arranging waterborne backhaul movements and lower fuel use per gross ton mile relative to rail both enhance the efficiency of water routings by decreasing overall delivery costs.
- These natural advantages of waterborne transport are enhanced by government investment in maritime infrastructure such as ports, locks, and dams. Capital and maintenance expenses to operate these maritime facilities are commonly paid by public funds and thus not fully passed on to users, giving vessels an additional competitive edge over rail carriers, who must bear comparable costs without government support.
- DMIR is the exclusive originating carrier for all GLT taconite movements from the Mesabi Range. As a “bottleneck” carrier, DMIR is in a position to ensure that the natural cost advantages of waterborne transport are reflected in its revenue requirements for all-rail taconite movements, with the demonstrated practical effect that the traffic moves almost exclusively over the Lakes when there is a choice to be made.
- Trackage rights agreements that DMIR has entered into separately with CN and WC prohibit CN and WC from transporting any taconite originating in the Mesabi Range over DMIR’s line without its consent.

The CN/WC Transaction does not alter these market and cost relationships, which will continue to give rail-waterborne movements of taconite by GLT a strong upper hand over any all-rail alternative. Moreover, the Transaction creates no significant new benefit for CN/WC that would transform the merged company’s

ability to provide all-rail competition for rail-waterborne taconite traffic. In

particular:

- The Transaction does nothing to enhance WC's past, current, or future ability to handle all-rail movements of taconite to Chicago-area mills such as Gary and Indiana Harbor, IN, to Lorain, OH, or to Pittsburgh, PA. WC does not need the CN network for these movements, and, contrary to GLT's earlier speculation, WC lines have ample capacity to move this traffic today. *See* CN/WC-13, Verified Statement of Randy H. Henke at 2-3.
- GLT's initial suggestion that the Transaction might lead CN/WC to pay to equip Indiana and Ohio steel mills to receive taconite deliveries by all-rail movement -- investments that GLT implied WC would make but cannot afford -- had no grounding in fact. WC lines do not directly serve any of these facilities. Although other rail carriers are comparably situated to serve these mills, including BNSF, UP, or CP, none has seen fit to make such investments in an effort to shift rail-waterborne taconite traffic to all-rail, and no such investment was identified by Applicants as a realistic means to cultivate a new business opportunity. These points undercut GLT's unsubstantiated speculation that CN/WC would have a post-Transaction interest in financing such hypothetical projects that is any greater than BNSF, UP, CP, or WC has today.
- The Transaction will not create a shorter or better route to Pittsburgh steel mills than those that exist today. The CN-Wheeling & Lake Erie ("WE")-URR route from Chicago to Pittsburgh is available today. Further, it is *longer* than either of the existing all-rail alternatives for such movements (CSX-MKC-URR and NS-URR). Those alternatives, which also involve routings via DMIR-WC to Chicago, have been unsuccessful in capturing year-around taconite traffic. There is no reason to believe that the post-Transaction all-rail route that would include CN and WE (DMIR-WC-CN-WE-URR) would have greater success.

Taken together, these points show that there is no reasonable prospect that the Transaction would lead to the shift of taconite traffic from rail-water to all-rail movements originally posited by GLT, and for which no meaningful evidence was ever presented.

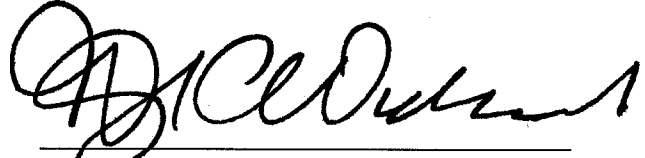
B. The Twin Cities and Chicago Gateways

CP witness Mr. Williams asserts that Applicants would be driven to close the Twin Cities and Chicago gateways with CP in order to shift propane and intermodal movements that were shown in Applicants' traffic analysis to be likely gains for CN/WC. CPR-3, Verified Statement of John H. Williams at 3-4 nn. 5 & 6. His supposition is wrong. None of the traffic gains shown in Applicant's traffic analysis were the result of an assumed gateway closure. To the contrary, a specific underlying assumption of the traffic analysis was that "[t]he new CN/WC system and other carriers will maintain and keep open all routes, rates, ... and channels of trade via junctions and gateways as they existed in 1999" (the study's base year). CN/WC-2, Vol. 1, Verified Statement of George C. Woodward and Richard L. Bottorff at 287, point 4. The gains in propane and intermodal traffic referred to by Mr. Williams, like all traffic gains in the analysis, were based on anticipated enhanced efficiencies resulting from the proposed Transaction. They did not imply, did not rely on, and, in order to be realized, do not require any gateway closure.

VERIFICATION

I, George C. Woodward, verify under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed on July 24, 2001.



George C. Woodward

VERIFICATION

I, Richard L. Bottorff, verify under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed on July 24, 2001.

A handwritten signature in cursive script, reading "Richard L. Bottorff". The signature is written in black ink and is positioned above a horizontal line.

Richard L. Bottorff

**STATE AND LOCAL OFFICIALS,
CHAMBERS OF COMMERCE & OTHERS**



**VERIFIED STATEMENT
OF
JAMES K. LYONS
On behalf of
CANADIAN NATIONAL RAILWAY COMPANY**

1. Witness name, title, responsibilities and credentials

- James K. Lyons, Director and Chief Executive Officer, Alabama State Port Authority, 250 North Water Street, Mobile, Alabama 36602
- As Director of the Alabama State Port Authority, I am responsible for all marketing, operations and finances for Alabama's only deep-water seaport. The seaport's facilities handle approximately 16 million tons of cargo each year. I have been employed by the Port Authority for three years. Prior to that time, I spent thirty years in the transportation business with the bulk of that time working for one of the largest stevedoring and marine terminal operations company in the United States. This company had operations in twenty six U. S. seaports.

2. Description of the company, its products and/or raw materials, facilities (including servicing carriers), traffic patterns, and use of rail transportation

- Alabama State Port Authority operates deep-water port facilities in Mobile and shallow-water ports in ten locations throughout the state of Alabama. The Port's facilities offer transfer and storage services for bulk cargoes, general cargo, container cargo and bulk liquids. The Authority also operates a short line railroad, Terminal Railroad, which serves as the interface of the five Class I railroads that serve the area and our own facilities, as well as private industry in the area. The Terminal Railroad has approximately seventy miles of track and eight locomotives.
- The Canadian National began serving our Port after their merger with the Illinois Central. The Illinois Central and its predecessor railroads have served the Authority's facilities since its beginning in 1928. The other carriers that serve our facilities are Burlington Northern/Santa Fe, CSX, Kansas City Southern and Norfolk Southern.
- The Canadian National/Illinois Central routes are our best services to serve the U. S., Midwest and Canada and is an important part of the success of our Port. The merger of the Illinois Central and Canadian National was, in our opinion, one of the best service enhancements that has happened to our Port in many years.

- It must be noted that our Port recently inaugurated a rail ferry service connecting our Port with the Port of Coatzacoalcas, Mexico with service every four days carrying rail cars between the U. S. and Mexico. This service enables shippers in the eastern U. S. and Canada excellent alternate access to important markets in our NAFTA partner country, Mexico.

3. Statement of position on CN's acquisition of WC

- Alabama State Port Authority strongly supports the Canadian National's proposed acquisition of the Wisconsin Central. We believe this addition to the CN system will enable shippers in the area served by the WC much better access to markets served through our Port and could enable them to boost their business opportunities substantially.

4. Supporting reasons for the statement

- Approval of the CN/WC application would bring significant service enhancements to our shippers. We are working on a number of business opportunities today where this link would provide for better service than can be offered on an interline basis. The principle market of beneficiaries would be in the area of grain and forest products, however, other traffic could also benefit from this acquisition.
- After the merger of the CN and IC, we saw considerably improved service at our Port. We believe the addition of the WC to the network would also show more efficient service and improvements. We are especially excited about more direct access for additional traffic to feed into our new Mexican connection.
- We can honestly see no negatives in regards to competition from this combination. One of our other intermodal rail carriers actually uses the CN/IC system to handle some of their intermodal traffic, as it is a much more direct route to Chicago and beyond.

5. Smooth Transition

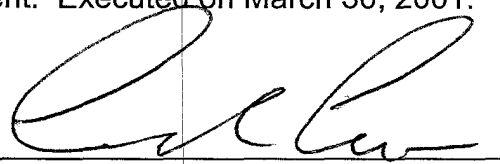
- As the IC was one of our major rail links, we were obviously very concerned about the merger with the Canadian National especially in regards to the problems that occurred with other railroad mergers. What we saw with this merger was an absolutely seamless merger with no service interruptions or other problems that accrued. Conversely, the service in and out of our Port has actually improved. We believe that the integration of the WC should proceed just as smoothly and efficiently.

6. Conclusion

- In conclusion, the Alabama State Port Authority wholeheartedly supports the acquisition of the WC by the CN, as we believe it will significantly strengthen our already impressive rail connections and benefit all shippers that use our Port. We also believe it will help our Port develop new trade by having access to a broader, more efficient system.

7. Verification

I, James K. Lyons, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on March 30, 2001.

A handwritten signature in black ink, appearing to read 'J. Lyons', is written over a horizontal line.

James K. Lyons



Ashland

WISCONSIN

April 4, 2001

Mr. Vernon A. Williams
Office of the Secretary
Surface Transportation Board
1925 K Street, NW
Washington DC 20423-0001

Dear Mr. Williams:

I am writing on behalf of the City of Ashland to strongly support the proposed merger of the Wisconsin Central and the Canadian National Railway Company (CNN). Our city has benefited for many years from the excellent service that Wisconsin Central has provided. We understand that CNN similarly places a high priority on customer oriented service and in working with local interests to promote reasonable growth and opportunity. The proposed transaction, if approved, should ensure the continued viability and vitality of this rail service for existing and future businesses in our city.

Ashland is a city of slightly less than 9,000 people located in Northern Wisconsin. We are in an area that historically has experienced significantly higher unemployment rates than the rest of the State. Our development people are aggressively recruiting additional jobs and they tell me that business prospects often insist on good transportation facilities. Rail service can be critical to them.

We strongly encourage the approval of this application and are convinced that it is in the public interest. A merger of CNN/WCC should create a strong railroad partnership committed to regional transportation needs and services. Thank you for the opportunity to comment.

Sincerely,

Lowell J. Miller, Mayor

LJM/pme



CITY
OF
WAUKESHA

CAROL J. LOMBARDI
MAYOR

June 18, 2001

Vernon A. Williams
Secretary Surface Transportation Board
1925 K Street NW
Washington, D.C. 20434-0001

Re: Canadian National Railway Company/Wisconsin Central System Merger

To Whom It May Concern:

As Mayor of the City of Waukesha, Wisconsin, population 64,800 people, 23 square miles with \$80 million annual budget, this communication is sent to express support of the proposed merger of Wisconsin Central and Canadian National Rail Company. Our community has a variety of businesses ranging in size and manufacturing output from General Electric Medical Systems international headquarters and International Trucking to Venture Foods, all of which some way benefit from efficient rail service to either secure materials or ship the finished product.

Our community is unique in that the very first train passenger route in Wisconsin connected Waukesha (approximately 20 miles west of Milwaukee) with Milwaukee to bring first a tourist visit to enjoy our spring waters/mud baths business in the mid 1800's. Then industry of the 20th Century moved here for rail/labor service. Railroads have always been part of our city's identity. We currently have approximately 30 freight trains that come through Waukesha daily. It is my understanding Canadian National Rail will place a high priority on customer-oriented service, and on working with local interests to promote regional growth and opportunity.

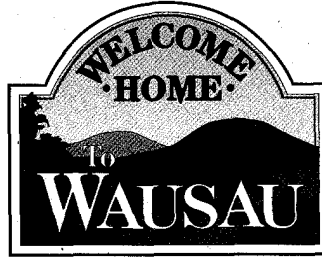
A single-line access for business to benefit the products here in the Midwest as well as along the Gulf Coast and in Canada is certainly going to be a benefit for all. Thus, I encourage a favorable vote by all legislative bodies involved in this transaction for Canadian National/Wisconsin Central merger.

Sincerely,

Carol J. Lombardi

CJL/cc

Trains\merger CN & WC



Office of the Mayor

Linda Lawrence

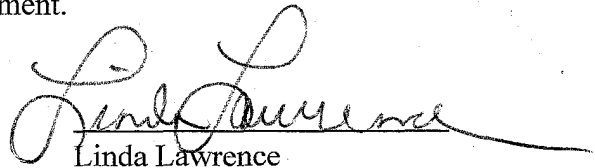
**VERIFIED STATEMENT
of
LINDA LAWRENCE
on behalf of the
CITY OF WAUSAU, WISCONSIN**

My name is Linda Lawrence. I am the Mayor of the City of Wausau, an office I have held since April, 1998. The City of Wausau is located in the County of Marathon/Central Wisconsin, and has a population of approximately 38,900. Rail service to the city is provided by Wisconsin Central System (WC). Many of our businesses utilize rail service to meet their transportation needs. The availability of quality, competitive rail service is important to these companies and, in turn, to the economic health of our community.

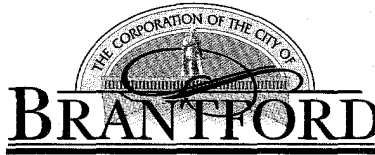
On behalf of the City of Wausau, I strongly support the proposed merger of WC and Canadian National Railway Company (CN). Shippers in the city of Wausau have benefitted for many years from the excellent service that WC has provided. We understand that CN similarly places a high priority on customer-oriented service, and on working with local interests to promote regional growth and opportunity. The proposed transaction thus should ensure the continued viability and vitality of rail service for both existing and prospective local businesses. For example, the transaction will create new, single-line access for such businesses to markets and suppliers in the Midwest, along the Gulf Coast and in Canada.

It is essential to the City of Wausau that we have a transportation infrastructure that supports development of a strong business and industrial base and that promotes economic growth. We believe a CN/WC merger will create a strong railroad partnership committed to regional transportation needs and services. The City of Wausau encourages favorable consideration of the CN/WC transaction.

I, Linda Lawrence, declare under penalty of perjury that the foregoing is true and correct, and that I am qualified and authorized to file this statement.


Linda Lawrence

Dated: April 16, 2001



March 27, 2001

Mr. Vernon A Williams, Secretary
Surface Transportation Board
1925 K Street, N. W.
Washington, D. C. 20423-0001

**RE: CANADIAN NATIONAL – CONTROL – WISCONSIN CENTRAL
(STB FINANCE DOCKET NO. 34000)**

Dear Sir:

This letter is in support of Canadian National's (CN) proposed acquisition of Wisconsin Central Transportation Corporation (WC).

The advantages of the WC acquisition as seen by the City of Brantford Economic Development Board are as follows:

- Improving the transportation infrastructure in Canada and the US, thereby providing better service to rail users in Brantford.
- Increasing the competition between CN/WC and truck carriers. Trucks carry significant volumes of traffic in the CN and WC service areas. The proposed combination will make CN and WC more competitive with trucks. Shippers will benefit from this added competition.
- Creating a geographically broad and seamless rail network that can better service existing industry and attract new industry to the Brantford area.
- CN's proposed acquisition of WC raises no significant issues concerning reduced competition, because the two railroads are end-to-end.

We wish Canadian National every success in receiving approval for their application with the Surface Transportation Board.

Yours truly,

A handwritten signature in black ink, appearing to read "Chris Friel", is written over a large, stylized, looped signature line.

Mayor Chris Friel

A handwritten signature in black ink, appearing to read "Kevin Davis", is written over a large, stylized, looped signature line.

Kevin Davis
Chair, Economic Development Board

THOMAS E. PETRI
5TH DISTRICT, WISCONSIN

2458 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-4906
(202) 225-2479

5TH DISTRICT OFFICE
FOND DU LAC, WI
(920) 922-1100
OSHTOSH, WI
(920) 231-6000

Congress of the United States
House of Representatives
Washington, DC 20515-4906

April 6, 2001

Mr. Vernon Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

Re: *STB Finance Docket No. 34000, Canadian National Railway Company, Grand Trunk Corporation, and WC Merger Sub., Inc., - Control - Wisconsin Central Transportation Corporation, Wisconsin Central Ltd., Fox Valley & Western Ltd., Sault Ste. Marie Bridge Company, and Wisconsin Chicago Link Ltd.*

Dear Mr. Secretary:

We represent the State of Wisconsin and have a vital interest in safe, efficient freight railroad transportation. For more than a decade, the rail carrier subsidiaries of Wisconsin Central Transportation Corporation (WC) have provided important rail service in our state, to the Upper Peninsula of Michigan, and into Illinois, Minnesota, and Canada. This service has been vital to the economic health of our business community.

Earlier this year, the proposed merger of Wisconsin Central with Canadian National Railway Company (CN) was announced. We believe it is important that the Surface Transportation Board act on this transaction quickly to provide certainty for Wisconsin's business community and the employees of the Wisconsin Central system.

We understand that CN and WC will ask the Board to view this merger as a minor transaction and we support that request. While we have not yet had an opportunity to review all of the details of this transaction, we understand that this merger would have no anticompetitive effects and could bring substantial public benefits. These competitive impacts appear to be entirely consistent with the Board's current rules for classification of "minor" railroad mergers. However, should any questions be raised by parties participating in this proceeding, we believe the statutory six-month time frame for review by the Board of a minor transaction should be sufficient to enable the agency to undertake a thorough review of this merger application, provide for input from the public, and render a decision.

Mr. Vernon Williams
April 6, 2001
Page 2

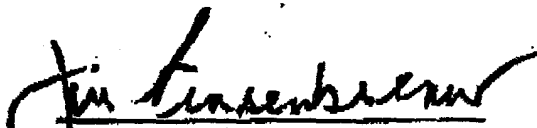
Based on our understanding of the facts, we urge the Board to categorize this merger as a minor transaction to provide swift resolution of this proposed merger for WC's customers and employees, as well as for the communities served by WCC.

We appreciate your consideration in this matter and request that you include this letter in the public docket for this proceeding.

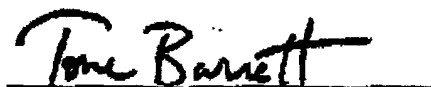
Sincerely,


Thomas E. Petri
Member of Congress

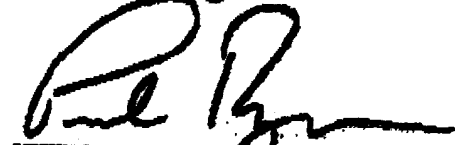

David Obey
Member of Congress


James Sensenbrenner
Member of Congress

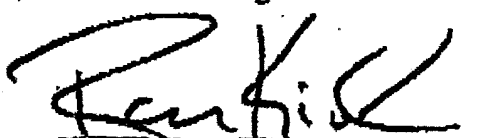

Jerry Klegka
Member of Congress


Tom Barrett
Member of Congress


Mark Green
Member of Congress


Paul Ryan
Member of Congress


Tammy Baldwin
Member of Congress


Ron Kind
Member of Congress

cc: Chairman Linda Morgan
Vice Chairman William Clyburn
Commissioner Wayne Burkes

CUPPAD

REGIONAL COMMISSION

2415 14th Avenue South Escanaba, Michigan 49829-1197
(906) 786-9234 FAX (906) 786-4442

CENTRAL UPPER PENINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION

EXECUTIVE COMMITTEE & COUNTY REPRESENTED

Chairperson	L. Benson, Menominee
Vice-Chairperson	G. Corkin, Marquette
Secretary	E. Hoholik, Schoolcraft
Treasurer	T. Aho, Alger
Director	T. Vitito, Delta
Director	L. Bal, Dickinson
Director	J. Gardiner, Menominee
Director	P. Groleau, Menominee
Executive Director	David C. Gillis

March 28, 2001

To Whom It May Concern:

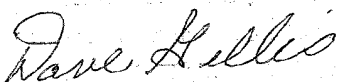
This letter is written in support of the Canadian National-Wisconsin Central merger agreement. The Central Upper Peninsula Planning and Development Regional Commission (CUPPAD) has been active in assisting communities strengthen their economic and infrastructure bases for over 30 years. CUPPAD has taken an active interest in a variety of transportation matters, including the staffing of an effort to develop an Upper Peninsula Rail Plan in the 1980's.

CUPPAD also has an affiliate, 1st Step, Inc., a Michigan Small Business Development Center, serving business interests throughout the Upper Peninsula. Between CUPPAD and 1st Step, there has been assistance provided to both small and large business and through these efforts it has become clear that the efficient movement of goods and services is important to business. Rail, like other forms of transportation, plays a vital role and is essential to the economic health of this region.

Our industrial base relies heavily on rail service. Our companies have grown accustomed to competitive, quality rail service, ever since Wisconsin Central purchased the former Soo Line, and subsequently, the Chicago and North Western Railroads. Wisconsin Central has worked closely with area shippers, and local economic developers to advance and improve the economic health of the region. We understand that the Canadian National also places a high priority on working to strengthen the economic vitality and transportation systems for the areas it serves. Thus, a Canadian National-Wisconsin Central merger will create a strong railroad partnership committed to regional growth and prosperity.

We encourage favorable consideration of the Canadian National-Wisconsin Central transaction and the enhanced transportation options and services it will bring.

Sincerely,



David C. Gillis
Executive Director

DCG:sp



*"Some men see things as they are and say WHY,
we dream things that never were and say WHY NOT."*
— George Bernard Shaw



*Chamber of Commerce
Tourism
Economic Development*

FILE IN DOCKET

www.dickinsonchamber.com

600 South Stephenson Avenue Iron Mountain, Michigan 49801 Phone: 906-774-2002 Fax: 906-774-2004

April 10, 2001

Ms. Linda Morgan
Surface Transportation Board
1925 K Street, N.W.
Washington D.C. 20423

RECEIVED
SURFACE TRANSPORTATION
BOARD
2001 APR 12 P 12:09
OFFICE OF
CHAIRMAN MORGAN

Dear Ms. Morgan:

I am writing to you as the President of the Dickinson Area Partnership in Iron Mountain, Michigan, which is responsible for the tourism, business and economic development efforts for Dickinson County. The Partnership has promoted the development of a strong business and industrial base in Dickinson County and worked for policy and infrastructure initiatives that support economic growth. As part of those efforts, the Partnership takes an active and serious interest in transportation matters that affect the region.

Dickinson County is located in the eastern region of the Upper Peninsula and on the border with Wisconsin, and has a population of approximately 27,000. Major businesses in the area include StoraEnso, International Paper, Cable Constructors, Systems Control, and many more. Rail service to the area is provided by Wisconsin Central System (WC). Many of our businesses utilize rail service to meet their transportation needs. The availability of quality, competitive rail service is important to those companies and, in turn, to the economic health of the region.

The Dickinson Area Partnership supports the merger of WC and Canadian National Railway Company (CN). Shippers in our area have benefited for many years from the excellent service that WC has provided and WC's commitment to economic development in the region it serves. We understand that CN similarly places a high priority on working with local communities on economic development matters. A CN/WC merger thus will create a strong railroad partnership committed to regional growth and opportunity.

Page 2

At the same time, the proposed transaction should ensure the continued viability and vitality of existing rail service for local industries and manufacturers. We encourage favorable consideration of the CN/WC transaction and the enhanced transportation options and services it will bring.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd Gustafson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Todd D. Gustafson
President

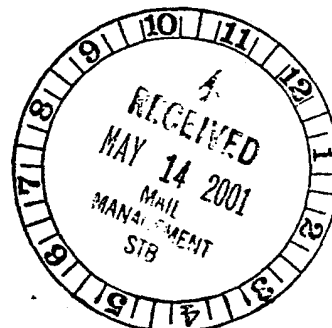
cc: Governor John Engler
State Representative Doug Bovin
State Senator Don Koivisto



FLORIDA PARISHES ECONOMIC DEVELOPMENT ASSOCIATION

May 10, 2001

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K. Street N. W.
Washington, D. C. 20423



RE: CN/ICRR-WISCONSIN CENTRAL ACQUISITION
(STB FINANCE DOCKET NO. 34000)

Dear Mr. Williams:

It was called to our attention at our monthly board meeting that the Canadian National/Illinois Central was filing application with the surface transportation board for approval of CN/ICRR's proposed acquisition of the Wisconsin Central Railroad. The board voted unanimously to support this application.

Southeast Louisiana parishes have depended on the former Illinois Central railroad, and now the Canadian National, for transportation and employment. We have a large number of individuals from our area that commute and depend on the chemical companies from Baton Rouge to LaPlace, Louisiana for employment

The CN/ICRR merger, which has not had the problems compared to other railroad mergers, has opened up new avenues for the Louisiana industries. The new market area of the Wisconsin Central Railroad and single line freight rates will open up more opportunities for our industries.

This acquisition has the full support of the board of directors of the Florida Parishes Economic Development Association.

Sincerely,

Skip Smart
President



Illinois Department of Transportation

Office of the Secretary
2300 South Dirksen Parkway / Springfield, Illinois / 62764
Telephone 217/782-5597

May 1, 2001

FILE IN DOCKET

Mr. Vernon Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423

RECEIVED
SURFACE TRANSPORTATION
BOARD
2001 MAY 1 P 2:38
OFFICE OF
CHAIRMAN MORGAN

Dear Mr. Williams:

The Illinois Department of Transportation is vitally interested in the proposed merger of the rail carrier subsidiaries of Wisconsin Central Transportation Corporation (WC) with the Canadian National Railway Company (CN), the application for which was filed on April 9, 2001 with the Surface Transportation Board.

We understand that CN has assured shippers that service levels will be as good as or better than current service and that CN has committed to keeping open all active gateways affected by this transaction. CN has informed the department that they plan to reduce to some extent the volume of rail car switching that will take place in the Chicago Terminal and move more cars in through trains that will not need to stop for processing in rail yards in Chicago. These efforts should help relieve congestion in the Chicago area.

We also understand that CN and WC has asked the Board to view this merger as a "minor" transaction and we support that request. Even though we have not yet had an opportunity to review the application, the six-month review period provided for the Board's consideration of a minor transaction should allow ample time for consideration of the views of all interested parties.

Based on our understanding of the limited data received, we believe the Board should consider this merger as a minor transaction to provide a timely resolution of this proposed merger for Illinois shippers.

Thank you for your consideration of this matter. Twenty-five copies of this letter are enclosed for placement in the public docket for this proceeding.

Sincerely,

KS 5/1/01

Kirk Brown
Secretary

Enclosures

cc: Honorable Linda J. Morgan
Honorable William Clyburn, Jr.
Honorable Wayne O. Burkes



Jefferson Parish Economic Development Commission

Business Outreach

Incubators

Financing

Port/Transportation

April 10, 2001

**Mr. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423-0001**

Dear Mr. Williams:

The Jefferson Parish Port District is a shallow draft port located near New Orleans. We support the Canadian National's acquisition of the Wisconsin Central as it will yield additional potential customers for our area. The combined company will create a better rail network, which includes service improvements.

We recommend that this CN/WC merger be approved.

With warm regards.

Sincerely,

A handwritten signature in cursive script that reads "Peter Chocheles".

**Peter Chocheles
Port Director**

VERIFIED STATEMENT

of

TIMOTHY R. SHEEHY

on behalf of

METROPOLITAN MILWAUKEE ASSOCIATION OF COMMERCE (MMAC)

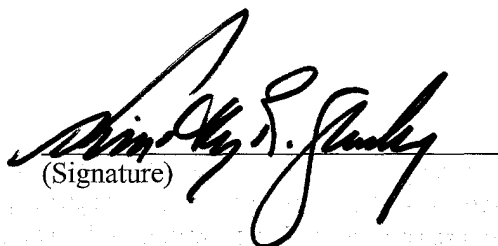
My name is Timothy R. Sheehy. I am the President of the Metropolitan Milwaukee Association of Commerce (Chamber of Commerce) in Milwaukee, Wisconsin and for the four county area region around Milwaukee. On behalf of its 2500 members, the Association engages in policies and initiatives that promote business opportunity and encourages economic development in the area. As part of those efforts, the Association takes an active and serious interest in transportation matters that affect the region. I have served as President of the Association since 1992.

The four county (Milwaukee, Ozaukee, Washington, Waukesha) area in the Milwaukee region is located in the southeastern part of Wisconsin and is home to all types of businesses including Fortune 500 companies. Rail service in the Milwaukee four county region is provided by Wisconsin Central System (WC). The Soo Line and Union Pacific serve this area as well. Many of our members utilize rail service to meet their transportation needs. The availability of quality, competitive rail service is important to those companies and, in turn, to the economic health of the region.

The Association supports the proposed merger of WC and Canadian National Railway Company (CN). Shippers in the region have benefited for many years from the excellent service that WC has provided. We understand that CN similarly place a high priority on customer-oriented service, and on working with local interest to promote regional growth and opportunity. The proposed transaction thus should ensure the continued viability and vitality of rail service for both existing and prospective local businesses. For example, the transaction will create new, single line access for such businesses to markets and suppliers in the Midwest, along the Gulf Coast and in Canada.

We encourage favorable consideration of the CN/WC transaction and the enhanced transportation options and services it will bring.

I, Timothy R. Sheehy, declare under penalty of perjury that the foregoing is true and correct, and that I am qualified and authorized to file this statement.


(Signature)

Dated April 30, 2001



Northwest Regional Planning Commission

an economic development district

*Serving communities within and counties of
ASHLAND • BAYFIELD • BURNETT
DOUGLAS • IRON • PRICE • RUSK
SAWYER • TAYLOR • WASHBURN
and the Native American Tribal Units*

RESOLUTION 01-04

In Support of Canadian National Railroad's Merger with Wisconsin Central Railroad

WHEREAS, Northwest Regional Planning Commission (NWRPC) has promoted development of a strong business and industrial base in its ten-county region in northwest Wisconsin since 1959 and;

WHEREAS, transportation infrastructure is an important and necessary component contributing to economic development opportunities in the region and;

WHEREAS, Wisconsin Central Limited (WC) has been an important partner in NWRPC's economic development efforts by providing quality and competitive rail service to local companies and;

WHEREAS, Canadian National Railway Company (CN) has proposed to merge with WC and thereby give WC's customers uninterrupted access to west coast, east coast and gulf ports and;

WHEREAS, this merger should ensure continued viability and vitality of existing rail service in the region for local industries and manufacturers given the strategic position of WC's rail network in relation to CN's rail network and the high priority CN places on working with local communities on economic development matters.

BE IT THEREFORE RESOLVED that NWRPC supports the merger of WC and CN with the expectation that the positive working relationship that currently exists between WC and NWRPC will continue with the merged company.

Douglas Finn, Chairman
Northwest Regional Planning Commission

March 29, 2001

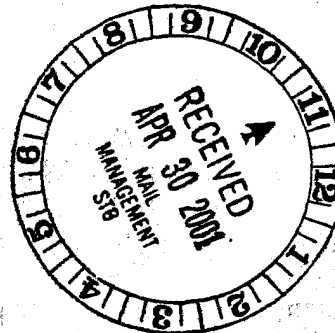
Date



**Sarnia-Lambton
Office of
Economic Development**

April 9, 2001

Mr. Veron A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001



Dear Mr. Williams

RE: Canadian National Control – Wisconsin Central (STB Finance Docket No. 34000)

I am writing to express my support for the Canadian National (CN) proposed acquisition of Wisconsin Central (WC). Rail service is particularly important to Sarnia-Lambton as it is the location for the CN rail tunnel to Michigan. In addition, the area's largest employer, the petrochemical industry, is a major user of rail services.

We support the application on the promise that it will improve rail services and encourage more integration and competition with truck transportation.

Please call me if you have any questions.

Sincerely,


George Mallay
General Manager



**Lowest Cost
Ontario City
For Business**

**KPMG
Study
1999**



265 Front Street North
Suite 107
Sarnia, ON, Canada N7T 7X1
Tel.: (519) 332-1820
1-800-972-7642
Fax: (519) 332-1686
Email: ecdev@sarnia.com
www.sarnialambton.on.ca



March 28, 2001

To Whom It May Concern:

My name is Michael Marinovich. I am the President of the Chamber of Commerce in Sault Ste. Marie, Ontario. On behalf of its 900 members, the Chamber engages in policies and initiatives that promote business opportunity and encourage economic development in the area. As part of those efforts, the Chamber takes an active and serious interest in transportation matters that affect the region.

Sault Ste. Marie is located in northern Ontario, and is home to many businesses including steel, paper and forest products. Rail service in the Algoma district is provided by Wisconsin Central System and Huron Central Railway. Many of our members utilize rail service to meet their transportation needs. The availability of quality, competitive rail service is important to those companies and, in turn, to the economic health of the region.

The Chamber strongly supports the proposed merger of Wisconsin Central and Canadian National Railway Company. We strongly recommend that Canadian National continue to operate the Agawa Canyon Tour Train, which is the major tourist attraction for Sault Ste. Marie along with continued passenger and freight transportation north of Sault Ste. Marie as it has been in the past. These services are very critical to the economic base of our city. Shippers in the Algoma district have benefited for many years from the excellent service that Wisconsin Central has provided. We understand that Canadian National similarly places a high priority on customer-oriented service, and on working with local interests to promote regional growth and opportunity. The proposed transaction thus should ensure the continued viability and vitality of rail service for both existing and prospective local businesses. For example, the transaction will create new, single-line access for such businesses to markets and suppliers in the Midwest, along the Gulf Coast and in Canada.

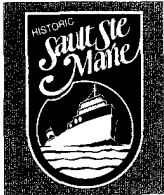
We encourage favourable consideration of the Canadian National and Wisconsin Central transaction and the enhanced transportation option and services it will bring.

I, Michael Marinovich, declare under penalty of perjury that the foregoing is true and correct, and that I am qualified and authorized to file this statement.

Michael Marinovich, President

SAULT STE. MARIE CHAMBER OF COMMERCE

Dated: March 29, 2001



ECONOMIC DEVELOPMENT CORPORATION
1301 Easterday West, Industrial Park
Sault Ste. Marie, Michigan 49783
Phone (906) 635-9131 • Fax (906) 635-1999

James F. Hendricks, Executive Director

April 10, 2001

Federal Surface Transportation Board
Washington, D.C.

Dear sirs:

We have been advised that, on January 20, 2001, the Canadian National Railway Company and Wisconsin Central System entered into an agreement under which Canadian National will acquire the Wisconsin Central Railroad. Canadian National 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 and Halifax, and with the acquisition of the Illinois Central Railroad, New Orleans and Mobile, Alabama. Wisconsin Central serves Wisconsin, Illinois, Minnesota, Michigan's Upper Peninsula and Ontario.

The Sault Ste. Marie Economic Development Corporation, incorporated in 1980, has long supported and promoted the development of a strong business and industrial base in Sault Ste. Marie and Chippewa County, and the corporation has always worked for policy and infrastructure initiatives that support economic growth. As part of those efforts, the corporation takes an active and serious interest in transportation matters that affect the City and the region.

Sault Ste. Marie is located at the northern tip of Michigan directly south of our sister City, Sault Ste. Marie, Ontario. The community has a population of 15,000 people, with a county population of 38,500. Major businesses in the area include Soo Plastics, Wohler Special Products, Precision Edge Surgical products, J.A.S. Veneer, Bunker manufacturing and Hoover Precision products. Rail service is currently provided by Wisconsin Central. The availability of quality, competitive rail service is important to the future growth of these companies as well as to the region as a whole.

The Economic Development Corporation supports the merger of Wisconsin Central and Canadian National Railway Company. We have been very pleased with the commitment to service and customer and community satisfaction demonstrated by Wisconsin Central and we understand that Canadian National places an equally high priority on working with local communities an economic development matters.

We believe that the proposed transaction augers very well for the community and the region, and we believe this merger will result in the potential for improved growth prospects in this area due to the integrated connection between Sault Ste. Marie, Ontario and the Gulf of Mexico engendered by this merger.

We support this merger, and strongly encourage favorable consideration of the proposed transaction.

Sincerely yours,

James F. Hendricks, AICP



STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JOHN ENGLER
GOVERNOR

June 28, 2001

Mr. Vernon Williams
Secretary
Surface Transportation Board
STB Finance Docket No. 34000
1925 K Street, N.W.
Washington, DC 20423-0001

Dear Mr. Williams:

An application has been filed with the Surface Transportation Board seeking authority for Canadian National Railway Company (CN) to acquire Wisconsin Central Transportation Corporation (WC) and its rail carrier subsidiaries. On behalf of the State of Michigan, I am writing in support of this proposed acquisition.

CN is a major rail carrier providing service in the Lower Peninsula of Michigan. As a gateway to Canada, its service to the automobile industry and intermodal operations are particularly important to Michigan's economic strength and vitality. WC provides service in the Upper Peninsula of Michigan. In particular, it provides essential service to our mining, forestry, and paper industries in an area characterized by long distances and relatively few businesses. We request that CN develop an operating plan that reflects the same strong presence and commitment in the Upper Peninsula as the WC has shown.

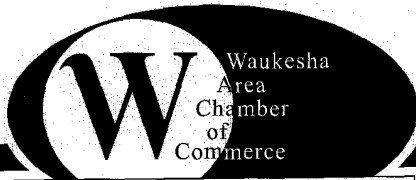
I encourage the Surface Transportation Board to approve the proposed acquisition and look forward to working with CN on implementation of additional improvements to the railroad system in Michigan.

Sincerely,

A handwritten signature in black ink, reading "John Engler".

John Engler
Governor

JE/mhja



Serving the Business Community Since 1918

VERIFIED STATEMENT
of
ANN M. NISCHKE
On behalf of
WAUKESHA AREA CHAMBER OF COMMERCE

My name is Ann M. Nischke and I have served as Executive Director of the Waukesha Area Chamber of Commerce in Waukesha, Wisconsin for the past three years. On behalf of its 900 member companies, this Chamber advocates policies and initiatives which promote business opportunity and encourage the economic development of Waukesha County. Transportation plays an important role in the business climate of this region.

Waukesha County, located in the southeastern portion of the state, is home to international companies such as GE Medical Systems, Waukesha Engine, Cooper Power, and Generac, as well as a host of others. During my tenure and prior to it, the Wisconsin Central System (WC) has provided rail service to this area. Many WACC members utilize rail service to meet their transportation needs. The availability of quality, competitive rail service is important to those companies and in turn to the economic health of this county and of the state of Wisconsin.

The Waukesha Area Chamber of Commerce supports the proposed merger of the WC and the Canadian National Railway Company (CN). WC has served this county well. We understand that CN similarly places a high priority on customer-oriented service and on working with local entities to promote regional growth and opportunity. The proposed transaction will create new, single-line access for such businesses to markets and suppliers in the Midwest, along the Gulf Coast and in Canada.

This Chamber encourages favorable consideration for the CN-WC transaction and the enhanced transportation options and services it will bring.

I, Ann M. Nischke, declare under penalty of perjury that the foregoing is true and correct, and that I am qualified and authorized to file this statement.

Ann M. Nischke
Executive Director



WISCONSIN STATE LEGISLATURE

Post Office Box 7882 · Madison, Wisconsin 53707-7882

June 20, 2001

Mr. Vernon Williams, Secretary
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423

RE: STB Finance Docket No. 34000, *Canadian National Railway Company, Grand Trunk Corporation, and WC Merger Sub, Inc. – Control – Wisconsin Central Transportation Corporation, Wisconsin Central Ltd., Fox Valley & Western Ltd., Sault Ste. Marie Bridge Company, and Wisconsin Chicago Link Ltd.*

Dear Mr. Secretary:

As members of the Wisconsin State Senate and Assembly, we are writing in support of the proposed merger of the rail carrier subsidiaries of Wisconsin Central (WC) with Canadian National (CN), the application for which was filed on April 9 at the Surface Transportation Board.

WC has provided important transportation service in Wisconsin for more than a decade. With this proposed transaction, rail freight service in Wisconsin begins a new era. CN will build on WC's consistently outstanding service record by assuring shippers that service levels will be as good as, or better than, current service. CN also has committed to keeping open all active gateways affected by the transaction. Wisconsin shippers also will benefit by becoming part of CN's larger route network, giving them greater access to markets outside our State. We are pleased to note that more than 300 shippers, economic development organizations and local governments have expressed support for this merger.

We urge the Board to act expeditiously to approve this transaction. First, it is essential for Wisconsin's business community that the Board review this merger as a "minor" transaction. The six-month review period provided for the Board's consideration of minor transactions should allow ample time for consideration of the views of all interested parties. Second, this is a pro-competitive, end-to-end combination that will provide important service and efficiency gains to Wisconsin shippers.

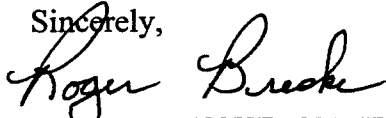
Mr. Vernon Williams, Secretary
Surface Transportation Board
June 20, 2001

CN recognizes the importance of WC to our State, and plans to operate WC as a distinct sixth division of CN, retaining WC's ties to local communities and fostering continued high standards of safety and customer service. CN is the most efficient Class I railroad in North America and WC is the most efficient Class II railroad. We are confident this merger of excellence will preserve and enhance our vital transportation link, to the benefit of Wisconsin's businesses, WC's employees, and the communities served by WC.

We urge the Board to act swiftly to approve this transaction to provide certainty for Wisconsin's shippers and continued excellence in rail transportation in our State.

Thank you for your consideration of this matter. Please place this letter in the public docket for this proceeding.

Sincerely,



ROGER BRESKE, CHAIRMAN
Senate Transportation Committee



JEFF STONE, CHAIRMAN
Assembly Transportation Committee



JOANNE HUELSMAN
State Senator



CAROL ROESSLER
State Senator



DALE SCHULTZ
State Representative



JOHN AINSWORTH
State Representative



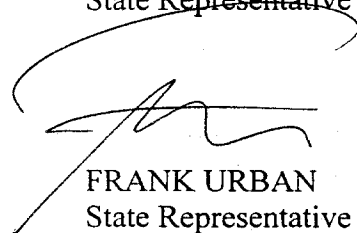
DONALD FRISKE
State Representative



AL OTT
State Representative



TOM SYKORA
State Representative



FRANK URBAN
State Representative

cc: Chairman Morgan
Vice Chairman Clyburn
Commissioner Burkes

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OTHER RAILROADS

IRON ROAD RAILWAYS

I N C O R P O R A T E D

**VERIFIED STATEMENT
OF
ROBERT T. SCHMIDT
On behalf of
IRON ROAD RAILWAYS INCORPORATED**

I, Robert T. Schmidt, President and CEO of Iron Road Railways Incorporated, would like to submit the following statement in support of the Canadian National, ("CN") – Wisconsin Central, ("WC") merger under consideration by the United States Surface Transportation Board. In addition, I am a founder and a principal shareholder of our short line and regional railroad holding company which is based in Alexandria, Virginia. Prior to founding Iron Road in 1993, I was a Principal at Korn/Ferry International, one of the premier executive recruiting firms in the world, and specialized in transportation related recruiting assignments. In addition, I served as a Staff Assistant to the President in the Office of Presidential Advance at The White House for President Ronald Reagan for five years.

Iron Road Railways Incorporated ("Iron Road" or the "Company") owns and operates regional and short line freight railroads in North America. Formed in 1993, the Company has acquired six such railroads which operate on approximately 900 miles of track. Included in this group is the 850-mile Bangor & Aroostook System (the "B&A System" or "B&A"), an extensive regional transportation network in northern New England and eastern Canada, an area rich in natural resources.

Iron Road completed its first acquisition in 1994, acquiring a 58-mile short line railroad in Nova Scotia, Canada, in August known as The Windsor & Hantsport Railway Company Limited. Although we purchased this line from Canadian Pacific, the lines only interchange is with Canadian National. In 1995 and 1996, the Company assembled the Bangor & Aroostook System by acquiring and integrating five independent rail properties, and a logistics company, which include the Bangor & Aroostook Railroad ("BAR"), the Canadian American Railroad ("CDAC"), the Quebec Southern Railway ("QSR"), the Northern Vermont Railway ("NVR"), the Van Buren Bridge Company ("VBB") and a logistics company, Logistics Management Systems ("LMS"). Operational headquarters are in Bangor, Maine, with the five IRR units, along with the warehouse and logistics subsidiary, LMS, functioning as a single operating entity. Divisional headquarters are also located in Farnham, Quebec, and Newport, Vermont. This regional property has four interchanges with CN in addition to its other interchanges. More detailed information on each of the rail properties is attached as "Appendix 1".

Iron Road's rail system serves a region rich in natural resources where major producers of paper, lumber, wood, petroleum products, and agricultural products have the need to transport commodities that are well-suited for rail movement. Iron Road is a full-scale, autonomous railroad operator with tariff authority over an extensive network of interconnecting lines, its own substantial railcar and engine fleet and a logistics company serving customers' needs for intermodal and warehousing services.

Since 1995, Iron Road has worked diligently to integrate Rail properties together into an exciting, dynamic regional transportation system. Key to success has been revenue growth through market

share. Service, equipment and pricing are all key ingredients to this. The Canadian National has been an integral component to a long-planned business strategy to allow dramatic growth in rail commerce from a wide number of points in Northern Vermont, Quebec, Maine and the Atlantic Provinces.

The B&A System has access to wide markets that ship the equivalent of hundreds of thousands of carloads from northern Vermont, Maine, Quebec and the Atlantic Provinces. Most of the market is currently served by truck, placing several million trucks on New England highways each year.

As examples, let me explain some of our past experiences and how they may translate into similar future opportunities as a result of this merger.

- Our first acquisition was The Windsor & Hantsport Railway in Nova Scotia. It is a 58 mile line that was owned by CP Rail with an interchange to CN. When we acquired this line there were literally only a few hundred interchange cars. We worked closely with CN to establish a competitive haulage arrangement which reduced transportation costs to our mutual customers and shippers. As a result, we experienced an initial exponential growth of traffic in outbound forest products, inbound agricultural products, and outbound aggregates. I believe that customers on the WC will experience similar opportunities, and it is likely that some of the customers on the W&H may see opportunities on the WC.
- When we purchased one of the properties which make up the B&A System, the Canadian American, one of its larger customers was quite concerned about the property's viability. This customer ships a sizable quantity of pulp to destinations on the WC. Although we won this traffic back several years ago, we have recently lost it predominantly due to rate reasons. This merger will give this customer a new routing choice, CDAC-CN, which we believe will improve service and pricing.
- One of the other railroads in The B&A System is the Quebec Southern Railway, which is wholly within the Province of Quebec. This provincial carrier, has significant for inbound agricultural products. When we purchased this line, much of this was being trucked into customers, with rail somewhat the default transportation option both because of price and service. We moved forward and gave these customers competitive options which include CN. This has resulted in significant carload growth for both our railways and significant savings for our customers.

As one can see, we have had a positive and constructive relationship with CN. We believe that this acquisition will enhance this relationship by providing additional choices for our customers which will also benefit our company. We believe that the acquisition will provide very efficient single line service which should be faster and more reliable for our customers' traffic. We believe our customers will receive improved equipment supply for their traffic both by tapping into CN's fleet and also by improving utilization.

As can be seen with our experiences listed above, we believe the transaction will actually increase competition among rail carriers. We also believe that it will increase modal competition as exhibited in our example in Quebec with the agricultural products. As we stated before, this is end-to-end and thus creates more competitive options not reduces.

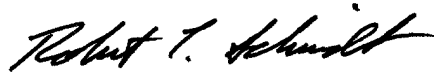
We believe the Canadian National is one of the premier Class I Railroads in north America and has exhibited this with their progressive approach to working with shortlines and regionals such as Iron Road. We believe this has accrued to the benefit of customers and produced mutual benefits for our

respective companies. As seen in the CN/IC merger, we believe that CN will handle the acquisition and resultant transition quite capably.

In summary, we believe that this transaction has numerous benefits for customers and North American rail transportation. For these reason Iron Road Railways and our subsidiaries fully support the application by CN to acquire through merger the Wisconsin Central.

I, Robert T. Schmidt, declare under the penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on April 10, 2001.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Robert T. Schmidt", written in a cursive style.

Robert T. Schmidt
President & CEO

APPENDIX 1
VERIFIED STATEMENT
OF
ROBERT T. SCHMIDT
On behalf of
IRON ROAD RAILWAYS INCORPORATED

Over its first three years of existence, IRR purchase six railroads which have evolved into two separate types of entities. The first is an integrated regional transportation network under the organizational auspices of the Bangor & Aroostook System. The second type of operation is the more traditional short line railroad, involving considerable local autonomy and local management. The Windsor & Hantsport Railway falls into this latter category.

The Company has grown rapidly by executing its business strategy of (i) acquiring selected rail properties that enable strategic expansion of its regional system and diversification of its revenue base; (ii) integrating the acquired properties to achieve operating efficiencies through rationalization and consolidation of overhead costs; (iii) expanding the revenue base on its lines by using innovative marketing and customer service programs to increase traffic and (iv) expanding and enhancing its rail infrastructure, equipment and facilities to seize opportunities for increasing the penetration of rail transportation in its service region.

The Bangor & Aroostook Railroad Company

In March 1995, IRR closed the purchase of all of the capital stock of the 106 year old Bangor & Aroostook Railroad (B&A) through an affiliate, Bangor & Aroostook Corporation. The B&A is the largest unit IRR has acquired to date, and materially enhanced IRR's geographic and commodity diversity.

The B&A is a 420-mile railroad located wholly within the State of Maine. It provides an independent outlet for major producers of paper, lumber, wood products, chemicals and agricultural products in eastern and northern Maine. Including car hire receipts, annual revenues are in the range of \$28 million. The B&A has important interchanges with the CN, New Brunswick Southern Railway, Canadian American Railroad and Springfield Terminal. It owns 100% of the stock of LMS.

The B&A forms the heart of what is emerging as a major regional transportation system in northern New England and eastern Canada. Its experienced labor force and solid infrastructure are the foundation for a regional management approach, integrating CDAC, and now the NVR and the QSR, into an efficient transportation system. Furthermore, by expanding our logistics company, LMS, the railroad is poised to capture business throughout the area that has traditionally moved via truck. This integration of contiguous railways on an internal basis has allowed for a dramatic rationalization of costs system-wide, as expenses such as dispatching, customer service, accounting, and general management have been reduced by consolidation at key points. The B & A handles nearly 40,000 car loads annually.

The Canadian American Railroad Company

On November 2, 1994, IRR/B&A signed a joint letter of understanding to purchase 183 miles of CP's Canadian Atlantic Railway from Brownville Jct., Maine (where it interchanges with the B&A to Sherbrooke, Quebec. On January 4, 1995, an affiliate of B&A consummated this transaction. In connection with its acquisition of B&A on March 17, 1995, IRR acquired all of the stock of CDAC. J. D. Irving Limited purchased the New Brunswick portion of the former Canadian Atlantic Railway as the New Brunswick Southern Railway (NBSR), and the Brownville Junction to Vanceboro, Maine, portion as Eastern Mail Railway (EMR). CDAC maintains tariff authority over those lines purchased by J. D. Irving, Limited. NBSR and EMR acts as a sub-contractor for CDAC between Brownville Jct., Maine and Saint John, New Brunswick. These combined transactions preserve the critical rail artery between Saint John, New Brunswick, and Montreal, Quebec.

CDAC has been integrated operationally with the B&A to lower costs and offer better service for customers seeking markets to the west. What was once seen as a former line extension that had outlived its useful life, and on which was formally abandoned, has been transformed into the main outlet and through route of the B&A System, with its emphasis on superior equipment, customer service and innovative marketing and pricing approaches. The line has recently reached a profitable level of operations and substantial growth continues.

The Quebec Southern Railway/Chemin de Fer Quebec Sud

On September 28, 1996, IRR completed the acquisition of 244 additional miles of railway in Quebec and Vermont from Canadian Pacific, linking the company's existing system in Maine and eastern Canada via CDAC directly to the Montreal area and to northern Vermont.

The QSR connects with the western end of CDAC at Lennoxville, Quebec, and continues to St. Jean, Quebec. Strategically, trackage rights to the CPR operating yards on the island of Montreal were part of the transaction. QSR has now also leased a substantial parcel of land from CPR at the former Sortin yard site and has constructed a modern, automated intermodal terminal of its own on the island of Montreal.

The properties that were acquired in the Province of Quebec have been organized under the auspices of the QSR for regulatory reasons. The QSR allows Iron Road to bring operational efficiency and a new kind of face-to face customer service to a region that, until now, has performed traditionally only as a through route for products destined for the Midwest. With the shortest transportation route to Montreal, the QSR ultimately will result in improved service and lower transportation costs for companies throughout northern New England and eastern Canada that are served by the B&A. It operates as a sub-contractor to CDAC and also as a switching carrier for CPR and CN in southern Quebec.

The Northern Vermont Railroad Company

The NVR holds title to, and maintains all former CPR rail lines and property within the State of Vermont. Its operations are carried out by CDAC. The line enters the United States from Quebec at mileage 26.25 of the Newport Subdivision near Richford, Vermont, loops back into the Province of Quebec between mileage 32.63 near Glen Sutton and mileage 43.32 near Highwater, re-entering the

United States at North Troy, Vermont. The line continues on to Newport, Barton, Lyndonville, St. Johnsbury and Wells River. The segment of trackage between Newport and Wells River is operated as the Lyndonville, Subdivision. At Wells River, the line connects to the former B&M line running south from Wells River to White River Jct. and commonly known as the Connecticut River Line, which is the project under consideration in this proposal.

NVR also has a short stub of CPR's former Beebe Subdivision at Newport to the Newport Industrial Park and Columbia Forest Products.

Collectively, the CDAC, QSR and NVR handles nearly 70,000 revenue units annually.

Logistics Management Systems

Known as LMS, Logistics Management Systems is a wholly owned subsidiary of BAR. LMS has installed warehouses and truck to rail reload facilities throughout Maine and elsewhere to bring low cost rail transportation to customers long forgotten by the railroad industry.

The Windsor & Hantsport Railway Company Limited

In August of 1994, IRR formed a wholly-owned subsidiary, The Windsor & Hantsport Railway Company Limited (W&H), which purchased CP's interest in the properties, assets, and rights of the Dominion Atlantic Railway (DAR). The W&H, a Nova Scotia company incorporated in January of 1994, is comprised of 58 miles of railroad with 74 freight cars, 11 locomotives and has 18 employees. It handles approximately 23,000 carloads annually.



OTTAWA CENTRAL RAILWAY INC.

**VERIFIED STATEMENT
OF
JAMES D. ALLEN
On behalf of
THE OTTAWA CENTRAL RAILWAY**

My name is James D. Allen and I am General Manager of the Ottawa Central Railway ("OCR"). I joined OCR shortly after the start-up of our operations in December, 1998. My background includes many years of senior management with diverse national companies.

OCR is located in Walkley Yard, Ottawa, Ontario, where we handle close to 25,000 carloads per year of diverse commodities such as OSB (oriented strand board), MDF (medium density fibreboard), lumber, woodpulp, scrap metal, grain, fertiliser, barley, rape seed, industrial sand, road salt, rock salt, wire rod, iron billets, propane, caprolactem, urea, sodium hydroxide, sodium chlorate, aluminium hydroxide, telephone poles, and computers, among other products.

Some of our major clients include Ivaco Rolling Mills, Smurfit-Stone, Louisiana Pacific, Eaglebrook, Temple Inland, National Silicates, BASF, Domtar, and MBI Smurfit. We have spoken with prospective shippers who are quite excited with this acquisition as it allows them access to markets they could not sell to in a cost efficient manner.

OCR is a short line railroad that operates westbound five days per week between Walkey Yard and Pembroke, a distance of 90 miles, and eastward six nights a week to Coteau, a distance of 79 miles. OCR also provides five-day a week service to local clients in the Ottawa area.

We understand that Canadian National and Wisconsin Central are requesting authority to enter into a transaction that would put them under common control. OCR strongly supports this application as it will secure a key link in Canadian National's NAFTA network and offer significant opportunities for service improvements and efficiencies. OCR has found it much easier to bring new shippers on board when it can be demonstrated that service issues such as minimal switching can be reduced or even eliminated. This is the case with end-to-end arrangements like CN/IC and the proposed CN/WC.

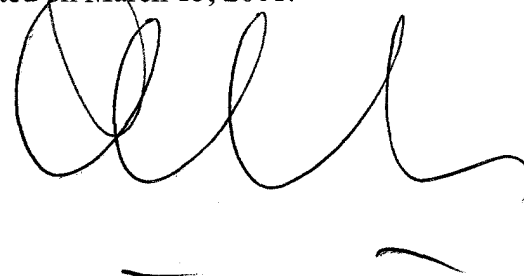
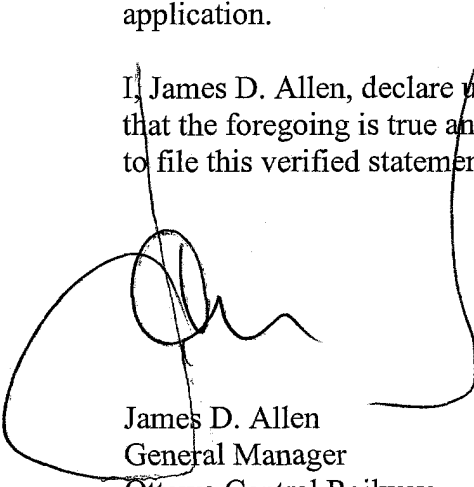
OCR believes the acquisition by CN of WC will assure shippers will be able to participate efficiently over the long-term in the fast-growing NAFTA markets. This is crucial to their ongoing survival. Also, this acquisition will provide improved service as a result of a new operating plan that will combine the existing scheduled service on WC with CN's scheduled service.

Another advantage we see is the combined organizations will be able to co-ordinate rolling stock management and reposition cars and locomotives more efficiently which will result in improvements in the supply of railway-owned equipment. As a result, shippers ought to enjoy savings through reduced fleet size requirements.

OCR views the proposed acquisition as being the right thing to do. We do not see any significant issues concerning reduced competition because like CN/IC, the two railroads are end-to-end.

In conclusion The Ottawa Central Railway firmly believes the proposed acquisition will strengthen the railroad network and benefit shippers. Therefore OCR supports this application.

I, James D. Allen, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on March 15, 2001.



James D. Allen
General Manager
Ottawa Central Railway

**VERIFIED STATEMENT
OF
MORRIS H. KULMER
On behalf of
SOUTHERN MANITOBA RAILWAY INC.**

My name is Morris H. Kulmer and I am President of Southern Manitoba Railway Inc. ("SMNR")

SMNR is a short-line railroad serving Southern Manitoba. SMNR serves grain elevators located between Elgin and Morris, MB, and moves approximately 1100 carloads of outbound grain annually. The grain moves to the CN interchange at Morris, MB, which is located about 40 miles south of Winnipeg, for furtherance to various destinations, primarily Thunder Bay, ONT.

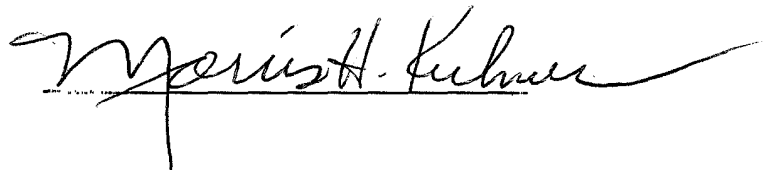
SMNR strongly supports CN's proposed transaction with WC, as we expect the transaction will result in better routing between southern Manitoba and the U.S. midwest, which would speed transaction times, and which would also enable SMNR to capture new business. SMNR has been working with CN to develop new markets, and we expect that this transaction will put us in a position to enhance the service we provide to current shippers.

In particular, eliminating the Duluth and Chicago interchanges should help reduce the costs and enable SMNR to capture time and service-sensitive traffic in southern Manitoba that we are currently pursuing. Furthermore, we expect the transaction will result in improved equipment utilization, which should increase back-haul opportunities.

Because this transaction will provide significant benefits to SMNR and to our customers, SMNR strongly supports the transaction.

I, Morris H. Kulmer, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed on 6 April 2001.

A handwritten signature in black ink, reading "Morris H. Kulmer", with a long horizontal flourish extending to the right.

**VERIFIED STATEMENT
OF
ROBERT GROSSMAN
on behalf of the
ST. LAWRENCE & ATLANTIC RAILROAD COMPANY**

1. Witness Name, Title, Responsibilities and Credentials

- Robert Grossman, Chairman, Chief Executive Officer, and President
St. Lawrence & Atlantic Railroad Company ("SLR")
96 South George Street
Suite 400
York, Pennsylvania 17401-1436
- I am responsible for the overall policy and management of the SLR and have been its Chairman and Chief Executive Officer since May 1989. SLR is a wholly owned subsidiary of Emons Transportation Group, Inc., of which I am Chairman, CEO, and President, and I have been involved with Emons since 1971 in various capacities, including Vice President, and have been Chairman and Chief Executive Officer since 1979. Emons Transportation Group owns four short line railroad companies, a logistics company, and an intermodal company.

2. Company Description

- SLR is a Class III short line railroad company, which operates over 165 route miles in Maine, New Hampshire and Vermont between Portland, Maine, and Norton, Vermont, on the Vermont/Quebec border. SLR connects with Guilford Rail Systems at Danville Junction, Maine, and with SLR's Canadian affiliate, the St. Lawrence & Atlantic Railroad (Québec) Inc. ("SLQ") at the Vermont/Québec border, and through SLQ, the Canadian National Railway ("CN") at Ste. Rosalie, Québec. Some of its traffic is overhead traffic originating and terminating on Guilford traveling over the SLR and SLQ and being interchanged to CN at Ste. Rosalie, Québec, for destinations/origina-tions in Canada or the United States.
- SLR and SLQ are currently interchanging approximately 24,000 annualized carloads of freight with CN at this point and about 14,000 intermodal trailers/containers per year with the CN.
- SLR handles a variety of products for its customers, primarily forest products, including paper and lumber, but also chemicals, agricultural products, fuels such as propane, and a variety of other products. Shippers and customers of SLR are highly dependent on good, cost-competitive rail service, especially since many areas in northern New England do not have good highway infrastructure.

3. Statement of Position on CN's Acquisition of Wisconsin Central

"We understand that Canadian National ("CN") and Wisconsin Central ("WC") are requesting authority to enter into a transaction that would put them under common control. We strongly support the proposed acquisition by CN of WC, since the combined company will create a rail network that will offer significant competitive opportunities and service improvements for the shippers located on the SLR and SLQ, especially, the overhead traffic received from Guilford Rail Systems. This combination will open up more efficient single line east/west service provided by CN, which will provide additional competition with alternate rail routes to the Midwest and the trucking industry. Some of SLR's traffic terminates on WC, and this acquisition will provide more efficient and competitive service."

4. Position Statement Reasoning

- The proposed acquisition of WC by CN will allow the SLR to grow its business and provide more cost-competitive and efficient service to its shippers. SLR will now have single-line service to additional points in the Midwest that will bring the best alternatives to its shippers by providing competition to alternate rail routes to the Midwest currently supplied by a Guilford Rail and a CSX or Norfolk Southern combination. Much of SLR's customer base includes major paper companies, and certain outbound shipments of paper for SLR's customers go to Midwest points on WC, which will now provide more efficient and competitive single-line service for those customers. This merger is important to the shippers served by SLR since northern New England is in a remote area of the country and currently does not have the best transportation alternatives to other parts of the United States.
- The other significant benefit will be that SLR instituted intermodal train service in 1994 in coordination with CN. One of the impediments to growth of the intermodal train service is that CN only goes to the upper Midwest at Chicago. Now intermodal opportunities will be opened up to points on the WC. Intermodal is a service sensitive means of transportation. Single-line service to more points will help make this more seamless and more timely to serve customers.
- Single-line service will also offer opportunities to have better equipment utilization since this equipment will not be interchanged to other carriers for many destinations as current practices.
- As stated earlier, there are tremendous competitive benefits from this merger since now SLR customers will have more than one route to many Midwestern points. Perhaps with single-line service to more Midwestern points, many more trucks will be taken off the highway which will help the environment and reduce congestion, as well as provide cost-competitive service to customers.

5. Conclusion

We expect the acquisition of WC by CN to proceed smoothly because of its end-to-end nature, and CN and WC currently work well together.

"We believe the proposed combination of CN and WC will provide significant benefits not only for our railroad, the St. Lawrence & Atlantic, but all the customers that we serve both directly on-line and as an overhead carrier. Our Company fully supports the application for the acquisition."

6. Verification

I, Robert Grossman, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on April 26, 2001.

A handwritten signature in cursive script, reading "Robert Grossman", is written over a horizontal line.

**Verified Statement
of
James E. Shepherd
on behalf of
Tuscola and Saginaw Bay Railway Co., Inc.
Regarding
Canadian National/Wisconsin Central Merger**

IDENTITY OF THE WITNESS

I am James E. Shepherd, Chairman of the Board of Directors, majority shareholder and Chief Executive Officer of Tuscola and Saginaw Bay Railway Co., Inc. (TSB) and related companies. I have held an ownership position in this company since December, 1991.

My educational background includes a B.S. in Economics and an MBA specializing in Finance and Quantitative Analysis. Both degrees are from West Virginia University. I have taught thirty-six (36) different courses at the college level as a graduate assistant (at WVU), a part-time faculty member (at Cleary College) and as a full-time faculty member (at Fairmont State College in W. Va.)

My railroad experience began in 1970 with Southern Railway in Washington, DC as a Financial Analyst. I then went to Grand Trunk Western in Detroit where I was Director of Budgets and Analysis, Director of Acquisition Planning and, finally, Treasurer and Director of Finance. I participated in a leadership role in several merger efforts. After leaving Grand Trunk, I worked as a transportation consultant and again taught college courses. My longest assignment during that period was with Huron Transportation Group, a management firm and then owner of Huron and Eastern Railroad (now RailAmerica).

IDENTITY OF THE COMPANY

The General Offices of TSB are at 308 W. Main Street, Matthews Building, Suite 303, Owosso, Michigan 48867. TSB maintains offices and on-duty locations also in Clare and Cadillac, Michigan. TSB is a four hundred (400) mile regional railroad operating principally between Ann Arbor and Petoskey, Michigan.

TSB was formed in 1977 to operate a forty-four (44) mile segment of rail line located in the "thumb" regional of eastern Michigan on behalf of the State of Michigan following the purchase of approximately seventeen hundred (1700) miles of line by Michigan at the time of the creation of Conrail.

On the occasion of the business failure of one of Michigan's rail operators in 1982, TSB was asked to expand its operations to include the line from Ann Arbor to Alma. (The two segments did not connect.) Then, in 1984, another of the operators became insolvent. Michigan again asked TSB to expand its operation to include Alma to Petoskey with branches to Thompsonville and Traverse City. In 1986, Michigan cut off all operating subsidies to their rail operators. Following a difficult five-year period, TSB regained profitability without subsidy and on the attainment of bringing Retained Earnings back to zero was sold to the current owners in 1991.

The Michigan owned lines still in operation now total less than seven hundred (700) miles with TSB (one of six operators) operating more than half of that total. TSB also owns twenty miles of rail line itself along with the Owosso Shop complex and several distribution centers. During the past century, there were nine bankruptcies of railroad companies on the rail line now run by TSB. During our twenty-four (24) years, TSB has not been one of those bankruptcies.

TSB has practically no local traffic. Historically, fifty percent (50%) of our traffic has been interchanged with Ann Arbor Railroad with the large majority of that traffic going to NS at Toledo (Ford Motor industrial sand). A little over twenty-five percent (25%) has been interchanged with CSXT at AnnPere. The remainder, just under twenty-five percent (25%) is interchanged with CN at Durand (agricultural products, auto parts, plastics, asphalt and lumber). The CN interchange has been growing steadily.

The Proposed CN/WC Combination

TSB strongly supports Canadian National's proposed acquisition of Wisconsin Central. This merger will enhance the movement of commodities through the Chicago gateway; will offer two-road hauls for some of our customers; and will expedite turnaround time for rail equipment.

Traffic in excess of one thousand cars received from CN during the past year was delivered to thirty (30) customers on TSB. The traffic was comprised of auto parts, fertilizer, lumber, drilling clay, electrical equipment, plastic pellets, poles, chemicals and asphalt. Outbound traffic in excess of the inbound loads was delivered to CN from ten (10) TSB shippers and included grain, fertilizer, auto parts, plastic and canned goods moving to places such as Montana, Illinois and Minnesota.

The CN/WC merger appears to be a natural fit offering an expedient move for time sensitive commodities through the Chicago rail hub (sometimes referred to as a rail barrier).

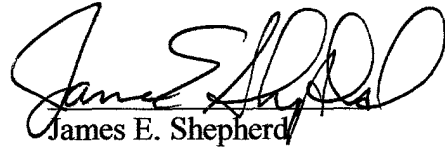
Conclusion

TSB strongly supports the proposed combination of CN with WC. This combination is seen as an enhancement for TSB and its shippers.

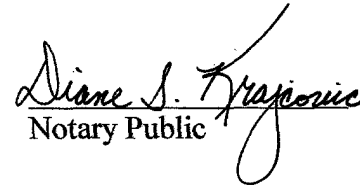
VERIFICATION

STATE OF MICHIGAN)
COUNTY OF SHIAWASSEE)

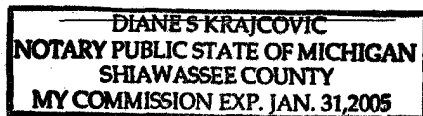
James E. Shepherd, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated,


James E. Shepherd

Subscribed and sworn to before me this 29st day of March, 2001.


Notary Public

My Commission Expires:



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SHIPPER VERIFIED STATEMENTS

**VERIFIED STATEMENT OF
Patrick L. Gonda
ON BEHALF OF 3M COMPANY**



I am Patrick L. Gonda, Senior Rail Specialist at Minnesota Mining and Manufacturing Company (3M). I have been employed by 3M and have worked at the St. Paul, MN campus since September, 1979. I have been directly involved in coordinating 3M's use of rail transportation since 1980.

3M manufactures over 50,000 products produced at over 150 locations in the U.S. with annual worldwide sales of \$16.7 billion.

One (1) product shipped most economically by rail is Roofing Granules. 3M quarries, processes and colors specific minerals for the roofing shingle manufacturers. 3M is the leading manufacturer of colored Roofing Granules in the U.S. A significant portion of this product's delivered cost is transportation, 20-30%. 3M has four (4) quarries in the U.S. located at Belle Mead, NJ; Corona, CA; Little Rock, AR and Wausau, WI. 3M also owns a quarry at Havelock, Ontario.

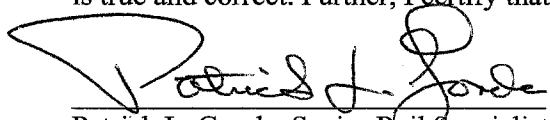
One (1) of 3M's largest granule plants is Wausau, WI, currently located on the Wisconsin Central Ltd (WC). The Wausau, WI plant ships over 9,000 carloads of granules in covered hopper cars annually to customers located in Illinois, Minnesota, Washington, Oregon, Kansas, Indiana, Ohio and Georgia. The Wisconsin Central Ltd. handles the cars to interchange points in Minneapolis, MN and Chicago, IL. The WC includes The Wisconsin Central Ltd., Fox Valley & Western Ltd., Sault Ste. Marie Bridge Company, Algoma Central Railway, Inc. and Wisconsin Chicago Link Ltd.

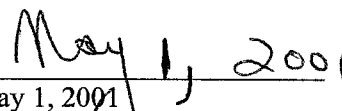
3M understands that Canadian National and Wisconsin Central are requesting authority to enter into a transaction that would put them under common control. We strongly support this application because of it's end to end nature. CN ownership will generate efficiency gains for shippers like 3M and enhance transportation competition. An enhanced pool of covered hopper cars along with heavier locomotive power will expand markets and improve local switching at 3M's Wausau plant. Improved connections through the busy Chicago gateway will allow our customers to experience more consistent transit times. Equipment turn around times should also improve thus allowing 3M to plan for peak shipping periods.

3M certainly expects CN's acquisition of WC to proceed smoothly and efficiently, especially with CN's prior smooth integration of IC, which is larger than WC. We are also quite supportive of CN's plans to operate the WC network as CN's sixth division. This allows retention of ties to local communities in Wisconsin and fosters continued high standards of safety and customer service. 3M also strongly supports maintaining WC's major operations centers, customer service, dispatching and mechanical shops at Stevens Point and Fond Du Lac, WI.

3M believes the proposed acquisition will strengthen the rail network in the state of Wisconsin and benefit the shipping public.

I, Patrick L. Gonda, declare under penalty of perjury under the laws of the United States the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.


Patrick L. Gonda, Senior Rail Specialist


May 1, 2001

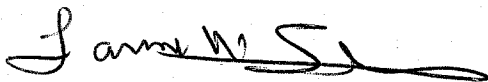
Verified Statement of
Lawrence W. Smith, Sr.
On behalf of
Ace Storage, Inc.

My name is Lawrence W. Smith, I am employed by Ace Storage, Inc. as president. My office is located at 125 South 14th Street, Baton Rouge, Louisiana.

Ace Storage provides warehousing and distribution for various companies in the Baton Rouge area.

We understand that Canadian National and Wisconsin Central are entering into a transaction that would put the two rail systems under common control. Although we do not do any rail service with either company, our support comes from the time savings we see in the motor freight business of a one line carrier versus the two to three line carrier. The CN's track would be increased and the passage into Canada will be more efficient through Wisconsin Central.

Respectfully,

A handwritten signature in black ink, appearing to read "Lawrence W. Smith, Sr.", with a stylized flourish at the end.

Lawrence W. Smith, Sr.
Ace Storage, Inc.

Verification

I, LAWRENCE declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on 4-5 date 2001.

Signature James W. SA

**VERIFIED STATEMENT
OF
JEFF WALTERS
ON BEHALF OF
ALLIANCE FOREST PRODUCTS
PAPER PRODUCTS DIVISION**

My name is Jeff Walters. I have been the Manager of Transportation Services for Alliance Forest Products – Paper Products Division (formerly a division of Domtar Inc.) since September 1979.

Alliance Forest Products is a fully integrated forest products company with diversified production facilities. Alliance Forest Products – Paper Products Division ships paper products into the United States from 2 paper mills located in Eastern Canada. In 2000, we have shipped over 3,000 railcars of paper to various U.S. destinations.

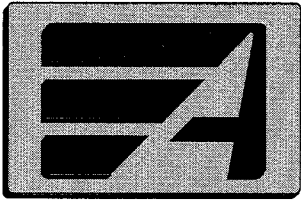
I have evaluated the Canadian National / Wisconsin Central merger plan, and I believe that it will provide significant benefits to our company. We believe approval of this merger will significantly improve the supply and utilization of equipment and result in more efficient service and more effective competition with the trucking industry. We are looking forward to improving our delivery service by working with a carrier who takes pride in their service to their customers and is financially sound.

In conclusion, Alliance Forest Products – Paper Products Division strongly supports CN's proposed merger with WC. I believe this acquisition will provide significant benefits to our company and to our customers.

I, Jeff Walters, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement executed on May 15th 2001.



Jeff Walters



Anglo American Cedar Products Ltd.

Verified Support Statement
of
Gerry Clark
President
Anglo American Cedar Products Ltd.

I understand that CN Rail is applying to the Surface Transportation Board to merge with the Wisconsin Central Railway.

As President of Anglo American Cedar Products Ltd. for the past four years, I am responsible for the overall success of our company. Efficient, low-cost transportation to our expanding markets is key to that success. A CN-WC merger is of great interest to our company.

Anglo American is an international distributor of cedar shakes & shingles, located in Mission, B.C., and have been in business for forty-one years. We ship approximately 1000 loads per year to North American and overseas markets, utilizing both truck and rail intermodal service.

A CN-WC merger would offer a single-line rail service from Canada to Chicago IL. Such streamlined service would enhance our ability to reach our growing North-South market more effectively. With a single-line rail option, we would anticipate an improvement in current rail service and as well more competitive pricing that would result from lower-cost rail operations. A single-line rail option will give us an alternative to over-the-road truck.

Our company supports a CN-WC merger and urges the Surface Transportation Board to approve it as soon as possible so that we may begin to enjoy its benefits.

I Gerry Clark, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Executed May 15, 2001.

Gerry Clark, President
Anglo American Cedar Products Ltd.

7160 Beatty Street, Mission, British Columbia V2V 6B4 CANADA
US Address: P.O. Box 351, Sumas, Washington 98295 USA

Telephone: (604) 826-7185 (604) 462-8288 1-800-826-7185 • Facsimile (604) 826-8594

 World Suppliers of Western Red Cedar Shingles & Shakes



BADGER MINING CORPORATION

409 SOUTH CHURCH ST., P.O. BOX 328, BERLIN, WI 54923
(920) 361-2388 • FAX (920) 361-2826

VERIFIED STATEMENT OF ROBERT BARTOL BADGER MINING CORPORATION

I am Robert Bartol, the Manager of Transportation Services at Badger Mining Corporation. As Traffic Manager, my responsibilities include negotiation of rail contracts, rail property leases, rail equipment leases, and arranging for containers on flat car shipments and LTL (less-than-truckload) shipments.

Badger Mining operates three mines in Wisconsin which produce silica sand, a specialty sand used in the oil, gas, foundry, glass, abrasive, and water filtration industries. Badger Mining Corporation's three Wisconsin mines produce and ship by rail in excess of 700,000 tons of silica sand annually to points throughout the United States, Canada, Mexico, South America, Europe, and the Far East. Badger Mining Corp. pays over \$12,000,000 per year in rail freight charges.

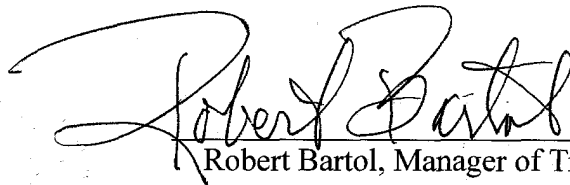
Badger Mining Corporation supports the proposed merger of the Wisconsin Central (WC) and Canadian National Railway (CN). We believe the transaction will strengthen the North American rail network and be a benefit to rail shippers as long as the (CN) honors their word and keeps existing gateways open. Together, a combined CN/WC should be able to offer single line service, which is faster, more reliable and more competitive thorough out the United Sates and Canada. The merger has the possibility of allowing Badger Mining Corporation to ship additional 2,000 railcars to destinations that are currently served by truck.

We believe that a CN/WC merger will create a strong railroad partnership with the resources and market capability to meet the shipper's need and to compete more effectively with competitive modes of transportation. Because of the nature of the current CN/WC structure, we see no competitive issues arising from the proposed transaction.

I do believe that a CN/WC combination will create the kind of efficient service and effective competition that companies such as Badger Mining Corporation require to compete in today's market place.

For these reasons, Badger Mining Corporation supports the proposed transaction and urges that the STB support them.

I declare under penalty of perjury that the foregoing is true and correct and that I am authorized to file this verified statement. Dated April 9, 2001.

A handwritten signature in cursive script, reading "Robert Bartol", written over a horizontal line.

Robert Bartol, Manager of Transportation Services

Attest: Janice Deeliger

Date: 4-10-2001



BALDWIN
LOGISTICS GROUP, INC.

14 Third Street
Bondsville, MA 01009-1074

4/16/01

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, NW
Washington, D.C. 20423-0001

Re: Canadian National - Control - Wisconsin Central
STB Finance Docket No 34000

**Verified Statement of
William J. Rankin
On Behalf of
Baldwin Logistics Group**

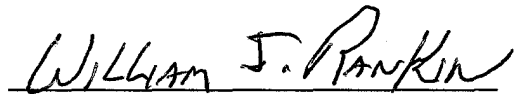
My name is William J. Rankin, and I am the President of Baldwin Logistics Group. I have held this position for 3 years. My duties include the marketing and operating of 4 distribution centers that are gateways primarily for forest products that are transported to market by a combination of rail and truck. I have worked in the transportation field for approximately 23 years.

Our facilities are located in Chicago Ill, Palmer Ma, Kearny NJ, and the Bronx NY. We handle approximately 14,000 rail cars per year of which 11,000 are originated on the CN network. The primary commodities handled at our distribution center network are forest products that originate in the provinces of Quebec, Nova Scotia, and Ontario. The products are transported to our facilities in boxcars and distributed to end-users by combination of both rail and truck into the Midwest and Northeast sections of the US.

The Baldwin Logistics Group strongly supports the Canadian National's proposed acquisition of Wisconsin Central as this will improve service from the Midwest to the Northeast and provide effective competition to the trucking industry. Historical efforts to improve landed cost for this traffic corridor have failed due to lack of consistent service. This combination will also result in new market share for Northeast producers located in Maine and Vermont that wish to utilize rail service into the Midwest. The rationale will be consistent service as well as single line service resulting in competitive pricing.

Given that the CN and WC are large trading partners today and this acquisition represents an end to end service integration we expect a smooth transition into the CN network. Our company strongly supports the proposed acquisition as it will strengthen the rail network and benefit both shippers and consumers located in the Midwest and Northeast sections of the US.

I, William J. Rankin, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on 4/16/01.



(Signature)

413 283 1900

brankin@baldwinlogistics.com


(Witness)



Basic Chemical Solutions
525 Seaport Blvd.
Redwood City, CA 94063-2711
TEL: (650) 261-2010
FAX: (650) 261-2020

April 5, 2001

VERIFIED STATEMENT OF
EARL SKIDMORE
On behalf of
BASIC CHEMICAL SOLUTIONS

As President of Basic Chemical Solutions, I, Earl Skidmore, support the consolidation of the Canadian National and Wisconsin Central railroads.

Any time that you can place railcars on one system, it provides an advantage by streamlining the use of railroad car assets, eliminating the need to use interconnecting switches from one system to another. Furthermore, using a single system proves beneficial by being more time effective, cost effective, and safer.

Enabling Canadian National to provide a wider service scope into areas of growth with our organization will be a beneficial step for BCS. CN's proposed acquisition of WC should strengthen both carriers by making them more competitive with other rail carriers and truck carriers. Shippers will benefit from this added competition. We expect the integration of WC to proceed smoothly and efficiently due to its end-to-end nature, and CN's prior smooth integration of IC.

As our company grows, our inter-reliance on the rail system becomes more important. Therefore, a streamlined railroad network is beneficial to both the railroads and our organization.

Respectfully submitted,

Earl L. Skidmore
President

VERIFICATION

I, Earl L. Skidmore, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Executed on April 5, 2001.

A handwritten signature in black ink, appearing to read 'E. L. Skidmore', written over a horizontal line.

Earl L. Skidmore

Bay Area Piggyback, Inc.

560 Lennon Lane • Walnut Creek, CA 94598-2415

James L. Francis
Chairman

Telephone (925) 932-1313
(800) 950-9009
FAX (925) 932-8661

Verified Statement
Of
George W. Francis
On behalf of
Bay Area Piggyback, Inc.

I am George W. Francis, President and Chief Operating Officer of Bay Area Piggyback, Inc. a position that I have held for 4 years and Vice President for 22 years prior. Bay Area Piggyback, Inc. is an Intermodal Marketing Company and Property Broker arranging for transportation via exempt intermodal, exempt rail car and motor contract carrier to and from points in the United States, Canada and Mexico. Bay Area Piggyback has 41 employees with customer service offices in CA, OR, KS and FL. Bay Area Piggyback arranged for transportation of 29,367 shipments with gross revenues of \$41 Million in the year 2000. The Wisconsin Central handled 31 shipments and the CN/IC handled 806 shipments in 2000.

The Canadian National and Wisconsin Central have solicited authority to enter into a transaction that would put them under common control. Bay Area Piggyback supports the application as it may enhance rail service for the industry. A strong rail option is important for a healthy economy.

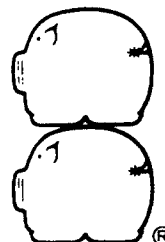
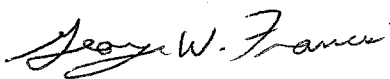
The CN-WC claim that the end-to-end merger will enhance through service across their lines. The proposed single line service is expected to improve the interchanges at Duluth/Superior and Chicago terminals cutting one day off the current service and making the rail option more closely competitive the motor carrier service levels.

The CN-WC propose that the merger will create improved asset utilization. The CN-WC have presented how assets such as locomotive power, cars, terminal and personnel resources can be optimized. The CN-WC have made no statements to us on passing realized efficiency savings on to the customer. It is expected that the realized efficiencies will promote free market competition.

The CN demonstrated minimal interruption in service with their previous integration of the IC. The WC is on a different operating system than the CN and requires planned conversion which the CN and WC have the resources to accomplish. A planned integration can be accomplished with minimal service interruption.

Bay Area Piggyback believes that the proposed acquisition will strengthen the railroad system to benefit the shippers. Bay Area Piggyback supports the proposed application.

I, George W. Francis, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on April 9, 2001.





P.O. Box 28377 Green Bay, WI 54324-8377 920/983-3400 Fax 920/983-3404

Verified Statement
of
Jeff LeClaire
on behalf of
Bay Motor Transport, Inc.

My name is Jeff LeClaire. I am the President of Bay Motor Transport, Inc. located in Green Bay, WI. In my position, I am responsible for the day- to- day operation of our trucking company. I have held my current position since we opened the doors in 1986.

Since its inception, Bay Motor Transport, Inc., has operated almost exclusively as an intermodal drayman. Our facility in Green Bay employs approximately 50 people and generates 5-6 million dollars of business each year. We provide pick up and delivery service to Wisconsin Central's intermodal customers. The availability of efficient, competitive, rail service is crucial to our success.

Bay Motor Transport, Inc. supports the proposed merger of the Wisconsin Central and the Canadian National. We believe that the transaction will benefit us as a drayage provider by improving the service through the Chicago gateway and generally creating a faster and more reliable transportation product.

We believe that the inclusion of the Wisconsin Central within the larger Canadian National system does not raise any significant issue of reduced competition because of the end-to-end nature of their existing systems. This combination will foster efficiencies which benefit customer and draymen alike.

We encourage the Board's favorable consideration of the Wisconsin Central, Canadian National transaction.

I, Jeff LeClaire, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct, and that I am qualified and authorized to file this statement.


Jeff LeClaire

April 2, 2001

BAYOU RAILCAR SERVICES, INCORPORATED

P.O. Box 426 15821 Florida Blvd.
Holden, Louisiana 70744-0426

Office 225-567-2572
Fax 225-567-5296

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street N. W.
Washington, D. C. 20423-0001

Ref: Statement of Support for W.C. & C.N.I.C. merger

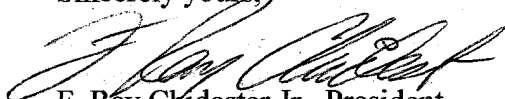
Dear Mr. Williams,

Bayou Railcar Services, Inc. is a 20 year old, family owned, railcar repair facility. Our customers and our business depend on timely and efficient railcar movement to keep their repair business here at our shop. We are all aware of the merger problems that have befallen other railroads. We and our customers have experienced difficulty with railcar movements on other rail lines after mergers.

The Canadian National Railroad promised we would see no such problems when the Illinois Central Railroad was combined with theirs. I can honestly say that they kept their word. The movement of railcars has improved since the acquisition. They now promise us that the acquisition of the Wisconsin Central Railroad will further improve the service to us. Based on their past history of "keeping their word to their customers", I must support this transaction. I have no doubt that Bayou Railcar will, indeed, see better railcar movement in this part of the country.

I do not believe that competition amongst the existing railroads is a threat to our business. Rather, we are told by our railcar customers that they view other modes of traffic, such as trucking and marine, as the true rail transportation competition. The shippers base their statement on past railroad transportation problems. These are the same "problems of the past" that are being eliminated by restructuring the rail network with the C.N./W.C. railroad link up. Mr. Williams, the future of our railcar service business depends on railroad transportation staying competitive with other modes of traffic. We are only able to control our own destiny by keeping our serving railroad and our rail industry economical and efficient. I believe that this merger of the C.N.R.R. and the W.C.R.R. will create the stability and positive results that will benefit our family company. As President of Bayou Railcar Services, Inc., please accept my letter as one of support for this coming merger.

Sincerely yours,



F. Ray Chidester Jr., President
Bayou Railcar Services, Inc.

BAYOU RAILCAR SERVICES, INCORPORATED

P.O. Box 426 15821 Florida Blvd.
Holden, Louisiana 70744-0426

Office 225-567-2572
Fax 225-567-5296

VERIFICATION

I, F. RAY CHIDESTER JR., DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE UNITED STATES, THAT THE FOREGOING IS TRUE AND CORRECT. FURTHER, I CERTIFY THAT I AM QUALIFIED AND AUTHORIZED TO FILE THIS VERIFIED STATEMENT. EXECUTED ON 4/10/2001.

SIGNED:

A handwritten signature in cursive script, appearing to read "F. Ray Chidester", is written over a horizontal line.

**Verified Statement
OF
Francis Gaudet
Representing
Belle Pulses Ltd.**

I am Francis Gaudet, Traffic Manager for Belle Pulses Ltd.

Please note the following:

Belle Pulses is a seed and grain distribution company located at St. Isidore De Bellevue, North of Saskatoon, Saskatchewan in Western Canada. We are a family run company with a distribution network extending to the Canadian domestic market. With extended sales to the Eastern and Mid Western United States as well as Over Seas markets.

As one of our prime service providers, We support the merger between the Canadian National Rail Road and the Wisconsin Central Rail Road. We believe that the merger will provide improved service to the US market place through a more direct delivery of Peas, Split Peas, Lentils, and Beans.

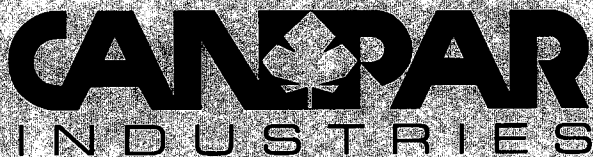
The control of our product during every phase of handling is important in retaining the freshness and quality. Knowing that our product will be handled by one carrier directly to the customer's door; is a benefit to our company.

In summary, we support the merger of the for mentioned Rail Roads and look to the future for improved transportation access to US markets.

I, Francis Gaudet, declare under the penalty of perjury under the Laws of the United States, that the for going is true and correct. I also certify that I am qualified and authorized to file this verified statement.

Executed on March 29,2001.


**Francis Gaudet
Traffic Manager
Belle Pulses Ltd.**



HEAD OFFICE:
2400 - 555 West Hastings St.
P.O. Box 12083
Vancouver, BC
Canada V6B 4N5
Tel: (604) 681-7336
Fax: (604) 681-8906

PLANT & SALES:
P.O. Box 129
Grand Forks, BC
Canada V0H 1H0
Tel: (250) 442-5521
Fax: (250) 442-2577

VERIFIED STATEMENT
OF
GORD SMITH
On behalf of
CANPAR INDUSTRIES

My name is Gord Smith. I am the Traffic Manager for Canpar Industries. I have held this position for seven years, and am responsible for the transportation of approximately 1200 trailer loads and 1200 boxcar loads of doorcore per year.

Canpar Industries is a manufacturer of doorcore, which is used in the production of doors by major manufacturers in Canada and the U.S.A. We are located in Grand Forks, BC, and rail served by the BNSF.

I understand that CN Rail is requesting approval to merge with the Wisconsin Central Railway. I also understand that a CN-WC merger will streamline rail service, benefiting both intermodal and carload service options. Such a merger will enhance service and competition, as it provides a solid alternative to over-the-road truck carriers, as well as streamline carload service. I support this application because of anticipated benefits to Canpar Industries for increased transportation options, competitive pricing and enhanced service.

I, Gord Smith, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on April 10, 2001.

Gord Smith
Traffic Manager
Canpar Industries

A handwritten signature in dark ink, appearing to read "G. Smith", is written over the typed name and title.

Manufacturer of **PARTABOARD**®



Cargo Container Sales & Rentals

**VERIFIED STATEMENT
OF
JOHN CHIMUK
On behalf of
CANADIAN INTERMODAL SERVICES LTD.**

My name is John Chimuk and I am the Sales Manager for Canadian Intermodal Services Ltd, I have held this position for nine years. Canadian Intermodal Services Ltd. is an off-dock container depot that stores, repairs, and sells MARINE CARGO CONTAINERS. Canadian Intermodal Services Ltd. has been in business for over 18 years.

One aspect of our business is the buying and reselling of NEW & USE MARINE CARGO CONTAINERS throughout North America. We move in excess of 2000 containers annually via Road and Rail. Mode of transportation is determined via accessibility, efficiency, and economy.

I understand that CN Rail is submitting application to the Surface Transportation Board for authority to merge with the Wisconsin Central Railway. Canadian Intermodal Services Ltd. fully supports such a merger. As a single line railway all the way into the Chicago area, this will offer a faster, more streamlined service creating easier access into and out of new markets. Our company will benefit from a single line access to a growing North-South market. To Intermodal shippers such as ourselves, the CN-WC merger will also provide us with an alternative to over the road trucking, increasing our transportation options and creating competitive pricing.

I support a merging of CN-WC in anticipation that the new company will assist Canadian Intermodal Services Ltd. in expanding our reach to and from more diversified North American markets with competitively priced and streamlined rail access.

I John Chimuk, declare under penalty of perjury that the foregoing is true and and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on April 19, 2001.

Yours truly,

A handwritten signature in black ink, appearing to be "John Chimuk", written over a horizontal line.

**John Chimuk
Sales Manager
Canadian Intermodal Services Ltd.**

**VERIFIED STATEMENT
OF
FRANK SIMS
on behalf of
CARGILL, INCORPORATED**

***Frank Sims
Vice President, Transportation
Cargill, Incorporated
P.O. Box 5724
Minneapolis, Minnesota 55440-5724***

The Corporate Vice President of Transportation for Cargill, Incorporated ("Cargill") manages and is responsible for the coordination of transportation requirements for Cargill, including all rail transportation in North America. Prior to assuming this position, I worked for 28 years in Cargill's grain merchandising area. On behalf of Cargill, an interested shipper in this proceeding, I submit this verified statement in support of the proposed merger of the Canadian National and the Wisconsin Central Railroads, STB Finance Docket No. 34000.

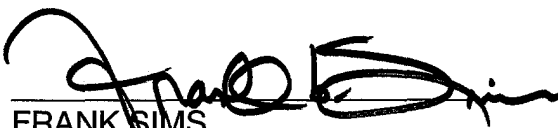
Cargill is a privately held company, in continuous operation for more than 135 years, with its base in the merchandising, processing and handling of agricultural commodities. We employ some 85,000 people in 60 countries with annual sales in excess of \$45 billion. Cargill's transportation assets include more than 18,000 railcars of various types, a small fleet of motor carrier vehicles and a barge line with more than 900 covered barges. Transportation, and the services around that function are the "life-blood" of our operations. We take very seriously the future viability of rail services in all regions of North America.

Cargill supports this merger. There are numerous Cargill customers, facilities and suppliers served by the Canadian National and Wisconsin Central. The combining of these two lines will allow for single line haul opportunities that will create significant efficiencies for the railroad. We believe it is fair and reasonable to conclude that these efficiencies will lead to a higher quality of service, more competitively priced services and a more dependable level of service for both the shippers and receivers. Equally important, the Canadian National will keep gateways open, competitive and accessible. The Canadian National has also demonstrated their ability to manage a merger of this scale with little to no disruption of service to their customers which is very important. We have given considerable thought to the consequences of this merger to our business and to the public at large. Although Cargill remains generally concerned about the anti-competitive effects of major rail mergers, we see no

significant adverse competitive issues or service issues that outweigh the benefits that shippers and receivers will gain from this merger.

We believe that the overall benefit of this merger to the shipping public is significant and warrants approval of the application submitted by the Canadian National and Wisconsin Central to the Surface Transportation Board. We support your timely approval of this merger.

I, Frank Sims, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on May 16, 2001.

A handwritten signature in black ink, appearing to read "Frank Sims", is written over a horizontal line.

FRANK SIMS
Corporate Vice President, Transportation
Cargill, Incorporated

(230958)



International Inc. Freight Inc.

CUSTOMS BROKERAGE \ TRANSPORTATION LOGISTICS

Vancouver International Airport
116 - 5000 Miller Road
Richmond, BC, Canada
V7B 1K6
Phone (604) 273-5161
Fax (604) 273-2053
www.cole.ca

APRIL 06/01

Verified Statement of: Josh O'Dell – Transborder Operations Manager - Vancouver

Mr. Vernon Williams, Secretary
Surface Transportation Board
1925 K. Street N.W.
Washington, DC 20423-001

Re: Canadian National Railway Company-Control-Wisconsin Central
(STB Finance Docket No. 34000)

Dear Mr. Williams:

This letter is to state our support of the CN Rail/Wisconsin Central proposed merger.

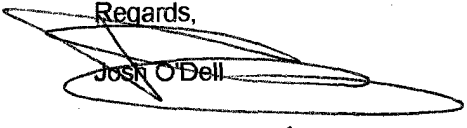
I am the Operations Manager for Cole Freight - Transborder Division, Vancouver. I have been in the industry in various capacities for eight years and have used CN Rail for Transborder Intermodal Shipping.

This is a strategic integration of two carriers that complement the service of both and expands the alternatives for their customers. We feel an "end-to-end" merger such as the CN/WC will streamline service and enhance competition.

Cole Freight, Inc. experienced a smooth integration of the Illinois Central and the Canadian National. The CN/IC integration was an unqualified success. We anticipate an equally smooth integration with the CN/WC merger. This is a pro-competitive transaction that strengthens both CN & WC to the benefit of their customers.

We at Cole fully support the proposed CN/WC merger as it would expand the services we can offer to our customers, as well as provide more stability in existing traffic along the lanes serviced by the proposed CN/WC lines.

Regards,


Josh O'Dell

DOFASCO

Dofasco Inc., P.O. Box 2460, Hamilton, Ontario, Canada L8N 3J5
Telephone 1-800-363-2726 Opr. Assist. (905) 544-3761 Direct; 548-7200 (+ Ext.)

April 16, 2001

**Verified Statement of David Halcrow
Manager, Purchase Order Fulfillment, Logistics and Warehousing
On behalf of Dofasco, Inc.**

I, David Halcrow, am the Manager, Purchase Order Fulfillment, Logistics and Warehousing for Dofasco Inc., located at 1330 Burlington Street East, in the City of Hamilton, Ontario, Canada.

I have responsibility for the procurement of our inbound and outbound transportation services. I have held this position and functional responsibility since 1997. I have an Engineering Degree (B.A.SC) as well as a post graduate degree in Business Administration (MBA).

Dofasco annually produces and ships approximately 4.0MM tons of flat rolled and tubular steel products. In order to manufacture these products, we annually receive approximately 3.5MM tons of iron ore, 1.75MM tons of coal, 1.25MM tons of scrap, as well as miscellaneous other materials and maintenance items. Dofasco depends on three basic modes of transportation, marine, rail, and road to service its inbound and outbound transportation requirements.

Rail transportation is used to service both our inbound raw material needs, as well as 5 – 10% of our outbound customer service requirements. All of this activity is centered around our facilities in Hamilton, Ontario. The customers whom we service are located throughout Canada as well as the northeast region of the U.S.A.

Dofasco facilities are serviced by both the Canadian National (CN) and the Canadian Pacific Railway (CPR). Outbound steel shipments are forwarded to our customers in both steel gondola cars as well as boxcars. Total rail expenditures in 2000 for outbound steel movements were approximately \$15.8M (Cdn. Funds).

We understand that Canadian National (CN) and Wisconsin Central (WC) are requesting approval to enter into a transaction in which CN would take control over the assets of WC. We support this application, as it would help to secure a key link in CN's NAFTA network.

From the viewpoint of Dofasco, The CN/WC transaction offers the following potential benefits:

- Single line haul access to customers in the North Central region of the United States (i.e. Wisconsin) and the ability to reach such customer directly by rail at lower cost than by truck
- The ability to grow market share of our products due to improved or reduced logistics costs

These benefits shall be derived with no direct reduction in competition as our existing plant is presently serviced by both CN and CPR. This newly proposed transaction will provide competition to trucks which are plentiful in the corridor from Southern Ontario to the U.S. Midwest.

Service Benefit to CN/WC Customers

The acquisition of WC by CN will assure the ability of Dofasco to participate efficiently in the long-term growth of our Customer base in the U.S. Midwest. At the present time, Dofasco does 2% of our business to Customers in the area presently serviced by the WC, i.e. Wisconsin, Michigan, and Illinois. Improvements created by the acquisition of WC and the new scheduled service operating plan, similar to that in place within the existing CN/IC network, will assist Dofasco in meeting the on-time logistics needs of our Customers.

Competitive Benefits

The acquisition of the WC Railroad by CN will not hamper the access to competitive rail access that presently exists at our Hamilton, Ontario based facilities. It is anticipated that operational efficiencies created by the acquisition will allow CN to compete directly with truck based carriers. The acquisition will therefore increase competition in the Southern Ontario to U.S. Northern Midwest corridor.

The proposed acquisition of the WC Railroad by CN will in no way reduce direct railway competition by the creation of single sourced or captive shippers as the railways are end-to-end with no overlap in their current service areas.

Transition/Takeover Period

It is anticipated that the CN acquisitions and integration of WC will proceed smoothly and without service disruptions. The CN's prior integration of the Illinois Central (IC) which was an end-to-end railway integration is evidence of CN's ability

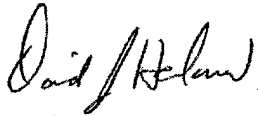
to complete such a transaction without disruptions to the efficient movement of freight.

Summary

Dofasco believes that the proposed acquisition of WC by CN will ultimately strengthen the CN Railway network and benefit shippers such as ourselves who move freight between Southern Ontario and the US Northern Midwest states. Dofasco Inc. therefore supports this application.

Should you have any questions with respect to the content of this statement, please contact me directly.

Sincerely,

A handwritten signature in black ink, appearing to read "David Halcrow". The signature is fluid and cursive, with the first name "David" and last name "Halcrow" clearly distinguishable.

David Halcrow
Manager - Purchase Order Fulfillment,
Logistics and Warehousing

Telephone: (905) 548-4035

Fax: (905) 548-4257

E-mail: david_halcrow@dofasco.ca

VERIFIED STATEMENT

OF

J. DOUGLAS KITSON

ON

BE HALF OF

GS INDUSTRIES

I am Manager, Logistics for GS Industries located at 420 South Hazard Street, Georgetown, South Carolina. I am responsible for GSI's logistics, including rail transportation, in North America of 4 million tons and freight costs of \$50 Million annually. I have held this position for 2 and one-half years. Prior to that I was Director – Transportation with IMC Global where I was responsible for the transportation in North America of 30 million tons and a freight costs of \$200 Million annually. IMC Global is a major North American producer of fertilizers including Potash and Phosphate fertilizer ingredients. IMC has two Canadian Potash plants served by Canadian National Railroad.

Throughout my career I have done business with all of the North American railroads including, Canadian National, Grand Truck, Illinois Central and Wisconsin Central railroads.

GS Industries has two core businesses: Wire Rod that is produced by Georgetown Steel Company, Georgetown, SC and Grinding Media that is produced at two plants in the United States as well as plants in Canada, South America, Europe and Asia. Georgetown Steel receives and ships approximately 800,000 net tons by rail annually via CSX Transportation. GS Industries also was a joint venture partner in American Iron Reduction (AIR), a plant that produced 1 Million net tons of Direct Reduced Iron (DRI) that is served by Illinois Central Railroad. DRI is used in the production of high quality steel products including wire rod. AIR shipped approximately 400,000 net tons by rail annually via Illinois Central Railroad.

GS Industries supports Canadian National's proposed acquisition of Wisconsin Central.

1. It will provide more direct and efficient service for traffic moving between Western Canada and the Eastern United States.

2. It will provide a more direct connection between Western Canada and Canadian National's NAFTA connections to Mexico with a direct, single-line haul to connect with Kansas City Southern Railway at Jackson, MS for rail service to Mexico.
3. It will provide single - line direct service between Western Canada and Chicago that will improve competition among rail carriers.
4. We feel an "end to end" merger such as the CN/WC will streamline service and enhance competition. It will improve equipment utilization by reducing interchanges and yard switching.
5. GS Industries experienced a smooth integration of Illinois Central with the Canadian National. We anticipate an equally smooth integration of Canadian National and Wisconsin Central railroads.
6. This transaction is a strategic integration of two carriers that complement the service of both and expands the alternatives for their customers

I, J. Douglas Kitson, declare under penalty of perjury under the law of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on April 12, 2001.



J. Douglas Kitson



**VARIFIED STATEMENT
OF
F. DAVID HALL
On behalf of
GRANT FOREST PRODUCTS INC.**

RE: Canadian National's proposed acquisition of The Wisconsin Central

F. David Hall, Manager Transportation
Grant Forest Products Inc.
104-2233 Argentia Road
Mississauga ON L5N 2X7

I have over 30 years experience in transportation/logistics within the Rail & Forest Products industries including seven years with G.F.P.I. I am responsible for the most efficient and cost effective movement of product to the marketplace.

Grant Forest Products Inc. is a major Canadian producer of Oriented Strand Board (OSB) used primarily in the construction trade.

Our three producing mills are located in Northern Ontario and Northern Alberta.

The Ontario mills, at Englehart and Timmins are rail served by the Ontario Northland Railway, which connects with the WC, CN and CP. Through gateways at Detroit, Buffalo and Chicago, our company ships over 2000 carloads per year to the United States.

Grant Forest Products supports Canadian National's proposed acquisition of the Wisconsin Central. It will improve the transportation infrastructure in Canada and the U.S.A, through more efficient service and more effective competition with the trucking industry.

With the acquisition of WC, CN will be able to offer faster, more reliable service to and from points on the WC.

Grant Forest Products Inc.

Sales Office:

2233 Argentia Road, Suite 104, Mississauga, Ontario, Canada L5N 2X7
Tel: (905) 858-3200, Fax: (905) 858-3208

"using our forests wisely"



The new combined railway will be able to co-ordinate rolling stock management more efficiently. It will also allow for customers to utilize more updated types of equipment, such as 60' boxcars, which the WC presently does not have.

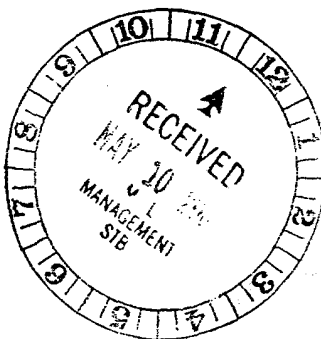
The increased service and car utilization should allow for better competition with truck carriers into Wisconsin, Illinois and Minnesota.

With CN's prior positive experience of integration with another carrier (IC), it would be expected that a smaller integration (WC) would be as smooth.

Grant Forest Products believes that the proposed acquisition would be a benefit to both shippers and the railway industry.

I, F. David Hall, declare under penalty of perjury under the laws of the United States that the forgoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on April 5, 2001.

F. David Hall



Robin K. Wiener
President

Direct Dial Telephone: 202/662-8512
Direct Dial Fax: 202/626-0912
E-mail: RobinWiener@isri.org

May 4, 2001

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street NW
Mercury Building Room 711
Washington DC 20423-0001

Re: Finance Docket No. 34000, Canadian National Railway Company, et.al.—
Control and Merger – Wisconsin Central Transportation Corp., et.al.

Dear Mr. Williams,

The Institute of Scrap Recycling Industries, Inc. ("ISRI") is the North American trade association of the scrap recycling industry, representing approximately 1,400 companies that process, broker and consume recyclable materials including metal, rubber, glass, paper, plastics and textiles. The very nature of the scrap recycling industry makes many of our members dependent upon railroads for the shipment of their products. We have several members who are on the Canadian National Railway ("CN") or the Wisconsin Central ("WC"), and therefore have a direct stake in your decision the issue of whether or not the merger goes forward.

Mr. G. P. Radloff and Mr. Vee Kachroo of the CN met with representatives of ISRI on May 3, 2001 and offered their assurances that service levels would be maintained at or above the levels currently experienced by shippers on the CN and the WC. To that end, they offered to negotiate, in good faith, with individual shippers and with the industry as a whole on a variety of service level issues including car availability, dock to dock delivery time, and issues relative to the handling of gondolas that contain dirt or other materials.

The CN has promised that they will offer, beginning on September 4, 2001, a gondola availability guarantee that will assist shippers, and concomitantly the CN, in planning their shipping schedules.

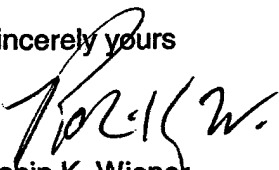
In light of the difficulties many scrap recyclers have encountered as a result of other railroad mergers over the past decade, ISRI finds the CN's approach to this merger refreshing. No other railroad has made such efforts to assure shippers that service levels will not be adversely impacted as a result of a merger. ISRI

hopes that this type of negotiation will serve as an integral part of future merger applications and can also serve as a model for relationships between the railroads and shippers. Indeed, other railroads should consider undertaking such efforts as a normal course of business to increase customer satisfaction.

Based upon the representations made by the CN and the anticipation that they will abide by their assurances, ISRI encourages the Surface Transportation Board to treat the above captioned merger as a "minor" transaction and to allow it to move forward to completion.

We appreciate this opportunity to be heard on this very important matter and ask that you include this letter in the appropriate docket. Should you need further information from ISRI regarding this matter please feel free to contact Russell Harrison at 202/662-8548.

Sincerely yours



Robin K. Wiener



Forest Services Limited

P.O. Box 5666, 300 Union Street, Saint John N.B., Canada E2L 5B6

Tel: (506) 634-4242

Fax: (506) 634-4244

Fax: (506) 634-4245

VERIFIED STATEMENT
OF
LAWRENCE V. MACKISOC
ON BEHALF OF
IRVING FOREST SERVICES LIMITED

Re: Canadian National Railway Company

Wisconsin Central Transportation Corporation
STB Finance Docket No. 34000)

My name is Lawrence Mackisoc. I have been Manager of Logistic Services and Customer Service with offices in Saint John, New Brunswick since 1997. J.D. Irving Limited is a fully integrated forest products company with diversified production facilities. Irving Forest Services Limited (a J.D. Irving Company) ships finished products into the United States from a newsprint mill, a pulp mill, and a paperboard mill located in eastern Canada. In 2000, we shipped 5,332 railcars of pulp and paper to various U.S. destinations including many in the Midwest where our customers are newspaper publishers and commercial printers, tissue mills and corrugated packaging companies.

I have evaluated the Canadian National/Wisconsin Central merger plan, and believe that it will provide significant benefits to our company. We believe that approval of this merger will significantly improve the supply and utilization of equipment and result in more efficient service and more effective competition with the trucking industry. We are looking forward to improving our delivery service by working with a carrier such as CN who takes pride in their service to their customers and is financially sound. We are confident that the merger of CN with WC will result in lower transit times and thus allow our company to divert more trucks back onto the rails. CN's successful merger with the Illinois Central gives us confidence that the merger with the Wisconsin Central will be as equally successful.

...2/





Irving Forest Services strongly supports CN's proposed merger with WC, as we believe this acquisition will provide significant benefits to our company and, more importantly, to our customers.

I, Lawrence V. Mackisoc, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement executed on May 14, 2001.

A handwritten signature in black ink, appearing to read "Lawrence V. Mackisoc", with a long horizontal flourish extending to the right.

Lawrence V. Mackisoc

IVACO ROLLING MILLS*

P. O. BOX 322, L'ORIGINAL, ONTARIO, CANADA K0B 1K0
(613) 675-4671

ROD MILL
FAX: (613) 675-2707

MELT SHOP
FAX: (613) 675-2143

VERIFIED STATEMENT OF IAN MCRAE On behalf of IVACO ROLLING MILLS

My name is Ian McRae, and I am the Manager for traffic and shipping of Ivaco Rolling Mills in L'Original, ON.

I have been employed at Ivaco for 29 years, where I have served as general foreman and as the Manager for traffic and shipping. In this capacity, I am responsible for deliveries into and out of the plant, for rate negotiations, and various other duties related to the transportation of Ivaco's products and raw materials.

Ivaco is a leading North American producer of fabricated steel products and other diversified fabricated products. The steel segment consists of wire rod production while the fabricated steel products segment includes fasteners, wire and wire products.

Ivaco's major facilities served by Canadian National include L'Original, ON and Tracey, PQ. From L'Original to various US destinations, Ivaco ships the majority of its products via truck. However, Ivaco ships its wire product to the United States via rail. During the past year, Ivaco transported 520 carloads of wire rod to the Mid-West, 214 carloads to Pennsylvania, 369 carloads to New England and 177 carloads to other destinations, respectively.

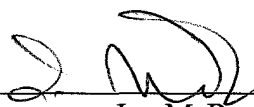
It is our understanding that Canadian National seeks to acquire Wisconsin Central. We strongly support this acquisition, as it will improve our ability to ship steel products to their respective destinations more efficiently and hopefully increase competition with other modes of transportation such as trucks.

We believe Canadian National's acquisition of Wisconsin Central will create new single-line service and improve efficient handling of our product across the expanded system. Single-line service allows us to avoid switching between carriers and therefore yields greater reliability and less chance for errors. All in all, Ivaco believes that the CN/WC merger will result in improved service that will better enable us to serve our customers.

In conclusion, Ivaco Rolling Mills strongly supports the proposed acquisition, which will benefit shippers as well as the whole railroad network.

Verification

I, Ian McRae, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on March 29 - 2001



Ian McRae
Manager Traffic & Shipping
Ivaco Rolling Mills



J.M. SMUCKER (CANADA), INC.

**VERIFICATION STATEMENT
OF
Joseph Bitton
on behalf of
J.M. Smucker (Canada) Inc.**

**RE: Proposed merger of the Canadian National Railway Company
and Wisconsin Central Railroad**

J.M. Smucker (Canada) Inc. is the leading jam and jelly manufacturer in Canada and a major user of rail services in the U.S. and Canada. The purpose of this letter is to comment on the issues to be discussed with regards to the proposed merger of the Canadian National Railway Company in Wisconsin Central Railroad.

We feel that the merger of CN and WC will benefit J.M. Smucker in improving service to key markets for which we export and import products.

As Director of Supply Chain and Logistics, I, Joseph Bitton, believe that CN has offered excellent Intermodal products across Canada and continues to assist its customers in meeting new challenges. This new corridor will help stabilize or even lower our costs to our final customers.

I, Joseph Bitton, declare under the penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.
Executed May 28th, 2001.

Regards,

Joseph Bitton,
Director, Supply Chain Management and Logistics



Johns Manville

Johns Manville Canada Inc.
4704 58th Street
Innisfail, Alberta T4G 1A2
403 227 7100
403 227 7112 Fax

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

Re: Canadian National - Control - Wisconsin Central (STB Finance Docket No. 34000)
Verified Statement

To Whom It May Concern:

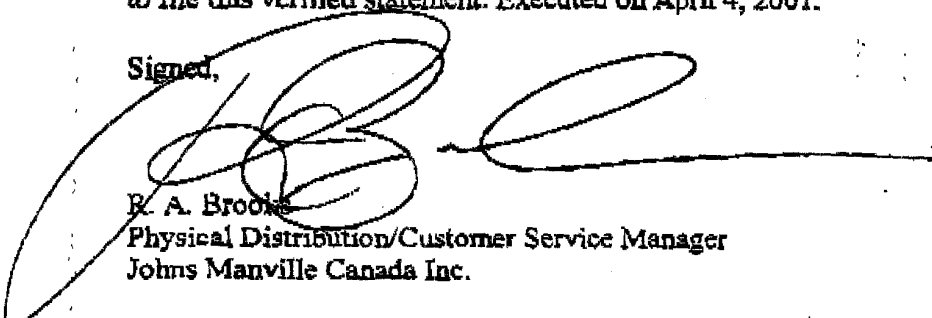
My name is Randy Brooks. I have been the Physical Distribution/Customer Service Manager for Johns Manville Canada Inc. for the past three years. Previous to that, I held the position of Purchasing Manager for the same company during which time I was responsible for all aspects of procurement including the transporting of our raw materials. In total, I have in excess of twenty years experience in the transportation and logistics field.

Johns Manville is a manufacturer of building products. In the past three years we have shipped approximately 2,000 loads within CN Rail's system. We believe that the above mentioned rail alternative will improve access to door to door shipping via Intermodal to the US market. This improved access will allow us to compete in new markets and reduce costs on supplying existing customers in the US.

We fully expect that the proposed CN/WC combination will be as seamless as the CN/IC combination was. We believe the combination will be executed with a minimal disruption and increase competition by offering shippers a real alternative to truck. It is our hope that the US Surface Transportation Board approves the proposed CN/WC combination quickly.

I, Randy Brooks, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on April 4, 2001.

Signed,



R. A. Brooks
Physical Distribution/Customer Service Manager
Johns Manville Canada Inc.



KRONOS Canada, Inc.
4, Place Ville-Marie, Suite 500
Montréal, Québec H3B 4M5
Tél: (514) 397-3501
Fax: (514) 393-1186

VERIFIED STATEMENT
of
ROBERT J. HICKS
on behalf of
KRONOS CANADA, INC.

My name is Robert J. Hicks and I am Distribution Administrator of KRONOS Canada, Inc., located at 4 Place Ville-Marie, Suite 500, Montréal.

I am responsible for the company's Canadian distribution and logistics. In addition, I negotiate contracts for rail, intermodal, and trucking transport for KRONOS. I have 20 years experience with transportation matters.

KRONOS is a manufacturer and wholesaler of pigments and chemicals. The company is a major retailer of titanium dioxide in North America. Our primary facilities are located in Varennes, Quebec, and West Lake, Louisiana.

We use rail, intermodal, and trucking transport services. On an annual basis, our plant in Varennes, Quebec ships approximately 250 units via intermodal and rail within Canada. This plant also ships approximately 150 carloads via intermodal and 180 carloads via rail to the United States. Our facility in Canada receives approximately 350 carloads of raw materials such as coke, petroleum, and chlorine by rail.

We strongly support the proposed merger of Canadian National and Wisconsin Central. It is our belief that the transaction will improve the transportation infrastructure in Canada and the United States, through more efficient service and more effective competition with the trucking industry.

KRONOS expects numerous service benefits from the proposed transaction. For instance, we anticipate new single-line service opportunities, and improved carload service.

In addition, we expect that the combined organization will provide enhanced intermodal service due to smooth interchanges between CN and WC.

Further, we believe the combination will create a geographically broad and seamless rail network. It should expand our ability to access new customer markets.

KRONOS anticipates that the transition to a combined CN/WC will proceed smoothly and rapidly due to its end-to-end nature.

-2-

We believe that the proposed combination will provide significant benefits to shippers. Consequently, KRONOS supports the application.

I, Robert J. Hicks, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on April 19, 2001.



**Robert J. Hicks
Distribution Administrator
KRONOS Canada, Inc.**



March 29, 2001

Mr. Vernon A. Williams
Surface Transportation Board
1925 K Street N.W.
Washington, DC 20423-0001

Re: Canadian National Railway Company – Control –
Wisconsin Central Transportation Corporation
(STB Finance Docket No. 34000)

Land O' Lakes Farmland Feed is a regional feed manufacturer located in Little Chute, WI. We produce animal feed and distribute it to our customers. Our business with the Wisconsin central involves receiving inbound rail cars of these materials.

With the proposed merger of the CN and IC, I foresee advantages such as single line service, the potential for improved equipment utilization and the possibility of buying from new markets through the expanded reach of the Canadian National rail network.

I strongly support this application, as it will secure a key link in CN's network and offer opportunities for service improvements and efficiencies. Improved service will be enhanced by eliminating need for CN – WC interchange at Chicago, IL and Superior, WI, thereby creating the potential for shippers to enjoy expedited service through WC's gateways. Also, there should be no reduced competition, as CN and WC are end to end carriers. In fact, the service improvements should assist in making rail more competitive against trucks.

In conclusion, Land O' Lakes Farmland Feed strongly supports the proposed transaction and urges the STB to treat this as a minor transaction.

I, Rod Eisenhauer, declare under penalty of perjury under the laws of The United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on March 29, 2001.

Sincerely,

A handwritten signature in cursive script that reads "Rod Eisenhauer".

Rod Eisenhauer
Plant Manager



LOCHER EVERS INTERNATIONAL

International Freight Forwarders

Customs Brokerage / Warehousing / Distribution / Cartage
456 Humber Place, New Westminster, BC, Canada V3M 6A5
Tel: (604) 523-5100 Fax: (604) 523-5125 Web: www.lei.ca

"We Care"

VERIFIED STATEMENT
OF
BRUNO R. LOCHER
On Behalf of
LOCHER EVERS INTERNATIONAL

My name is Bruno R. Locher. I am President and owner of Locher Evers International.

Locher Evers International has been in business for 25 years, as an international freight forwarder who utilizes both Intermodal and carload rail service. We transload from steamship container boxes to domestic containers for inland movement by rail to destinations in North America. Our annual shipping volumes by rail exceed 1500 container and carloads per year.

I understand that CN Rail is submitting application to the Surface Transportation Board for authority to merge with the Wisconsin Central Railway.

I support this transaction primarily because such a merger will offer a faster, more streamlined single-line service into Chicago, creating easier access into new markets. Overall, shippers will gain from this single access to a growing North-South market. Intermodal shippers will have a viable alternative to over the road trucking, with increased transportation options, competitive pricing and improved service.

I support a merging of CN-WC in anticipation that the new combined company will benefit Locher Evers International as we explore expanding our reach to and from more diversified North American markets.

I, Bruno R. Locher, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on April 12, 2001.

Bruno R. Locher
President
LOCHER EVERS INTERNATIONAL

Vancouver	Calgary	Winnipeg	Toronto	Montreal	Ottawa	London, UK
Tel: (604) 523-5100	Tel: (403) 219-0903	Tel: (204) 632-4028	Tel: (905) 405-0244	Tel: (514) 631-5678	Tel: (613) 224-4603	Tel: (44) 1277-633343
Fax: (604) 523-5125	Fax: (403) 219-0906	Fax: (204) 694-1136	Fax: (905) 405-0252	Fax: (514) 631-5679	Fax: (613) 224-6734	Fax: (44) 1277-633436
E-mail: vcr@lei.ca	E-mail: cgy@lei.ca	E-mail: wpg@lei.ca	E-mail: tor@lei.ca	E-mail: mtl@lei.ca	E-mail: ott@lei.ca	E-mail: uk@lei.ca

VERIFIED STATEMENT
of
Angelo LaMantia
on behalf of
Louisiana-Pacific Corporation

My name is Angelo LaMantia. I am the Director of Logistics for Louisiana Pacific Corporation in Schaumburg, Illinois. In my position, I am responsible for ensuring our products are shipped to the markets safely and competitively. I have held my current position since September of 1996, and have been employed by Louisiana Pacific in various capacities since 1985.

Louisiana-Pacific Corporation is a manufacturer of various forest products. We are the world's largest manufacturer of oriented strand board and other panel products such as plywood and particleboard. In addition, we are the largest producer of stud lumber in North America. We also manufacture other building materials such as joists, and siding. We have several facilities located on both CN and WC that, in total, employ hundreds of people and produce over 1 billion square feet of panel products and siding per year. We ship both inbound and outbound products to a multitude of destinations across North America. The availability of efficient, competitive rail service is important to Louisiana-Pacific Corporation, and to our competitiveness within our own markets.

Louisiana-Pacific Corporation supports the proposed merger of WC and CN. We believe the transaction will strengthen the North American transportation network and benefit us as rail shippers. Together, the combined CN/WC will be able to offer new single-line service and faster, more reliable transportation to points throughout the United States and Canada. The combination also will provide an opportunity for the improvement of operations through the busy and often congested Chicago gateway.

We believe inclusion of WC within the larger CN system will ensure the continued, long-term viability and vitality of the excellent service we currently receive from WC. A CN/WC merger will create a strong railroad partnership with the resources and market reach to meet shippers' needs and to compete more effectively with motor carriers and other railroads. Because of the entirely end-to-end nature of the existing CN and WC systems, we see no competitive issues arising from the proposed transaction.

We believe that a CN/WC combination will foster the kind of efficient service and effective competition that rail shippers require. Louisiana-Pacific Corporation supports the proposed transaction.

I, Angelo LaMantia, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct, and that I am qualified and authorized to file this statement.

A handwritten signature in black ink, appearing to read "Angelo LaMantia", written over a horizontal line.

Dated: April 4, 2001

Manson

Insulation Manson Inc.

3000, boul. Matte
Brossard, Québec
CANADA J4Y 2H5
Tél. (450) 659-9101
Fax (450) 444-7602

April 20th, 01

Canadian National Railway Company

Subject : Proposed merger of CN Rail Co. and Wisconsin Central Railroad

Sir,

Manson Insulation Inc. is a manufacturing company of fibreglass industrial insulation. For the last 26 years I have used CN Rail and Intermodal as an important carrier that filled all my needs such as availability of equipment, service delivery to customer and availability of staff management when needed to be met.

Since cost of transportation and service to customer are more and more discussed in our daily meeting, this option is for Manson Inc. a step forward that would give us a possibility of choice for all our volume of freight shipped all across U.S.A.

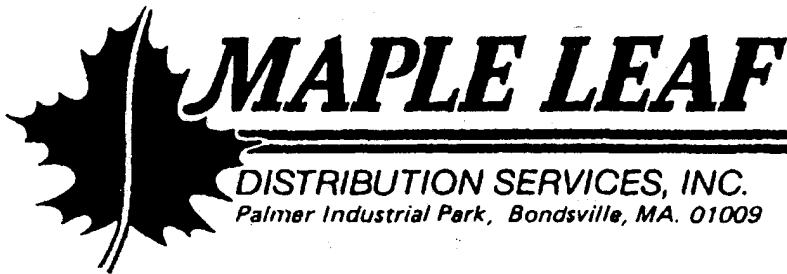
I highly expect and recommend that such issue proposed by CN -WCR combination should be a done matter reflecting shippers' hope for more potential business, not only for these two companies but also for many others surrounding that great volume of goods transportation.

Since this new century looks to be the venture one, there is no doubt in my mind that such initiative should be granted and looked by others as an image to copy.

Best regards,



Robert Charron
Traffic Manager



(413) 283-2971
FAX: (413) 283-7345

DISTRIBUTION SERVICES, INC.
Palmer Industrial Park, Bondsville, MA. 01009

April 4, 2001

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423-0001

**Reference: Canadian National – Control – Wisconsin Central
STB Finance Docket No. 34000**

Verified Statement of

Mark A. Marasco

On Behalf of

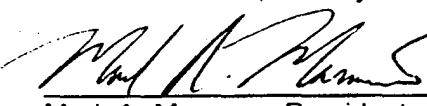
Mapleleaf Distribution Services, Inc.

My name is Mark A. Marasco, and I am the President of Mapleleaf Distribution Services, Inc. I have held my present position for 3 years, and have worked at Mapleleaf since its inception in 1986. Mapleleaf is a warehouse/distribution center located in central Massachusetts that handles 3100 to 3600 railcars per year containing forest products and base metals. The products come into our facility by rail, and we then store and distribute the products by truck throughout the northeastern United States. Our facility is located on the New England Central Railway (NECR) which has direct connections to CN and CSX, and indirect connections to CP and NS through another short-line railway.

Competitive rail service is vital to our business. Working with the railroads, we offer a rail-and-truck combined service to compete with direct truck shipments. We have seen our rail partners improve the efficiency of their operations when they offer single-line service, which avoids costly interchanges and improves transit times. We have also seen CN improve their railcar fleet utilization by sharing CN and IC boxcars throughout their system.

Shippers can utilize our facility to reach off-rail customers as a competitive alternative to direct truck by taking advantage of shorter transit times and reduced costs of shipping by rail. We expect that paper mills in Wisconsin will be able to utilize these advantages to increase their competitive presence in our region if the CN is permitted to acquire the WC. Therefore, we strongly ask that the Surface Transportation Board approve the CN application to acquire the WC.

I, Mark A. Marasco, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.


Mark A. Marasco, President

Date: 4 APRIL 2001

METALS MANUFACTURING C O R P O R A T I O N

April 4, 2001

Mr. Vernon A. Williams
Surface Transportation Board
1925 K Street N.W.
Washington, DC 20423-0001

Re: Canadian National Railway Company-Control
Wisconsin Central Transportation Corporation (STB Finance Docket No. 34000)

Metals Manufacturing Corp. is a metal fabricating company located in Kaukauna, WI. We are beginning a rail shipment program, and will be shipping trucks via rail beginning April 2001. These are government vehicles that will be shipped to U.S. Marine posts around the country. We expect to have our own rail siding installed at our plant during the second quarter of this year. Until then, we will be using the track of a neighboring company in Kaukauna for the shipments. We also expect to utilize the rail spur for shipping other fabricated metal products that prior to this have moved via truck.

With the proposed merger of the CN and WC, I foresee advantages such as single line service, the potential for improved equipment utilization and the possibility of buying from and selling to new markets through the expanded reach of the Canadian National rail network.

I strongly support this application, as it will secure a link in CN's network and offer opportunities for service improvements and efficiencies. Improved service will be enhanced by eliminating need for CN-WC interchange at Chicago, IL and Superior, WI, thereby creating the potential for shippers to enjoy expedited service through WC's gateways. Also, there should be no reduced competition, as CN and WC are end to end carriers. In fact, the service improvements should assist in making rail more competitive against trucks.

In conclusion, Metals Manufacturing Corporation strongly supports the proposed transaction and urges the STB to treat this as a minor transaction.

I, Tom Peters, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Sincerely,



Tom Peters
President

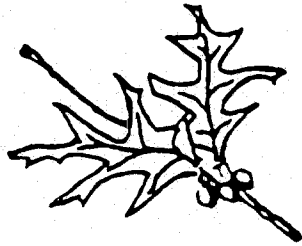
820 Hyland Avenue
Kaukauna, WI 54130-1434

Phone: 920.759.1000

Fax: 920.759.1300

www.metalsmanufacturing.com

Engineering, Fabrication & Machining Solutions



MONTICELLO HARDWOOD INC.

Verified Statement
Of
James R. Duncan
President of
Monticello Hardwood, Inc.

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

RE: Wisconsin Central and
Canadian National Railway Company –
Application for a combination under
Common Control

Dear Mr. Williams:

I have been involved with the manufacturing of Hardwood Products for thirty-seven years. The past seventeen years as President of Monticello Hardwood, Inc., which was an employee buyout from the former owner, Koppers Company, Inc. of Pittsburg, PA. I worked for Koppers for seventeen years serving in various capacities including division manager over all Koppers' twenty-seven hardwood sawmills and 340,000 acres of timberland. Koppers made the strategic decision to sell the assets of this division which took place over a two year time period. In April of 1983, an employee buyout was finalized in which Monticello Hardwood, Inc. was formed and took possession of four Koppers' locations.

The primary business of both companies was and is to procure hardwood timber and/or logs and manufacture lumber, railroad cross ties, switch ties and wood chips for various markets both export and domestic. Rail shipments of these products have always been one of the principle means of transportation. We have four operating locations in Central and South Mississippi. Our largest facility is located in Monticello, MS which is serviced by the Canadian National Railroad. We ship between 350 and 400 rail cars a year from this facility plus several piggy back containers. The majority of our rail car shipments are north to a treating plant in Wisconsin. In addition, we have several shipments of kiln dried lumber to various destinations in Mexico and California.

Page 2
Monticello Hardwood, Inc.

We very strongly support the proposed combination of Wisconsin Central and Canadian National Railroad. It will certainly improve the transportation infrastructure in both Canada and the U.S. through more efficient North-South service and more effective competition with the trucking industry.

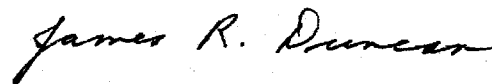
Such a combined railroad would make our hardwood products much more competitively priced effectively expanding our market area. An integrated WC/CN would offer seamless, timely, frequent and more reliable service between the Gulf Coast, Midwest, and Canada.

We would anticipate a smooth transition of WC and CN due to the largely end-to-end nature of these railroads. We feel the combined railroad would be economically healthy for all of North America, without raising significant issues concerning reduced competition.

Verification

I, James R. Duncan, declare under penalty of perjury that the foregoing letter is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed on this the 28th day of March, 2001.



James R. Duncan
President
Monticello Hardwood, Inc.

JRD:sc

**VERIFIED STATEMENT
OF
WARREN R. CRESSWELL
On behalf of
NORMERICA INC.**

My name is Warren R. Cresswell and I am the President of Normerica Inc. I am one of the founders of the Normerica Group of Companies and have been in this position for nine years. I am based at our corporate headquarters at 703 Evans Ave., Suite 600, Toronto, Ontario Canada M9C 5E9.

My company is engaged in the pet products business and as part of this business mission we manufacture and distribute clay based cat litters throughout Canada through Normerica Inc. and in the United States through our U.S. company Northdown Industries Inc. I am a Vice-President of Northdown Industries.

All raw materials for these clay-based cat litters are delivered from the U.S. based mine sites to our various packaging facilities by bulk covered hopper railcars. On an annual basis our inbound rail traffic will exceed 2,500 cars. At the packaging facilities, we unload the railcars and repackage the material into many consumer package formats, sizes and labels. All outbound product shipments are by third party trucking firms.

The company has cat litter packaging plants in Brantford, Ontario, Canada, Lethbridge, Alberta Canada and Dyersburg, Tennessee. Canadian National serves the Brantford, Ontario plant and CNIC serves the Dyersburg, TN plant.

Each of our packaging facilities utilizes two different types of clay, each of which is used for different types of cat litter. The rail traffic originates out of northern Wyoming and northern Mississippi.

While our current rail routing from Wyoming to Toronto passes along Burlington Northern routing to Chicago and then on to Ontario it might be possible for some of this traffic, particularly from northeastern Wyoming to pass over the Wisconsin Central lines enroute to Ontario.

.... 2

Because of the long-distance nature of our traffic, and the just-in-time nature of our packaging operations, it is important to us that the interfaces between railroads be as seamless as possible. Accordingly, as a matter of general principle we are in favour of larger, more integrated and more financially stable railways in North America as long as prices remain at a fair and competitive level.

It is proving to be advantageous for our company to be dealing with CN and to take advantage of its NAFTA network. We deal with CN in eastern Canada and also with its acquisition Illinois Central in Tennessee. We are finding economies and efficiencies of operation in dealing with such an integrated railroad and expect more improvement from this integration in the future.

We understand that Canadian National and Wisconsin Central are requesting authority to enter into a transaction that would put them under common control. Based on the comments immediately above, we support this application as it should improve the transportation infrastructure in North America providing more efficient rail service. While not particularly relevant for our business, we can envisage that the linking of CN and Wisconsin Central could also provide more effective competition with the trucking industry in some sectors.

For our business, the acquisition of Wisconsin Central by CN might open up an alternate rail routing out of Eastern Wyoming, using the DM&E railroad and crossing over Wisconsin Central trackage, linking with CN and thence on into Southern Ontario. Such a routing alternative would enhance competition.

We believe that the proposed acquisition will strengthen the railroad network and should benefit shippers and receivers. Our company supports the application.

I, Warren R. Cresswell, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on this 6th day of March, 2001.



W.R. Cresswell
President

F11-34000



North Central Commodity Transfer Association, Inc.

1 Bardon Place • Superior, WI 54880 • (715) 398-7772

May 6, 2001

Surface Transportation Board
1925 K Street N.W.
Washington, D.C. 20423-0001



Re: Merger of Canadian National and Wisconsin Central Railroads

Dear Board Members:

This is to express our support for the approval of the proposed merger on the grounds that a moratorium on such mergers is, in the long run, more anti-competitive than is freedom of association and affiliation among carriers.

The opponents of the merger have raised only arguments which they hope will preserve competitive advantages received from government regulation, which has allowed them to operate on hair-thin margins using century-old infrastructure. Railroads, on the other hand, have the opportunity, by combining assets, to develop modern infrastructure capable of dealing with present transportation shortcomings and meeting future needs.

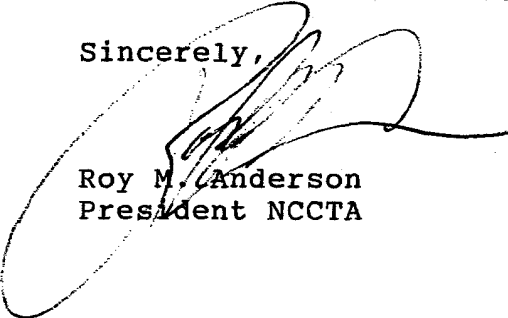
The moratorium on mergers looks to us like an unreasonable interference with entrepreneurial development to meet present and future needs in favor of maintaining jobs and bureaucracies started a 100 years ago when lake transport was a more viable option to rail and truck (or buggy) transport than it is today.

The merger of Wisconsin Central and CN appears to us to qualify as a minor transaction for exemption purposes. We believe, however, that the moratorium is itself anti-competitive and retrogressive. It should be lifted.

Our studies also indicate that jobs lost to operators and administrators of uncompetitive transportation modes would be more than offset by diversion to more compelling current needs, such as alternative energy production. We are happy to provide more details on this upon request.

In summary, as agents or advocates for neither side of this controversy, it is our unavoidable conclusion that the merger of the two rail lines is far more likely to add to rather than take from the benefits of competition and innovation in surface transportation and should not be arbitrarily blocked.

Sincerely,


Roy M. Anderson
President NCCTA

NOVARCO LTD.

711 Westchester Avenue, 4th Floor, White Plains, New York 10604
Tel: (914) 286 - 7100 Facsimile: (914) 286 - 7197

April 4, 2001

VERIFIED STATEMENT OF
SCOTT BONDER
On behalf of
NOVARCO LTD.

My name is Scott Bonder. I am a Traffic Manager for Novarco Ltd located in White Plains New York.

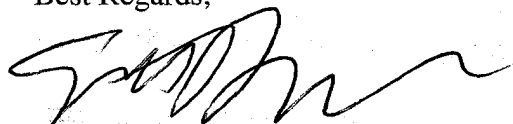
Novarco Ltd. is a commodities trading company that sells metals throughout the United States as well as in international markets. Our metal is typically imported via the port of New Orleans and then railed to domestic consuming locations. Our direct business with the CN/IC railroad currently includes rail shipments to Sauget, IL and Dowagiac, MI.

We strongly support Canadian National's proposed acquisition of Wisconsin Central. It will improve the transportation infrastructure in Canada and the United States through more efficient service. We believe that service will be enhanced by eliminating the need for the CN-WC interchange at Duluth/Superior and at Chicago. This will specifically allow for improved service through the busy Chicago gateway.

In addition, the merger should increase competition with both other rail carriers and truck carriers. As the CN and WC are end-to-end, we foresee no reduction in competition and expect the integration to proceed smoothly and efficiently.

We believe the proposed acquisition will strengthen the railroad network and benefit shippers. Our company supports the acquisition.

Best Regards,



Scott Bonder

NOVARCO LTD.

VERIFICATION

I, Scott Bonder, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on April 4, 2001.

Signed: 



My name is Gilles Beauchemin and I am the Assistant Traffic Manager for QIT-Fer et Titane Inc., at 1625 Route Marie-Victorin, Tracy, PQ J3R 1M6.

I have 20 years of experience in transportation. I am responsible for the logistical and tariff negotiations for ground, marine and railway transportation.

QIT-Fer et Titane is a mining and metallurgical company established in the 1950's. A subsidiary of Rio Tinto plc, QIT extracts ilmenite ore from its mine in Havre St. Pierre, QC and processes it in its Tracy, PQ facility. QIT is a world leader in titanium dioxide, commonly called "slag", a product utilised in paint, plastics and paper pigmentation processes. QIT produces over one million tons of titanium dioxide per year, along with 200,000 tons of chloride dioxide (UGS), 300,000 tons of pig iron, 500,000 tons of steel billets and 120,000 tons of metallic powder.

QIT owns its own mine in Havre St-Pierre and uses vessels to move the iron ore. The company's main plant is located in Tracy, PQ.

Canadian National moves 35,000 tons of residues per month from the plant to a landfill eight kilometers away amounting to 4000 cars per year. Canadian National moves almost all of QIT's steel billets from Tracy to L'Original which consists of 4150 cars per year. Most of the titanium slag is shipped overseas and U.S.A. Canadian National is presently developing transportation of the metallic powder. The market for metallic powder in North America is about 60,000 tons per year.

QIT supports Canadian National's proposed acquisition of Wisconsin Central. The consolidation will improve the service to shippers by expanding single-line service and promoting more efficient service.

I anticipate that the acquisition will result in improved carload service, reduced transit times, and greater service reliability. Importantly, the CN/WC transaction will improve competition with other modes of transportation, as it will enable QIT to be more competitive in providing service to docks on the Great Lakes.

We at QIT-Fer et Titane believe that the proposed acquisition between CN and WC will be beneficial to shippers and the entire railroad network and therefore support the application.

I, Gilles Beauchemin, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorised to file this verified statement.

Executed on April 5 / 2001

A handwritten signature in cursive script that reads 'Gilles Beauchemin'.

Gilles Beauchemin
Assistant Traffic Manager

GB/cdf
(2001GB0007)

QIT-Fer et Titane Inc.

1625, Marie-Victorin
Tracy (Québec) Canada J3R 1M6
Tél.: (450) 746-3269
Fax: (450) 746-3351

**VERIFIED STATEMENT
OF
DAVE RIEBE
ON BEHALF OF
QUAD/GRAPHICS, INC.**

I Dave Riebe, Vice President of Distribution for Quad/Graphics, Inc., am responsible for the direction of the company's mailing and distribution activities. This includes all functions of inventory control, paper warehousing, recycling, data services, shipping, newsstand and mailing areas.

Quad/Graphics is the largest privately held commercial printer in the world. Quad/Graphics serves the catalog, retail insert, direct mail, and commercial products markets. We provide full production services, from design and photography through printing, finishing, and distribution. Among our more than 1,000 clients are Newsweek, Time, U.S. News and World Report, Field and Stream, Parenting, Black Enterprise, Figi's, Lillian Vernon, Chadwick's of Boston, Micro Warehouse, Land's End, Shopko, Kmart, and Target.

The WC rail serves Quad/Graphics in three of its printing facilities, which are located in Sussex, Pewaukee, and Lomira, Wisconsin. We receive over 8,000 railcars annually at these facilities from paper mills throughout the country.

Quad/Graphics supports Canadian National's proposed acquisition of the Wisconsin Central. It is believed it will improve the transportation of our raw materials through more efficient service and increased competition with the trucking industry. With the acquisition of the WC, the CN should be able to offer faster, more reliable single-line service to and from points on the WC system, and freight currently moving via haulage over the WC link between Chicago, Illinois, and Duluth, Minnesota/Superior, Wisconsin

We expect the CN's acquisition of the WC to proceed smoothly and efficiently due to its end-to-end nature and CN's prior integration of the IC rail, which is a larger carrier than the WC.

We believe that the proposed acquisition will strengthen the railroad network and benefit shippers. Quad/Graphics supports the application.

I Dave Riebe, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on 4-3-01

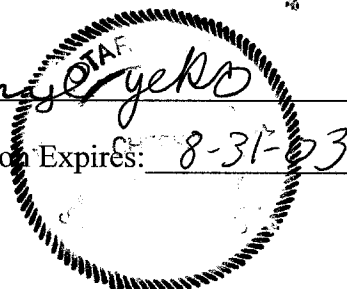
Dave Riebe

Subscribed and sworn to me this 3 day of April, 2001.

STATE OF WISCONSIN
COUNTY OF WAUKESHA

Name:

Commission Expires: 8-31-03



Red Lava Inc.

3875 Airport Rd.
Waterford, MI 48329
(248) 623-2374

FAX (248) 623-9204
1-800-972-6442

March 30, 2001

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423-0001

Re: Canadian National Railway Company – Control
Wisconsin Central Transportation Corporation
(SFTB Finance Docket No. 34000)

Dear Mr. Williams,

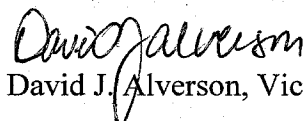
My name is David Alverson, the Vice President of Red Lava, Inc. We are located at 3875 Airport Road in Waterford, Michigan. Part of my responsibilities include seeking new sources of product that can be delivered to us via the railroad. This has been one of my duties for the last thirteen of my twenty-three year career in the wholesale stone industry.

Red Lava, Inc. is a wholesale stone company. Our specialty is bringing in decorative landscaping aggregate from the United States, Mexico, and Canada and then redistributing it by semi-truck to Michigan, Indiana, Illinois, Ohio, Kentucky, Pennsylvania, New York, and Western Ontario. When we opened our doors in 1992, only four of over twenty products were being delivered here by rail. Now, only 2 of our 23 products are not. Part of the reason we were able to accomplish this is because we purchased eight acres of land from Canadian National.

We strongly support Canadian National's proposed acquisition of Wisconsin Central, which also includes Wisconsin Central Ltd., Fox Valley & Western Ltd., Sault St. Marie Bridge Company, Algoma Central Railway, and Wisconsin Chicago Link Ltd. because it will improve the transportation infrastructure between Michigan and Wisconsin. Presently, the Michigan Wisconsin area is only serviced by the trucking industry. Opening this area to rail could greatly benefit us by improving our product line.

Red Lava, Inc. supports Canadian National's acquisition and I look forward to growing our relationship with them.

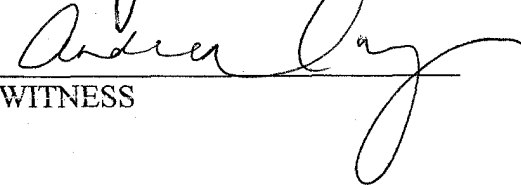
Best regards,


David J. Alverson, Vice President

I, David J. Alverson, of Red Lava, Inc. declare under penalty of perjury under the laws of the United States the foregoing is true and correct. Further, I certify I am qualified and authorized to file this verified statement. Executed on March 30, 2001.



David J. Alverson



WITNESS

ROCKWELL LIME COMPANY

4110 Rockwood Rd., Manitowoc, WI 54220-9619 • 920-682-7771 • 1-800-558-7711 • Fax: 920-682-7972

March 29, 2001

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

RE: STB Finance Docket No. 34000
Canadian National – Control – Wisconsin Central

My name is Joseph H. Brisch. I am the Executive Vice President for Rockwell Lime Company in Manitowoc, Wisconsin (rail siting – Francis Creek, WI). In my position, my responsibilities are to organize, plan and control the sales and marketing strategies of Rockwell Lime Company. This includes traveling to meet directly with customers and sales representatives. I am part of the Executive Committee and am also on the Board of Directors for Rockwell Lime Company.

Rockwell Lime Company is a 3rd generation family owned business that was established in 1906. We quarry raw dolomitic limestone products for retail and manufacturing of Quick-Lime and Hydrated Lime. In 1998 we received our certificate for ISO 9002 – 1994 for the manufacture, marketing and distribution of Dolomitic Limestone, Quick-Lime and Hydrated Lime. We supply our lime products all over the United States, Canada and some foreign countries. We are rail served by the Fox Valley Western Ltd., owned by the Wisconsin Central Ltd. As a customer of The Wisconsin Central, we have an assigned pool of 60' double-door boxcars for hydrate and an assigned pool of rail covered hoppers for quick-lime. We have in Rockwell's rail fleet, 10 Pressure Differential cars we lease from Chicago Freight Car for bulk hydrate. Our products travel over the FVW, WC, BNSF, CSX, NS, & UPSP. We also ship through IMC agents utilizing stack train containers to the West Coast and Bahamas, and piggyback trailers to Florida. We also ship bagged and bulk products utilizing over-the-road reliable contract carriers for flat beds, vans and pneumatic dry bulkers. Currently, we do not ship our products over the CN or it's other rail traffic lanes. At the present time we would not benefit in single-line service.

Rockwell Lime Company is in favor of the proposed merger of WC and Canadian National Railway Company (CN). However, we have some concerns. Our experience from the last three major merges (UP & SP, BN & ATSF and CSX & NS splitting up the CR.) have not been good. We have lost business because of substantially high % of rate increase on existing moves and potential new business. We have experienced poor service, congestion, delays and damage to product and our leased equipment. The relationship between railroad and customer has also been strained with the constant changes in personnel. New personnel are not familiar with our company, they do not

Page 2

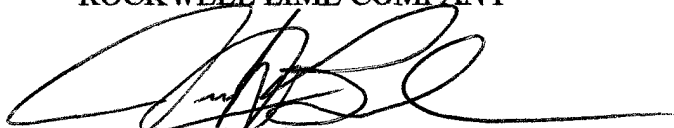
understand the commodity, competitive factors, needs or requirements of Rockwell Lime Company.

We believe inclusion of WC within the larger CN system will ensure the continued, long-term viability and vitality of the excellent service we currently receive from WC. A CN/WC merger will create a strong railroad partnership with the resources and market reach to meet shippers' needs. Hopefully in the future the CN/WC merger will allow us to compete more effectively with motor carriers and other railroads in the new traffic lanes.

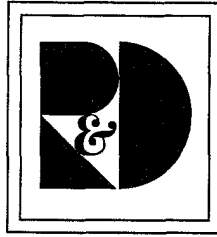
If you have any questions, please feel free to contact me at 1-800-558-7711.

Yours truly,

ROCKWELL LIME COMPANY

A large, stylized handwritten signature in dark ink, likely belonging to Joseph H. Brisch, is written over the printed name and title.

Joseph H. Brisch
Executive Vice President



ROBERTS & DYBDAHL INC

April 6, 2001

Mr. Vernon A. Williams
Secretary
SURFACE TRANSPORTATION BOARD
1925 K. Street N.W.
Washington, D.C. 20423-0001

RE: SFTB Finance Docket No. 34000
Canadian National Railway Company-
Wisconsin Central Transportation Corporation

Dear Mr. Williams:

The purpose of this letter is to express our support for the request made by the Canadian National Railway Company (CN) to acquire the Wisconsin Central Transportation Corporation (WC).

My name is Donald B. Strater and I am Executive Vice President of Roberts & Dybdahl Inc. Roberts & Dybdahl Inc. brokers and distributes lumber and buildings materials and manufactures engineered roof and floor systems. Roberts & Dybdahl Inc. ships substantial quantities of lumber and related product from virtually all lumber producing regions in North American, including large quantities from Canada, to its facilities and its customer's facilities located throughout the Midwest.

We see this CN's acquisition of the WC as having substantial benefits and few disadvantages. The combined railroad will provide single line service from major lumber producing regions in Canada into the heart of the our market area. This should enhance our ability to better service our customers. Since the CN and WC are currently partners in the movement of certain products, the acquisition is an end to end transaction and the CN has been able to integrate other railroads into its system without disruption, there seem to be no real disadvantages to this transaction.

Sincerely,

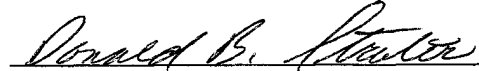
ROBERTS & DYBDAHL INC.

Donald B. Strater
Executive Vice President

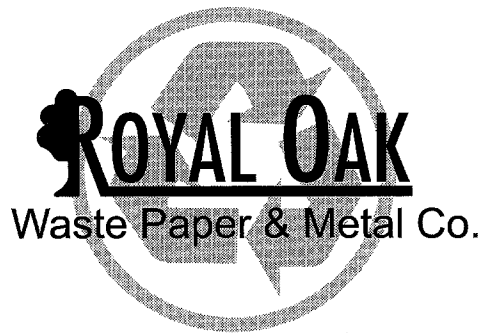
DBS/j

VERIFICATION

I, Donald B. Strater, declare under penalty of perjury under the laws of the United States that the forgoing is true and correct. Further, I certify I am qualified and authorized to file this verified statement. Executed on this 6th day of April, 2001.



Donald B. Strater



March 30, 2001

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N. W.
Washington, DC 20423-0001

Re: Canadian National Railway Company - Control
Wisconsin Central Transportation Corporation
(SFTB Finance Docket No. 34000)

Dear Secretary Williams,

As the President of Royal Oak Waste Paper and Metal Company, located at 414 E. Hudson in Royal Oak, Michigan, I, Habib Mamou, am writing to you to express my support for CN's acquisition of WC. I have been working in the recycling industry for over 25 years; I began working as an employee on the plant floor sweeping a broom and continued increasing my responsibilities until now I am the President of one of the largest processing plants in the Midwest.

Our company processes paper and metal for recycling. This means we collect the material from consumers and bring it to our plant where it is shredded and/or baled for shipment to recycling mills. We have 45 employees working at our Royal Oak, Michigan plant where we use two high-speed balers (processing over 60 tons of paper/hour) to prepare the material for shipment. An important aspect of our operation is our ability to ship by rail. We ship to many mills in the United States, Canada, and Mexico. Canadian National includes Illinois Central Railroad, Chicago Central and Pacific Railroad, Cedar River Railroad, Grand Trunk Western Railroad, Duluth, Winnipeg and Pacific Railway, ECO Rail Inc., Quebec & Lake St. John Railway and Canadian Northern Quebec Railway. Also, WC includes the Wisconsin Central Ltd., Fox Valley & Western Ltd., Sault Ste. Marie Bridge Company, Algoma Central Railway and Wisconsin Chicago Link Ltd.

We strongly support this application as it will secure a key link in CN's NAFTA network and offer significant opportunities for service improvements and efficiencies. By securing CN's NAFTA network, acquisition of WC assures us the ability to participate efficiently over the long-term in the fast growing NAFTA markets. We will also benefit from better equipment utilization. The new combined organization will be able to coordinate rolling stock management and reposition cars and locomotives more efficiently. This is important to us because many times we have monthly deadlines for shipment in order to obtain a certain price for our material.

Based on our past experience, you can expect the acquisition and integration to proceed smoothly and efficiently due to its end-to-end nature and CN's prior experience with integration of the IC, a larger carrier than WC. My company and I support this acquisition wholeheartedly.

Sincerely,


Habib Mamou
President

VERIFIED STATEMENT
Of
DOMINIQUE SIROIS, CONTROLLER
on behalf of
SCA HYGIENE PRODUCTS



Re: Proposed merger of the Canadian Railway Company
and Wisconsin Central Railroad.

SCA hygiene products is a manufacturing company that is a major user of rail service in the U.S. and Canada. We understand that CN Rail is submitting application to the Surface Transportation Board for authority to merge with the Wisconsin Central Railway.

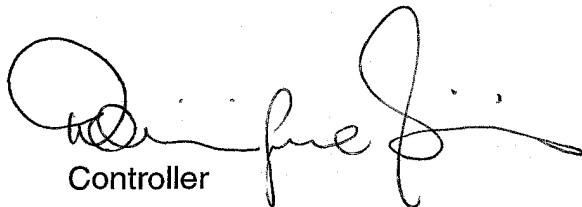
We support this transaction because such a merger will offer a rail network with significant opportunities for service improvements and efficiencies to SCA fast growing market.

We believe that the CN-WC combination will provide a better service at more competitive rates through the creation of a seamless and faster single line service. We therefore fully support the merging application.

I, Dominique Sirois, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorised to file this statement. Executed on May 8, 2001.

Yours truly,

Dominique Sirois


Controller



SCA HYGIENE PRODUCTS
Incontinence Care
999 Farrell
Drummondville (Quebec)
J2C 5P6
Tel.: (819) 475-4500
Fax: (819) 477-8779

Fulcrum Associates 410-115 Bannatyne avenue • Winnipeg, Manitoba R3B 0R3

Telephone (204) 942-9438 • Fax (204) 946-5505 • Email dawsond@escape.ca

VERIFIED STATEMENT

OF
Richard L.M. Dawson

On behalf of the Saskatchewan Pulse Growers Board.

1. Witness name ...Richard L.M.Dawson...

Title...Transportation Consultant to the Saskatchewan Pulse Growers Board.
at 310- 111 research drive, Saskatoon, Saskatchewan. S7N 3R2. (reporting to
Board Director Glen Annand.)

Address. R.L.M. Dawson, Fulcrum Associates, 410-115 Bannatyne Avenue,
Winnipeg . Manitoba R3B 0R3.

2. Description of Business and Transportation.

The Saskatchewan Pulse Growers represents the approximate 16000 farmers in Saskatchewan who are now growing Pulse crops (peas, lentils, chickpeas and beans)for North American and World markets. A brief background paper on the organisation is attached.

In addition, we feel it is relevant to point out that the Pulse Industry is a relatively new and unique form of land use in the prairies, enjoying rapid growth. Pulses are likely to repeat the success of the Canola industry in the sixties and seventies.

Pulse exports are already over 3 million tonnes and move roughly half eastwards and half westwards. At present the movements of product to and through the USA are relatively small at between 5% - 10% (150,000 – 300,000 tonnes). However larger quantities go out through Vancouver and the St Lawrence ports destined for South American markets, which represent one of the fastest growing market areas in the world for these products..

The business is split roughly half in the "Food" business and half in the "Feed" business. The Feed business is primarily field peas and moves like a more traditional bulk "commodity" business, mostly in hopper cars through bulk terminals. The " Food" business however is quite unlike a grain crop, and moves mostly as an IP ("identity preserved") product to many selective customers as a

differentiated product, often bagged in boxcars, or as intermodal cargo in Containers.

While large volume bulk shipments continue to dominate the world grain industry, recent concerns over food quality issues, has caused an increased interest among selective food grain customers for "identity preserved" shipments not sourced from common stocks.

About 80% of Canada's Pulse crops are grown throughout Saskatchewan and are shipped through some 120 processing plants across the Province. Slightly more than half the exports (ie. 1 1/2 out of 3million tonnes) originate on the CN rail network .

3. Statement of position on the CN acquisition of WC.

We understand that the Canadian National and Wisconsin Central are requesting authority to enter into a transaction that would put them under common control. We strongly support this application as it will secure a key link in the CN NAFTA network, and it will offer significant opportunities for service improvements and efficiencies to reach FTAA markets in the future.

4. Given that most of South America lies well east of New York, and our eastern waterway is frozen for the winter months, we become heavily dependent upon the western outlet through Vancouver, BC. This route has its own logistical problems regarding mountainous access and heavy use. All shippers from the Canadian Prairies are keenly interested in the additional competition that is represented by alternative movements to USA markets through the Chicago gateway, and for the prospect of improved through movements to other world buyers.

5. We believe that this acquisition will strengthen the overall railroad network with increased competition, and provide improved services not only for our Pulse crops, but also for other products from our Prairie farms as well.

6. Verification.

I, Richard L.M. Dawson declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and have been authorised to file this verified statement as a retained consultant on behalf of the Saskatchewan Pulse Growers Board .

Executed on

Signature.....

MacMahon
A Commissioner for Oaths in and
for the Province of Manitoba.
My Commission expires 23 Sept 2001

**Verified Statement
Of
D. Frederick Gill
President and CEO
On behalf of
Saskferco Products Inc.**



I am writing you in support of the proposed merger of the Canadian National and Wisconsin Central Railroads. I am currently President and Chief Executive Officer of Saskferco Products Inc., a nitrogen fertilizer manufacturer located in Belle Plaine, SK. I have held this position for approximately two years; prior to that I was VP Manufacturing for Saskferco for approximately eight years. As an interested shipper in this proceeding, I submit this verified statement in support of the proposed merger of the Canadian National and the Wisconsin Central Railroads.

Our plant is one of the newest and most modern manufacturing facilities in North America. Saskferco produces over 2,000 short tons of Anhydrous Ammonia and 3,100 short tons of Urea per day. Saskferco produces and sells over 1 million short tons of fertilizer materials annually. Saskferco markets its products throughout Canada and into the northern tier of the United States. Approximately 60% of our product is shipped by rail. Over 40% of our products are shipped to US destinations. Saskferco currently relies on Canadian National Railway to ship 90% of its rail-initiated shipments from its plant. We also will open this summer a 90 m short ton urea warehouse facility in Carman, Manitoba to better access our customers in the US northern plains. The Canadian National will be our principal rail carrier servicing product shipped inbound to this new facility.

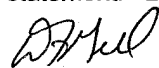
Saskferco understands that Canadian National is requesting authority to control the Wisconsin Central. Saskferco supports this application, as it believes that the combined company will create a strong rail network that is able to compete effectively in a changing North American distribution industry. It will improve the transportation infrastructure through more efficient North-South service without significantly reducing competition.

Opportunities for service enhancements and improved efficiencies will help meet the needs of our customers in a competitive marketplace. With the combination of the CN and WC, Saskferco believes that it will have a more direct access to its customers in the Upper Midwest. Saskferco anticipates that it might be able to deal with fewer intermediary carriers increasing the efficiency and reducing the time, it takes to reach its customers in a seasonal commodity industry. The combining of these two lines will allow for single line haul opportunities that will create significant efficiencies for the railroad. As well, Saskferco expects to see improved cycle times on rail cars and opportunities for back-haul movements. As a result of these and other efficiencies, Saskferco anticipates that it will see improved equipment utilization, and where it is shipping in its own private cars, a cost reduction through fleet size reductions.

Saskferco also believes that as freight is a very large component of our finished selling costs (20-40% depending on markets), the combination of CN and WC will potentially allow entry to markets that we cannot currently competitively access. As the networks of both carriers have minimal overlap, from Saskferco's perspective, there should not be any significant reduction in competition. Saskferco believes that it will provide improved access to key market regions. Furthermore, by creating a larger more efficient railroad we expect the CN/WC to remain competitive with other class 1 US carriers. Saskferco wants to ensure the long-term viability of competitive alternatives to ensure that we have choices in the way we service our customers.

In summary, Saskferco believes that the proposed combination of Canadian National and the Wisconsin Central will not significantly reduce competition. Saskferco further believes that it will provide improved access to key market regions and will enhance Saskferco's ability to meet the needs of its customers. Saskferco Products Inc. supports CN's application.

I, D. Frederick Gill, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on May 14, 2001.


D.F. Gill

President and CEO,
Saskferco Products Inc.

SASKFERCO PRODUCTS INC.

215 - 1874 Scarth Street
Regina, Saskatchewan Canada S4P 4B3
Ph: (306) 525-7600 Fax: (306) 525-2942



An International Converting, Sales & Marketing Company

April 10, 2001

**VERIFIED STATEMENT OF
Kenneth Loyd
On behalf of
SOUTH COAST PAPER**

My name is Kenneth Loyd, President of South Coast Paper. My office is located at 835 D Pride Drive, Hammond, Louisiana.

I am responsible for marketing and manufacturing cut-size products.

Our facility is located in Hammond, Louisiana and currently utilizes Canadian National. Our company receives and ships outbound to distribution centers throughout North America.

We understand that Canadian National and Wisconsin Central are requesting authority to enter into a transaction that would put them under common control. We strongly support this application as it will secure a key link in CN's NAFTA network and offer significant opportunities for service improvements and efficiencies.

With the acquisition of WC, CN will be able to offer faster, more reliable single-line service to and from points in the WC system, and provide a missing crucial link in CN's NAFTA network that assures the ability of CN and WC shippers to participate efficiently over the long-term in the fast growing NAFTA markets.

CN's proposed acquisition of WC should strengthen both carriers by making them more competitive with other rail carriers and truck carriers. Shippers will benefit from this added competition. We expect the integration of WC to proceed smoothly and efficiently due to its end-to-end nature, and CN's prior smooth integration of IC.

We believe the proposed acquisition will strengthen the railroad network and benefit shippers. Our company supports the acquisition.

Respectfully submitted,

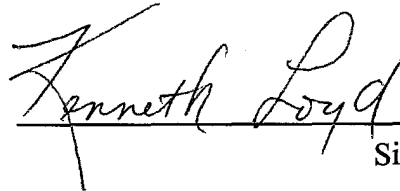

Kenneth Loyd
President
South Coast Paper



An International Converting, Sales & Marketing Company

VERIFICATION

I, Kenneth Loyd declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on April 10, 2001.



Signature

Stang Wisconsin Corp.

3213 Tenth Street
P.O. Box 217
Menominee, Michigan 49858
906-863-2606

VERIFIED STATEMENT
Of
RONALD L. RIFE
On behalf of
STANG WISCONSIN CORP

My name is Ronald L. Rife. I am the operations manager for Stang Wisconsin Corp in Menominee, MI. I am responsible for overseeing and coordinating the movement of general commodities in intermodal trailers off the Wisconsin Central in Green Bay, WI to points in Northeastern Wisconsin and Upper Michigan. I have held my current position since December 1976. I am a graduate of the University of Wisconsin in Green Bay, with a bachelor's degree in economics and marketing.

Stang Wisconsin Corp is engaged in the transportation of petroleum products and general commodities between points in Northeastern Wisconsin and Upper Michigan. We employ approximately 7 people at our Green Bay, WI facility and 8 people at our Menominee, MI facility. Stang Wisconsin Corp is served by the Wisconsin Central System (WC) in Green Bay, WI. Stang Wisconsin Corp transports general commodities from and to the WC in Green Bay to approximately 10 different companies in the area.

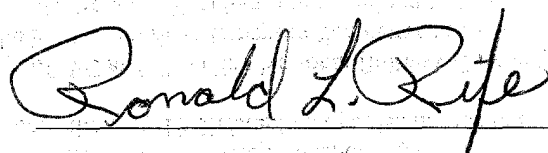
Stang Wisconsin Corp supports the proposed merger of WC and Canadian National Railway Company (CN). We believe the transaction will strengthen the North American transportation network and benefit our customers that ship and receive goods via intermodal trailers. Together, the combined CN/WC will be able to offer single-line service and faster, more reliable transportation to points throughout the United States and Canada. The combination also will provide an opportunity for the improvement of operations through the busy and often congested Chicago gateway.

We believe inclusion of WC within the larger CN system will ensure the continued, long-term viability and vitality of the excellent service we currently receive from WC. A CN/WC merger will create a strong railroad partnership with the resources and market reach to meet shipper's needs and to compete more effectively with motor carriers and other railroads. Because of the entirely end-to-end nature of the existing CN and WC systems, we see no competitive issues arising from the proposed transaction.

We believe that a CN/WC combination will foster the kind of efficient service and effective competition that rail shippers require. We encourage the Board's favorable consideration of the CN/WC transaction and the transportation and services benefits it will bring.

I Ronald L. Rife, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct, and that I am qualified and authorized to file this statement.

Dated March 27, 2001



Ronald L. Rife

stelco

Hilton Works

P.O. Box 2030
Hamilton, Ontario
L8N 9T1
(905) 527-8335

April 11, 2001

Verified Statement of R.C. Easter,

Transportation Manager on behalf of Stelco Inc.

I, R.C. Easter, am the Transportation Manager for Stelco Inc. I have the responsibility for our inbound and outbound transportation services. I have held this position and functional responsibility since 1989. I am a graduate of Mohawk College and the C.I.M. program.

Stelco Inc., through its Business Units (two divisions and nine wholly owned subsidiaries) and jointly owned corporate entities, is in the business of producing, manufacturing and selling steel. Stelco is Canada's largest steel producers with annual steelmaking capability of 6.1 million tons. Stelco owns four steel-producing units: Hilton Works in Hamilton, Ontario; Lake Erie STEEL Company in Nanticoke, Ontario; Stelco-McMaster Ltee in Contrecoeur, Quebec; and Altas Steel Ltd, in Edmonton, Alberta. Stelco also owns a number of steel-fabricating businesses.

Steel products supplied by Stelco businesses to the North American market include hot rolled, cold rolled, and coated sheets, plate bars and wire Rod, and manufactured products, such as wire and wire products, and pipe and tubular products.

In 2000, the Stelco Group of businesses produced 5.6 million tons of steel and shipped 4.7 million tons of steel products valued at \$2.8 billion.

Rail transportation is used to service both our inbound raw materials needs, as well as our outbound customer service requirements. All of this activity is centered around our facilities across Canada. The customers whom we service are located throughout Canada as well of the northeast region of the U.S.A.

We understand that the Canadian National (CN) and Wisconsin Central (WC) are requesting approval to enter into a transaction in which CN would take control over the assets of WC.

We support this application, as it would help to secure a key link in CN's NAFTA network.

From the viewpoint of Stelco, the CN/WC transaction offers potential benefits such as :

Single line haul access to customers in the North Central region of the United States and the ability to reach customers directly by rail at lower cost than by truck.
The ability to grow market share of our products due to improved or reduced logistics costs.

CN has been a significant rail provider to Stelco for over 40 years. The Stelco-CN partnership has provided stelco with measurable benefits in price and service improvements.

The merger of the ICG and the CN has proven to be a successful venture resulting in both revenue growth and improved operating performance. It is our expectation that the purchase of the WCI will also enhance CN's competitiveness in North America.

Sincerely,



Bob Eastman
Manager Transportation
Stelco Inc. - Milton Works
(905) 527-8335 Ext. 2344
Fax: (905) 308-7010
E Mail: Bob.Eastman@stelco.ca

*

***** STELLAR DISTRIBUTION SERVICES, INC.
*****-----
*** ** 5000 S. HOMAN AVENUE CHICAGO
** **
*

April 10, 2001

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423-0001

Reference: Canadian National – Control – Wisconsin Central
STB Finance Docket No. 34000

Verified Statement of

Gary J. Buccilli

On Behalf of

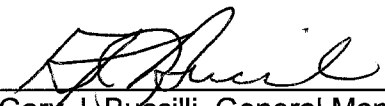
Stellar Distribution Services, Inc.

My name is Gary J. Buccilli, and I am the General Manager of Stellar Distribution Services, Inc. I have held my present position for 3 years. Stellar is a warehouse/distribution center located in Chicago, Illinois that handles 2500 to 3100 railcars per year containing forest products and base metals. The products come into our facility by rail. We store the products and distribute them by truck throughout the Midwest and Southwestern United States. Our facility is located on the CN/IC Railway, which has direct connections to every major carrier.

Competitive rail service is vital to our business. Working with the railroads, we offer a rail-and-truck-combined service to compete with direct truck shipments. We have seen our rail partners improve the efficiency of their operations when they offer single-line service, which avoids costly interchanges and improves transit times. We have also seen CN improve their railcar fleet utilization by sharing CN and IC boxcars throughout their system.

Shippers can utilize our facility to reach off-rail customers as a competitive alternative to direct truck by taking advantage of shorter transit times and reduced costs of shipping by rail. We expect that paper mills in Wisconsin will be able to utilize these advantages to increase their competitive presence in our region if the CN is permitted to acquire the WC. Therefore, we strongly ask that the Surface Transportation Board approve the CN application to acquire the WC.

I, Gary J. Buccilli, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.



Gary J. Buccilli, General Manager

Date: 4/10/01

April 4, 2001



MOBILE
Partners in Quality

VERIFYING STATEMENT OF
BRIAN R. FRENNEA
ON BEHALF OF
STEVEDORING SERVICES OF AMERICA- GULF REGION

My name is Brian R. Frennea and I am employed by Stevedoring Services of America. My office is located at the Alabama State Docks, Building 55, Mobile, Alabama 36602.

Stevedoring Services of America provides stevedoring, marine terminal, and logistic management services. Our company is headquartered in Seattle, Washington and has operations on the U.S. East, West and Gulf Coast Regions. Our largest port operations in the Gulf Region are in Mobile, Alabama and on the lower Mississippi River at Reserve, Louisiana and New Orleans, Louisiana. The CN Railroad serves each of these locations. The CN Rail Network is integral to our customer service and competitiveness.

Of my varying responsibilities, one of them includes managing logistics for customer import shipments through the U.S. Gulf and the development of logistic management proposals. Our company has utilized the CN Railroad Network to serve markets in North America.

We understand that Canadian National and Wisconsin Central Railroads are requesting authority to enter into a transaction that would put them under common control. We strongly support this application as it will secure a key link in CN's network and offer opportunities for service improvements and efficiencies. Our planned business will realize a single line haul move and we do not see the development of any two-to-one points arising from this merger.

The acquisition will be able to offer faster, more reliable single-line service to and from points in the WC system, and we consider this a benefit to our distribution network serving our customers. We feel that the merger will improve the transportation infrastructure in Canada and the United States, through more efficient service and more effective competition. Shippers will benefit from this added competition.

We expect the integration of WC to proceed smoothly and efficiently due to its end-to-end nature and CN's prior smooth integration of IC. Therefore, we feel confident that the distribution network we have used involving the CN/WC for past business and future proposed business will proceed without complications and service interruptions. The high degree of reliability will be important to our customers.

PO Box 2188
Mobile, AL 36652
334.438.4771
800.369.7926
FAX 334.432.3180



We believe the proposed acquisition will strengthen the railroad network and benefit shippers. The CN's network and resulting enhanced network with the acquisition of the WC, is and will be important to our company's competitiveness at those locations served by the CN. Therefore, our company supports the acquisition.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'B. Frennea', is written over a horizontal line.

Brian R. Frennea
Sales & Marketing
Special Projects

VERIFICATION



I, Brian R. Frennea, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Executed on this day, April 4, 2001.

A handwritten signature in black ink, appearing to read 'B. R. Frennea', written over a horizontal line.

Brian R. Frennea



VERIFIED STATEMENT OF JOHN AUDIA C/O STYLUS FURNITURE LTD.

April 6, 2001

To Whom It May Concern:

My name is John Audia, I am the Production Manager of Stylus, Made to Order Sofas. I have over 20 years experience in the transportation and logistics field.

Stylus Furniture Ltd. is a sofa manufacture, we service the dry and protective service market segments across Canada and the United States. A large segment of our domestic Canadian business is shipped on rail with CN. Cost efficiencies related to long haul rail shipping allow us to offer our customers high quality service at competitive rates.

We strongly support the proposed combination between Wisconsin Central and Canadian National. The CN/WC combination will position Stylus Furniture Ltd. to expand our rail based transborder business and offer shippers viable option to truck. We hope a viable rail alternative will increase competition and ultimately produce financial rewards for shippers.

In conclusion, I must stress Stylus Furniture Ltd. strongly supports the CN/WC merger. We believe the combination will be executed with minimal disruption and ultimately increase competition by offering shippers a real alternative to truck. It is our sincere hope that the US Transportation Surface Board quickly approves the proposed CN/WC combination.

I John Audia, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on March 22, 2001.

Thank you,
Stylus Furniture Ltd.

John Audia
Production Manager

Synco Timber Ltd
Box 2
Val-Rita, Ontario
P0L 2G0

March 30, 2001

Mr. Vernon A Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-001

Re: Canadian National-Control
Wisconsin Central
(STB Finance Docket No. 34000)

Dear Mr. Williams,

My name is Gracielle Bergeron-Lachance, I am the office manager for Synco Timber Ltd. Synco is a logging business who is served by Wisconsin Central System (WC) and ships by rails to the States and other foreign destination. The availability of efficient, competitive rail service is important to Synco that is why we support the proposed merger of WC and Canadian National Railway Company (CN). We could already see the difference by the greater number of cars available for our delivery. We beleive that a CN/WC combination will reinforce the rail service that we require.

I, Gracielle Bergeron-Lachance, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct, and that I am qualified and authorized to file this statement.

Dated: March 30, 2001



c.c. Dominic A. Palumbo
Director Marketing



TEAL CEDAR PRODUCTS LTD.

17897 Trigg Road, Surrey, B.C. Canada V4N 4M8 Office (604) 581-6161 • Fax (604) 581-4104
Web Site: www.tealcedar.com

VERIFIED STATEMENT OF HOWARD ANDERSON

I, Howard Anderson, have been Sales Manager for Teal Cedar Products Limited for the past three years, and have been with the company for 25 years. I am responsible for the transportation of cedar shakes and shingles produced at our plant in Surrey, B.C.

Teal Cedar ships roughly 700 loads of product per year to points throughout North America and to overseas export markets. We use highway and intermodal service although our plant also has rail access to CN.

We understand that CN Rail is proposing to merge with the Wisconsin Central Railway. Teal Cedar supports this merger, as we believe it will expand our ability to grow our transborder business further into the US. We look forward to a rail alternative that will increase competition and benefit shippers, both carload and Intermodal. This merger would benefit Teal Cedar by improving our ability to access our diverse marketplace.

A CN/WC combination will provide a better alternative to over-the-road truck carriers through lower-cost intermodal operations as well as improved carload service. CN has demonstrated its ability to merge without service disruption, as with the CN/IC merger. We anticipate integration with the WC will be equally smooth, without service disruption.

Teal Cedar supports the proposed CN/WC merger in anticipation that it will result in competitive pricing and increased shipping options.

I, Howard Anderson, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on April 10, 2001.

Sales Manager
Teal Cedar Products Ltd.

THE AMERICAN COAL SALES COMPANY

101 PROSPEROUS PLACE, SUITE 125
LEXINGTON, KENTUCKY 40509

B.J. CORNELIUS
President

PHONE (859) 543-9220
FAX (859) 543-1720

VERIFIED STATEMENT
of
B.J. CORNELIUS
on behalf of
THE AMERICAN COAL SALES COMPANY

My name is B.J. Cornelius, and I am the President of The American Coal Sales Company, of Lexington, Kentucky. As President, I have total responsibility for marketing, sales, and transportation functions for American Coal Sales.

On an annual basis, American Coal Sales ships in excess of [21] million tons per year, of which approximately [13] million tons are shipped by rail. Each year we ship approximately 70,000 carloads of coal from our Galatia mine in southern Illinois by rail. American Coal Sales is an affiliate of Robert E. Murray Enterprises.

We receive rail service from Canadian National to such destinations as Mobile, Alabama; Metropolis, Illinois; Jessup, Kentucky; E. St. Louis, Illinois; Williams, Iowa; Rochester and Austin, Minnesota; and Nekoosa and Rhinelander, Wisconsin.

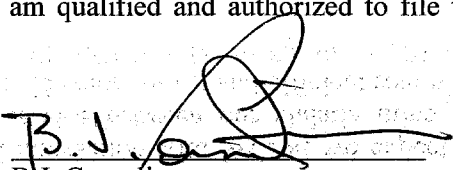
American Coal Sales strongly supports CN's proposed transaction with WC, as we expect the transaction will result in new, improved single-line service between our Galatia mine and Wisconsin industrials because single-line service will provide more direct and efficient routes. In particular, our customers in Nekoosa and Rhinelander, WI, will benefit by the more efficient, direct route should the transaction be approved.

The new service will result in improved carload service, resulting in a reduction in transit times for our Wisconsin and Minnesota moves, and greater reliability resulting in reduced cycle times into Wisconsin and Minnesota. American Coal Sales and the Wisconsin utilities and industrials it serves will benefit from our access to new markets.

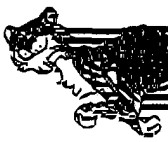
We expect the transition to the combined CN/WC to proceed smoothly and quickly, given its end-to-end nature.

For these reasons, American Coal Sales believes that the proposed transaction will improve our overall rail service. Therefore, we support the application.

I, B.J. Cornelius, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement. Executed on April 10, 2001.


B.J. Cornelius
President

The American Coal Sales Company



TIGER

CALCIUM SERVICES INC.

10350 - 21st Street
Edmonton, Alberta T6P 1W4
Telephone: (780) 467-1744 • Fax: (780) 467-2784

April 11, 2001

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K. Street, N.W.
Washington, D.C.
20423-0001

RE: Canadian National - Control - Wisconsin Central
STB Finance Docket No. 34000

**VERIFIED STATEMENT
OF
CLARK N. SAZWAN
On behalf of
TIGER CALCIUM SERVICES INC.
And
KEG RIVER CHEMICAL CORP.**

Dear Mr. Williams,

I, Clark Sazwan am the Vice President of Tiger Calcium Services Inc. located at:
10350 - 21st Street
Edmonton, Alberta
Canada.

I have been involved in the transportation of the goods manufactured by our group of companies since 1973. I personally oversee the movement of all of our products, which move by two methods, either highway or rail.

Originally founded in 1964, Tiger Calcium Services Inc. is a major manufacturer and distributor of calcium chloride brines in Western Canada. Typically, these products are used for road stabilization, dust control and de-icing applications. Our wholly owned subsidiary, Keg River Chemical Corp. began in 1997 and is quickly becoming a major supplier of degradable sulfur products used in the agriculture industry throughout the United States and Western Canada.

Both of our companies rely on rail transportation to profitably deliver our products to either the customer or to one of our many, (approximately fifteen), storage facilities located throughout Western Canada and the United States. We currently ship our sulfur products via intermodal throughout the United States with a large volume of product moving through out U.S. distributor, Agrium U.S. Inc. at Reese, Michigan. Other states that we regularly ship into would be Michigan, Wisconsin, Indiana, Ohio, Illinois and New York.

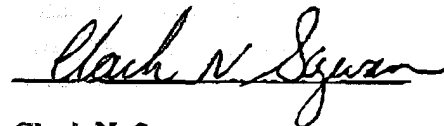
Our reliance on the services of Canadian National Railroad cannot be understated. In terms of dollars, we presently spend just under two million dollars annually on rail transportation. Our combined gross sales measure approximately fifteen million dollars.

It should be known that Tiger Calcium Services Inc. does own and operate a fleet of Kenworth trucks for highway transport. We also hire an amount of leased operators to assist us in the transportation of our goods. Knowing our own costs and the expense of hiring out other carriers, reasonable rail rates and service is a large part of what makes our companies profitable. Our prices for products are kept competitive by our extensive use of rail transport.

We have been informed that Canadian National has proposed to acquire Wisconsin Central Railroad. We strongly support Canadian National's proposed acquisition of Wisconsin Central, as we believe it will improve the transportation of goods through Canada and the United States by providing more efficient service and creating a more effective competition with the trucking industry.

Personally, in regards to the operations of Tiger Calcium Services Inc., we believe this acquisition will allow us to better supply our customers through increased service and a reduction on the transfer time between destinations. We believe that Tiger Calcium Services Inc. will directly benefit by being able to extend the areas we serve by dealing with a single rail company versus having to deal with numerous switching and terminal transfers. We also believe that this acquisition will benefit all companies using rail transport by strengthening the entire North American railroad network. Our company strongly supports this application by Canadian National.

I, Clark N. Sazwan, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on April 11, 2001.



Clark N. Sazwan



TITAN STEEL & WIRE CO. LTD.

11041 ELEVATOR ROAD, SURREY, B.C., CANADA V3V 2R8
PHONE (604) 581-5441 FAX (604) 581-3775 SALES (604) 581-3933

**VERIFIED STATEMENT
OF
TREVOR GREENWOOD
TITAN STEEL & WIRE CO. LTD.**

As Senior Vice President and GM Sales of the above company, I am very aware of the necessity of having an efficient and cost effective way of delivering our product to our customers.

Titan Steel & Wire Co. Ltd is a manufacturer of high carbon steel wire, and various I/S products, which we ship all over North America, and export to other overseas destinations. We are located in Surrey, BC on rail track served by CN Rail. In the year 2000 we shipped over 2900 trailer and boxcar loads of our product.

I understand that CN Rail is requesting approval from the Surface Transportation Board to merge with the Wisconsin Central Railway. I understand also that a key element of the CN Rail plan is for streamlined and expanded intermodal and carload service options. I support this request as the new company will benefit Titan Steel & Wire in our shipping requirements to and from more diversified markets.

I anticipate that the CN-WC merger will enhance service and competition by providing a solid alternative to over-the-road truck carriers, and as well single line carload service. Our company supports this merger because of potential benefits for single line transportation options, competitive pricing and enhanced service.

I Trevor Greenwood, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on April 16, 2001.

Trevor Greenwood
Senior Vice President and GM Sales
Titan Steel & Wire Co. Ltd.



VERIFIED STATEMENT
of
CURT SMITS
on behalf of
TITLETOWN EXPRESS, INC

My name is Curt Smits. I am the Owner/Local dispatcher for Titletown Express, Inc in Green Bay, Wisconsin. In my position, I am responsible for dispatching drivers for the local area and the WC ramps in Green Bay and Neenah. I have held my current position since March 1998, when we started the company. Prior to joining Titletown Express, Inc, I worked for Bay Motor Transport Inc from 1985 to February 1998. My duties there were driving truck and to dispatch the local fleet, working off the WC Green Bay and Neenah ramps. I have been associated with the WC from its inception. I have become acquainted with many fine people in their organization.

Titletown Express is an intermodal trucking company serving Wisconsin and the Chicago area. Our facility in Green Bay, Wisconsin employs approximately 25 people. Titletown Express, Inc is served by the Wisconsin Central System ("WC"), and ships outbound/receives freight of all kinds by rail to destinations from origins in various places in Wisconsin, Michigan and overseas. The availability of efficient, competitive rail service is important to Titletown Express, Inc, and to our competitiveness within our own markets.

Titletown Express, Inc supports the proposed merger of WC and Canadian National Railway Company (CN). We believe the transaction will strengthen the North American transportation network and benefit us as rail shippers. Together, the combined CN/WC will be able to offer new single-line service and faster, more reliable transportation to points throughout the United States and Canada. The combination also will provide an opportunity for the improvement of operations through the busy and often congested Chicago gateway.

We believe inclusion of WC within the larger CN system will ensure the continued, long-term viability and vitality of the excellent service we currently receive from WC. A CN/WC merger will create a strong railroad partnership with the resources and market reach to meet shippers' needs and to compete more effectively with motor carriers and other railroads. Because of the entirely end-to-end nature of the existing CN and WC systems, we see no competitive issues arising from the proposed transaction.



We believe that a CN/WC combination will foster the kind of efficient service and effective competition that rail shippers require. Titletown Express, Inc supports the proposed transaction.

I, Curt Smits, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct, and that I am qualified and authorized to file this statement.

Curt Smits
Signature

Dated: April 4, 2001

**TREE ISLAND
INDUSTRIES LTD.**

VERIFIED STATEMENT
of
Yvonne Gell Winder
On behalf of
TREE ISLAND INDUSTRIES, LTD.

As the Transportation Manager for Tree Island Industries, Ltd for the past 15 years, I am responsible for all transportation of inbound raw materials, as well as outbound finished product that our company produces.

Tree Island Industries Ltd is a manufacturer of steel products including nails, fencing, and wire. Annually we ship the equivalent of over 6500 trailer loads of finished products to Canadian, US, and overseas markets. Our main plant is located in Richmond, BC with three additional plants in California, and one in the state of Washington. We receive our raw materials by ocean vessel from steel mills worldwide. For our outbound transportation we use rail carload, intermodal, over-the-road truck service and international containers.

I understand that CN Rail is submitting application to merge with the Wisconsin Central Railway. Our company supports a single-line rail option that would link us with our rapidly growing North American market more efficiently. In offering a single-line rail option, we anticipate competitive pricing resulting from lower-cost rail operations. A single-line rail option should also provide us with a competitive alternative to over-the-road truck.

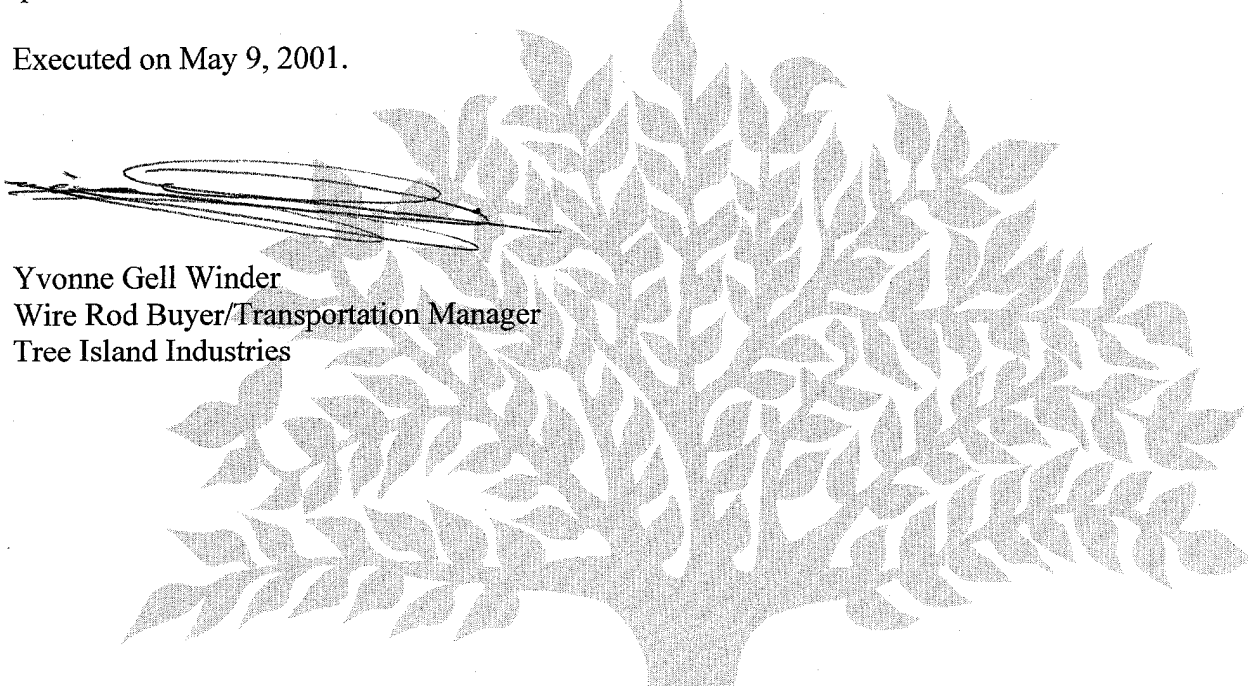
The CN-WC proposed merger offers significant benefits to shippers. Tree Island Industries, Ltd. supports this merger.

I, Yvonne Gell Winder, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Executed on May 9, 2001.

Yvonne Gell Winder
Wire Rod Buyer/Transportation Manager
Tree Island Industries

PO Box 50
New Westminster
British Columbia
Canada V3L 4Y1
Tel: (604) 524-3744
Fax: (604) 524-2362



WRR Environmental Services

04/05/2001

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

RE: Canadian National Railway Company - Control
Wisconsin Central Transportation Corporation
(SFTB Finance Docket No. 34000)

My name is James A. Gilbertson. I am the Traffic Manager of WRR Environmental Services Company Inc.. I have held this position for three years. Our address is 5200 State Road 93, Eau Claire, Wisconsin 54701.

WRR Environmental Services Company, Inc. Specializes in chemical recycling, and chemical finishing. We take in solvents and chemicals by truck from, for example, clean up operations. We then remove the impurities from the chemicals and reuse the cleaned solvents and use the impurities as alternate fuel in, cement kilns. The Wisconsin Central handles our outbound tank cars from Eau Claire. We maintain a fleet of thirty-three cars.

CN includes Illinois Central Railroad; Chicago Central and Pacific Railroad; Cedar River Railroad; Grand Trunk Western Railroad; Duluth, Winnipeg and Pacific Railway, ECO Rail Inc., Quebec & Lake St. John Railway and Canadian Northern Quebec Railway.

WC includes the Wisconsin Central Ltd., Fox Valley & Western Ltd., Sault Ste. Marie Bridge Company, Algoma Central Railway and Wisconsin Chicago Link Ltd.

The merger of CN and WC will bring about several advantages such as single line service between Wisconsin and Canada, plus the possibility of finding new markets through CN's extended reach.

I strongly support this application as it will secure a key link in CN's network and offer significant opportunities for service improvements and efficiencies.

Service will be enhanced by eliminating need for a CN - WC interchange at Duluth, MN/Superior, WI thereby creating the potential for shippers to enjoy expedited service through the Duluth, MN/Superior, WI gateway

Also, there should be no reduced competition as CN - WC are end to end carriers.

The acquisition and integration can be expected to proceed smoothly and efficiently due to its end to end nature and CN's prior experience with integration of the IC, a larger carrier than WC.

5200 State Road 93

Eau Claire, Wisconsin 54701

Phone 715-834-9624

Fax 715-836-8785

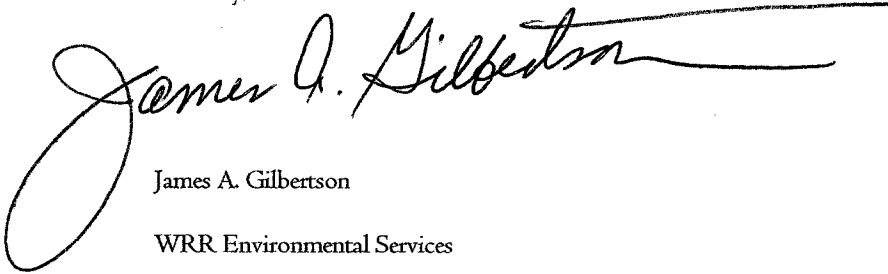
(continued)

Page 2

In conclusion, WRR Environmental Services Co., Inc. strongly supports the proposed transaction.

I James A. Gilbertson, declare under penalty of perjury under the laws of the United States the foregoing is true and correct. Further, I certify I am qualified and authorized to file this verified statement. Executed on April 5, 2001.

Sincerely,

A handwritten signature in black ink, reading "James A. Gilbertson". The signature is written in a cursive style with a large, looping initial "J".

James A. Gilbertson

WRR Environmental Services



May 7, 2001

Waldun Forest Products Partnership

**VERIFIED STATEMENT
OF CURTIS WALKER
ON BEHALF OF
WALDUN FOREST PRODUCTS**

Subject: CN Rail - Wisconsin Central

I understand that CN Rail is proposing to purchase the Wisconsin Central Railway, resulting in single-line rail service from Canada through to Chicago, IL and beyond.

As a sales person for Waldun Forest Products for the past 2 years, I am one of three sales people responsible for the transportation of cedar shakes and shingles produced by our company, which is located in Maple Ridge, BC. Waldun Forest Products ships approximately 3120 loads of product each year to North American and offshore markets. We use highway and Intermodal rail service to reach our customers.

The benefit of a single-line railway option would expand our ability to grow our transborder business further into the US market. Our company expects that a CN-WC merger would provide an alternative to over-the-road truck, with competitive pricing and improved rail service. Such a merger will benefit Waldun Forest Products greatly by enhancing our ability to deliver to a diverse North-South marketplace competitively.

CN previously merged with the Illinois Central without service disruption. We anticipate that integration with the WC will be equally smooth, without service disruption.

Waldun Forest Products supports the proposed CN/WC merger, and look forward to the option of single-line rail as soon as possible.

I, Curtis Walker, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorised to file this verified statement.
Executed on May 7, 2001.

Curtis Walker
Sales
Waldun Forest Products

April 19, 2001

Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

Re: Canadian National-Control-Wisconsin Central (STB Finance Docket No. 34000)

Dear Mr. Williams:

This letter is to support the recent joint announcement of a merger agreement by the Canadian National and Wisconsin Central. As you know, I am the Director of Corporate Purchasing for the Wausau•Mosinee Paper Corporation, responsible for various corporate supply agreements.

The Wausau•Mosinee Paper Corporation produces a broad range of specialty, fine printing and writing, and towel and tissue papers. The Wisconsin Central services our pulp and paper mills at Brokaw and Mosinee, Wisconsin and our paper mill at Rhinelander, Wisconsin for outbound shipments and inbound commodities from various origins which are used in the manufacture of pulp and paper. In addition, our industrial forest at Solon Springs, Wisconsin ships roundwood to our Mosinee Mill on the Wisconsin Central. Our company needs efficient, competitive rail service to be competitive within our own markets.

The Wausau•Mosinee Paper Corporation supports the proposed merger of the Wisconsin Central and Canadian National Railroads, provided our facilities now served by the Wisconsin Central continue to receive the same level of service in the future.

We believe the transaction will strengthen the North American transportation network and benefit us as rail shippers. Together, the combined Canadian National/Wisconsin Central should be able to offer new single-line service and faster, more reliable transportation to points throughout the United States and Canada. The combination also should provide an opportunity for the improvement of operations through the busy and often congested Chicago gateway.

We believe inclusion of Wisconsin Central within the larger Canadian National system will ensure the continued, long-term viability and vitality of the excellent service we currently receive from Wisconsin Central. A Canadian National/Wisconsin Central merger should create a strong railroad partnership with the resources and market reach to meet shippers' needs and to compete more effectively with motor carriers and other railroads. Because of the entirely end-to-end nature of the existing Canadian National and Wisconsin Central systems, we see no competitive issues arising from the proposed transaction.

We believe that a Canadian National/Wisconsin Central combination should foster the kind of efficient service and effective competition that rail shippers require. Wausau-Mosinee Paper Corporation supports the proposed transaction.

I, Robert T. Ahles, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct, and that I am qualified and authorized to file this statement.

Yours truly,



Robert T. Ahles
Director of Corporate Purchasing

RTA:drk

bcc: Mr. Phillip E. Koziol
Manager, Marketing
Wisconsin Central LTD
P.O. Box 5062
Rosemont, IL 60017-5062



June 27, 2001

Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington DC Z0423-0001

Dear Mr. Williams:

Re: CN Acquisition of Wisconsin Central

-
- 1.00 My name is W. Albert Redekopp. My office is located at Suite 2900 - 201 Portage Avenue, Toronto Dominion Centre, Winnipeg, Manitoba, Canada R3B 3K6.
- 1.01 My qualifications are as follows:
- i. Bachelor of Arts Degree from Goshen College, Goshen, Indiana;
 - ii. Bachelor of Law Degree from the University of Manitoba, Winnipeg, Manitoba;
 - iii. Appointed a Queen's Counsel;
 - iv. Private law practice in Winnipeg with Newman MacLean, Barristers and Solicitors for approximately 27 years;
 - v. Practice included litigation, corporate/commercial, mergers and acquisitions;
 - vi. General counsel for the Reimer Group of Companies as a Vice President and Secretary since 1988, including Western Canada Express Inc.; and
 - vii. Transportation business and law experience for the last 15 years: over-the-road, inter-modal and long-haul railway transportation.
- 2.00 Western Canada Express Inc. is a Canadian freight transportation corporation using CN exclusively for its line-haul freight. Western Canada Express, together with its wholly owned subsidiary, Apex Motor Express Inc., (an over-the-road freight transportation company operating within and between the Provinces of Ontario and Quebec) provides freight transportation services between all points in the Provinces of Quebec and Ontario and Western Canada and the Northwest Territories. Western Canada Express moves

WESTERN CANADA EXPRESS

P.O. BOX 1197, WINNIPEG, MANITOBA, CANADA R3C 2Y4
TELEPHONE: (204) 958-5311 FAX: (204) 958-5314



freight for some of the largest retailers in Canada and the United States, including hardware, paint, appliances, tools, automobile parts and accessories, furniture, printed materials, electronics, medical supplies and foodstuff. Certain merchandise requires temperature control. Western Canada Express has "married" the efficiencies and cost savings of short-haul over-the-road freight transportation service together with long-haul over-the-rail transportation service.

- 3.00 We take this opportunity to comment on the issues which will be discussed and considered at your hearing of proposal's merits.
- 3.01 We assume the Surface Transportation Board will focus primarily on whether the proposed CN-WC combination is good for shippers and rail/freight transportation companies. It must be a customer and shipping community driven decision. The proposed CN-WC partnership combination should be judged on its distinctive merit. If other carriers propose mergers, those mergers should also be separately evaluated on their distinct merit.
- 3.02 The issues and concern held by Western Canada Express is service. There have been other mergers, but they have failed; not because of timing but because of service failures. Timing is irrelevant. What is important is that the Surface Transportation Board focus on ensuring that the proposed CN-WC combination, or any other future mergers, deliver service. Western Canada Express supports the CN-WC proposed merger.
- 3.03 New Markets - The ability for Western Canada Express to consolidate shipments in Chicago and other locations for the South would be an advantage in opening up new markets, particularly to very large US retailers shipping to Canada on a "just in time basis". The Internet and E-mail is quickly changing the way we do business. The proposed CN-WC merger can only help facilitate how business is done between Canada and the US. To deny the merger would decelerate and impede the growth of trade and services between our countries.
- 4.00 The issue for the Surface Transportation Board is protecting the public interest. The process provides for a comprehensive review and evaluation of railroad transactions. Historically, the Surface Transportation Board has carried out its mandate with fairness and wisdom. We expect the same principles will be applied to the evaluation of the proposed merger between CN and WC. The issue is not whether other railroads are threatened, but rather are the shippers and transportation companies using CN and WC are well served.
- 5.00 I have made the above statements believing them to be true, and as if they were made under the *Canada Evidence Act*.

Mr. Vernon A. Williams
June 27, 2001
Page 3



I, W. Albert Redekopp, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

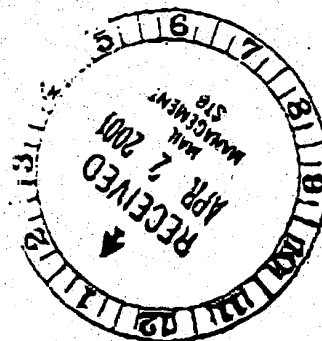
Executed this 27th day of June, 2001.


W. A. Redekopp



365 Canal Street, Suite 2900 • New Orleans, Louisiana 70130
 (504) 525-8741 • Fax: (504) 636-5292 • Accounting Fax: (504) 561-6162

Verified Statement
 OF
 Richard Shepherd
 On behalf of Canadian National-Control-Wisconsin Central
 (STB Finance Docket No. 34000)



Mr. Vernon A. Williams, Secretary
 Surface Transportation Board
 1925 K Street NW
 Washington, DC 20423-0001

My name is Richard Shepherd and I am currently Rail Transportation Director of Westway Trading Corporation which is domiciled in New Orleans, LA. I have been employed by Westway for the past fourteen years as administrator of company rail activities. I have a BS degree in Economic and Specialized in Domestic Transportation curriculum graduation in 1970. I've held the Director for past 5 years and was Manager- Domestic Transportation for prior years. Westway is the world's largest distributor and shipper of liquid molasses with headquarters in New Orleans and terminals located throughout the world with several in USA. We are a trader so we actually take title to the product from origin sugar mill point to receivers throughout the world.

Westway currently has a terminal in Memphis, TN on CN property and this facility is served by CN railroad. Westway also ships a considerable volume of beet molasses from midwest origins to Canada.

There is a potential supplier in Rhinelander, WI on WC that has some vital product and hopefully economics will now work with single-line quote if merger approved. We also have some potential Western Canadian receivers who will be more directly accessible ex St. Paul now that WC becomes part of consolidation. There is always the potential of some Mexican molasses distribution to common midwest receivers of molasses.

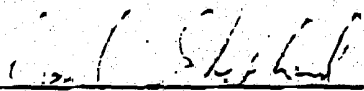
Westway has enjoyed its good working relationship with the Marketing Department with CN Railroad. CN Railroad has also provided good transit service on car movements resulting in better fleet utilization of our private tank car fleet.

Westway also feels that such control application should produce more competition among mid west rail carriers. It should result in increased volume levels and displace some truck movements.

In conclusion, Westway wishes to reiterate our support for this control application subject to the following conditions:

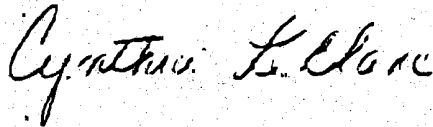
- 1) That WC and CN agree in writing with National Industrial Transportation League to develop specific means by which interchanges will be maintained both physically and economically, including rates and charges.
- 2) Develop specific standards by which a shippers existing service will at the very least be guaranteed after merger, and
- 3) If services after the merger do not conform to shipper's existing "Base" or service, the carriers will produce effective remedies for shipper for such service failures.

I, Richard Shepherd, declare under penalty or perjury under the law or the United States that the foregoing is true and correct further, I certify that I am qualified and authorized to give this verified statement. Executed March 29, 2001.



Rail Transportation Director
Westway Trading Corporation

Witness:





**WHEELS
PACIFIC
FREIGHT
SYSTEMS INC.**

8010 Winston Street
Burnaby, BC V5A 2H5
Tel: (604) 421-8000 Fax: (604) 421-8001



April 10, 2001

**VERIFIED STATEMENT OF
RONALD A. BENTON
On behalf of
WHEELS PACIFIC FREIGHT SYSTEMS INC.**

My name is Ronald A. Benton. I am the General Manager for Wheels Pacific Freight Systems Inc. I have held this position since the company was formed three years ago. I am responsible for the transportation of approximately 2200 trailer loads of freight forwarder FAK traffic per year.

Wheels Pacific is a multi-modal transportation provider, shipping LTL and full truckload freight within the North American continent, over both road and by rail. We are located in Burnaby, BC

I understand that CN Rail is requesting approval to merge with the Wisconsin Central.

A CN-WC merger offers a number of benefits to our company, including the ability to expand the services we can offer our customers. A CN-WC merger will provide a solid alternative to over the road trucking, and will enhance both Intermodal and carload service options. Our company supports the merging of CN Rail and Wisconsin Central, anticipating benefits for increased transportation options, competitive pricing and increased service reliability.

Wheels Pacific supports the CN-WC merger application because of the positive impact it will have on our business and the transportation marketplace in general.

I, Ron Benton, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on April 10, 2001.

**Ronald A. Benton
General Manager
Wheels Pacific Freight Systems Inc.**

**CERTIFICATE OF COMPLIANCE WITH DIRECTIVES OF
DECISION NO. 2 RELATING TO ENVIRONMENTAL
APPENDIX**

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 34000

CANADIAN NATIONAL RAILWAY COMPANY,
GRAND TRUNK CORPORATION, AND WC MERGER SUB, INC.
- CONTROL -
WISCONSIN CENTRAL TRANSPORTATION CORPORATION,
WISCONSIN CENTRAL LTD., FOX VALLEY & WESTERN LTD.,
SAULT STE. MARIE BRIDGE COMPANY, AND
WISCONSIN CHICAGO LINK LTD.

**CERTIFICATE OF COMPLIANCE WITH DIRECTIVES OF
DECISION NO. 2 RELATING TO ENVIRONMENTAL APPENDIX**

William C. Sippel
FLETCHER & SIPPEL LLC
Two Prudential Plaza, Suite 3125
180 North Stetson Avenue
Chicago, IL 60601-6721
(312) 540-9451

Janet H. Gilbert
Vice President & General Counsel
WISCONSIN CENTRAL SYSTEM
6250 North River Road, Suite 9000
Rosemont, IL 60018
(847) 318-4691

Counsel for Wisconsin Central
Transportation Corporation, Wisconsin
Central Ltd., Fox Valley & Western Ltd.,
Sault Ste. Marie Bridge Company, and
Wisconsin Chicago Link Ltd.

Paul A. Cunningham
HARKINS CUNNINGHAM
801 Pennsylvania Avenue, N.W., Suite 600
Washington, DC 20004-2664
(202) 973-7600

Sean Finn
Senior Vice-President, Chief Legal Officer
and Corporate Secretary
CANADIAN NATIONAL RAILWAY
COMPANY
P.O. Box 8100
Montreal, PQ H3B 2M9
(514) 399-5430

Myles L. Tobin
Vice President, U.S. Legal Affairs
CANADIAN NATIONAL RAILWAY
COMPANY
455 North Cityfront Plaza Drive
Chicago, IL 60611-5318
(312) 755-7621

Counsel for Canadian National Railway
Company, Grand Trunk Corporation, and
WC Merger Sub, Inc.

July 25, 2001

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 34000

CANADIAN NATIONAL RAILWAY COMPANY,
GRAND TRUNK CORPORATION, AND WC MERGER SUB, INC.
- CONTROL -
WISCONSIN CENTRAL TRANSPORTATION CORPORATION,
WISCONSIN CENTRAL LTD., FOX VALLEY & WESTERN LTD.,
SAULT STE. MARIE BRIDGE COMPANY, AND
WISCONSIN CHICAGO LINK LTD.

**CERTIFICATE OF COMPLIANCE WITH DIRECTIVES OF
DECISION NO. 2 RELATING TO ENVIRONMENTAL APPENDIX**

Applicants¹ hereby certify, in accordance with Decision No. 2 in this proceeding, that within five days of the service of that Decision (*i.e.*, by May 14, 2001), they mailed copies of Applicants' Environmental Appendix, prepared in accordance with Decision No. 2 and including Applicants' Safety Integration Plan ("SIP"), to the federal, state, and local agencies and other interested parties listed in Appendix A hereto, and to all Parties of Record in this proceeding as of that date.

Applicants hereby further certify, in accordance with Decision No. 2, that they have caused the notice set forth in Appendix B hereto, announcing the availability of the Environmental Appendix and SIP and describing how to obtain copies of those documents and submit comments thereon, to be published in a newspaper of general circulation in each county in the United States through which Applicants' rail line

¹Canadian National Railway Company, Grand Trunk Corporation, and WC Merger Sub, Inc., and Wisconsin Central Transportation Corporation, Wisconsin Central Ltd., Fox Valley & Western Ltd., Sault Ste. Marie Bridge Company, and Wisconsin Chicago Link Ltd., are referred to herein as "Applicants."

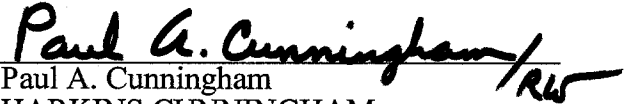
segments affected by the proposed CN/WC Transaction pass, and that those newspapers are listed in Appendix C hereto.

Respectfully submitted,

William C. Sippel
FLETCHER & SIPPEL LLC
Two Prudential Plaza, Suite 3125
180 North Stetson Avenue
Chicago, IL 60601-6721
(312) 540-9451

Janet H. Gilbert
Vice President & General Counsel
WISCONSIN CENTRAL SYSTEM
6250 North River Road, Suite 9000
Rosemont, IL 60018
(847) 318-4691

Counsel for Wisconsin Central
Transportation Corporation, Wisconsin
Central Ltd., Fox Valley & Western Ltd.,
Sault Ste. Marie Bridge Company, and
Wisconsin Chicago Link Ltd.


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HARKINS CUNNINGHAM
801 Pennsylvania Avenue, N.W., Suite 600
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CANADIAN NATIONAL RAILWAY
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P.O. Box 8100
Montreal, PQ H3B 2M9
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Myles L. Tobin
Vice President, U.S. Legal Affairs
CANADIAN NATIONAL RAILWAY
COMPANY
455 North Cityfront Plaza Drive
Chicago, IL 60611-5318
(312) 755-7621

Counsel for Canadian National Railway
Company, Grand Trunk Corporation, and
WC Merger Sub, Inc.

July 25, 2001

APPENDIX A
AGENCIES AND OTHER INTERESTED PARTIES
TO WHICH COPIES OF THE ENVIRONMENTAL APPENDIX
WERE DISTRIBUTED

U.S. Army Engineer District, Chicago
111 North Canal Street
Chicago, Illinois 60606-7206

U.S. Army Engineer District, Louisville
P.O. Box 59
Louisville, Kentucky 40201-0059

U.S. Army Engineer Division, Missouri
River
P.O. Box 103 Downtown Station
Omaha, Nebraska 68101-10103

U.S. Army Engineer District, Rock
Island
P.O. Box 2004
Rock Island, Illinois 61204-2004

U.S. Army Engineer District, St. Paul
1421 USPO & Custom House
180 East Kellogg Boulevard
St. Paul, Minnesota 55101-1479

Director
U.S. Fish & Wildlife Service
U.S. Department of Interior
1849 C Street, NW
Washington, DC 20240

Bureau of Indian Affairs
Midwest Regional Office
Bishop Henry Whipple Federal Building
One Federal Drive, Room 550
Ft. Snelling, MN

National Oceanic and Atmospheric
Administration
National Geodetic Survey
1315 East-West Highway
Silver Spring, Maryland 20910-3282

Illinois Historic Preservation Office
1 Old State Capitol
Springfield, IL 62701

Natural Resource Conservation Service
USDA Conservation Service
1902 Fox Drive
Champaign, Illinois 61820

U.S. Army Engineer District, Detroit
P.O. Box 1027
Detroit, Michigan 48231-1027

U.S. Army Engineer District, Memphis
B-202 Federal Building
167 North Main Street
Memphis, Tennessee 38101-1894

U.S. Army Engineer District, Omaha
P.O. Box 5
Omaha, Nebraska 68101

U.S. Army Engineer District, St. Louis
Regulatory Branch
1222 Spruce Street
St. Louis, Missouri 63103-2833

Director
National Park Service
U.S. Department of Interior
1849 C Street NW
Washington, DC 20240

U.S. Fish and Wildlife Service
One Federal Drive
BHW Federal Building
Fort Snelling
Twin Cities, Minnesota 55111

U.S. Environmental Protection Agency
Metcalf Building
77 West Jackson Boulevard
Chicago, Illinois 60604

Office of the Governor
State of Illinois
107 Stratton
Springfield, Illinois 62706

Environmental Protection Agency
P.O. Box 19276
Springfield, Illinois 62794

Department of Transportation
Room 401 - Annex Building
2300 South Dirksen Parkway
Springfield, Illinois 62764

Mayor
Village of Antioch
874 Main Street
Antioch, IL 60002

Bellwood Mayor's Office
3200 Washington Boulevard
Bellwood, IL 60104

Bourbonnais Village Offices
700 Main Street NW
Bourbonnais, IL 60914

Buckley Village Government
Buckley, IL 60918

Champaign County Administrator
1501 Interstate Drive
Champaign, IL 61822

Chebanse Mayor's Office
175 Oak Street
Chebanse, IL 60922

Chicago Heights Mayor's Office
1601 Chicago Road
Chicago Heights, IL 60411

Clifton Village Board Office
150 E 4th Avenue
Clifton, IL 60927

Dona McAllister
City Clerk
1420 Miner Street
Des Plaines, IL 6001

Dolton Town Offices
14014 Park Avenue
Dolton, IL 60419

Ford County Board
200 W State Street # 101
Paxton, IL 60957

James H. Thomas
Village Administrator
Village of Forest Park
517 Des Plaines Avenue
Forest Park, IL 60130

Antioch Village Hall
874 Main Street
Antioch, IL 60002

Berwyn City Offices
6700 26th Street
Berwyn, IL 60402

Bradley Village Clerk
147 S Michigan Avenue
Bradley, IL 60915

William R. Balling
Village Manager
Fifty Raupp Blvd.
Buffalo Grove, IL 60089-2196

Champaign City Manager
102 N Neil Street
Champaign, IL 61820

Chicago Mayor's Office
121 N. LaSalle, Suite 507
Chicago, IL 60602

Cicero Town Offices
4937 W 25th Place
Cicero, IL 60804

Cook County President's Office
16501 Kedzie Avenue
Markham, IL 60426

Dixmoor Village Clerk
170 W 145th Street
Dixmoor, IL 60426

Flossmoor Village Hall
2800 Flossmoor Road
Flossmoor, IL 60422

Forest Park City Offices
517 Des Plaines Avenue
Forest Park, IL 60130

Daniel Pritchett, Mayor
9500 W. Belmont
Franklin Park, IL 60131

Franklin Park Village Hall
Clerk's Office
9500 Belmont Avenue
Franklin Park, IL 60131

Mayor
Village of Grayslake
164 Hawley Street
Grayslake, IL 60030

Harvey City Hall
Harvey, IL 60426

Iroquois County Board
1100 E Grant Street
Watseka, IL 60970

Kankakee City Clerk
385 E Oak Street
Kankakee, IL 60901

Supervisor
Lake Villa Township
37908 N. Fairfield Road
Lake Villa, IL 60046

Lansing Clerk's Office
18200 Chicago Avenue
Lansing, IL 60438

Loda Village Hall
100 E Washington
Loda, IL 60948

Maywood Mayor's Office
125 S 5th Avenue
Maywood, IL 601533

Monee Village Clerk
5130 W Court Street
Monee, IL 60449

Ken Marabella
Village of Mundelein
440 East Hawley Street
Mundelein, IL 60060-2495

Gilman City Hall
215 N Central Street
Gilman, IL 60938

Grayslake Mayor's Office
10 Seymour Avenue
Grayslake, IL 60030

Homewood Village Manager's
Office
2020 Chestnut Road
Homewood, IL 60430

Kankakee County Board
Administrator
189 E Court Street # 502
Kankakee, IL 60901

Lake County Board Chairman
18 N County Street
Waukegan, IL 60085

Lake Villa Township Supervisor
37908 N Fairfield Road
Lake Villa, IL 60046

Libertyville Clerk's Office
359 Merrill Court
Libertyville, IL 60048

Manteno Village Hall
269 N Main Street
Manteno, IL 60950

Melrose Park Clerk's Office
1000 25th Avenue
Melrose Park, IL 60160

Michael E. Janonis
Village Manager
Village of Mount Prospect
100 South Emerson Street
Mount Prospect, IL 60056

Mundelein Clerk's Office
440 E Hawley Street
Mundelein, IL 60060

Onarga Village Clerk
111 N Chestnut Street
Onarga, IL 60955

Park Forest Village Hall
350 Victory Drive
Park Forest, IL 60466

City Administrator
City of Prospect Heights
4 East Camp McDonald Road
Prospect Heights, IL 60070-1592

Village Administrator
Village of River Forest
400 Park Avenue
River Forest, IL 60305

Riverdale Clerk's Office
157 W 144th Street
Riverdale, IL 60827

Dave Kilbane, Mayor
Round Lake Beach
244 W. Clarendon Road
Round Lake Beach, IL 60073

Round Lake Park Village Clerk
203 E Lake Shore Drive
Round Lake, IL 60073

South Holland Village President
16226 Wausau Avenue
South Holland, IL 60473

Thornton Village Clerk
115 E Margaret Street
Thornton, IL 60476

Westchester Village Clerk
10240 W Roosevelt Road
Westchester, IL 60154

Will County Board
302 N Chicago Street
Joliet, IL 60432

Paxton City Hall
145 S Market Street
Paxton, IL 60957

Peotone Village Hall
208 E Main Street
Peotone, IL 60468

Rantoul Mayor's Office
333 S Tanner Street
Rantoul, IL 61866

River Grove Village Administration
2621 Thatcher Avenue
River Grove, IL 60171

Riverside Village Manager
27 Riverside Road
Riverside, IL 60546

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Mr. Lynn Johnson
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Mayor
City of Wisconsin Rapids
444 W. Grand Avenue
Wisconsin Rapids, WI 54494

Village President
City of Wrightstown
P.O. Box 227
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Honorable Ray Beauchamp, Mayor
City of Williams
275 Meloney Avenue
P.O. Box 98
Williams, MN 56686

Ms. Janet Miller
Village Clerk-Treasurer
P.O. Box 3
Withee, WI 54498

Ms. Jean Brandt
Village Clerk-Treasurer
P.O. Box 227
Wrightstown, WI 54180

APPENDIX B

NOTICE OF AVAILABILITY OF ENVIRONMENTAL APPENDIX AND SAFETY INTEGRATION PLAN

**(Published in a newspaper of general circulation in each county
in the United States through which pass rail line segments of Applicants
that would be affected by the proposed CN/WC Transaction)**

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 34000

CANADIAN NATIONAL RAILWAY COMPANY,
GRAND TRUNK CORPORATION, AND WC MERGER SUB., INC.
– CONTROL –
WISCONSIN CENTRAL TRANSPORTATION CORPORATION,
WISCONSIN CENTRAL LTD., FOX VALLEY & WESTERN LTD.,
SAULT STE. MARIE BRIDGE COMPANY, AND WISCONSIN CHICAGO LINK
LTD.

NOTICE

On April 9, 2001, Canadian National Railway Company (“CN”) and Wisconsin Central Transportation Corporation (“WC”), and certain of their subsidiaries filed an application with the Surface Transportation Board (“Board” or “STB”) seeking the Board’s approval for CN to acquire control of WC and WC’s rail carrier subsidiaries (Wisconsin Central Ltd., Fox Valley & Western Ltd., Sault Ste. Marie Bridge Company, and Wisconsin Chicago Link Ltd.). In their application, CN and WC (together, “Applicants”) stated that the proposed control transaction would result in only minimal changes in railroad operations. No transaction-related rail line construction or abandonment projects have been proposed. In Applicants’ view, the modest anticipated changes resulting from this transaction do not require a formal environmental review under the National Environmental Policy Act (“NEPA”), 49 U.S.C. §§ 4321-3446b, and the Board’s environmental rules, 49 C.F.R. Part 1005.

In its May 9, 2001, decision accepting CN and WC’s application, the Board directed Applicants to distribute widely an Environmental Appendix for public review and comment. The Environmental Appendix provides information supporting Applicants’ conclusion that the transaction does not require analysis under STB rules and NEPA, that the transaction would not result in significant environmental effects, and that further environmental documentation is not required. The Environmental Appendix also includes a Safety Integration Plan (“SIP”), submitted by Applicants to the Federal Railroad Administration, explaining how the proposed operational aspects of the acquisition would be implemented safely.

The Board’s environmental staff, the Section of Environmental Analysis (“SEA”) is inviting written comments on all aspects of the Environmental Appendix and SIP, including whether there is any reason to expect that this transaction could result in significant environmental impacts warranting the preparation of further environmental documentation.

Interested parties may obtain a copy of the Environmental Appendix by writing or calling CN’s counsel, Paul A. Cunningham, Harkins Cunningham, 801 Pennsylvania Avenue, N.W., Suite 600, Washington, DC 20004-2664 (202-973-

7608). The Environmental Appendix will also be available on the Board's Web site (www.stb.dot.gov). If you wish to submit written comments, please provide SEA with a signed original and 10 copies. (At this time, the Board is unable to accept electronic and faxed copies of comments.) Comments must be postmarked by **June 13, 2001**, and should be sent to SEA at the address set forth below:

Office of the Secretary
Case Control Unit
STB Finance Docket No. 34000
Surface Transportation Board
1925 K Street N.W.
Washington, DC 20423-0001

Please write the following in the lower left-hand corner of the envelope:

Attention: Phillis Johnson-Ball
 Environmental Project Manager
 Environmental Filing

Please be as specific as possible in your comments. Thank you for your interest. If you have questions or require additional information, please call Phillis Johnson-Ball of the Board's Section of Environmental Analysis at (202) 565-1530.

APPENDIX C

LIST OF NEWSPAPERS IN WHICH APPLICANTS PUBLISHED NOTICE OF AVAILABILITY OF ENVIRONMENTAL APPENDIX AND SAFETY INTEGRATION PLAN

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LIST OF NEWSPAPERS IN WHICH APPLICANTS PUBLISHED NOTICE OF AVAILABILITY OF ENVIRONMENTAL APPENDIX AND SAFETY INTEGRATION PLAN

Illinois

Chicago Sun-Times (Cook County)
Daily Journal (Kankakee, Will Counties)
New Gazette (Champaign, Ford, and Iroquois Counties)

Indiana

LaPorte Herald Argus (La Porte County)
The News Dispatch (Porter County)
Post Tribune (Lake County)
South Bend Tribune (St. Joseph County)

Michigan

Battle Creek Enquirer (Calhoun County)
Dowagiac Daily News (Cass County)
Kalamazoo Gazette (Kalamazoo County)
Sturgis Journal (St. Joseph County)

Minnesota

The Daily Tribune (St. Louis County)
North Star Publishing (Koochiching County)
Star Tribune (Washington County)

Wisconsin

Antigo Daily Journal (Langlade County)
The Bee (Price County)
Daily Citizen (Dodge County)
The Daily News (Washington County)
The Daily Press (Ashland County)
Fond du Lac Reporter (Fond du Lac County)
Forest Republican (Forest County)
Green Bay Press Gazette (Brown County)
The Herald Times Reporter (Manitowac County)
The Mining Journal (Marquette)
Ozaukee Press (Ozaukee County)
The Post Crescent (Outagamie County)
The Shawano Leader (Shawano & Menominee Counties)
The Sheboygan Press (Sheboygan County)
Waupaca County Post (Waupaca County)