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November 9, 2010

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

Dear Director Wallen:

I am responding to the October 14, 2010 letter to you from "The Regional Answer to Canadian National," on issues related to CN's acquisition of the major portion of the Elgin, Joliet and Eastern Railway Company (EJ&E). As we have thoroughly addressed previously some of the issues in the letter, I will not comment on those issues, but will instead focus on three matters raised in the letter.

First, with respect to EJ&E's emergency notification signs, we note that the letter's authors continue to allege that our existing signs do not comply with applicable regulations or standards. We are confident, however, that the existing signs are in full compliance with applicable law and the STB's mitigation condition requiring that we provide emergency contact information to motorists at crossings. Nonetheless, in an effort to move beyond this issue, Jim Vena, CN's Senior Vice President - Southern Region, offered to Barrington President Karen Darch on October 15, 2010 to provide at our expense additional emergency notification signs at grade crossings located in her community to address her concerns as to how the current signs are designed and displayed. We await Barrington providing us with an alternate design for the emergency notification signs, and anticipate reviewing the appropriateness of that design with them and other interested parties in the near future. Please also note that Mr. Vena is extending the offer of this supplemental signage to the other communities located along the EJ&E.

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Second, the letter again raises concerns with the condition of the EJ&E right of way, this time asserting that "sinkholes" (which actually are modest depressions in the track bed located away from the track) present in unincorporated Will County pose some non-specific danger to EJ&E or the community at large. EJ&E and the Federal Railroad Administration have reviewed the situation in the field and determined that the depressions referenced in the letter present no danger to the integrity of the track structure, moving trains, or the adjacent community. We will continue to monitor that area of track.

Finally, the letter raises concern about CN's compliance with the confidential Voluntary Mitigation Agreement (VMA) entered into with Hoffman Estates shortly before the Board's December 24, 2008 order approving the control transaction was entered. CN has always been, and remains, in full compliance with that agreement. The specifics of the most recent discussions with Hoffman Estates concern EJ&E's efforts to install a second track through Shoe Factory Road, at a grade crossing located just outside of Hoffman Estates' boundaries. Hoffman Estates has sought conditions to that construction project that implicate several provisions of the VMA. Last month, during a hearing before the Illinois Commerce Commission on the Shoe Factory Road track construction project, CN reiterated its commitment to honoring the terms of the VMA and suggested several approaches that would satisfy CN's VMA commitments to Hoffman Estates while allowing necessary track enhancements to proceed on schedule. CN and Hoffman Estates remain in discussions about those options, and both parties have agreed to meet with Illinois Commerce Commission staff and several other stakeholders at the Shoe Factory Road grade crossing to explore a mutually satisfactory resolution of outstanding ownership, maintenance, and liability items.

If you have questions about any of these issues, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Karen Borlaug Phillips". The signature is written in a cursive, flowing style.

Karen Borlaug Phillips  
Vice President  
Public and Government Affairs