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April 27, 2009

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

Dear Director Wallen:

Thank you for your April 22, 2009 letter regarding CN's first monthly status report on operational matters related to CN's acquisition of the Elgin, Joliet & Eastern Railway Company (EJ&E).

You noted the Board's concern with the number of crossings blocked for longer than ten minutes and the length of time the crossings remained blocked. You also requested a more detailed explanation of the regular recurring delays caused by trains picking up or setting out traffic at customer facilities that are at fixed locations as well as information on the steps CN has taken to minimize grade crossing blockages.

As we noted in our report submitted on April 13, 2009, CN shares the Board's concerns about crossing blockages, including reducing blockages resulting from EJ&E's existing trains and operations, which CN essentially inherited. We also agree with and are following the approach outlined in your letter of using the experience we are gaining to determine where delays appear to be regularly occurring and then using that information proactively to eliminate or reduce delays. A significant part of these efforts include working to change aspects of the historical operating practices on the EJ&E to emphasize the importance of ensuring that crossings not be blocked with trains stopped for more than 10 minutes.

As a result of our efforts, we believe you will see a substantial reduction in both the number and duration of blockages, beginning as soon as our next monthly operations report, which is due May 11, 2009.

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Moreover, with the benefit of the experience we are gaining, CN will be in a position to more specifically discuss in that report the corrective actions we are taking.

Finally, as also relevant to our upcoming report, please note that we have now further confirmed, as I indicated in the cover letter to our April 13 operations report, that many of the reported blockage times in that report were overstated. As a result of the progress we have made in our data collection and reporting, we expect to be able to reduce or eliminate similar overstatements in the future, leading to more accurate reports of blockage times and elimination from the report of blockages that were actually of less than 10 minutes duration.

Please let me know if you need any additional information on this matter.
Thanks again for your letter.

Sincerely,



Karen Borlaug Phillips
Vice President, North American
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