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January 5, 2011

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

Dear Director Wallen:

I would like to review with you the issues raised in the December 1, 2010 letter to you from Barrington President Karen Darch and Aurora Mayor Tom Weisner regarding Canadian National Railway Company's operation of the Elgin, Joliet and Eastern Railway Company (EJ&E).

As it has been approximately two years since issuance of the Board's decision authorizing a transfer in control of the EJ&E, we believe it appropriate to start by noting the solid progress we have made in integrating the EJ&E into the CN system. Several projects to construct new or relocated connecting tracks and expand side tracks are either completed or well underway, and will speed the movement of freight throughout our system once all have been completed. We continue to work diligently with our local communities to implement the terms of our 26 voluntary mitigation agreements. New quiet zones have already been implemented in Joliet and Frankfort/Mokena, and others are proceeding for Griffith, Richton Park, and in other EJ&E communities. We remain in regular communication with the Illinois Department of Transportation and other stakeholders to develop plans for grade separations at Ogden Avenue (Route 34) in Aurora and Lincoln Highway (Route 30) in Lynwood. Overall, we believe that the record reflects serious efforts to meet, and exceed, the Board's conditions, our voluntary conditions, and our own private agreements.

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The letter raises three issues for further discussion. The first concerns several depressions (mischaracterized in the letter as "sinkholes") identified on the EJ&E's right of way near the Pine Crest Subdivision. EJ&E continues to believe that the depressions are a naturally occurring phenomenon and pose no risk to our trains, our employees, or the general public. Nonetheless, in an effort to assuage any lingering concern that may exist, EJ&E has developed plans, in cooperation with Will County, to conduct field research and prepare a geotechnical engineering report documenting the findings of the investigation. Inclement weather is likely to delay implementation of the investigation until spring 2011. EJ&E is undertaking this work at its own cost and without mandate from the Board or any regulatory agency. We will make copies of the final report available to the Board and Will County.

The letter also raises an issue that, to our knowledge, has only been pursued by Barrington. Barrington has expressed dissatisfaction with the emergency notification signage that is posted at each EJ&E public at-grade crossing. As we have reported previously to the Board, on October 15, 2010, CN provided leaders from all EJ&E communities an opportunity to ride on the EJ&E's main line and ask questions of CN's senior leadership. On that trip, CN's Senior Vice President – Southern Region, Jim Vena, pledged to Barrington President Karen Darch that EJ&E would erect additional emergency notification signs within her Village and any other community that requests the signs. Despite Mr. Vena's subsequent request that the Village provide a design for the requested signs, no design has been forthcoming, save for the photograph attached to the December 1 letter to you.

EJ&E's investigation has revealed that the photographed sign was erected off of EJ&E's right-of-way by Lake County, IL, at the County's own expense and on its own initiative. Further, Lake County has advised that it will shortly be replacing the existing signs with signs meeting the standards set out in an enclosure to this letter. We will be notifying local road authorities that similar signage meeting the Federal Highway Administration's current National Manual of Uniform Traffic Control Devices (MUTCD) standards will be erected on EJ&E's right of way at EJ&E's expense near public grade crossings in locations where they will not interfere with the visibility of signal devices or approaching trains. In the meantime, we have posted decals with CN's emergency number in black letters on a white, reflectorized background on the gate assemblies at all EJ&E crossings equipped with gate mechanisms; for the few crossings without gate mechanisms, the decals have been applied to the signal masts. A photograph of the decal is enclosed as information.

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Finally, the letter from Ms. Darch and Mr. Weisner raises concerns about a train that suffered a mechanical breakdown in Barrington on October 15, 2010. As their letter notes, a coupler on that train fractured, splitting the train in two, requiring replacement of the knuckle. The Illinois Commerce Commission's subsequent investigation determined that CN's crew "performed efficiently and safely when faced with the challenging tasks to rectify the mechanical failure of the knuckle," and that "no regulations or operating rules were violated." Moreover, EJ&E continues to work toward preventing incidents of this nature, as it is in all parties' interest to keep freight moving.

Thank you for your consideration of these comments. If you have any questions, please contact me at your convenience.

Sincerely,

A handwritten signature in cursive script that reads "Karen Borlaug Phillips".

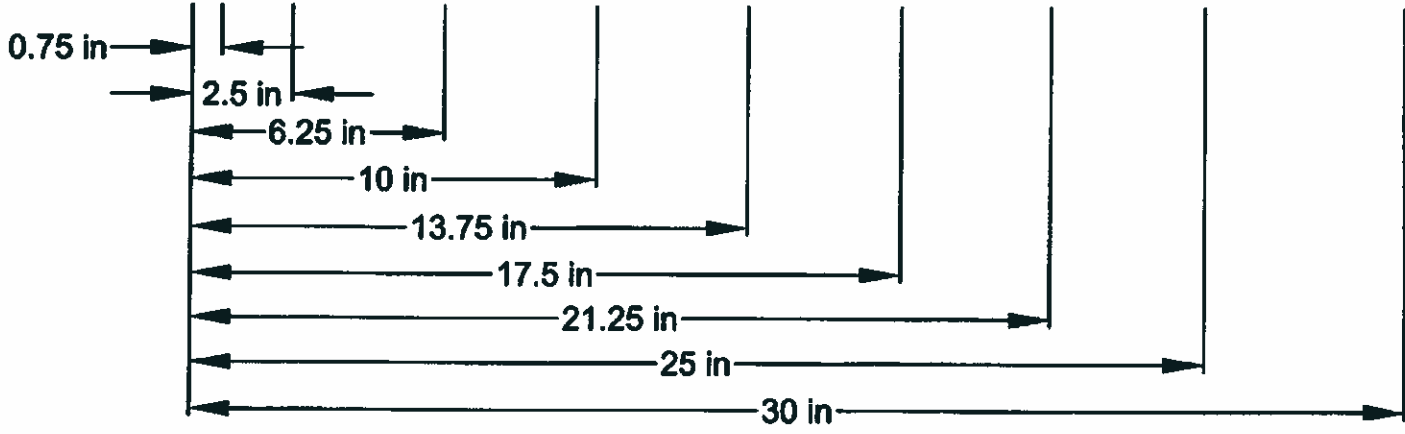
Karen Borlaug Phillips  
Vice President  
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Enclosures

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