

APPLICANTS' SAFETY INTEGRATION PLAN
SUBMITTED TO FEDERAL RAILROAD ADMINISTRATION

STB Finance Docket No. 35087

CANADIAN NATIONAL RAILWAY COMPANY
AND GRAND TRUNK CORPORATION
– CONTROL –
ELGIN, JOLIET & EASTERN WEST COMPANY

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Section 1

Executive Summary

On October 30, 2007, Applicants Canadian National Railway Company (CNR) and Grand Trunk Company (GTC) (collectively CN or Applicants) filed an Application with the Surface Transportation Board (STB) for approval of a proposed transaction (the Transaction) by which CNR would acquire from United States Steel Corporation (USS) an indirect wholly-owned subsidiary named Elgin, Joliet & Eastern West Company (EJ&EW), which would own most of the present Elgin, Joliet & Eastern Railway (EJ&E), *i.e.*, essentially all lines west of the USS plant in Gary, IN.¹ The eastern end of EJ&E would be retained by USS through its subsidiary, Transtar, Inc. (Transtar) and operated as Gary Railway, servicing USS. The lines acquired by CN would be owned by EJ&EW and operated as part of the CN system.

This Safety Integration Plan (SIP), developed in accordance with the regulations of the Federal Railroad Administration (FRA) and the STB, describes how CN intends to ensure that the Transaction is implemented safely and in full compliance with applicable safety laws and regulations. The SIP will address corporate safety culture, employee training, operating practices, motive power and equipment, signal and train control, track and bridge safety standards, hazardous materials, dispatching operations, highway-rail grade crossing systems, personnel staffing, capital investment, and information systems at CN and EJ&E, and will explain why the CN/EJ&EW Transaction is expected to have no adverse effects on safety related to any of those subjects.

¹ The Application provides further background concerning the Transaction and contains CN's proposed Operating Plan and other relevant information. It also includes at pp. 8-11 a list of acronyms sometimes also used in this Safety Integration Plan. In view of the length of this SIP, in certain instances where it seemed helpful a portion of a discussion of a matter in a different context has intentionally been essentially repeated rather than rely on a cross-reference.

The SIP is modeled on CN's SIPs for the successful Illinois Central (IC), Wisconsin Central (WC), and Great Lakes Transportation (GLT) acquisitions. As with those, in developing this SIP CN has applied lessons learned from other recent railroad transactions.²

Under the proposed Transaction EJ&EW, which would have operations in Illinois and Indiana, would become a part of CN's Chicago Division, which is part of CN's Southern Region. Senior management of this division and region are located in Homewood, Illinois, a relatively short drive from EJ&E's key facilities in Joliet, IL, and Gary, IN.

The Transaction would provide CN a continuous route around Chicago to permit CN traffic originating and destined elsewhere to bypass the crowded Chicago terminal area or to permit other traffic to be more efficiently interchanged between CN and other railroads in the Chicago area.

Integration would not result in major changes in operating responsibilities. Neither CN nor EJ&E would lose critical local operating expertise. Supervisory and management responsibilities are not expected to change significantly. Any changes in labor agreements should not be disruptive. Job changes that do take place would be handled carefully to ensure that knowledgeable personnel are retained. While CN would work towards consolidation of a number of safety programs and practices, it would do so carefully. In such instances, retention of existing programs and practices while working towards greater integration should not create problems.

² Although EJ&E is a Class II railroad, making CN's acquisition of control of most of it subject to the requirement of a SIP, CN notes that in adopting its SIP rules FRA stated that the parties to a transaction involving a Class I railroad and a small Class II railroad can ask FRA to waive the SIP requirement. FRA stated that a waiver where "a Class I railroad seeks to consummate a transaction with a small Class II railroad with which it proposes to amalgamate operations may be received more favorably than a waiver request in a transaction involving two Class I railroads." 67 FR 11592 (March 15, 2002). FRA added that "not every merger, consolidation, or acquisition covered in this rule should face a comprehensive SIP review. Rather, FRA invites applicants seeking to execute less complex transactions to petition for a waiver of this rule's requirements." *Id.* In considering this option, CN has decided to prepare a SIP for the EJ&EW Transaction as it will assist in ensuring that safety related issues are systematically identified and addressed.

Section 2

Introduction

This Transaction would bring together two railroads with long and successful histories. CN was incorporated in 1919 as one of Canada's two transcontinental railroads, extending from Halifax on the Atlantic to Vancouver and Prince Rupert on the Pacific. Duluth, Winnipeg and Pacific Railway (DWP), which has been a CN subsidiary since creation of the CN system in 1919, extended that system from the international border at Duluth Junction/Ranier over DWP's own lines to Nopeming Junction, MN, and by trackage rights over the Duluth, Missabe and Iron Range Railway (DMIR) to South Itasca, WI (near Superior). Since 1923, the CN system has also included Grand Trunk Western Railroad (GTW), which extends the system in the U.S. to Chicago from the international border at Port Huron/Sarnia and Detroit/Windsor.

In 1999, recognizing the growing importance of north-south traffic to the North American economy, CN acquired IC to position itself to better serve this growing market by extending its system from Chicago to the Gulf Coast. As a result of that transaction and of CN's 1998 marketing alliance with Kansas City Southern Railway (KCS), CN has become part of a NAFTA rail network offering shippers access to Mexico's largest rail system (Kansas City Southern de México, S.A. de C.V.). In 2001, CN acquired WC and its affiliates, thus providing CN with direct ownership of its lines between Duluth/Superior (the southern terminus of DWP) and Chicago. In 2004, CN further improved its network and service by acquiring the railroad and water carrier subsidiaries of Great Lakes Transportation LLC (GLT), including DMIR and Bessemer and Lake Erie Railroad (B&LE).

The combined CN system now includes approximately 20,300 route miles (6,300 in the U.S.) and 21,700 employees (6,600 in the U.S.). Its equipment inventory includes approximately 2,000 locomotives and 92,000 freight cars.

EJ&E is a Class II railroad.³ EJ&E currently operates in northeastern Illinois and northwestern Indiana over 198 track miles consisting primarily of an arc around Chicago extending from Waukegan, IL, southward to Joliet, IL, then east to Gary, IN, and then northwest to South Chicago along Lake Michigan. EJ&E provides rail service to approximately 100 customers, including steel mills, coal utilities, plastics and chemical producers, steel processors, distribution centers, and scrap processors.

Before Applicants acquire control of EJ&EW, EJ&E would have transferred all of its land, rail, and related assets located west of the centerline of Buchanan Street in Gary, IN (together with the real property and related fixtures associated with the hump and Dixie leads located east of Buchanan Street) to EJ&EW, which at that time would become a rail common carrier. EJ&E would retain its land, rail, and related assets east of the centerline (other than the real property and related fixtures associated with the hump and Dixie leads). It is expected that, upon Applicants' acquisition of control of EJ&EW, EJ&E would change its name to Gary Railway Company, and EJ&EW would assume the Elgin, Joliet & Eastern Railway Company name.

In order to permit trains of its operating subsidiaries GTW, IC, CCP, and WC to operate over EJ&EW's line and provide for maximum operational flexibility, CN intends to cause EJ&EW to grant trackage rights to those subsidiaries over the entire length of EJ&EW from

³ EJ&E was owned and operated by USS from 1901 until 1988, when, as part of a financial restructuring, it became, along with a number of other transportation companies owned by USS, a subsidiary of a new holding company, Transtar, Inc., which was in turn a direct subsidiary of USS. USS sold a 51% interest in Transtar to the Blackstone Group. In 2001 Transtar spun off its interest in two railroads (B&LE and DMIR), a dock company (P&C Dock), and a water carrier (Great Lakes Fleet) to GLT, which became a holding company controlled by Blackstone. Transtar became a wholly owned subsidiary of USS and retained 100% ownership of its other transportation subsidiaries, including EJ&E. In 2004, in a transaction unrelated to USS, CN acquired the GLT subsidiaries.

Waukegan to Gary. CN also intends to grant EJ&EW trackage rights over selected portions of its CCP and IC subsidiaries. These proposed trackage rights are the subjects of notices of exemption in sub-dockets to this proceeding (STB Finance Docket No. 35087 (Sub-Nos. 2 through 7)), providing for grants of trackage rights by EJ&EW to GTW, IC, CCP, and WC and by IC and CCP to EJ&EW.

The CN/EJ&EW Transaction would allow CN to connect its five rail corridors crossing the City of Chicago, and move much of its traffic from those five onto EJ&EW, effectively shifting operations from a meandering urban maze to a continuous corridor upgraded for capacity and fluidity. It would ensure that the customers of EJ&EW will be served by a major transportation company with a proven record in safety and customer service, and with the financial resources to make long-term investments in plant, equipment, and systems as they become needed.

As elaborated in the Operating Plan filed with the Application, CN contemplates that implementation of the CN/EJ&EW Transaction would be relatively simple and straightforward.

Key elements include:

- Train reroutes from lines inside the City of Chicago owned or used by CN, including the key St. Charles Air Line facility, to the EJ&E corridor
- Utilization of capacity available on lines and in terminals and supplemented to accommodate redirected traffic flows
 - Improved connections at six locations
 - Siding extensions and reinstallation of double track along 19 miles of the EJ&E arc
 - Upgrades and expansion at Kirk Yard
- Basic continuity of current operations, with minor changes
 - Essential continuity of major functions - dispatching, crew calling, operating systems

- Initially, no planned changes in local trains
 - Increased use of Kirk Yard and East Joliet Yard for railcar classification and train assembly and disassembly
 - Continuation of trackage rights arrangements with connecting carriers
- Improvement in equipment utilization
 - Maintenance of high safety standards.

Though the number of changes that CN plans are relatively limited (especially when compared with those made in connection with other U.S. railroad mergers and acquisitions or even with CN's larger recent acquisitions), implementation of the CN/EJ&EW Transaction would (as was the case with all of CN's prior acquisitions) be made in a measured, careful, step-by-step process, ensuring that the changes that are made do not compromise safety or service.

This SIP is divided into major sections that follow FRA's Safety Integration Plan regulations.

Section 3

Safety Integration Plan

A. CORPORATE SAFETY CULTURE

1. Focus on Safety at CN

Nothing is more important to CN than operating safely. CN recognizes that safety is not a static “program”; it is a dynamic process focused on continuously improving its corporate safety culture. CN’s safety culture is built on a strong commitment to safety that begins at the top. CN’s corporate “Integrated Safety Plan” (ISP) is based on the key components of People, Process, Technology, and Investment. Focus is placed on training, communication, effective supervision, and employee involvement and accountability. As part of the successful implementation of its acquisitions of IC, WC and the GLT carriers, CN has been able to take advantage of the best of the safety programs and practices of those companies to improve the safety of its entire North American operation.

a. Safety Performance

CN’s train accident rate has regularly been among the best for North American railways. Based on FRA reporting criteria, CN’s full system (Canada and U.S.) rate for 2006 was 2.2 accidents per million train miles,⁴ second among North American Class I freight railroads (behind only CP/SOO). These positive results continue a pattern of improvement that began following CN’s privatization and the 1996 overhaul of CN’s safety programs.

CN’s individual U.S. operations have also had a history of safety-related success and have won a number of E.H. Harriman Institute awards for safety performance. Most recently, CN won a 2006 Harriman award for “Outstanding Safety Performance” among Group A railroads.

⁴ The train accident rates exclude highway-railway crossing accidents.

Not willing to rest on this success, CN is pursuing its policy of continuous improvement by enhancing its ISP with specific safety initiatives and action plans, targeting top causes of injuries and train accidents. This policy and the 2007 safety plan were sent to all employees at the start of the year as part of CN's Leadership in Safety publication.

b. Executive Commitment to Safety

CN's safety culture is built on a strong commitment to safety that begins with a personal commitment by President and Chief Executive Officer E. Hunter Harrison. CN management sets high goals for safety performance and makes achieving these goals a key corporate and personal priority. From the top down, safety is part of the corporate targets on which performance of all regions, functions (*e.g.*, Mechanical, Engineering, Transportation, Risk Management, Supply Management), and individual managers is evaluated.

c. CN's Safety Policy

CN's Safety Policy states in part that the company will:

- Provide a safe, secure, and healthy environment;
- Promote safety as a core value; and
- Ensure a continued and open partnership with all stakeholders.

This corporate policy is supported by a manual of safety processes, procedures, and standards. As part of its previous acquisition integrations, CN has used a Best Practices approach by identifying and implementing the most effective safety initiatives system-wide.

d. CN Safety Organization

CN's safety organization is based on a balanced interaction between headquarters and regions. CN's safety-focused programs are developed and implemented using the coordinated efforts of headquarters and field personnel. Headquarters manages safety policies, standards and procedures, system programs, statistics and analysis, and system regulatory relations. Regions

and functions execute safety programs and procedures, monitor compliance, investigate and report accidents, engage with employees and solicit proposals for safety improvement.

CN maintains an active interaction between headquarters and field resources through strategic working sessions, workshops, conference calls, etc. A prime example is CN's regular "best practices" workshops in which system, regional, and functional safety officers work together to identify key issues affecting accidents and injuries and share best practices and knowledge acquired at different levels across the system. This allows action plans to be developed for implementation system-wide. In addition, functions such as Engineering also hold regular conference calls among the Regions to discuss incidents/accidents and to share best practices.

A key element of CN's safety program is its Safety Committees. CN has over 90 of them, with active participation by labor and management. They act as the safety representatives of the company and its unions in the field and take immediate action to communicate and resolve unsafe situations. CN has recently completed a restructuring of the committees in Canada and is well underway in a similar initiative in the U.S. designed to help ensure that the committees are even more consistent and responsive, and have greater authority.

e. Communications

CN considers effective communication to be one of the most important elements of a successful safety program. As part of its implementation of the CN/IC, CN/WC, and CN/GLT transactions, CN developed an extensive network of internal and external safety communications that represent the best practices of the various railroads. Examples include: safety flashes; safety posters; safety videos; CN website and intranet sites; CN Magazine; Mid-Week News; Leadership

in Safety publication; Railroad Customer Safety Handbook; quarterly and annual results presentations; and family safety days.

Probably the most important form of safety communication at CN is the daily communication between employees and their supervisors. All CN supervisors are required to hold daily safety meetings/briefings with their employees. Front line supervisors have received training about “Meetings on the Fly” to better prepare them for this role, and CN has introduced a mentoring program designed to enhance this aspect of their duties.

f. Employee/Labor Involvement

Employee/labor involvement is part of CN’s culture. In addition to the Safety Committees and daily safety briefings, CN ensures employee involvement in its safety programs through its Employee Performance System (EPS) initiative. This program, launched in 2006, requires that supervisors meet with each of their employees on an annual basis for a formal performance review. Each employee is provided with a personalized scorecard which illustrates the employee’s performance in a number of areas, including safety and efficiency tests. Supervisors are required to take advantage of this important opportunity to open a dialogue with their employees and to discuss ways to improve CN’s local and overall safety performance. The program has been well received by employees, who appreciate the opportunity to discuss these areas.

CN’s Safety Walkabout program, where senior managers regularly visit field locations and meet with local employees, provides another important opportunity for labor and management to discuss safety issues and concerns.

The railroad also encourages employee/labor involvement through its Safety LIFE (Live Injury Free Everyday) hotline which allows employees to report safety concerns and barriers to communication on a confidential basis.

Employee efforts are also recognized and encouraged in other ways, including:

- Employee Safety Recognition Award: Awards given by CN Regions for recognition of special safety actions towards operations or the public; and
- President's Awards of Excellence: Annual awards to employees for accomplishments in a number of categories, including safety (IC, WC, and GLT employees were included in this program immediately following the acquisitions of their respective railroads, and U.S. employees have won the various awards, including the safety award, on numerous occasions).

A recent example of how effective management/labor teamwork can improve the safety programs at CN was the implementation of a "safety agreement" by the Mechanical Department. This set of written commitments was based on conversations between supervisors and employees, including discussions on how employees can contribute to a safe workplace and what barriers the parties can remove in this regard. CN plans to expand this initiative to other functions.

g. Supervision/Monitoring/Auditing

CN understands the importance of effective supervision, monitoring, and auditing as part of its safety program. To this end, CN has combined the best of the CN, IC, WC, and GLT programs to produce an effective integrated program, including the following elements:

Accident Investigation. CN is committed to investigating and analyzing accidents to identify their basic underlying causes. All injuries and accidents are discussed in regular conference calls. Findings are reviewed centrally on a monthly basis to determine trends and identify mitigation steps.

Trend analysis. CN has implemented a state-of-the art Accident Reporting and Evaluation System containing information on every accident and injury across the system (U.S. and Canada).

CN's headquarters safety group produces regular summaries of accident and injury data sorted by cause and location and compared to previous years. This information allows monthly identification of salient trends, helps CN take proactive measures to improve safety, and aids industry benchmarking. Regions and functions are provided with annual targets, and incident/accident ratios are tracked by weekly e-mail reports. CN has also developed special computer programs to allow field personnel to perform local statistical and trend analyses for their individual territories. CN's Accident Reporting and Evaluation System features a number of checks and system linkages to ensure the accuracy of accident and injury information.

Effective Supervision. CN has worked hard to improve its supervisory performance and has placed increased emphasis on effective supervision, stressing the fostering of accountability for safety performance at all levels of the organization.

An important part of this effort is CN's ABC (Antecedents, Behaviors, and Consequences) program. ABC is designed to create a culture of continuous performance improvement by CN and its employees by emphasizing personal responsibility for all aspects of performance, including safety. This program is based on the fundamental concept that people deliver optimal performance when they are given the direction, training, and resources to do the job; when they understand the antecedents and consequences of their behavior; and when they have consistent opportunities to exchange feedback on progress. CN has provided its supervisors with detailed training on ABC as well as ongoing coaching by internal and external experts.

In addition, CN promotes effective supervision through its efficiency testing program, which includes reviewing locomotive event recorder downloads, monitoring speed using radar, and personal contact with subordinates. CN has developed a safety performance monitoring and rules compliance program (PMRC) to track and communicate observation results. Additional

information on CN's efficiency test program is provided in the Operating Practices section of this SIP.

CN's effective supervision initiative is also supported by continued emphasis on supervisory communications training (*e.g.*, coaching).

Safety Program Audits. In addition to the PMRC efficiency test program, which allows supervisors to audit safety and compliance in their territories, CN has implemented an impartial audit process involving use of cross-territorial audit teams, to review performance across the system, and to press for achieving zero tolerance.

Champion Safety Awards. As part of previous acquisition integration and to recognize safety at the highest level of the company, CN expanded its successful Champion Safety Awards program. These reward CN's regions and functions for being the best performing in various safety categories.

External experts. CN occasionally uses external experts for investigating accidents and providing expert advice and training. Expert safety advice is also available to CN through its memberships in the National Safety Council and the American Society of Safety Engineers, as well as its participation in industry forums and initiatives such as the AAR Risk Management Working Committee.

2. Focus on Safety at EJ&E

EJ&E is committed to operating a safe railroad and has a strong corporate safety culture featuring a number of supporting safety programs.

EJ&E's commitment to safety begins with the President, who actively ensures a pro-active approach to safety by all operating departments. EJ&E has a safety professional, Manager of Safety, providing continual improvement information about safety performance. This official

provides technical resource assistance to operating departments, develops and implements safety programs, conducts site safety surveys, ensures compliance with local, state, and federal regulations, and participates in injury/incident investigations and in safety committee meetings.

The President, General Manager, Manager of Safety, and department heads conduct site visits to operating areas throughout the railroad, providing an excellent opportunity for them to meet with employees and review safety performance and initiatives and for employees to ask safety and business related questions directly to the top company officials.

Safety committees play an important role in EJ&E's safety program, including:

- Executive Safety Committee – Comprised of the senior management team, this committee reviews company safety performance, establishes goals and policies, and provides overall direction for the safety program.
- Safety & Health Operating Practices Committee (SHOP) – Comprised of union and management members representing all departments, this committee addresses safety issues of special interest and items that have been forwarded from departmental safety committees. It utilizes the safety improvement suggestions/observations procedure to improve the work environment.
- Departmental Safety Committees – Seven separate safety committees address safety issues at the departmental level.

As reflected in its safety program, EJ&E believes that developing and improving a safety culture requires ongoing management, supervisory and employee commitment, along with direct involvement in safety and health issues. Managers and supervisors continue to promote safety programs and ensure that all employees are trained to work safely and are educated in making safety a prime consideration in all activities. Employees are expected and required to perform duties in a safe and responsible manner.

EJ&E realizes a key component to ensuring a successful safety program is a strong auditing system. Managers and supervisors play a critical role in ensuring workforce compliance with all aspects of safety policies. Where deficiencies are noted, it is the duty of the manager or

supervisor to take corrective action. Safety committees also perform safety audits at various locations. Personal injuries and near-miss incidents are investigated to identify contributing factors and prevent recurrence. All personal injuries and incidents are reviewed at monthly safety meetings and committee meetings, and a safety flash is e-mailed to all appropriate personnel, detailing the events and corrective actions undertaken.

Safety initiatives and goals are established each year and presented to all employees through the safety committee, bulletin boards, and monthly department safety meetings. Progress towards attaining those goals is tracked with safety performance statistics regularly posted on bulletin boards and discussed at all safety meetings. EJ&E has a company-wide safety incentive program making group and individual awards available to employees when established safety performance goals are met.

The safety message is communicated in various ways. As noted, top officials visit locations throughout the railroad to discuss safety-related issues with employees. The President also sends letters to every employee pertaining to the railroad's current safety performance and initiatives. Each operating department distributes safety information that covers safety performance, initiatives, operating rules, recognition for outstanding safety-related employee behavior, and near-miss/incident information.

Through employee dedication and commitment, EJ&E strives for continual improvement of safety performance. The railway received the Harriman Award for safety excellence in 1995, 2002, and 2005, and various other safety awards from the American Short Line Railroad Association.

3. Safety Integration – Corporate Safety Culture

Safety is central to the corporate cultures of CN and EJ&E, and CN is committed to combining them to form the safest railroad in North America. It has already started by developing a communication plan, with CN executives meeting with EJ&E management employees after the announcement of the Transaction, providing a forum for their questions and helping alleviate their concerns about the future.

As discussed in the Operating Plan, EJ&EW would become part of CN's Chicago Division, a unit of CN's Southern Region. CN divisional and regional structure relies on dispersed autonomy in the context of a fully integrated system. The resulting continuity and responsibility for operations should help ensure that EJ&EW retains important elements of EJ&E's corporate culture, while benefiting from CN's culture and programs. As CN has done with its successful CN/IC, CN/WC, and CN/GLT transactions, CN plans to use the best practices in the respective operations of CN and EJ&EW in implementing the Transaction.

Although the corporate safety cultures of CN and EJ&E contain many common elements, CN, due to its size, has many important additional system resources and tools. The Transaction would therefore allow retention of important aspects of the individual corporate culture of EJ&E while providing EJ&EW with access to CN's greater resources.

For instance, EJ&EW would benefit from many of CN's corporate safety programs and resources, such as the Safe Work Procedures program, trend analysis tools, Railroad Customer Safety Handbook and CN's extensive network of safety educational/training material.

CN has already conducted a preliminary trend analysis of train accidents on EJ&E. Although, not unexpectedly for a small railroad, the overall number of accidents is small and varies from year to year, making trend analysis difficult, a significant percentage of the accidents

on EJ&E (30% in the past 2 years) occurred on those parts of EJ&E that would not be acquired by CN but would be retained by Gary Railway. Of the remaining accidents, it was apparent that the majority were due to track-related conditions or human factors.

As noted in the Track Safety Standards section of this SIP, CN has a detailed plan for extending many of its engineering resources and practices to EJ&EW. This includes: expanded use of CN's Track Geometry test car; increased rail flaw detection, including the testing of yard trackage; ultrasonic testing of used replacement rail; and the expansion of CN's Engineering Standards and Procedures.

Although CN has not carried out detailed analysis of the causes of accidents on EJ&E from human factors, it is confident that the introduction to EJ&EW of a number of CN's safety programs in this area, such as its safe work practices, trend analysis, and ABC initiative, would help address this accident area.

The integration would also mutually benefit both railroads through the sharing of information and best practices concerning common safety initiatives such as the use of ergonomic switch stands and the railroads' respective Switching Operations Fatality Analysis (SOFA) efforts.

CN would also work towards integrating other key safety programs and practices on a system-wide basis, such as:

- Safety Policy and Standards – develop common safety standards to the greatest extent possible
- Safety Communications – develop common safety communications programs and materials
- Presidents Awards and System Safety Award Programs – inclusion of EJ&EW employees and operations
- Accident/injury data collection and tracking systems – integrate information to provide more complete picture of accident and incident trends and key safety issues

B. TRAINING

1. Training at CN

CN stresses the importance of training to ensure safe operations. Extensive training programs are in place to address both general safety training and job specific training. CN's catalog of training programs, including those from acquired railroads, now contains hundreds of courses, almost all of which are safety-related. Training development for all CN training programs, as well as delivery for management and computer skill training, is managed by CN's People Department, which also maintains all training records and the training website. CN's safety and technical training delivery is managed by CN's Regions and functions. The People Department works with the various regions and functions to develop and execute annual training plans, advise and counsel on training issues, and ensure that all training is appropriately resourced.

Most safety and technical training is delivered by internal functional and training instructors. Qualified external resources such as Rail Safety and Training Resources (RSTR) deliver some programs. All U.S. training programs must meet U.S. regulatory requirements and are subject to FRA, OSHA, and EPA review.

Details on CN training programs for U.S. operations in specific areas are as follow:

Train and Engine Employees. CN has fully consolidated its train service training program for U.S. operations, using RSTR to handle training for new trainmen. New Hire Brakeman training consists of one week in a classroom (including hands-on field training) followed by three to four weeks of on-the-job-training (OJT) with existing train crews and ending with an additional week of classroom training and rules testing.

Conductor Promotion training takes place after the employee has had about six months' duty as trainman. This consists of one week of classroom training, including operating rules, air brake tests, train inspections, and documentation, followed by an examination.

Conductors receive ongoing training every three years. The refresher training is two days in length and is provided by CN instructors. Content includes operating rules, air brake and train handling rules (including field training), safety rules, handling of hazardous materials, and security awareness. Employees must obtain a minimum of 85% on all examinations.

CN Locomotive Engineer training, also using RSTR, consists of three weeks of classroom study followed by 15 weeks of OJT. The classroom portion includes instruction on safety rules, hazardous materials handling, operating rules and timetables, power brake regulations, equipment restrictions, air brakes, and locomotive inspections.

Students are monitored and evaluated throughout the OJT phase. One of CN's Road Foremen of Engines personally rides with each student engineer at least once every six weeks to evaluate progress. Following the OJT, candidates spend an additional two weeks in class, one on mechanical and troubleshooting, and one on final examinations. In addition, depending on observed ability, additional OJT may be prescribed.

Locomotive Engineers and Remote Control Operators are recertified every three years in training conducted by RSTR. Operating Rules, Air Brake and Train Handling Rules, Instructions for Handling Hazardous Materials, safety rules and security awareness are covered in the two-day class. All employees must attain a minimum of 85% on each examination to remain certified.

Train Dispatcher (Rail Traffic Controller). As part of CN's past acquisition integration initiatives, Rail Traffic Controller (RTC) training programs for its U.S. operations have been consolidated. The current program consists of two to three weeks of classroom and at-console

training followed by OJT, the duration depending on territory, complexity, and student capability. During the OJT phase students are monitored daily by a qualified fellow RTC. The student must pass a final rules exam for initial promotion. In order to remain qualified, RTCs must pass subsequent exams, administered every three years.

Roadway Worker. CN provides extensive engineering training packages for employees in both Canada and the U.S. on Track Inspection Standards, Movement Over Rail Breaks, and Continuous Welded Rail. The U.S. program is designed to comply with Track Safety Standards requirements and includes biennial retraining on Movement over Rail Breaks. U.S. employees also receive Road Worker Protection training annually and Operating Rules training biennially. Depending on an employee's specific occupational requirements, CN provides additional training in areas such as Fall Arrest Protection, Scaffolding (Bridges and Structures), Confined Spaces, Track Train Dynamics, Thermite Welding, Rail Grinding, Water Management, Manganese Fumes, and Simplex (rail benders). CN's bridge inspectors participate in a detailed four-day bridge inspection workshop every three years. CN also regularly audits bridge inspection practices and quality.

Signals and Communications Employees. CN provides initial training for its U.S.-based Signals and Communications (S&C) apprentices through GE Transportation Systems Mid-American School of Technology, using a three-module program with two weeks on each module. Topics include electrical fundamentals, batteries, circuits, multimeters, basic troubleshooting techniques, switch machines, track circuits, switch circuit controllers, track appliances, reading signal plans, highway crossing warning devices, gate mechanisms, automatic signal systems, defect detectors, coding systems, electric switch locks, and time relays. Training consists of technical instruction as well as hands-on lab simulation of S&C systems and troubleshooting.

Similar apprentice training is provided for those who would be working on Communications systems (wide area networks, local area networks, dispatching systems, radio, and microprocessors) as Technicians.

Road Worker Protection training is also provided annually to affected S&C employees and Operating Rules training is provided biennially. Additional technical training is provided to employees specific to their work assignments.

Mechanical Employee. Apprentice training for CN carmen, electricians, and mechanics in the U.S. is provided through the services of the Railway Education Bureau. This program includes 48 lessons over a two-year period, along with specific OJT. Written tests are administered throughout the program. After completing the apprentice program and serving the time required by union agreement (typically three to four years), apprentices are promoted to journeymen.

Training and examinations for qualified car and locomotive inspectors fully comply with FRA requirements in 49 CFR Parts 215, 218, 229, 231, and 232. Carmen training includes hazmat, FRA/American Association of Railroads (AAR) Mechanical Inspection Standards, Freight Car Safety Standards, Safety Appliance Standards, Brake System Standards, Blue Flag Protection and CN safety rules. As required by the Power Brake Rules (49 CFR 232.203), requalification is carried out every three years. Motive Power employees receive similar training under CN's FRA Locomotive Safety Inspection course and are also requalified on a three-year basis. Utility employees receive annual training.

In addition, OSHA Confined Space Awareness, Lockout/Tagout Procedures and Fall Protection training is provided for mechanical employees, depending on their job tasks. CN

provides Crane Fundamentals and Crane Operation Update training to affected employees at three-year intervals.

Specific technical training is provided in areas such as specialized brake equipment, locomotive troubleshooting, etc. This includes training on all new locomotive and freight car equipment as they are introduced. CN extensively uses GM and GE technical training for employees involved in locomotive inspection, maintenance, and repair.

Hazmat. As chemicals make up a large portion of CN's U.S. traffic, hazmat training has a high priority, and is provided for all employees covered by DOT's Hazardous Materials Regulations, including train crews, dispatchers, engineering maintenance of way employees, mechanical employees, and waybill personnel. Training subjects include hazmat general awareness/familiarization, function-specific, and safety. Employees are tested on the subjects covered in the class. Retraining is done on a three-year cycle.

Specialized training and medical surveillance is given to "incident responders," based on Occupational Safety and Health Administration (OSHA) regulations (29 CFR 1910.120) and National Fire Protection Association standards (NFPA 472). CN also provides key route, key train, and Security Plan training for all employees involved in transportation of hazmat.

CN is a member of both the AAR's Tank Car Committee and its Bureau of Explosives Committee (BOE), as well as the Railway Association of Canada's Dangerous Goods Committee, and takes advantage of their annual specialized training programs for additional training as required. For instance, CN uses the AAR/BOE Hazardous Materials Seminar as refresher training for management employees who have already completed incident response training.

Supervisory. CN supervisors receive training comparable to that given employees they supervise. All supervisors and managers also have access to a number of courses aimed at

business skills (*e.g.*, CN's Business, Proactive Problem Solving) and supervisory skills (*e.g.*, Managing Employee Performance, Introduction to Conflict Management). They also receive specific training on the Drug and Alcohol program and on Incident Command.

To further improve the quality of its supervisory staff, CN has recently introduced a special one-week "Fast Start" training session for new managers. This includes specific coverage of Employee Performance Scorecard (EPS), Intranet Training resources, Drug & Alcohol program, ABC's of Performance and People, Doing Away with Harassment, Hourly Rate Agreement and Labor Relations Basics, and Safety/Hazmat Compliance and Reporting requirements. The session ends with a special Leadership Dialogue involving Senior Management.

2. Training at EJ&E

EJ&E believes that continuous education and ongoing safety training are key elements in any successful safety program. All mandated regulatory training for employees is conducted at the department level. All departments also conduct specialized training about items associated with specific crafts. Training records are kept on file at the individual department headquarters.

Specific EJ&E training programs include:

Train and Engine Employees. Training of prospective train and engine employees includes four days in a classroom and one day working with live equipment in a controlled environment. Upon successful completion, trainees are assigned to various yard and road train crews for thirty days of OJT, during which their performance is monitored. Afterwards, they must pass an examination, followed by a 30-day period of working as a crew member and an additional thirty days of OJT, before completing a probationary period.

After approximately six months' service as a trainman, an employee may enter a 45-trip conductor promotion training program, followed by a written examination covering applicable rules in the Operating Rules and EJ&E Timetable, with emphasis on rules closely identified with conductor responsibilities. Candidates must complete a final examination.

All EJ&E train and engine employees receive annual training and testing on EJ&E's Operating Rules. The training is in a classroom environment and consists of lecture, open discussion, observing videotapes, and "hands-on" instruction.

EJ&E applicant locomotive engineers participate in a comprehensive training program that includes classroom instruction and training with actual locomotive equipment, supplemented at times with training on a Type II simulator. Student engineers must successfully complete a minimum of 240 hours of OJT with a certified locomotive engineer and must pass all written examinations. The Road Foreman of Engines conducts final Train Handling Examination in the field or in a Type II simulator. EJ&E locomotive engineers are re-certified every 36 months through classroom instruction and a Type II simulator. In addition, annual locomotive engineer "check-ride" and "operational tests" are conducted during simulator training or by Road Foremen in the field.

EJ&E has recently completed specific training and testing for brake system and car inspection by train and enginemen. Refresher courses are scheduled every three years.

Security awareness training has been added to the Operating Rules classes.

Train Dispatcher. EJ&E train dispatchers receive initial training in-house. OJT occurs as required to qualify dispatchers on the East, West, and Assistant Chief Dispatcher positions. EJ&E train dispatchers receive training on Operating Rules, Roadway Worker Protection, and Hazmat at

least every 12 months. To ensure familiarity with their territory, all dispatchers participate in hi-rail or train trips.

Track Employee. EJ&E Engineering Maintenance of Way employees receive an initial one-day training session to review track safety standards, with refresher training at safety meetings. The list of qualified employees is reviewed each year to ensure that their training is up to date. All EJ&E Engineering Department employees receive an annual eight-hour training session at the start of the maintenance season, covering roadway worker protection and various USS, FRA, and OSHA requirements (*i.e.*, hearing conservation, first aid, fall protection, electrical power line safety, etc.). Supervisors and employees also meet weekly to discuss various safety issues.

Signal Employee. EJ&E's Signalmen attend four two-week training classes at the Union Pacific Training Center in West Chicago, IL. These classes begin at the basic electrical level and conclude with technical training on each major type of equipment that the employee will encounter. Employees must then take an exam that includes a written skills test and a practical demonstration on their knowledge proficiency to advance through each level of work assignment. Continuing education on each product is given as needed by the suppliers of the products (*e.g.*, Union Switch & Signal, Alstom, and Safetran). The railroad's Linemen attend the Pole Climbing Proficiency class given by NIPSCO – the Northern Indiana Public Service Company – to become proficient in high voltage work. They have attended all USS in-house training classes on power systems, fire and arc safety, and lineman's safety. Both classes of employees are trained as directed by the FRA on such areas as Bridge Worker Safety, Protection from Trains, and Environmental Safety.

Hazmat. A qualified instructor performs hazmat training for all EJ&E hazmat employees at least every three years. This takes place in a classroom and consists of lecture and open discussion using such resources as EJ&E's Operating Rule Book, the Code of Federal Regulations, and the DOT Emergency Response Guidebook.

Supervisory. EJ&E supervisors receive Drug and Alcohol Training at least every three years, and attend periodic FRA seminars regarding Operating Rules, Hours of Service, Engineer Certification, Hazmat, Roadway Worker Protection, Signals, Grade Crossings, and other relevant topics. Supervisors receive a refresher on the Employee Assistance Program (EAP), described in section C.2.b, below, every two years.

3. Safety Integration – Training

CN's initial analysis of specific training programs in areas such as train and engine employees, Train Dispatchers/Rail Traffic Controllers, engineering track and signal employees, mechanical employees, and hazardous materials, shows that CN and EJ&E both have training programs that meet FRA requirements and are similar in many aspects. Although CN expects that it would initially keep the existing training programs separate, it would explore ways to take advantage of synergies and get greater benefit out of the training programs.

EJ&EW would immediately gain access to the resources of CN's training department. The railroads would also share their training catalogues, videos, and other training products so as to identify courses that could benefit each other.

The integration of CN and EJ&EW would not require any significant training programs that would call for augmentation of their training personnel. As shown in the Labor Impact Exhibit (Attachment B to the Operating Plan), copy attached as Appendix A, it is projected that there would be no net new hiring and minimal relocation associated with the Transaction. The

projected transfer of EJ&EW train dispatching employees to CN's Rail Traffic Control Center would require some training on the new systems and procedures associated with CN's dispatching equipment. As these employees would be experienced train dispatchers, and because differences in equipment and procedures are not significant, this training could be handled with existing CN resources.

The training needs of any other future integration activities would be reviewed in detail and appropriate resources would be allocated if and when they arise. CN would be able to use its experience with integrating important elements such as Operating Rules and information technology in implementing CN's acquisitions of IC, WC, and the GLT railroads. As noted, CN has significant in-house training resources. In addition, the availability of various contract training programs, widely used by CN, gives CN particular flexibility in meeting any future training needs.

C. OPERATING PRACTICES

1. Operating Rules, Practices, and Instructions

a. Operating Rules, Practices, and Instructions at CN

CN's Operating Practices group helps ensure the highest degree of safety and productivity in day-to-day operations. Southern Region operations are overseen by the Assistant Vice President of Operations, a Senior Manager of Rules and Operating Practices (located in Waterloo, IA), and Operating Practices Managers (located in Flat Rock, MI; Harvey, IL; and Memphis, TN). Specific U.S. Operating Practice responsibilities include developing, implementing, and enforcing Operating Rules; Air Brake & Train Handling Rules; On-Track Safety Rules; Division Timetables and System Special Instructions; Efficiency Tests and Inspections Program;

Locomotive Engineer Certification Program; Operating Bulletins and Bulletin Notices; and initial and ongoing training of locomotive engineers and trainmen.

In addition, as part of locomotive engineer certification requirements, CN has 12 local Road Foremen of Engines in the U.S. responsible for compliance with all aspects of engineer certification, mandatory monitoring rides with engineers, ongoing training (classroom and OJT) for engineers, skills performance testing, and initial training for new-hire train service employees. The Operating Practices group works closely with CN's Training Group to ensure that CN's Transportation function training needs are satisfied.

CN's U.S. operations are all subject to its U.S. Operating Rules (USOR). CN also uses a combination of timetables with subdivision-specific instructions and Operating Bulletins, and train-specific Tabular General Bulletin Orders to govern railroad operations.

Operating information is kept in a consolidated Rail Operations Manual containing not only the operating rules, timetables, and special instructions, but also safety rules and instructions, air brake and train handling, on-track safety, equipment restrictions, motive power, and hazmat. Changes to operating instructions are communicated through bulletins until incorporated in a revised version of the instructions or in the rules themselves. Train specific information and restrictions (such as temporary slow orders) are communicated to train and engine crews through issuance of Tabular General Bulletin Orders.

CN has consolidated the efficiency test program of its U.S. operating subsidiaries (GTW, DWP, WC, IC, DMIR and B&LE) into a program that includes 55 specific tests and fully complies with FRA requirements. All supervisors below the General Manager level conduct testing regularly and provide timely feedback to educate employees and reinforce rules compliance. Testing targets have been established for each supervisor. Employees with

unsatisfactory test results get instruction so that they have a thorough understanding of what they did not perform correctly and of the importance of rules compliance to the safety of train operations. Test results are entered into CN's PMRC program where they are used to monitor non-compliance trends and compared to accident causes for development of system or local safety programs.

b. Operating Rules, Practices, and Instructions at EJ&E

EJ&E has adopted a modified version of the General Code of Operating Rules (GCOR). The timetable includes information on Physical Plant, Train Movement, Hazardous Material Instructions, Special Operating Instructions, Safety Instructions, EJ&E Operations Department Policies, and Air Brake and Train Handling Instructions. All EJ&E hazmat employees are required to have a copy of DOT's Emergency Response Guidebook, in addition to the hazmat instructions in the timetable. EJ&E also uses Bulletin Orders, Circulars, Operating Bulletins, and Track Bulletins to communicate operating information.

In compliance with FRA requirements, EJ&E managers are required to monitor Trainmen, Enginemen and Train Dispatchers and complete Operational Tests and Inspection Reports called proficiency tests, conducted day and night, seven days per week, under actual and/or simulated operating conditions. Under EJ&E policy, each Operating Supervisor is required to conduct a minimum number of tests each month (30 to 40 depending on supervisory level). Operational Tests and Inspection Reports are kept on file at EJ&E's office in Gary, IN.

c. Safety Integration – Operating Rules, Practices, and Instructions

CN expects that the Operating Practices, Operating Rules, and associated programs of the respective railroads would remain separate at least in the near term, although CN recognizes the advantages of eventual consolidation of these areas. As the Transaction is expected to require

minimal dislocation of operating employees and minimal changes in territories, retaining the existing operating rulebooks in the short term should not result in confusion or create safety concerns. CN recognizes that there would be a number of CN train and engine employees required to work on both CN and EJ&E territory. This should not present a problem, as CN crews are already familiar with EJ&E operating rules, timetables and bulletins, since they currently operate over EJ&E track. Nevertheless, CN would monitor rules performance throughout implementation and, should there be evidence of problems associated with the two sets of rules, would make the necessary changes.

CN would work towards eventual extension of USOR to EJ&EW, and should be able to do so without difficulty within the first year of implementation of the Transaction. EJ&E Operating Rules are nearly identical to GCOR, and CN has considerable experience in consolidating GCOR into USOR. CN has previously reviewed the differences between USOR and GCOR in connection with its conversion of DWP from GCOR to USOR in 2000 and has also successfully converted WC and DMIR from GCOR to USOR in implementing those respective transactions. As a result, CN is confident that USOR can safely be extended to EJ&EW. CN would ensure that proper training is provided for all employees as well as those on third-party railroads operating over EJ&EW, using a process similar to that used for the operating rules in previous acquisition integrations.

Similarly, CN expects to retain EJ&E's efficiency test programs, at least for the short run. Any future program consolidation would be done in compliance with FRA regulations and filed with FRA as required. At that time, CN would also review possible consolidation of efficiency test record-keeping and monitoring systems.

2. Drug and Alcohol Programs and Reporting

a. Drug and Alcohol Programs at CN

CN has extensive Drug and Alcohol (D&A) programs in place for its U.S. and Canadian operations, carried out separately in the two countries to conform to different regulatory environments. As part of its previous acquisition implementation activities, and in consultation with FRA, CN has successfully consolidated D&A programs for its U.S. operations, utilizing CN's expertise and its well-respected programs. The program is administered by CN's U.S. Senior Manager of Medical Services. Drug & Alcohol testing follows DOT/FRA/Federal Highway Administration guidelines and regulations, and includes post-accident, reasonable suspicion, reasonable cause, pre-employment, and random testing. The program was successfully audited in 2007 by FRA.

In addition to mandatory testing, CN also has its own D&A testing requirements concerning probationary period testing, reasonable suspicion testing of management and other non-regulated employees, return-to-work physicals, pre-employment testing, and follow-up testing.

As part of its implementations of prior transactions, CN has successfully expanded its Substance and Alcohol Free Environment policy to all of CN's U.S. operations. The Employee Assistance Program (EAP) encourages supervisor and co-worker referrals of employees with substance abuse problems. Employees who test positive are referred to the EAP and meet face-to-face with a substance abuse professional, who may, based on the assessment, require the employee to participate in education and treatment programs, both before being allowed to return to work and during a follow-up period.

b. Drug and Alcohol Programs at EJ&E

EJ&E has a D&A program that meets the requirements of DOT and FRA regulations.

Under EJ&E's D&A testing policy:

- All new hires and employees entering hours of service positions are required to have a federal pre-employment drug screen.
- Hours of service employees and DOT regulated truck drivers are subject to random drug and alcohol testing (monthly).
- Reasonable Suspicion and Reasonable Cause testing is performed whenever there is "cause" or grounds for such suspicion.

EJ&E has an EAP for employees with alcohol, drug, or other problems. Employees may refer themselves voluntarily and receive confidential help. They may also be referred through co-worker report on a confidential basis. EJ&E records are maintained at EJ&E's Administrative Headquarters in Gary, IN. FRA audited EJ&E's D&A program in April 2007.

c. Safety Integration – Drug and Alcohol

CN and EJ&E both have D&A programs that are similar in many aspects and comply with FRA regulations and applicable legislation. They also have excellent EAP programs that serve an important role in the D&A program. EJ&EW would initially retain its existing programs, with FRA reporting being handled separately, as now. Because EJ&E has been recently and successfully audited by FRA (2007) and the Transaction would involve very limited employee relocation, maintaining current programs and practices should not create confusion or lead to safety concerns. CN recognizes, however, the value of a common program and would work towards that goal. This would be carried out with FRA consultation.

3. Locomotive Engineer Qualification and Certification

a. Locomotive Engineer Qualification/Certification at CN

CN has a consolidated Locomotive Qualification/Certification program for all U.S. operations, which complies with FRA regulations and has been submitted to FRA as required.

As previously noted in the training section of this SIP, CN has retained RSTR for initial training requirements. This includes three weeks of classroom work followed by 15 weeks of OJT with qualified locomotive engineers. Students are monitored and evaluated throughout that phase, with a Road Foreman of Engines riding with a student engineer at least once every six weeks to evaluate progress. The OJT phase is followed by two additional weeks in class, and by final exams. After the student passes finals additional training may be prescribed.

Student engineers must be familiar with all of the physical characteristics of the territory in which they would be assigned before they may be qualified to operate without supervision of a qualified engineer (and if later operating in new territory or expanded territory, must first be qualified for that territory). As required by regulation, the Road Foreman of Engines evaluates engineers for performance at least once per year.

Locomotive Engineers and Remote Control Operators are recertified every three years in training conducted by RSTR. Operating Rules, Air Brake and Train Handling Rules, Instructions for Handling Hazardous Materials, safety rules and security awareness are all covered in the two-day class. All employees must attain a minimum of 85% on each examination to remain certified. A medical and driver license clearance is also part of the recertification process.

b. Locomotive Engineer Qualification/Certification at EJ&E

EJ&E has locomotive qualification and certification programs that fully comply with FRA regulations.

EJ&E's Locomotive Engineer Certification Program is administered by, and all required records are maintained through, the office of the Senior Road Foreman of Engines in Gary, IN. Following hearing and vision acuity testing, new applicants must participate in a comprehensive training program, including classroom instruction and training with actual locomotive equipment. This may be supplemented with a Type II simulator operation. Student engineers must successfully complete a minimum of 240 hours of OJT with a certified locomotive engineer and pass all written examinations. The Road Foreman of Engines conducts a final Train Handling examination in the field or in a Type II simulator. Recertification of EJ&E Locomotive Engineers is carried out on a three-year cycle. The program includes a classroom training session, covering operating rules, train handling, FRA Safety Practices, and mechanical equipment, followed by a written examination.

c. Safety Integration – Locomotive Engineer Qualification/Certification

CN and EJ&EW would at least initially retain their existing separate programs. All are in full compliance with FRA regulations and have been filed with FRA. CN would explore consolidation opportunities, and future changes would meet regulatory requirements and be communicated to FRA for approval as required. CN anticipates that consolidation would take place within the first 18 months after the Transaction is consummated.

4. Hours of Service Laws

a. Hours of Service at CN

CN's U.S. operations have made significant advances concerning fatigue and hours of service. CN is unaware of any specific FRA concerns at this time. Hours of Service reporting is carried out by the various train dispatching centers for train dispatchers, and by Superintendent/Supervisor offices for train crews, tower operators, and signal maintainers.

Consolidation of crew calling activities under its Crew Assignment and Timekeeping System (CATS) provides CN a common source of information for train crew time on duty. Train dispatcher (RTC) time on duty is automatically recorded by CN's train dispatching systems. Signals & Communications Maintainer hours are recorded using common forms.

b. Hours of Service at EJ&E

EJ&E reports all hours of service violations as required by FRA regulations. Reporting is done on a fair and accurate basis, and there are no outstanding issues with FRA. Train and engine service employees' hours of service information is recorded on service reports completed and signed by the conductor and engineer. Train dispatchers log in and out of the Train Dispatching System (Alstom). Train dispatchers record their total time on-duty on payroll sheets. All EJ&E service reports and payroll sheets are examined and signed by the responsible management employee. Discrepancies in hours of service are immediately investigated and reported to the Administrative Manager/Manager Government Testing and Training. Timely reports of violations are filed with FRA.

c. Safety Integration – Hours of Service

CN and EJ&E are both subject to U.S. federal hours of service laws, and have approved processes in place to handle reporting requirements. Although CN intends to retain these separate processes for the near term, the railroads would move to full integration of their hours of service reporting programs within the first year of implementation. As the Transaction would not result in many employee relocations, maintaining the status quo should not create safety concerns or employee confusion. When the Hours of Service reporting functions are integrated, CN would do so in a manner that ensures compliance with FRA requirements. Training on CN's CATS system

would be conducted before the change-over, as was done when CN successfully integrated CATS at IC, WC, and the GLT railroads.

CN would also work towards integrating Hours of Service reporting for covered Signal and Train Control employees. This would include the necessary training of affected employees. CN has previously carried out successful integrations as part of the previous railroad acquisitions and anticipates no problems with this initiative. CN expects this would also occur within the first year of implementation.

D. MOTIVE POWER AND CAR EQUIPMENT

1. Motive Power and Car Equipment at CN

CN has developed programs that combine proven practices, new initiatives, technology, and research to enhance the safety of its motive power and car equipment operations. CN's current fleet is made up of approximately 2,000 locomotives and 92,000 freight cars. CN is in the midst of an aggressive locomotive renewal program that would allow the railroad to continue to improve fuel efficiency, service reliability and locomotive related safety. As part of this effort CN purchased 60 new high-horsepower locomotives in 2006, is purchasing 65 in 2007, and will be receiving another 65 in 2008.

CN has extensive locomotive and car maintenance, repair, and servicing facilities. In the U.S., heavy locomotive repair work is done primarily at Woodcrest Shops in Homewood, IL, while heavy car repair work is done primarily at Centralia, IL and Fond du Lac, WI. Locomotive inspection and repairs are also carried out at Memphis, TN. Designated car repair locations include Superior, Stevens Point, and Fond du Lac in Wisconsin; Detroit, Pontiac, Flint, Battle Creek, Gladstone, and Flat Rock in Michigan; Glenn Yard, Markham Yard, Decatur, Champaign and Centralia in Illinois; Memphis, TN; Jackson, MS; New Orleans and Baton Rouge, LA; and Mobile, AL.

CN inspects and maintains car equipment and locomotives at designated terminals and in strict compliance with FRA regulations set forth at 49 CFR 215, 229 and 232. Inspection records and defect repair information are contained in CN's SAP administrative support computer system. All train inspections on CN territory in Canada and the U.S. (including 1,000-mile inspections) are identified through CN's service design, in consultation with other carriers over whose lines CN operates, where applicable, and are tracked in the Service Reliability System (SRS). Inspection requirements for trains running between Canada and the U.S. are carefully developed to ensure compliance with both countries' regulations. Train inspections are performed by qualified carmen when on duty or by train crew members properly trained in FRA regulations, if no carmen are employed at inspection points.

As noted in the Training section of this SIP, employees responsible for inspection, maintenance, or repair of CN's locomotives and rail cars must complete a comprehensive apprentice/journeyman program to become qualified. Training and examinations for qualified car and locomotive inspectors fully comply with the requirements of 49 CFR Parts 215, 218, 229, 231, and 232. Carman training includes hazmat, FRA/AAR Mechanical Inspection Standards, Freight Car Safety Standards, Safety Appliance Standards, Brake System Standards, Blue Flag Protection, and CN safety rules. As required by the Power Brake Rules (49 CFR 32.203), requalification is carried out every three years. Motive Power employees receive similar training under CN's FRA Locomotive Safety Inspection course and are also requalified on a three-year basis. Utility employees receive annual training.

Specific technical training is provided in areas such as specialized brake equipment and locomotive troubleshooting, including training on all new locomotive and freight car equipment

as they are introduced. CN extensively uses EMD and GE technical training for employees involved in locomotive inspection, maintenance, and repair.

Added information for mechanical employees is contained in CN's "Mechanical Safety Guidelines" manual, and the Mechanical section of the CN Intranet which provides a mechanism for communication of important safety issues from various training programs. CN uses its PMRC program to evaluate mechanical employee compliance with various rules, including car and locomotive inspection performance.

CN uses two important systems to help ensure the safety of its car fleet. CN's Freight Integrated Repair System tracks all repairs CN performs. These historical data provide CN with important information in making its car fleet more reliable. CN also uses online systems to track repair history to identify individual or classes of cars with selected repeat defects. CN is actively involved in regular meetings with all carriers at its major interchange points, providing timely interaction to correct problems before they become safety concerns.

CN is an industry leader in its efforts to enhance the crashworthiness of locomotives, and provides all new locomotives with higher collision post protection and larger anti-climber protection than required by regulation. Virtually all are equipped with electronic event recorders. Most of CN's high-horsepower locomotives, including all new purchases, are equipped with dynamic brakes for improved train control. All new locomotives being received in 2007 and 2008 are also equipped with digital cameras to enhance operational safety by recording highway-grade crossing accidents and other incidents that may occur on the network.

All of CN's end-of-train (EOT) units have two-way communication with the head end and can be used to initiate an emergency air brake application. CN has specific pre-departure and changeout procedures to ensure that trains depart with two-way EOT unit communications and

emergency braking ability. Included in CN's EOT inventory is a version that provides service brake applications from the tail end of the train, resulting in improved train handling and reduced braking distance.

CN has 24-hour technical support (Diesel Doctors) to respond quickly to operating crew concerns and to provide assistance concerning locomotive performance, alarms, or failures. They maintain a database of all failures, which is used to improve locomotive reliability.

As detailed in the Signal and Train Control section of this SIP, CN has an extensive network of wayside detectors, including hot box, hot wheel, dragging equipment, and wheel impact load detectors, to help ensure the safety of its locomotive and car fleets.

2. Motive Power and Equipment at EJ&E

EJ&E has a number of safety programs and initiatives in place to ensure the safety of the mechanical employees and the car and locomotive fleets, which include 57 locomotives, 3 traction trailers, 1 remote control car, and about 3,900 rail cars. All cars and locomotives are inspected and maintained to comply with FRA regulations. Train inspections on EJ&E are performed by carmen where they are employed, or by fully trained crew members. All inspections are scheduled and comply with FRA regulations.

All EJ&E locomotives are equipped with solid-state event recorders. Road locomotives are equipped with pulsating ditch lights, dynamic brakes, EOT monitors, and digital recording systems. EJ&E's EOT devices have two-way communication with the head end, allowing the operator to initiate emergency braking at the tail end.

EJ&E's Kirk Yard (Gary) Locomotive Facility has capacity for inspections, running repairs and complete locomotive overhaul. EJ&E's Joliet Car Shop performs major car repairs

and program repairs, and builds new cars. Running repairs to locomotives and cars are performed at Gary, IN and East Joliet, IL, with minor in-train repairs being done at all locations.⁵

As noted in the Training section of this SIP, car and locomotive personnel are qualified via apprenticeship programs using classroom, correspondence course, and OJT. All car inspectors are trained and tested on FRA requirements (49 CFR Parts 215, 218, 231, and 232). Employees receive regular refresher training. EJ&E mechanical employees have been trained in accordance with FRA rules set forth at 49 CFR 232.203. FRA has audited EJ&E's Part 232 training program and related records and has taken no exceptions.

3. Safety Integration – Motive Power and Car Equipment

CN and EJ&E both have programs and practices designed to ensure the safety of their locomotives and railcars. Both conduct inspections and maintenance using qualified employees and in compliance with FRA requirements. EJ&EW would immediately benefit through access to CN's motive power and equipment system resources and expertise, and from CN's representation on numerous AAR and industry mechanical committees.

The Transaction would also benefit the quality of the combined car and locomotive fleets. As part of the Transaction, CN would acquire 228 EJ&E flatcars (the remainder of the fleet would stay with Gary Railway). Integration of the car fleets would allow EJ&EW to draw on a much larger, on average newer, and more dependable pool of equipment to service its customers, while improving the safety of operations. Similarly, the Transaction would allow CN to apply its locomotive management and maintenance practices to the EJ&EW fleet. Under the Transaction CN would acquire 38 EJ&E locomotives. Combining them with CN's fleet of locomotives would provide greater flexibility and permit more efficient service to EJ&EW customers. In addition, as

⁵ A locomotive shop and servicing facility inside Gary Works will not be acquired by CN in the Transaction; it will be owned by Gary Railway.

the older and lower horsepower locomotives acquired from EJ&E are retired or cascaded to less demanding service, the locomotive fleet in use on EJ&EW would become newer, and more fuel-efficient, enhancing safety through improvements in dependability.

CN anticipates that it would make only minor changes in the operation of the locomotive repair and maintenance facilities at Kirk Yard. For instance, occasional heavy maintenance of EJ&EW locomotives would be performed at existing CN facilities. In turn, light repair and servicing of CN locomotives that may move in and out of Kirk Yard could be performed there. Furthermore, based on its assessment of shop capacity available at Kirk Yard and shop capacity elsewhere on the CN system, CN believes that it is unlikely that it would continue to use the roundhouse at East Joliet Yard for locomotive maintenance or repair work, as only five roundhouse stalls remain available for use.

CN does not expect the car maintenance and repair operation at Kirk Yard to change. With heavy car-repair work already being done at nearby CN facilities in Centralia, IL, and Fond du Lac, WI, CN does not expect to need the facilities of EJ&EW's East Joliet car shop.

In both cases, the small number of locomotives and cars affected and the capacity of the various shop facilities would help ensure that there should be no safety issues associated with these changes. As noted in the Personnel Staffing section of this SIP, as part of the shifting of locomotive and car repairs, CN anticipates some minor relocations of Carmen, Electricians, Machinists, Sheet Metal Workers, and Hostlers from EJ&E's Joliet and Kirk Yard shops to CN's Woodcrest shop. Because these employees are fully qualified for their craft and are experienced with FRA inspection and maintenance criteria, there is no anticipated need for detailed training. Rather, the employees would be provided with orientation training designed to familiarize them with the applicable policies and procedures, as well as Safety Rules for the new shop. They

would also be trained on the use of any Mechanical information systems that they require to perform their job.

CN anticipates that the Transaction would result in only minor changes in train inspection locations. Car and locomotive inspections would continue to comply with FRA inspection requirements, and the mechanical officers responsible for such inspections and tests would remain proficient using CN's training and monitoring programs.

CN has no immediate plans for consolidation of territories such that mechanical employees of one railroad would be required to operate under another railroad's operating rules and track protection procedures. It recognizes, however, that such consolidations could yield important efficiencies, and that it might be advisable to implement them at some future point. Should this occur, CN would put in place measures to ensure the safety of employees, including requiring affected employees to be fully trained and qualified on applicable operating rules, track protection, and other safety procedures for the territory.

Equipment-related information systems would remain separate initially, but CN would work towards consolidation. Before such consolidation, CN would first fully review system and training requirements. The success of the integrations of information technology (IT) in connection with the CN/IC, CN/WC and CN/GLT transactions confirms the wisdom of a gradual, well-planned process, including detailed training. CN would keep FRA advised of its IT integration plans in this regard as part of the monitoring process. CN's initial review of the equipment systems indicates that consolidation of EJ&EW's mechanical information system into CN's systems would not be difficult and would not lead to incompatibility problems. Nonetheless, in keeping with CN's careful approach to all information technology integration

efforts, CN would initially run the systems in parallel prior to full cutover to ensure that all information is entirely compatible.

Based on its initial review of EJ&EW's locomotive radios, EOT systems, event recorders and control systems, CN does not foresee any compatibility issues that are likely to lead to safety or operational problems after acquisition of EJ&EW. Nonetheless, prior to implementation of the Transaction, CN would ensure that proper measures are in place to address any potential incompatibilities. CN already has pre-departure and changeout procedures to ensure that trains do not depart without fully functioning two-way communications for EOT units. In addition, to avoid potential confusion, CN intends to retain the existing separate locomotive identifications.

E. SIGNAL AND TRAIN CONTROL

1. Signal and Train Control at CN

CN has integrated its various S&C activities and programs throughout its Canadian and U.S. system.

The CN network includes some 8,500 miles of CTC/ABS (Centralized Traffic Control/Automatic Block Signal) territory. The CN U.S. network includes 2,220 miles of CTC signal systems and an additional 890 miles of ABS. CN's communications infrastructure consists of a combination of technologies, including fiber optic, microwave, data radio, and copper circuits. CN uses a combination of owned and leased facilities to provide redundancy for critical communications functions. The CN signals and communications network includes 1,000 radio base stations, 6,200 automatic road crossing protection systems, 3,000 power switches, and 6,000 miles of fiber optics systems. CN maintains a centralized S&C call desk that provides continuous around-the-clock, 365 day-per-year coverage for monitoring of S&C incidents and dispatching of qualified personnel to trouble sites. CN has a network of 683 wayside inspection systems along

its lines in the U.S. and Canada, consisting of integrated hot box, hot wheel, and dragging equipment detectors. Alarm condition information is immediately conveyed to train crews using radio talkers as well as to a central network computer to enable the proactive identification of emerging problems.

CN continues to lead the railroad industry in the use of Wheel Impact Load Detectors (WILD) and integrates data from all of its sites into a central office system to enable proactive analysis of wheel impact data and setoff of cars with high impact wheels. The goal is to find high impact wheels earlier, and remove them sooner, than under industry standard “visual” methods. The CN WILD network currently includes 35 detectors spread across the U.S. and Canada. CN has extensive other electronic detection systems as part of its safety technology, including fallen rock detectors and slide fences in many high risk areas. Various washout detection technologies, including electro-level beam, guided radar, time domain reflectometry, and slump/washout detection, are being evaluated at various locations across the system. All are connected to CN’s signal system or communicate directly to train crews using wayside radio systems.

CN’s S&C Standards document and its General Instructions Manual describe in detail the processes and procedures necessary to perform the inspections and tests mandated by FRA. CN has implemented electronic documentation of tests, using hand-held computers.

As noted in the Training section of this SIP, CN’s S&C personnel receive extensive apprentice training as well as additional regular training specific to their work assignments. S&C employees are trained on Road Worker Protection annually and operating rules biennially.

2. Signal and Train Control at EJ&E

EJ&E’s signal and communications system consists of 23 remote or manual controlled interlockings, 3 automatic interlockings, 47 miles of CTC and 20 miles of ABS using Track

Warrant Control on the Western Subdivision, and 10 miles of CTC and 40 miles of ABS with Track Warrant Control on the Eastern Subdivision. All signaled territory is controlled from a central dispatching office located in Joliet, IL, using either point-to-point copper wire data lines with cell phone backup or wireless TCP/IP code lines over direct radio connections or the Internet. All code lines communicate with the Genesis protocol using Safetran Packet Switches in a main/backup configuration for interface with the train control servers. Train to Dispatcher communication is accomplished via FM radio using 7 radio base locations. EJ&E utilizes two different radio frequencies to separate the Eastern and Western Subdivisions to reduce voice interference during operations. An additional three frequencies are used for Maintenance of Way activities, switching, and within the USS complex.

Kirk Yard is equipped with a ProYard system of car control to manage the humping operations at this location, including auto routing of cars, and speed management using radar and distance to couple control for final coupling speed.

EJ&E is equipped with five Hot Wheel/Hot Bearing-Dragging equipment defect detector locations that are each set to communicate directly with trains over the voice radio frequency. The spacing of these locations is approximately every 20 miles on both the Eastern and Western Subdivisions. Sixteen Automatic Equipment Identification (AEI) locations are provided to acquire train consist information for all trains entering and leaving EJ&E. The AEI system is set to provide data to both the internal Car and Train Control system and other connecting rail carriers on a shared basis. Additional AEI data is also gathered from other rail carriers directly into EJ&E's Car and Train Control system as a part of this shared system.

EJ&E has five separate signal maintainer divisions, and coverage is provided on a first shift basis at all of these areas by section maintainers. A sixth division consists of the Hump

Operation at Kirk Yard where maintenance personnel are provided on a 24-hour basis.

Construction and heavy maintenance operations are handled by two distinct gang crews, one doing the field installation work, including heavy equipment operation, cable installation, and all field material construction, and the other doing the wiring of all cases and housings based on circuit designs done in house by the engineering staff. All work is governed by internal testing and construction standards that meet or exceed all applicable FRA, state, and local requirements. Employees are trained and tested on their proficiency on each of these standards to achieve their positions.

3. Safety Integration - Signal and Train Control

Both CN and EJ&E make good use of S&C technology to improve the safety of their operations, and have procedures and systems that allow qualified employees to respond quickly to reported S&C-related problems. CN would continue to ensure that this timely response capability is retained and that employees remain qualified.

As part of integration of its signal and train control activities, EJ&EW would immediately benefit from CN's resources and its involvement in several American Railway Engineering and Maintenance of Way Association (AREMA) committees and research initiatives. CN would also work towards the integration of EJ&EW's wayside detectors into its integrated network.

CN has no immediate plans for consolidation of territories such that signal maintainers of one railroad would be required to operate under another railroad's operating rules and track protection procedures. CN recognizes, however, that such consolidation could yield important efficiencies, and that it might be advisable to consolidate the territories at some future point. Should that occur, CN would take steps to ensure the safety of employees, including requiring

affected employees to be fully trained and qualified on applicable operating rules, track protection, and other safety procedures for the territory.

The Transaction would not affect current research and development or capital upgrade plans associated with signal and train control.

F. TRACK SAFETY STANDARDS AND BRIDGE INSPECTIONS

1. Track Safety Standards and Bridge Inspections at CN

Engineering safety at CN is ensured through the combination of company standards and guidelines, extensive training programs, and significant use of technology. CN also regularly invests significantly into upgrading its track and structures. CN safely operates its system in some of the world's most difficult climatic conditions and most challenging terrain. In addition, CN works with others in the industry to improve safety through its involvement in various AAR and American Railway Engineering Maintenance of Way Association committees.

a. Bridges and Structures

As part of previous acquisition integration efforts, CN has applied its considerable expertise and technology in this area to all of its U.S. operations. Examples include the expansion of CN's acoustic emission testing program, laser clearance car, and state-of-the-art Bridge Testing System technology.

CN's Bridge Design and Rating Group has expertise in bridge management, design, testing, and load rating. CN recently updated Standard Practice Circulars dealing with inspection of steel, timber, concrete, and masonry bridges, and maintenance of timber bridges and bridge decks. CN's U.S. bridges are visually inspected by qualified employees annually. Detailed inspections occur at required intervals based on age and annual tonnage. Bridges are also rated at each detailed inspection showing changes in condition that would affect previous rated capacity.

To help manage its bridge inspection and maintenance program, CN has implemented a Bridge and Culvert Condition Reporting System providing a central data warehouse for all of CN's bridge and culvert condition data, consistent component and structure condition ranking, and improved sign off control for all inspection reports. This is augmented by a fully integrated Bridge Management System that provides a comprehensive asset management tool with access to all bridge information, including inventory, condition, rating, scheduling, and budgeting data. Two other important programs help further ensure the safety of CN's bridges. CN's Earthquake Screening and Rating System of Critical Bridges includes a post-earthquake response/inspection plan, under CN's Earthquake Notification System. CN's River Scour Hazard Assessment & Reporting Process for bridges provides automatic flood notification allowing CN to protect train operations and ensure that bridges are inspected during and after significant flood events.

b. Track and Roadway

Inspections of CN track in the U.S. are mandated by FRA Railroad Track Safety Rules. In implementing prior rail acquisitions, CN has successfully integrated the track inspection programs of its U.S. railroads. CN's Engineering Track Standards contain inspection requirements and recommended methods for the entire CN system.

Other important initiatives aimed at ensuring the quality and safety of CN's track include:

- Track Evaluation Car is a state-of-the-art car that measures and records track conditions under dynamic wheel loading while traveling at normal freight speeds. It is programmed to handle both FRA and Canadian track requirements, and is used on all CN territory, including the U.S., where it was extended to IC, WC, DMIR and B&LE as part of CN's implementation of its acquisitions of those railroads, and operates at least twice per year on core lines. FRA's geometry cars are also used to test CN's tracks and to audit CN's inspection and maintenance programs if appropriate. To further expand its track testing capability, CN has added three hi-rail mounted track geometry test units for testing yards, spurs and branch lines and will be adding a second Track Evaluation Car in early 2008.
- Rail Flaw Detection Program is used on all CN territory. It involves advanced ultrasonic testing with information displayed visually to the operator on an onboard computer.

Defects detected are immediately identified and reported to the Supervisor of Track who must initiate prompt corrective action. Testing is performed on all main lines. CN has also implemented a program involving increased winter testing as part of a winter safety plan, with positive results. CN also ultrasonically tests all plug rail.

- An extensive rail grinding program covering over 6,000 main line miles per year is designed to maintain desired optimal rail head profile for the best wheel/rail interface, and to control development of rail surface fatigue defects that can lead to premature failure. Grinding is performed by state-of-the-art machines.
- Rail Replacement Planning program based on analysis of wear, defect history, and accumulated tonnage.
- Weather Forecast Service provides CN with weather forecasts as well as location and time-specific notification of weather warnings, allowing for advance planning of activities and resources.
- Earthquake Notification System on all CN territory helps CN detect and react to earthquakes. Information immediately shows as an alarm on the dispatcher's console.

CN is currently implementing its Precision Engineering system. This will provide a consolidated information system permitting CN to better oversee maintenance activities and manage the execution of capital programs.

c. Training

Many CN training courses directed at engineering safety have been extended to IC, WC, DMIR and B&LE operations as part of previous implementations of rail acquisitions. Track employees in both Canada and the U.S. are trained on Track Inspection Standards, Movement Over Rail Breaks, and Continuous Welded Rail. The U.S. program, designed to comply with Track Safety Standards requirements, includes biennial retraining on Movement over Rail Breaks. U.S. employees are also trained on Road Worker Protection annually and Operating Rules biennially.

Depending on an employee's specific occupational requirements, additional training is provided in areas such as Fall Arrest Protection, Bridge Scaffolding, Confined Spaces, Track Train Dynamics, Thermitic Welding, Rail Grinding, Water Management, Manganese Fumes, or

Simplex (rail benders). CN's bridge inspectors receive a detailed four-day bridge inspection workshop every three years, and also receive training on bridge inspection and bridge Special Practice Circulars. CN also regularly audits bridge inspection practices and quality.

2. Track Safety Standards and Bridge Inspections at EJ&E

EJ&E has bridge and track safety and inspection programs that meet FRA requirements.

a. Bridges and Structures

EJ&E inspects and maintains bridges to industry and AREMA standards. Qualified EJ&E employees structurally inspect main line bridges annually and branch line bridges every other year, making a record of each inspection. External personnel from Transtar (registered engineers with railway bridge experience) also conduct joint inspections of bridges with EJ&E personnel each year. EJ&E bridges in most cases have been rated, most ratings related to design drawings. Several individual bridges with deficiencies have been re-rated. EJ&E conducts minor bridge design work and contracts out major design work to professional engineering consultants with railway bridge experience.

b. Track and Roadway

EJ&E conducts track inspections in conformance with FRA standards and requirements. It maintains main line trackage to at least FRA Class 4 requirements. It maintains the Illinois River Line Branch and Lake Front Line Branch to at least FRA Class 2 requirements. EJ&E's Whiting, Paul Ales, Hammond, and City Track branch lines and major yards in Joliet and Kirk Yard are maintained to at least FRA Class 1 requirements. Inspections are recorded on appropriate forms for main line, yards, sidings, and turnouts. Frequency of inspection is also recorded to ensure compliance with FRA standards.

Ultrasonic inspections for internal rail flaws are conducted by outside contractors two to three times per year on main lines and once a year on branch lines, major plant trackage, and major sidings. Rail grinding is ordinarily performed every other year, subject to availability of equipment.

Mechanized track geometry testing, including gauge restraint, is carried out twice annually by an outside contractor on all main and branch lines.

c. Training

EJ&E track inspectors are qualified on the basis of experience and OJT. EJ&E supplements track inspector and B&B bridge employee training with AREMA training sessions. Bridge inspectors are qualified on the basis of experience and formal education. As noted in the Training section of this SIP, all EJ&E bridge and track employees receive eight hours of training annually, covering roadway worker protection and various OSHA requirements. EJ&E Maintenance of Way has utilized a safety program to outline safety meetings, training, and safety initiatives.

3. Safety Integration – Track Safety Standards and Bridge Inspections

Both CN and EJ&E make good use of technology and employee training to ensure the safety of their plants and employees. Both have well-maintained facilities.

An initial review of the EJ&EW network and its Engineering safety programs has suggested a number of opportunities for CN to extend its significant resources and best practices to EJ&EW. For instance, EJ&EW would immediately be able to take advantage of CN's expertise in areas such as bridge design and testing for the combined system, as well as CN's specialized engineering equipment, *e.g.*, the laser clearance car, track evaluation cars, and bridge

testing equipment. EJ&EW would also gain immediate access to CN's track maintenance expertise and resources.

CN would also be able to extend its earthquake detection system to EJ&EW and realize potential benefits associated with integration of track safety programs such as rail flaw detection and rail grinding.

A number of CN's engineering data systems could also benefit EJ&EW, including the rail flaw detection data system and the data system associated with CN's Track Evaluation car results. CN would include EJ&EW in its implementation of the Precision Engineering system. As mentioned in the Training section of this SIP, CN would also extend to EJ&EW access to combined training resources, including courses and videos.

To address the projected increase in train traffic and overall tonnage on the EJ&EW arc, CN would work towards quickly implementing CN's Engineering standards and programs on this section of track.

Both CN and EJ&E have Roadway Worker Protection programs that meet their requirements and have been approved by FRA. Although these would initially remain separate, CN would work towards their consolidation in association with the integration of train dispatching activities.

CN has no immediate plans for consolidating track and roadway territories. CN recognizes, however, that such consolidations could provide for important efficiencies and that they might become advisable at some point in the future. Should this occur such that engineering employees of one section of the railroad are required to operate under the operating rules and track protection procedures of the other, CN would adopt measures to ensure safety, *e.g.*, affected

employees would be fully trained and qualified on applicable operating rules, track protection, and other safety procedures for the territory.

G. HAZARDOUS MATERIALS

1. Transportation of Hazmat at CN

a. Organization

CN handles over 972,000 cars containing Dangerous Goods (hazmat) each year (loads and residues). To ensure safe handling and regulatory compliance on both sides of the border, CN has a System Director Dangerous Goods, System Manager Dangerous Goods, Coordinator Dangerous Goods, and two Senior Managers Dangerous Goods as well as 11 Dangerous Goods Officers in the Regions. These specialists work very closely with all CN functions, customers, shippers, railway associations, and regulators to ensure the safe transportation of dangerous goods by rail. In addition, CN also has 48 Dangerous Goods Responders located across its system who are specially trained for emergency response (16 in the U.S., 32 in Canada).

b. Training

As chemicals make up a large portion of CN's U.S. traffic, hazmat training has a high priority, and is provided for all employees covered by DOT's Hazardous Materials Regulations, including train crews, dispatchers, engineering maintenance of way employees, mechanical employees, and waybill personnel. Training subjects include hazmat general awareness/familiarization, function-specific, and safety. Employees are tested on the subjects covered in the class. Retraining is done on a three-year cycle.

Specialized training and medical surveillance is given to "incident responders," based on OSHA regulations (29 CFR 1910.120) and National Fire Protection Association standards (NFPA

472). CN also provides key route, key train, and Security Plan training for all employees involved in transportation of hazmat.

As noted, CN is a member of AAR's Tank Car Committee and Bureau of Explosives Committee, as well as the Railway Association of Canada's Dangerous Goods Committee, and takes advantage of their annual specialized training programs for additional training as required. For instance, CN uses the AAR/BOE Hazardous Materials Seminar as refresher training for management employees who have already completed incident response training.

c. Audit and Inspection Programs

CN has a comprehensive Transportation of Dangerous Goods/Hazardous Materials compliance audit program. The audit program includes elements such as Canadian, U.S., and international hazmat regulations, company policies, and best management practices. Audits include review of documentation, placarding, switching and humping activities, marshaling, inspections, emergency response, and training. Through its implementation of its prior rail acquisitions, CN has successfully expanded the audit program to the railroad's various acquired entities.

Waybill and documentation audits, along with impromptu audits and spot checks, are also carried out by CN's Dangerous Goods Officers during the course of their duties. Inspectors from the AAR's Bureau of Explosives also inspect CN facilities to evaluate compliance with regulations, as do FRA hazardous materials inspectors, and state inspectors.

d. Emergency Response

CN has a system-wide plan for handling all emergencies. The Emergency Response Plan (ERP) sets out the framework and identifies the procedures and responsibilities in place for safe and efficient emergency response to all accidents or incidents. This plan is based on the Incident

Command System (ICS) methodology and is reviewed annually. CN response personnel are trained on the ERP and the ICS process. External responders also attend these training sessions. Local ERPs for individual yards and other facilities are tailored to the facility and identify roles and responsibilities, locations of supplies, access routes, emergency meeting points, civilian agency contacts, notification requirements, and methods for warning employees of emergency conditions. Drills and exercises are conducted at least annually to evaluate the effectiveness of each local plan.

CN's Rail Transportation Centers play an important role in the emergency response process. U.S. operations are handled out of CN's Homewood, IL, Troy, MI, and Stevens Point, WI, RTCs, which closely manage train movements and, in the event of an emergency, can quickly locate and transmit emergency information to the site, using advanced communication and computer systems. The RTCs also handle immediate notification to local emergency response agencies (police, fire, and emergency medical technicians), CN Dangerous Goods Officers, American Chemistry Council's affiliate CHEMTREC, and appropriate regulatory agencies.

An important recent addition to CN's Emergency Response capabilities is its contract with the Center for Toxicology and Environmental Health (CTEH), a U.S.-based consulting firm, which provides high quality emergency response and environmental services for releases of hazardous materials or other environmental contaminants. The contract includes toxicological, environmental, and human health consulting services, emergency preparedness and planning, on-site emergency meteorological monitoring, air modeling, and on-site air sampling and analysis (using the Safer Star computer model) to support the decision-making by CN's on site personnel. CTEH also assists CN personnel in providing technical liaison with emergency response

personnel, local health care providers, local community leaders, and federal, state, and local governmental and regulatory agencies.

e. Key Trains and Routes

In accordance with AAR's directive OT-55H recommending operating practices, CN has identified certain of its routes as Key Routes. These are reviewed annually and identified in the timetable. CN has also designated certain of its trains as Key Trains under OT-55H, and these designations are applied automatically by CN's Service Reliability Strategy (SRS) system to printed train lists to ensure train crew awareness of the possible need for any special measures. CN's Operating Instructions also require crews to be responsible for determining if Key Train status applies to their train. This includes reviewing the train if its consist has changed en route.

f. Hazmat Instructions

CN's U.S. Operations Operating Manual includes special hazmat instructions covering CN's entire U.S. operations.

g. Service Reliability System

CN's SRS system is designed to support all aspects of hazmat shipment transportation and documentation. CN's Customer Service Center (CSC) uses SRS to prepare waybills from shipper bills of lading, which may be in the form of an electronic data interchange (EDI) document or a fax. If information is received by fax, CSC personnel enter it directly into computerized templates to prepare the waybill. Editing routines for waybill entries are used to ensure that data is entered in the required fields with the required coding. EDI data sets received from shippers and connecting rail carriers are automatically transferred into the fields of a CN waybill. If an error is detected, the EDI data is referred to CSC's waybilling staff for manual correction.

SRS keeps a record of car inventory by track and train to provide the standing order listing of cars, and adds the required hazmat description from waybills. Train crews use these printed documents to switch cars to tracks for destination and to have a listing of shipments in their train. When each train list is initially generated, SRS checks for proper in-train placement of the hazmat shipments. If a condition appears to be contrary to regulatory requirements, a warning is given and corrective action implemented. Train lists also include automatically generated emergency response information for each hazmat in the train, available through an SRS inquiry. An interface also exists between the SRS train list program and CN's network of wayside Automatic Equipment Identification (AEI) readers, which scan tags affixed to each rail car to verify location of the equipment and provide a listing of the order of all cars in the train. This list is automatically compared to the SRS-generated list and, if the lists do not match, the data are sent to field support personnel for resolution and crew notification.

Train and track list information, waybills, and other shipping papers for hazmat shipments are readily available in SRS for dissemination to emergency responders. A communications link permits faxing or emailing from the SRS mainframe directly to the response agency. Information can also be produced for FRA inspection from any location with an SRS terminal (all yards, offices, etc.).

h. Operation Respond

Operation Respond is a non-profit organization aimed at improving information available to first responders (*e.g.*, police, fire, and rescue personnel) at hazmat and passenger train incidents. One of its primary goals is national distribution of the Operation Respond Emergency Information System (OREIS) software that connects police and fire departments with the databases of railroads and motor carriers, so that first responders can quickly obtain accurate

information on the cargo contents. CN actively participates in Operation Respond in the U.S. and Canada. As part of its involvement, CN has assisted in the purchase and set-up of OREIS software for a number of local emergency management agencies.

i. TransCAER

CN is active in the Transportation Community Awareness and Emergency Response (TransCAER) program, an information training program for communities through which dangerous goods are transported. CN participates with the chemical industry in information sessions for community leaders and responders regarding emergency procedures to be followed in incidents involving dangerous goods/hazmats. Over 100 presentations a year are conducted in Canada and the U.S. Training is conducted by CN employees and, in some cases, CN has paid for community responders to be trained at the AAR's Emergency Response Training center. CN also maintains a list of local Emergency Planning Committees along its system and assists in emergency response planning and exercises. As part of its community-training program, CN has set up a special "CN 911" hazmat training tank car.

j. Responder Education Assistance and Certification Training (REACT)

"REACT" is a new CN emergency response outreach program designed to enhance preparedness and foster partnerships with the response community. REACT is totally funded by CN and has three phases:

Phase I identifies and registers rural responders along the CN system to participate in online dangerous goods emergency response training. This training can be taken by the responder where most convenient, *e.g.*, at home, at the local library, or at the fire station training room. Once training is begun the responder is able to stop and resume the program when convenient. CN has partnered with Channel Solutions to develop and deliver CN's online training program.

Phase II requires responders to assemble at a “Hub Site” for two days to participate in the hands-on portion of the training. Completion of this phase involves training to the Awareness and Operations Hazmat Responder Levels as defined in the National Fire Protection Association (NFPA) Standard 472, the world’s only recognized hazmat competency standard. Responders can then seek certification from their applicable governmental authorities. CN’s Dangerous Goods Group would coordinate with National Emergency Services Training, Inc., team for this phase and they would deliver the hands-on training jointly.

Phase III involves delivery of CN’s Railroad Emergency Response course by a CN Dangerous Goods Officer at one of the previously mentioned Hub Sites. Course duration is two days.

k. Safe Handling Awards

Since its inception in 1992, CN’s annual Safe Handling Awards Program has become a highly regarded hallmark of excellence among shippers of dangerous goods by rail. These awards to shippers help demonstrate the commitment to safety and environmental protection made by thousands of industry employees every day. Winners are chosen on the basis of non-accidental release prevention performance. CN is committed to working in close partnership with its customers continuously to improve hazmat handling. CN successfully extended the program to IC in 1999, WC in 2002, and DMIR and B&LE in 2004. In 2006, the 95 winners included 52 U.S.-based companies.

l. Responsible Care®

CN actively participates in the chemical industry’s Responsible Care® program and has extended participation to IC, WC, and DMIR and B&LE as part of acquisition implementation. Through Responsible Care®, member and partner companies are committed to supporting a

continuing effort to improve the industry's responsible management of chemicals, including community outreach and emergency response. CN became the first rail carrier to join the Responsible Care® initiative in Canada and has extended the ethics and guiding principles of Responsible Care® from the handling of chemicals to all aspects of CN's operations. In 2001 CN completed the successful third-party Responsible Care-in-Place verification with the Canadian Chemical Producers Association (CCPA). In 2005, a Responsible Care re-verification was completed with success with the CCPA, including a third-party Corporate Responsible Care Management System Audit with the American Chemistry Council (ACC). CN is currently preparing for a Responsible Care® field audit in the U.S. with the ACC.

2. Transportation of Hazmat at EJ&E

EJ&E ensures that the necessary instructions, training, and emergency planning are in place to handle its relatively limited amount of hazmat traffic.

EJ&E has developed an Emergency Action Plan for a hazmat release, containing Hazardous Emergency Response procedures. The Plan details roles and responsibilities in the event of a hazmat incident and contains detailed information for Initial Response, Sustained Actions, Termination, and Follow-up Actions. It has been distributed to Operations Managers at Kirk Yard, Whiting Yard, and Joliet Yard. All maintenance departments as well as the Train Dispatcher's office in Joliet have current copies of the Plan.

Under the Plan, employees, including those on trains, who learn of a hazmat release shall immediately notify the Dispatcher, who will then notify the Operations Supervisor on duty or the Area Supervisor. The Train Dispatcher's office becomes the initial communication center between all involved personnel and will notify emergency response team members. The

railroad's Operations Managers are EJ&E's Emergency Response Coordinators and act in an initial leadership role unless fire, police, or Federal agencies assume the role of first responders.

EJ&E uses its Railcar Management System for handling hazardous car documents and movements. Hazardous shipment waybills are electronically transmitted with connecting carriers. Electronically received hazardous shipment waybills are printed and inspected for errors in identification of Standard Transportation Commodity Code (STCC) or car type (tank or hopper). EJ&E personnel are responsible for all hazmat paperwork processing and maintaining current car status. Conductors, at all locations, receive hazmat paperwork for hazardous car movements.

Once every three years all hazmat employees receive hazmat training consisting of lectures and open discussion in a classroom environment using resources in EJ&E's Operating Rule Book, the Code of Federal Regulations, and EJ&E's Emergency Action Plan.

3. Safety Integration – Transportation of Hazmat

With hazmat traffic making up an important part of its business, CN has developed a number of excellent programs to better ensure safety in this area. These programs directly address the potential hazmat-related concerns that FRA has raised concerning rail control transactions, such as inspections, communications, emergency response, and IT systems.

Although hazmat is not a major part of its traffic, EJ&E has appropriate hazmat programs in place. CN has reviewed them and identified a number of elements of CN's hazmat programs that could be expanded to EJ&EW operations, including CN's successful hazmat audit programs and its Safe Handling Awards program. EJ&EW would also be brought under CN's Responsible Care® partnership, and would gain immediate access to CN's Railroad Emergency Response training and contract resources.

Expansion of CN's hazmat-related programs and practices to EJ&EW would ensure that the combined system is well situated to address potential concerns such as field inspection, hazmat communications standards, emergency response procedures, and information systems/personnel involved in transmitting and receiving hazmat information. Key aspects of this plan include CN's extensive audit program and the extension of CN's SRS information system. To address the projected increase in hazmat shipments over the EJ&EW arc, CN would work to quickly implement these important programs.

CN has successfully expanded SRS and other aspects of its hazmat safety program to railroads acquired in other transactions, and would use the same process and ensure the same high level of employee training and monitoring here. Throughout, CN would concentrate on ensuring the quality of its information technology and hazmat documentation, and would establish contingency plans to address unexpected problems.

Until this expansion is complete, EJ&EW would continue to use its existing hazmat programs while taking advantage of CN's resources and expertise in the transportation of hazmat. CN would also ensure that communications and response plans are in place to respond immediately to any incidents that might arise.

H. DISPATCHING OPERATIONS

1. Dispatching at CN

Trains. Management and dispatching of trains across CN is currently done from dispatching centers in Troy, MI, Stevens Point, WI, and Homewood, IL, in the United States and in Montreal, Toronto, and Edmonton in Canada. These are linked closely with CN's Network Operations Center in Edmonton. CN's train dispatchers (also known as rail traffic controllers (RTCs)) manage traffic over both signaled (CTC and ABS) and non-signaled territories. They are

supported by a variety of different control systems, including CTC, CN's Computer Assisted Manual Block System (used for the Canadian non-signaled territory), and track warrant operation (on ABS and non-signaled territory in the U.S. portion of the Southern region).

CN has upgraded its dispatching system on all of its U.S. lines to a common platform, utilizing a DigiCon Control System, implemented in the U.S. dispatching centers in early 2003. As part of previous acquisition implementation, CN's General Bulletin Order system has been expanded to all U.S. operations.

CN provides RTCs with detailed training and instructional manuals for each type of dispatching system used. CN utilizes territory-specific special instructions included in personal Rail Traffic Control Manuals in Canada, and Train Dispatcher's/Control Operators Manuals in the U.S.

Crews. Crew calling and timekeeping for CN's U.S. operations are conducted in facilities in Homewood, IL, Troy, MI, Stevens Point, WI, Proctor, MN, and Greenville, PA. As part of previous rail acquisition implementation activities, CN has completed the successful consolidation of all of its U.S. crew management records into CN's CATS System, which assists in the management of train crew hours of service.

2. Dispatching at EJ&E

Trains. EJ&E train dispatching operations are located at Joliet, IL. The office is the responsibility of the Director Transportation-Joliet & Road. A Chief Train Dispatcher, four Assistant Chief Train Dispatchers and ten Train Dispatchers comprise the staff for this office. All members of the staff are management employees.

Two train dispatchers (Eastern and Western Subdivisions) and the Chief Train Dispatcher (for first turn) or an Assistant Chief Train Dispatcher (for second and third turns) staff the office

Monday through Friday. Depending on staff availability, an Assistant Chief and one train dispatcher (responsible for both the Eastern and Western Subdivisions) may staff the office on selected turns on weekends.

Train Dispatchers control approximately 47 miles of CTC territory and 88 miles of Track Warrant Control territory, of which approximately 66 miles is ABS territory. They control four interlocked railroad crossings at grade and one moveable lift bridge. Dispatchers have been trained in-house, with on-the-job training occurring with qualified dispatchers on both desks. Train Dispatchers remain acquainted with their territories by participating in hi-rail trips and train rides. They are subject to proficiency testing by the Director Operations-Joliet & Road, the Chief Train Dispatcher, and the Train Rules Examiner.

In 2000, EJ&E installed an integrated dispatch office system purchased from Alstom, including many features to increase dispatcher safety and efficiency. "Point and click" operations are used to issue Track Warrant and Track & Time/Foul Time authorities to trains and Maintenance of Way employees. The system features fully integrated CTC, Track & Time, Track Warrant Control, and Track Bulletins. The office employs standard manual input paper train sheets.

Crews. EJ&E crew management is located at Kirk Yard in Gary, IN. Three management employees supervise three daily turns of Crew Callers, who call to work all locomotive engineers, road conductors, and brakemen. They also supervise three turns daily of the Kirk Yard Book Yardmaster, who calls to work all switchmen and yardmasters. The Crew Callers and Book Yardmasters employ a computer-aided calling system that was created and is maintained in-house. The three management employees also supervise car control clerks working with the

Railcar Management, Inc., system, as well as yard clerks. Extra board employees are available to fill both the Crew Caller and Book Yardmaster positions in case of vacancies.

3. Safety Integration – Dispatching

Although both train and crew dispatching operations would initially remain separate for CN and EJ&EW, CN expects to integrate EJ&EW's crew management and train dispatching systems into its Regional Operations Center in Homewood as soon as reasonably possible after consummation of the Transaction.

Specific plans have not yet been developed for this consolidation. However, CN would ensure that the consolidation is carried out carefully, and that all training and familiarization as to both operating rules/procedures and systems is completed prior to the commencement of operations in the new location. CN would review workload prior to any decision pertaining to the consolidation of operations. It is noted that CN's new train dispatching systems provide increased flexibility that would assist in this regard.

CN would also review the timing of the consolidation and the required training in association with a number of related issues, including the extension of the CN USOR to EJ&EW. CN would keep FRA updated on the progress of this initiative throughout the implementation phase.

The Transaction would not result in any additional U.S. territory being dispatched from Canada.

I. HIGHWAY-RAIL GRADE CROSSING SYSTEMS

1. Grade Crossing Safety at CN

Grade crossing safety is a major part of CN's safety program on both sides of the border. CN's grade crossing safety program focuses on the traditional "3 E's" of Education, Engineering,

and Enforcement, with emphasis also on regulatory change. CN believes that due in large part to its various safety initiatives and programs the number of crossing accidents on its U.S. lines has fallen by over 30% since 1998, during which period CN engaged in several rail acquisition transactions.

CN is very active in the Operation Lifesaver, Inc., program. Over 150 employees have become certified Operation Lifesaver trainers, putting on some 1,000 presentations each year to schools and other community organizations, to driver education classes, and to school bus and other professional drivers. CN participates in Operation Lifesaver state committees in every state where it operates, and in Operation Lifesaver booths at state and local fairs, railroad shows, community and civic events, as well as state and national Operation Lifesaver Day festivities. As part of its “All Aboard for Safety” initiative, CN also participates in Safe Crossing Week each year. This program is designed to help elementary school children learn about railroad crossing safety. This program also gives CN employees the opportunity to visit their child’s or young relative’s class, scout troop, or sports team to talk about crossing safety. CN operates a number of annual special Operation Lifesaver Santa trains in the U.S. to ensure that the crossing safety message is conveyed during the holiday season. It has also produced crossing and trespass safety videos for a variety of audiences.

All crossing accidents are recorded and reported to FRA as required by regulation. Details on all crossing accidents in Canada and the U.S. are captured in CN’s SAP computer system and are analyzed to identify trends. A “Near Crash” program allows for reporting and follow-up investigation of close calls at crossings.

Enforcement activities include both the Officer/Trooper and the Judge-on-a-Train programs (in which police officers and judges are invited to ride in a train’s locomotive and

experience crossing and trespassing situations first hand), blitzes with local police authorities, and information sessions for local police forces and the judiciary. CN conducts highway-rail grade crossing collision investigation training courses for law enforcement personnel. CN regularly discusses crossing safety with states and other highway authorities, ensuring the partnership required to further crossing safety.

CN has added prominently posted 1-800 emergency location numbers to all public crossings in Canada and the U.S., allowing the public to contact it quickly with information on emergency situations or signal crossing problems 24 hours per day. CN has also greatly expanded the number of its crossing systems equipped with constant warning detection, employs widespread use of 24-hour electronic crossing monitors, and has installed signal lights using LED technology. CN has special contact information for operators of wide or heavy vehicles on its web site.

CN's U.S. operations have successfully used U.S. programs to eliminate crossings. CN works with all state transportation agencies along its U.S. lines on grade crossings identified as needing improvement and on "corridor improvement" initiatives designed to close or consolidate crossings. CN regularly updates railroad information in the DOT grade crossing inventory.

CN Police's Communication Center in Montreal has computerized information that allows assist-respond calls to CN's 1-800 emergency number, posted at every CN public crossing in Canada and the U.S., by quickly identifying any location on the system and dispatching necessary internal or external responders.

2. Grade Crossing Safety at EJ&E

Grade crossing accidents have been relatively infrequent on EJ&E. Nonetheless, the railroad has a number of important programs and practices in this area.

EJ&E has 175 at-grade public crossings equipped with active warning systems, with most equipped with gates, flashing lights, and bells at a minimum. Many also feature constant warning detection and LED signal technology. All active crossings located within Illinois and most of the active locations in Indiana have a remote monitoring system that alerts the dispatching office concerning equipment failures, allowing for maintenance personnel to be dispatched.

EJ&E works closely with the Illinois and Indiana Departments of Transportation, the Illinois and Indiana Commerce Commissions, the FRA, county and city agencies, and individuals to improve grade crossing safety. A 1-800 emergency number is prominently displayed at all signaled grade crossings. As required by FRA rules, all local law enforcement agencies have provided EJ&E with non-emergency telephone numbers so they can be notified should a crossing warning system malfunction. EJ&E's web site contains special contact information for operators of high/wide loads.

In the event of an accident, emergency response is coordinated through EJ&E's Train Dispatcher. All crossing accidents are recorded and reported to FRA as required by regulation.

3. Safety Integration – Grade Crossing Safety

A review of the grade crossing safety programs and practices on CN and EJ&EW indicate a number of best practice elements from which the combined system could benefit. These include research initiatives/crossing closure/consolidation programs; integrated crossing accidents database; and various enforcement and education programs, especially CN's significant Operation Lifesaver resources.

As noted in the Application, the shifting of traffic from the current downtown Chicago CN routes onto the EJ&EW arc would result in changes in traffic volumes on a number of these subdivisions. These proposed changes should significantly reduce congestion on CN, IHB, and

BRC lines that cut through densely populated neighborhoods in and around Chicago. As can be seen in traffic volume tables in Appendix B (Attachments A.1 and .2 to the Operating Plan), the number of trains operating on these lines would decrease by as much as 20 trains per day. The proposed changes would also advance the similar objectives of Project CREATE⁶ and make it possible for the City of Chicago to realize its goals with respect to the St. Charles Air Line more quickly than under CREATE's uncertain Central Corridor scenario. Eliminating the need to construct the Central Corridor would also lessen community disruption and dislocation in Chicago's core. Such reductions not only should permit more efficient operation of trains, but for those portions of the lines with crossings at grade may also reduce the occasion for accidents.

The proposed changes would, however, increase traffic on the EJ&EW arc. As indicated in the tables in Appendix B, once the identified new track and connections have been added, the portion of the EJ&EW Western and Eastern Subdivisions between Leighton, IL and Gary, IN, would experience increases on the order of 15-27 trains per day.

In assessing the effects of this projected increase on crossing safety, CN has reviewed the crossings on this 102-mile segment of track. CN has also reviewed the accident history of these crossings.

⁶ The Chicago Region Environmental and Transportation Efficiency Program (CREATE) is a partnership between the State of Illinois, the City of Chicago, and the freight railroads operating in Chicago to increase the efficiency of the region's rail infrastructure and improve the quality of life of its residents. The program's goals are to: reduce rail and highway congestion, improve passenger rail service, enhance public safety, promote economic development, create jobs, improve air quality, and reduce noise from idling or slow-moving trains.

CREATE was originally envisioned as an approximately \$1.5 billion public/private infrastructure initiative, with funding coming from the federal government, the State of Illinois, the City of Chicago, and the railroads. Congress provided significantly lower funding in 2005 in the SAFETEA-LU legislation than advocated by CREATE's proponents. The funding provided is sufficient for only a partial implementation of CREATE in upcoming years, and, with continued funding uncertainties, left realization of the remainder of the Project in question – including the construction of a new CN Central Corridor route through Chicago. As envisioned in CREATE, the costly Central Corridor route (running from the connection between NS and CN near 75th Street through downtown Chicago to a connection with CN's Waukesha Subdivision near Schiller Park) would permit CN to discontinue use of the St. Charles Air Line and eventually allow for the City's acquisition and development of the properties for other uses.

Appendix C contains a list of the crossings on the sections of track which would see increased train volumes. In total there are 101 public crossings as well as 19 private crossings and 5 pedestrian/bike path crossings.

CN notes that the public crossings on these sections of the EJ&EW track are already very well “protected” with automated warning systems. All except eight of the 101 crossings have warning systems that include flashing lights and gates. Of those eight, four have automatic warning systems with flashing lights in place. Two of these, Renwick Road at mile 7.61 of the Western Subdivision and Essington Road at mile 6.87 of the Western Subdivision are scheduled to be upgraded by EJ&E with the addition of gates in the first half of 2008. Also, as noted in the description of EJ&E crossing technology, many of these signaled crossings also feature crossing monitors and LED signals. Only four relatively low-use crossings (with traffic volumes of less than 800 vehicles per day) have only crossbucks.

As a result, CN is confident that the increased train traffic would not result in crossing safety problems.

CN’s review of the crossing accident history on EJ&E also supports this view. The largest number of crossing accidents on EJ&E over the past five years have occurred at private crossings inside U.S. Steel’s Gary Works facility. These crossings would become part of Gary Railway and would not otherwise be affected by the Transaction. Two other crossings have had three accidents in the past five years: Mound Road, on the Illinois River branch, which would not experience changes in train traffic levels, and Woodruff Road, on the Western Subdivision, which would experience a projected increase of 27 trains per day. CN has reviewed the Woodruff Road crossing and notes that it has an automatic warning system which includes gates. It also has proper signage in place to warn crossing users of the presence of a railway crossing as well as

signage advising road users of the option of diverting to the underpass at Charlesworth Avenue should the crossing be occupied. CN and EJ&E are not aware of any issues identified by FRA or state agencies at this location, and CN's review has identified no specific safety deficiencies at this crossing.

Although CN is confident that the traffic increases can be safely handled by the EJ&EW crossings, CN would ensure that the Illinois Commerce Commission (ICC) and the Indiana State Department of Transportation (INDOT) are aware of the projected traffic level changes where roadways cross CN or EJ&EW lines and would consult with them so that they can take the changes in traffic levels at affected crossings into account in reviewing the adequacy of existing grade crossing protection. This communication has already commenced, with CN having met with ICC on December 10, 2007.

CN would also concentrate its Operation Lifesaver and other education and enforcement resources on this section of track prior to and in the months following the increases. Particular emphasis would be placed on enforcement and education activities at the Woodruff Road crossing. CN would also ensure that the 1-800 information at the crossings on the EJ&EW system remain current.

The construction of the six new connecting tracks is not expected to create any new grade crossings. One existing crossing on the Matteson connection would be moved approximately 10 feet. Illinois Commerce Commission approval would be obtained for this work. Similarly, the planned addition of 19 miles of double track would add a second track at 24 public crossings. All except one of these locations already have gates in place. The exception, 116th Ave. at mile 11.49 of the Eastern Subdivision, has a warning system consisting of flashing lights and bell. CN would

upgrade this crossing by adding a gate to the warning system prior to the projected increase in traffic.

A detailed environmental impact statement, including a review of the possible disruption at crossings associated with the proposed changes, will be prepared by STB's Section of Environmental Analysis (SEA). CN is of the view that the environmental effects of the EJ&EW Transaction would benefit the greater Chicago metropolitan area, and that the re-routing of its trains from Chicago's inner core to the more rural and less populated outskirts of Chicago would reduce the total environmental impact of CN and EJ&EW in the region. CN also expects that more efficient movement of its trains will improve fluidity and lead to fewer interruptions and less interference with vehicular traffic in the urban core. Furthermore, with the combination of the improvements due to the construction of the new connecting tracks and double track/siding extensions, as well as CN having direct control over the line and yards, CN is confident that the increased traffic can be handled without creating new congestion problems. Similarly, CN does not anticipate any capacity issues at Kirk Yard.

To ensure a full and proper dialogue with affected parties, CN is already engaged in preliminary discussions with communities that would see increased rail traffic as a result of the Transaction, and would work with them to jointly find ways of addressing specific concerns.

J. PERSONNEL STAFFING

CN estimates that the EJ&E Transaction would result in the elimination of 114 positions. It anticipates that most of these impacts could be accommodated through normal attrition during the implementation period. CN's continuing need for experienced, skilled railroaders at its neighboring Chicago area operations makes it highly likely that most of the affected employees would have the opportunity to fill other positions opening up elsewhere in CN's Chicago

operations. CN would work with the respective collective bargaining units to attempt to secure labor implementing agreements that would provide for the flexibility to fully employ any potentially adversely affected employee.

The Transaction would generate efficiency gains that would likely affect employment levels in three primary areas.

First, as shown in the Labor Impact Exhibit set forth as Appendix A, the largest anticipated impact is in the area of general and administrative (G & A) positions. CN intends to streamline duplicative administrative activities. This would primarily affect EJ&E's management and clerical ranks in Joliet, IL, and Gary, IN. CN support departments would instead provide these administrative services. With appropriate labor implementing agreements, and with CN's ongoing need for experienced employees in the Chicago area, employees are expected to have the opportunity to follow this work.

Second, the CN/EJ&EW Transaction would permit significant improvements in equipment utilization, work processes, and maintenance activities. As newer railcars and locomotives are integrated into the fleet of the combined system, maintenance workloads would drop. In addition, CN has specialized facilities that could handle some of the tasks that today are necessarily handled on EJ&E because it is a stand-alone operation that has no contiguous rail affiliates and therefore must be essentially self-reliant. In addition, improved engineering processes and increased mechanization would boost the productivity of EJ&EW's track and signal forces.

Finally, in the transportation area, dispatching and crew calling offices serving EJ&EW would be relocated to CN's offices in Homewood, IL, once systems have been put in place to ensure the proper coordination of train movements across the affected lines. As in the case of

general and administrative employees, given CN's continuing need for experienced employees in the Chicago area, appropriate labor implementing agreements would provide employees with the opportunity to follow this work. In all cases, CN would first attempt to make any necessary reductions through attrition. Where work opportunities require relocation of employees represented by labor organizations, CN would seek implementing agreements with those organizations to allow the efficient use of experienced employees where job opportunities exist. In previous transactions, CN has established a strong track record of reaching voluntary implementing agreements with labor organizations, with due regard to seniority interests, and it sees no reason to expect any different outcome with the CN/EJ&EW Transaction.

CN also has an ongoing need for knowledgeable railroad managers, and EJ&E has a rich talent base. EJ&EW management employees whose local positions are eliminated as a result of the Transaction would be offered job opportunities elsewhere in the CN system with compensation and benefits packages comparable to those available to CN's U.S.-based managers. If a new CN assignment should require relocation of a management person, CN would move the employee in accordance with the then-current CN management relocation plan..

The projected changes in staffing levels represent CN's best estimate, based on information presently available, of the changes necessary to secure the public transportation benefits and the efficiencies of the Transaction. However, additional changes may be identified in carrying out the approved Transaction, as circumstances change, opportunities open elsewhere on the CN system, traffic and shipping patterns evolve, and CN acquires experience in operating the combined system.

K. CAPITAL INVESTMENT

To provide for the safety and productivity of its operations CN regularly reinvests a significant percentage of its revenue on capital expenditures that is among the highest for Class I railroads. Although the railroad's 2008 capital plans have not been finalized as of the preparation of this document, this commitment to reinvesting in safety would continue.

As previously noted, CN also plans to invest \$100 million for infrastructure enhancements and new capacity on EJ&EW lines and on connections of those lines with CN's existing lines and the lines of other Class I carriers. Improved connecting tracks at six locations on EJ&EW (Munger, Joliet, Matteson, Griffith, Ivanhoe, and Kirk Yard) would provide CN with the ability to route its trains most efficiently over the EJ&EW arc instead of through the City of Chicago and the St. Charles Air Line and also to use that arc to interchange more efficiently with other carriers.

In addition to these connections, to ensure that adequate mainline capacity exists on EJ&EW to handle CN train flows diverted from City of Chicago routes, and to protect both existing EJ&E and trackage/haulage train movements and the needs of rail customers, CN plans to extend sidings and reinstall a second main track along 19 miles of EJ&EW lines.

Other than these specific investments, the Transaction is not otherwise expected to affect CN's capital investment plans for 2008 and beyond. EJ&E has relatively modest plans for continuing investment in plant and equipment upgrades. After consummation, CN would carefully review such investment plans in the context of broader integrated system requirements.

L. INFORMATION SYSTEMS

1. Information Systems at CN

CN extensively uses computerized information systems to manage train operations. CN's Information Technology group oversees the design, development, and maintenance of all CN

information systems. CN has successfully completed the extension of these key information systems to IC, WC, and DMIR and B&LE as part of previous acquisition integrations.

CN manages the overall operation of its trains by using SRS, whose sophisticated capabilities support waybilling, car and train scheduling, and tracking. This integrated system allows employees at any location to use the same information to build trains, manage traffic, and measure performance. SRS has a number of safety features, including train weight and length capacity edits, overload checks, hazmat marshalling and hump checks, dimensional checks for handling and marshalling, and a speed restriction table linked to waybill, train makeup, and marshalling. After a major planning and training program, CN successfully extended SRS to IC in 2000, to WC in 2003, and to DMIR and B&LE in 2005.

CN's CATS, used for the management of train crews, was also successfully extended to each of these acquired railroads.

As noted in the Train Dispatching section of this SIP, CN has recently and successfully completed upgrading its dispatching system on all of its U.S. lines to a common platform, using a DigiCon Control System. Other information systems are described in other sections of this SIP.

As a result of heightened security concerns in the past few years, CN has focused intensely on its disaster recovery and system security capabilities. It has established a detailed plan and the necessary capabilities, and conducts annual disaster recovery simulations to ensure that its capabilities remain up to date.

2. Information Systems at EJ&E

EJ&E uses a Railcar Management, Inc., system to manage rail operations. This system provides information on car and train origin, destination, and most recent locations, with tonnage

profiles, car information, and the necessary hazmat waybill and response information. EJ&E has established Disaster Recovery plans in association with Railcar Management, Inc.

As noted in the Train Dispatching section of this SIP, EJ&E dispatching is handled using an Alstom train dispatch system.

3. Safety Integration – Information Systems

CN and EJ&E have already started reviewing the individual railroad information systems and are confident that they would safely and efficiently support the combined rail system following implementation of the Transaction.

The information systems used by EJ&E, although less extensive than CN's SRS, meet EJ&E's requirements. EJ&E is a much smaller operation than CN, handling a relatively small amount of traffic between a limited number of origins and destinations, and does not require complex, specialized computer applications for planning and tracking. CN plans to extend SRS to EJ&EW as expeditiously as possible within the first 12 months after the Transaction's closing date. CN has experience in such an initiative, having successfully expanded SRS after the larger CN/IC, CN/WC, and CN/GLT transactions. As with those transactions, CN would provide affected EJ&EW personnel training, including field testing, and allow them to become familiar with SRS prior to full cutover.

Absent consolidation, existing systems would be linked through electronic data interface using enhanced protocols that would support efficient single-line-like service. As noted in the Dispatching section of this SIP, the railroads would also assess the possibility of consolidating crew management information using CN's CATS system.

Although EJ&E has disaster recovery plans for its key information systems, CN would work towards integration of EJ&EW into CN's recovery plan and include it in the annual test simulations.

Section 4

Implementation of Safety Integration Plan

As required by the FRA regulations, CN has developed a SIP Accountabilities implementation plan (SIPA) which sets out how it would carry out the initiatives described in this document and the resources to be assigned to each initiative (Appendix D). The plan is based on the SIPA documents that were successfully used to monitor acquisition implementation in the CN/IC, CN/WC, and CN/GLT transactions. As with those SIPAs, CN expects that the plan would be dynamic, changing with experience and as decisions are made. CN would again provide FRA with regular updates of the SIPA.

CN's Jerry Peck, General Manager - Chicago Division, would bear direct responsibility for seeing that the Transaction is safely implemented in accordance with the SIP, supported by executive and senior management of CN and EJ&EW. If in doubt about any particular issue, CN would maintain the status quo (with proper procedures) until assured that implementation could take place with no adverse safety consequences. CN's recent experience with the successful implementation of the CN/IC, CN/WC, and CN/GLT transactions provides important guidance in how best to consolidate programs and build on each of the combining railroads' strengths.

CN would work closely with FRA throughout and welcomes FRA's comments.

APPENDIX A

Copy of Labor Impact Exhibit

**ATTACHMENT B
CN-EJ&E Labor Impact Exhibit**

EJ & E Labor Impact Summary

	EJ&E Positions as of 12/2006 (Base Case)			
	Joliet	System	Kirk/Gary/ Whiting	Total
Police	4	0	1	5
MoW	19	45	57	121
Carmen	25	0	34	59
Signalmen	2	11	7	20
Electricians - Loco	0	0	17	17
Electricians - Engineering	0	1	0	1
Machinists	0	0	32	32
Sheetmetal Workers	0	0	5	5
Hostlers	0	0	10	10
Clerks	19	0	52	71
Telegrapher/Tower Opr	0	6	3	9
Train and Engine Service	32	64	131	227
Yardmasters	1	0	10	11
Dispatchers	0	14	0	14
Total	102	141	359	602

	Positions Transferred to CN						Total	Timing Year
	Joliet	System	Kirk Whiting	Woodcrest	Markham	Homewood		
4	0	1	0	0	0	5	1	
19	25	22	0	0	0	66	1	
23	0	21	0	4	0	48	1	
0	8	5	0	0	0	13	1	
0	0	3	3	0	0	6	1	
0	0	0	0	0	0	0	1	
0	0	15	12	0	0	27	1	
0	0	0	4	0	0	4	1	
0	0	0	4	0	0	4	1	
9	0	12	0	0	4	25	1	
0	6	3	0	0	0	9	1	
22	45	53	0	0	0	120	1	
1	0	5	0	0	0	6	1	
0	0	0	0	0	14	14	1	
78	84	140	23	4	18	347		

	Positions Transferred to Gary Railway			
	Joliet	System	Gary	Total
Police	0	0	0	0
MoW	0	0	19	19
Carmen	0	0	13	13
Signalmen	0	0	0	0
Electricians - Loco	0	0	5	5
Electricians - Engineering	0	0	1	1
Machinists	0	0	8	8
Sheetmetal Workers	0	0	0	0
Hostlers	0	0	2	2
Clerks	0	0	17	17
Telegrapher/Tower Opr	0	0	0	0
Train and Engine Service	0	0	69	69
Yardmasters	0	0	7	7
Dispatchers	0	0	0	0
Total	0	0	141	141

	Positions Abolished				Timing Year
	Joliet	System	Kirk/Gary/ Whiting	Total	
0	0	0	0	0	1
0	20	16	36	36	1
0	0	(2)	(2)	(2)	1
2	3	2	7	7	1
0	0	6	6	6	1
0	0	0	0	0	1
0	0	(3)	(3)	(3)	1
0	0	1	1	1	1
0	0	4	4	4	1
10	0	19	29	29	1
0	0	0	0	0	1
10	19	9	38	38	1
0	0	(2)	(2)	(2)	1
0	0	0	0	0	1
22	41	50	114		

Notes:

Data based on EJ&E December 2006 figures

Parentheses indicate potential new hires

While this table shows Positions Abolished, the Applicants believe that most reductions will be accomplished through attrition.

APPENDIX B

**Traffic Changes on CN and EJ&E Rail Line Segments in United States Affected by
Canadian National/EJ&E West Company Transaction**

Attachment A.1

Potential Changes in Train Counts on Affected CN Rail Line Segments

Traffic Changes on CN Rail Line Segments in United States Affected by Canadian National/EJ&E West Company Transaction

Rail Line Segment Description				Freight - Trains/Day			Freight - Gross Tons/Day				Hazmat; Carloads/Year		
Segment Number	From Station	To Station	Road	Base	Change	Total	Base	Merged	Difference	Percent Change	Base	Merged	Difference
1	Matteson	Markham	CN	13.5	(5.5)	8.0	77,887	35,256	(42,631)	-55%	140.7	12.8	(127.8)
2	Markham	Harvey	CN	16.4	(14.4)	2.0	120,026	11,561	(108,464)	-90%	229.8	6.7	(223.1)
3	Harvey	Riverdale	CN	6.5	(6.5)	0.0	41,843	-	(41,843)	-100%	117.9	-	(117.9)
4	Riverdale	Kensington	CN	6.4	(6.4)	0.0	31,990	-	(31,990)	-100%	101.2	-	(101.2)
5	Kensington	Wildwood	CN	6.5	(6.5)	0.0	26,983	-	(26,983)	-100%	68.3	-	(68.3)
	Wildwood	94th St	CN	6.5	(6.5)	0.0	26,398	-	(26,398)	-100%	67.3	-	(67.3)
6	94th St	67th St	CN	8.4	(8.4)	0.0	26,398	-	(26,398)	-100%	67.3	-	(67.3)
	67th St	16th St	CN	6.5	(6.5)	0.0	26,398	-	(26,398)	-100%	67.3	-	(67.3)
7	16th St	Bridgeport	CN	4.0	(4.0)	0.0	26,398	-	(26,398)	-100%	67.3	-	(67.3)
8	Bridgeport	Belt Crossing	CN	2.6	(0.9)	1.7	17,062	840	(16,221)	-95%	62.2	6.1	(56.2)
9	Belt Crossing	Hawthorne	CN	4.5	(2.8)	1.7	27,795	840	(26,955)	-97%	82.5	6.1	(76.4)
10	Hawthorne	Broadview	CN	4.6	(1.2)	3.4	35,713	2,066	(33,647)	-94%	69.8	1.5	(68.3)
11	Broadview	Munger	CN	3.0	(1.3)	1.7	24,899	1,476	(23,422)	-94%	60.5	0.6	(60.0)
12	Bridgeport	Lemoyne	CN	2.2	(0.5)	1.7	15,192	840	(14,351)	-94%	57.4	6.1	(51.3)
13	Lemoyne	Glenn Yard	CN	2.2	1.5	3.7	26,732	2,123	(24,609)	-92%	90.4	18.6	(71.8)
14	Glenn Yard	Argo	CN	3.9	(1.9)	2.0	23,855	8,071	(15,785)	-66%	88.1	50.3	(37.9)
15	Argo	Millsdale	CN	0.0	2.0	2.0	14,812	8,071	(6,742)	-46%	71.9	50.3	(21.6)
16	Millsdale	Joliet	CN	0.0	2.0	2.0	10,868	8,071	(2,797)	-26%	39.0	50.3	11.3
17	Madison St	Forest Park	CN	7.8	(7.8)	0.0	53,186	-	(53,186)	-100%	77.3	-	(77.3)
18	Forest Park	B12	CN	8.4	(8.4)	0.0	53,186	-	(53,186)	-100%	77.3	-	(77.3)
19	B12	Schiller Park	CN	19.5	(15.8)	3.7	135,609	8,009	(127,600)	-94%	158.7	7.2	(151.5)
20	Schiller Park	Leithton	CN	19.4	(17.4)	2.0	136,888	9,286	(127,602)	-93%	157.8	6.3	(151.5)
21	Griffith	Thornton Jct	CN	19.7	(12.9)	6.9	127,071	32,481	(94,590)	-74%	229.5	24.3	(205.2)
22	Thornton Jct	CN Jct	CN	26.1	(21.1)	5.0	112,627	22,280	(90,347)	-80%	221.9	24.3	(197.6)
23	CN Jct	Blue Island	CN	14.3	(13.3)	1.0	111,904	10,719	(101,185)	-90%	160.7	17.5	(143.2)
24	Blue Island	Hayford	CN	4.2	(4.2)	0.0	18,331	-	(18,331)	-100%	38.8	-	(38.8)

Diversion Tons

It is expected that as a result of the CN/EJ&EW transaction traffic could be diverted to CN lines that CN does not currently handle (see table below). This traffic can be absorbed into current trains without the requirement for additional trains.

Between	Maximum Daily Diverted Tons	% Increase
Matteson and Memphis	2,246	2.9%
Memphis and New Orleans	223	0.3%
Griffith and Pt Huron	161	0.1%
Leithton and Ranier	1,488	1.1%
Munger and Omaha	19	0.1%

NOTE: Base data reflects estimates of future intermodal traffic from and to Prince Rupert, BC.

Attachment A.2

Potential Changes in Train Counts on Affected EJ&E Rail Line Segments

Traffic Changes on EJ&E Rail Line Segments in United States Affected by Canadian National/EJ&E West Company Transaction

Rail Line Segment Description				Freight - Trains/Day			Freight - Gross Tons/Day				Hazmat Carloads/Year		
Segment Number	From Station	To Station	Road	Base	Change	Total	Base	Merged	Difference	Percent Change	Base	Merged	Difference
15	Rondout	Leithton	EJE	3.2	0.0	3.2	3,222	2,038	(1,184)	-37%	9.4	9.4	-
14	Leithton	Spaulding	EJE	5.3	15.0	20.3	20,457	158,701	138,244	676%	10.1	174.4	164.3
13	Spaulding	Munger	EJE	5.5	18.0	23.5	23,285	173,935	150,650	647%	21.0	200.6	179.6
12	Munger	West Chicago	EJE	4.4	20.0	24.4	14,397	184,969	170,572	1185%	21.1	265.5	244.4
11	West Chicago	East Siding	EJE	10.7	23.8	34.5	62,233	245,049	182,816	294%	30.7	301.4	270.7
10	East Siding	Walker	EJE	15.7	26.6	42.3	87,162	301,359	214,197	246%	43.4	379.3	335.9
9	Walker	Bridge Junction	EJE	18.5	26.6	45.0	89,329	304,113	214,784	240%	48.9	384.7	335.9
8	Bridge Junction	Rock Island Jct	EJE	18.5	26.6	45.0	78,157	291,439	213,282	273%	49.0	384.8	335.9
7	Rock Island Jct	Matteson	EJE	6.4	22.0	28.3	35,375	226,994	191,619	542%	51.4	353.2	301.8
6	Matteson	Chicago Hts	EJE	8.6	22.7	31.4	44,601	231,173	186,572	418%	44.3	428.3	384.0
5	Chicago Hts	Griffith	EJE	10.2	23.7	34.0	47,842	239,310	191,468	400%	44.7	436.3	391.7
4	Griffith	Van Loon	EJE	7.6	20.0	27.6	29,536	218,124	188,588	639%	45.5	447.0	401.5
3	Van Loon	Ivanhoe	EJE	9.7	19.0	28.7	42,024	213,554	171,531	408%	45.5	423.3	377.8
2	Ivanhoe	Cavanaugh	EJE	9.8	20.0	29.8	41,879	240,913	199,034	475%	52.5	486.6	434.0
1	Cavanaugh	Gary	EJE	11.8	20.0	31.8	44,098	243,124	199,026	451%	0.0	434.0	434.0
0	Gary	Indiana Harbor	EJE	3.5	0.0	3.5	13,340	21,860	8,520	64%	0.0	10.0	10.0
-1	Indiana Harbor	Hammond	EJE	1.8	0.0	1.8	6,594	9,060	2,466	37%	0.0	1.4	1.4
-2	Hammond	South Chicago	EJE	0.9	0.0	0.9	925	3,391	2,466	266%	9.4	10.8	1.4

NOTE: The traffic change numbers in Attachments A.1 and A.2 reflect changes that will result after track and connections have been added and the Transaction completely implemented. The numbers reflect train counts and gross tons on each segment, with the same train potentially crossing multiple segments. Thus, the numbers for each segment are not additive to determine the total number of trains or tonnage to be added on the entire length of EJ&EW, or to be subtracted from the CN lines.

APPENDIX C

List of Highway-Railroad Crossings Projected to Have Increase in Rail Traffic

Sub	Mile	Road Name	DOT#	Prot	AADT
WSD	59.13	Diamond Lake Rd. (Lake St.)	260 495U	G/FL/B	6500
WSD	59.02	Ivanhoe Rd. (Route83/SR/60)	260 496B	G/FL/B	23300
WSD	56.91	McHenry/Gilmer Rd.	260 500N	G/FL/B	12700
WSD	55.44	Old McHenry Rd.	260 503J	G/C/FL/B	21400
WSD	54.73	Oakwood Rd.	260 794B	C/FL/B	4900
WSD	53.45	Main St. (SR22)	260 507L	G/C/FL/B	13000
WSD	53.26	Old Rand Rd. / Paine St.	260 508T	G/FL/B	7700
WSD	52.33	Ela Rd.	260 510U	G/C/FL/B	14300
WSD	51.56	Cuba Rd.	260 511B	G/FL/B	8300
WSD	50.42	Lake Zurich Rd.	260 513P	G/FL/B	2400
WSD	50.11	US Rt. 14 NW Highway	260 514W	G/C/FL/B	25600
WSD	49.79	Hough St. (US 59)	260 515D	G/C/FL/B	17900
WSD	49.29	Main St. (Barrington)	260 516K	G/C/FL/B	10900
WSD	47.90	Otis Rd.	260 517S	G/FL/B	1400
WSD	44.90	Private - Klehm Nursery	260 519F	Xbucks	n/a
WSD	44.48	Penny Rd.	260 520A	G/FL/B	3700
WSD	43.97	Sutton Rd.	260 521G	G/FL/B	1600
WSD	41.90	Shoe Factory Rd.	260 525J	G/FL/B	7700
WSD	38.00	Private Crossing	260 531M	Xbucks	n/a
WSD	37.57	Spaulding Road	260 530F	G/FL/B	1200
WSD	36.95	West Bartlett Rd.	260 532U	G/FL/B	14400
WSD	35.68	Stearns Rd.	260 533B	G/C/FL/B	9200
WSD	33.89	Army Trail Rd.	260 535P	G/FL/B	5500
WSD	33.70	Army Trail Road Bike Path	260 803X	Xbucks	n/a
WSD	32.94	Smith Rd.	260 536W	G/FL/B	5300
WSD	30.92	Private Crossing	260 523V	Xbucks	n/a
WSD	30.24	Hawthorne Lane	260 538K	G/FL/B	14900
WSD	29.29	Private crossing - W Chicago depot	260 539S	Xbucks	n/a
WSD	28.93	Private crossing - Northwestern Flavors	260 540L	Xbucks	n/a
WSD	28.89	West Washington St.	260 541T	G/FL/B	9000
WSD	28.87	Aurora St	260 542A	Xbucks	160
WSD	28.77	Church St.	260 543G	G/FL/B	660
WSD	28.61	George St.(Pedestrian Only)	260 544N	Bell	n/a
WSD	28.55	Ann St.	260 545V	G/FL/B	660
WSD	25.64	Batavia Warrenville Rd.	260 550S	G/FL/B	n/a
WSD	23.02	Bike Path West of Diehl Road	260 804E	Xbucks	n/a
WSD	22.81	Diehl Rd.	260 556H	G/C/FL/B	14500
WSD	22.65	Bike Path East of Diehl Road	260 806L	Xbucks	n/a
WSD	20.63	Liberty St.	260 558W	G/FL/B	15400
WSD	19.02	Ogden Pointe Bike Path	260 935H	Xbucks	n/a
WSD	19.05	Oswego Rd. (US 34)	260 560X	G/C/FL/B	34100
WSD	18.19	83rd St.	260 562L	G/FL/B	310

WSD	17.68	87th St.	260 563T	G/FL/B	1450
WSD	17.03	91st St (Hafenrichter Rd)	260 564A	G/FL/B	4700
WSD	16.20	95th St.	260 565G	G/FL/B	9500
WSD	14.63	111th St.	260 567V	G/FL/B	8900
WSD	14.41	Private Rd	260 568C	Xbucks	n/a
WSD	13.59	Ferguson Rd./119th St.	260 569J	G/FL/B	3950
WSD	13.09	Private crossing - Hicks Gas	260 570D	Xbucks	n/a
WSD	12.91	Normantown Road	260 571K	G/FL/B	1800
WSD	12.56	Chapins Road	260 573Y	G/FL/B	4650
WSD	12.37	Private Crossing	260 574F	Xbucks	n/a
WSD	11.44	135th St. (Pilchers Rd.)	260 575M	G/FL/B	8500
WSD	10.58	Van Dyke Road	260 576U	G/C/FL/B	5000
WSD	10.33	143rd St.	260 577B	G/FL/B	4300
WSD	9.61	Naperville Rd.	260 580J	G/FL/B	3300
WSD	9.53	Main St. (SR 126) Plainfield	260 581R	G/FL/B	16500
WSD	9.41	Center St.	260 582X	G/FL/B	1150
WSD	9.28	Eastern Ave.	260 583E	G/FL/B	2800
WSD	8.99	Lockport St.	260 584L	G/FL/B	8200
WSD	7.61	Renwick Rd.	260 585T	FL/B (G to be added in 2008)	9300
WSD	6.87	Essington Rd.	260 587G	FL/B	3600
WSD	6.25	Private crossing	260 903C	Xbucks	n/a
WSD	6.05	Division St.	260 588N	G/C/FL/B	5500
WSD	5.57	Gaylord Rd.	260 589V	G/FL/B	4100
WSD	3.68	Private crossing	260 594S	Xbucks	n/a
WSD	3.20	Oakland Ave.	260 799K	G/FL/B	1200
WSD	0.95	Private crossing - Firing Range	260 905R	Xbucks	n/a
WSD	0.81	Woodruff Rd.	260 597M	G/FL/B	7700
ESD	0.95	Washington St.	260 601A	G/FL/B	7300
ESD	1.80	North Rowell Ave.	260 603N	G/FL/B	2300
ESD	2.50	Mills Rd.	260 604V	G/FL/B	2200
ESD	2.86	South Rowell Ave.	260 605C	G/FL/B	2300
ESD	3.15	Country Club Rd. (W. Spencer Rd)	260 606J	G/FL/B	850
ESD	4.22	Briggs St.	260 607R	G/FL/B	10000
ESD	4.44	Private Crossing	260 608X	Xbucks	n/a
ESD	5.00	Cherry Hill Rd.	260 609E	G/FL/B	800
ESD	5.73	Private crossing	260 610Y	Xbucks	n/a
ESD	6.00	Gouger Rd.	260 611F	G/FL/B	5600
ESD	7.00	Nelson Rd.	260 612M	G/FL/B	5300
ESD	7.26	Private crossing	260 613U	Xbucks	n/a
ESD	8.00	South Cedar Rd.	260 614B	G/FL/B	6700
ESD	9.24	Spencer Rd.	260 616P	G/FL/B	1600
ESD	10.00	Schoolhouse Rd.	260 617W	G/FL/B	6300
ESD	10.63	Private crossing	260 618D	Xbucks	n/a

ESD	11.49	116th St. (Bobzin Rd.)	260 620E	FL/B	650
ESD	11.96	Wolf Rd.	260 621L	G/FL/B	7200
ESD	14.05	Center Rd.	260 623A	G/FL/B	4200
ESD	14.64	Private Crossing	260 625N	Xbucks	n/a
ESD	14.83	Old Sauk Trail	260 626V	G/FL/B	2500
ESD	15.06	Pfieffer Rd.	260 627C	G/FL/B	5600
ESD	17.06	Harlem Ave.	260 628J	G/FL/B	8400
ESD	18.07	Ridgeland Ave.	260 629R	G/FL/B	3200
ESD	19.07	Central Ave.	260 630K	G/FL/B	2100
ESD	20.12	Cicero Ave.	260 632Y	G/C/FL/B	27700
ESD	21.42	Private crossing - Maple St	260 635U	Xbucks	n/a
ESD	21.61	Main St. (Matteson)	260 636B	G/FL/B	4000
ESD	23.12	Western Ave.	260 638P	G/C/FL/B	22600
ESD	24.63	Euclid Ave.	260 639W	G/FL/B	210
ESD	24.91	Chicago Rd.	260 640R	G/C/FL/B	24300
ESD	25.04	Halsted St.	260 641X	G/FL/B	10000
ESD	25.19	East End Ave.	260 642E	G/FL/B	4650
ESD	25.92	Wentworth Ave.	260 644T	G/FL/B	4010
ESD	26.16	State St.	260 645A	G/FL/B	7000
ESD	27.17	Cottage Grove Ave.	260 646G	G/C/FL/B	5100
ESD	27.68	Private crossing - Woodlawn Ave	260 647N	Xbucks	n/a
ESD	29.18	Torrence Ave.	260 649C	G/FL/B	8200
ESD	30.15	Private crossing	260 650W	Xbucks	n/a
ESD	30.69	Rt. 30 /Lincoln Hwy.	260 651D	G/C/FL/B	35900
ESD	30.96	Lake St.	260 652K	G/FL/B	250
ESD	31.10	Hart St.	260 653S	G/C/FL/B	750
ESD	33.66	Airport Road	260 655F	G/FL/B	250
ESD	34.36	Kennedy Avenue	260 657U	G/C/FL/B	11630
ESD	36.22	Broad St.	230 082T	G/FL/B	12900
ESD	36.52	Main St. (Griffith)	260 659H	G/FL/B	5900
ESD	36.77	Lake St	260 661J	Xbucks	250
ESD	36.89	Miller St	260 662R	Xbucks	750
ESD	37.02	Elm St.	260 663X	G/FL/B	750
ESD	37.52	45th Ave.	260 664E	G/C/FL/B	3500
ESD	38.11	40th Place	260 665L	G/C/FL/B	250
ESD	39.68	Black Oak Road	260 668G	Xbucks	250
ESD	40.03	West 25th Ave.	260 670H	G/FL/B	750
ESD	41.03	West 15th Ave.	260 671P	G/C/FL/B	3500
ESD	41.52	West 9th Ave.	260 672W	FL/B	750
ESD	41.97	West 5th Ave. (US 20)	260 673D	G/C/FL/B	17740

APPENDIX D

Safety Integration Plan Accountabilities

CN/EJ&EW Safety Integration Plan - SIPA Action Items

Initial filing based on earliest projected transaction implementation date (October 1, 2008). To be adjusted in accordance with actual approval date.

Item	Description	SIP Ref. Page	Est. Start Date	Est. End Date	Resources	Accountability	Comments
Safety Culture							
SC1	Employee Communications Plan	16			\$5,000 meetings, material, etc	M. Wallace	Plan to include meetings with executives, email information and published material
	a) Develop communications plan		10/1/2007	12/31/2007			Underway
	b) Implement communications plan		10/22/2007	12/31/2008			Underway. Initial meetings held with EJ&EW employees
SC2	Integration of safety policy and standards	18			\$3,000 Distribution	S. Berrada/R. Keane	
	a) Review current policies and standards		10/1/2008	12/31/2008			Initial scoping complete
	b) Produce and communicate common policies and standards		10/1/2008	12/31/2009			
SC3	Expansion of key CN corporate safety initiatives	17-18			\$10,000 Material and training/information	S. Berrada/R. Keane	To include Safe Work Procedures, Best Practices sessions, Trend analysis resources, ABC initiative
	a) Provide information on initiatives		10/1/2008	12/31/2008			
	b) Identify required modifications		10/1/2008	12/31/2008			Initial scoping complete
	c) Expand initiatives to EJ&EW		10/1/2008	12/31/2009			
SC4	SOFA program integration	18			\$2,000 Material production and distribution	S. Berrada/R.Keane	Actual costs to depend on initial analysis
	a) Review current SOFA initiatives		10/1/2008	12/31/2008			Initial scoping complete
	b) Identify best practices		10/1/2008	12/31/2008			
	c) Integrate best practices into common program		10/1/2008	3/31/2009			
SC5	Integration of safety publications and material	18			\$10,000 Production and Distribution	M. Wallace/S. Berrada	To include employee magazines, newsletters, safety posters and other material
	a) Review current material and publications		10/1/2008	10/31/2008			Initial scoping complete
	b) Integrate corporate magazines		10/1/2008	12/31/2008			
	c) Integrate posters and other safety material		10/1/2008	12/31/2008			
SC6	Integration of accident/injury information systems	18			\$15,000 Systems modifications	S. Berrada	
	a) Add EJ&EW subdivisions to CN system		10/1/2008	10/31/2008			
	b) Develop process for inputting EJ&EW accidents/injuries		10/1/2008	10/31/2008			
	c) Implement process for capturing EJ&EW accidents/injuries		11/1/2008	2/28/2009			
SC7	Expansion of CN Corporate Safety Awards	18			No added cost	S. Berrada	

CN/EJ&EW Safety Integration Plan - SIPA Action Items

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Item	Description	SIP Ref. Page	Est. Start Date	Est. End Date	Resources	Accountability	Comments
	a) Implement safety tracking for EJ&EW		10/1/2008	12/31/2008			To be implemented using SAP system for accidents/incidents
	b) Include EJ&EW in regular performance updates			10/1/2008			EJ&EW will be included in performance of Southern Region and Chicago division effective day 1
	c) Include EJ&EW in safety awards program			10/1/2008			EJ&EW will be included in performance of Southern Region and Chicago division effective day 1
SC8	Expansion of CN Corporate President's Awards of Excellence	18			\$3,000 Informational material	L. Dakens	
	a) Provide program information and nomination material to all EJ&EW employees		9/1/2009	12/31/2009			EJ&EW employees will be eligible for 2009 awards to be presented in 2010
Training							
T1	Sharing of training programs and resources	27			\$5000 (To depend on review of needs)	S. Seebeck/Indiv. Functions & Regions	Key programs are identified elsewhere in SIPA under specific initiatives. General reviews to be carried out by individual functions with assistance of training coords. Cost depends on extent of identified work to be done
	a) Review current programs and resources		10/1/2008	12/31/2008			Share course catalogue and details on particular courses of interest
	b) Determine suitability and identify those ready or requiring change		10/1/2008	12/31/2008			
	c) Modify as required		12/1/2008	3/31/2009			
	d) Implement training as required		1/1/2009	12/31/2009			
Operating Practices							
OP1	Consolidation of Operating Rules	30-31			\$15,000 (Final costs to depend on extent of differences and training required)	R. Anderson	Prior to consolidation, railroads will monitor for any operation problems
	a) Identify differences		10/1/2008	12/31/2008			Initial scoping complete
	b) Develop training material		1/1/2009	3/31/2009			
	c) Provide training		6/1/2009	9/31/2009			
	d) Notification of 3rd party roads		8/1/2009	9/31/2009			
	e) Implementation		10/1/2009	12/31/2009			
	c) Address any identified interpretation problems		10/1/2009	12/31/2009			
OP2	Consolidation of Efficiency Test Program	31			\$5,000 (Final costs to depend on extent of differences and training required)	R. Anderson	To be implemented following consolidation of operating rules
	a) Identify differences		10/1/2008	12/31/2008			Initial scoping complete
	b) Develop training material		4/1/2009	7/31/2009			

CN/EJ&EW Safety Integration Plan - SIPA Action Items

Initial filing based on earliest projected transaction implementation date (October 1, 2008). To be adjusted in accordance with actual approval date.

Item	Description	SIP Ref. Page	Est. Start Date	Est. End Date	Resources	Accountability	Comments
	c) Provide training		9/1/2009	10/31/2009			
	e) Implementation		11/1/2009	12/31/2009			
OP3	Drug and Alcohol Programs	33			\$10,000 (Final costs to depend on extent of differences)	H. Burhoe	Existing programs to be retained in short term
	a) Review existing programs, procedures and systems for potential areas of consolidation		10/1/2008	12/31/2008			Initial scoping complete
	b) Undertake modifications required to address identified changes		11/1/2008	12/31/2008			
	c) FRA approval for changes in program		1/1/2009	3/31/2009			
	d) Provide training on new features and systems		2/1/2009	5/31/2009			
	e) Implement new process		6/1/2009	12/31/2009			
OP4	Consolidation of Locomotive Engineer Qualification and Certification Program	35			\$10,000 (Final costs to depend on extent of differences)	R. Anderson	Existing programs to be retained in short term
	a) Review existing programs, procedures and systems for potential areas of consolidation		1/1/2009	6/30/2009			Initial scoping complete
	b) Undertake modifications required to address changes		7/1/2009	12/31/2009			
	c) FRA approval for changes in program		1/1/2010	3/31/2010			
	d) Implement new process		4/1/2010				
OP5	Hours of Service Records	36			\$25,000 (changes to CATS, training)	S. Macri/R. Anderson/M. Moroz	Actual costs to depend on extent of differences. Existing process and systems to be retained in short term
	a) Review existing systems and procedures for potential areas of consolidation		10/1/2008	12/31/2008			Initial scoping complete
	b) Undertake modifications required to consolidate		1/1/2009	3/31/2009			
	c) Train employees on new procedures		4/1/2009	5/31/2009			
	e) Implementation		6/1/2009	7/31/2009			
Mechanical							
M1	Expansion of CN expertise and resources	41			No cost involved	G. Weber/L. Timoteo	Includes representation on AAR and industry committees
	a) Advise local officers of resources		10/1/2008	10/31/2008			
M2	Consolidation of Information Systems	43			\$10,000 Systems, \$3,000 training	Darrell Hoyt	Actual costs to depend on extent of systems changes required for EJ&EW

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Item	Description	SIP Ref. Page	Est. Start Date	Est. End Date	Resources	Accountability	Comments
	a) Review and identify change requirements		10/1/2008	10/31/2008			Initial scoping complete
	b) Make system modifications		1/1/2009	3/31/2009			
	c) Provide training		3/1/2009	4/30/2009			
	d) Implement consolidated systems		5/1/2009	5/31/2009			
M3	Car Fleet and Locomotive management	41			No incremental cost	Matt Barker	
	a) Add to combined fleet inventory and planning models		10/1/2008	10/31/2008			Number of locomotives and cars affected is very small
M4	Transfer of some employees to CN facilities	42			TBD	Darrell Hoyt	Actual costs to depend on detailed review
	a) Advise employees		10/1/2008	12/31/2009			
	b) Provide training in local shop rules and safety procedures		1/1/2009	12/31/2009			
M5	Territorial Consolidation Training	42-43			TBD	Darrell Hoyt	Actual costs to depend on detailed review
	a) Provide training in Operating rules, track protection and related safety procedures		as reqd	as reqd			To be provided prior to any consolidation of territories
M6	Review of EOT, radio, event recorder and locomotive control system compatibility	43			TDB (potential systems, training and communications)	Darrell Hoyt	Actual costs to depend on results of review
	a) Conduct review and identify potential incompatibilities		8/1/2008	9/31/2008			Preliminary review has been conducted. No major issues identified
	b) Develop mitigation to address any identified incompatibility issues		9/1/2008	9/31/2008			
	c) Implement mitigation where required		10/1/2008				Must be in place on Day 1
Signals and Train Control							
ST1	Expansion of CN S&C expertise	47			No incremental cost	D. Tays	Includes representation on AAR and industry committees
	a) Communicate existence of resource		10/1/2008	12/31/2008			
ST2	Territorial Consolidation Training	47			TBD	Dave Lowe	Actual costs to depend on detailed review
	a) Provide training in Operating rules, track protection and related safety procedures		as reqd	as reqd			To be provided prior to any consolidation of territories
Engineering							
E1	Expansion of CN bridge design and testing resources and expertise	52			\$20,000 testing	N. Peters/EJ&EW Engineering	Actual costs to be determined based on identified needs
	a) Communicate existence of resources		10/1/2008	10/31/2008			
	b) Develop plan for specialized testing		11/1/2008	3/31/2009			

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E2	Expansion of CN Rail Testing expertise	52			No incremental cost	E.Posyniak	
	a) Communicate existence of resource		10/1/2008	10/31/2008			
E3	Expansion of specialized track testing and evaluation equipment	52			\$15,000	E.Posyniak/EJ&EW Engineering	Costs to depend on required changes to systems
	a) Develop plan for expansion on EJ&EW		10/1/2008	12/31/2008			
	b) Carry out necessary changes to equipment systems		11/1/2008	12/31/2008			
	c) Train employees/implement		1/1/2009	3/31/2009			Will be implemented prior to projected increases in traffic
E4	Expansion of engineering systems	52			\$10,000 systems changes and communications	D. Tays/EJ&EW Engineering	Actual costs to depend on results of review
	a) Identify required changes to systems for EJ&EW use		10/1/2008	12/31/2008			Initial scoping complete
	b) Modify systems as required		12/1/2008	3/31/2009			
	c) Train employees/implement		1/1/2009	6/30/2009			
E5	Territorial Consolidation Training	53			TBD	Dave Lowe	Actual costs to depend on detailed review
	a) Provide training in Operating rules, track protection and related safety procedures		as reqd	as reqd			To be provided prior to any consolidation of territories
Hazmat							
H1	Expansion of CN Safe Handling Awards Program	62			\$5,000 systems and awards program	D. Simpson	
	a) Provide EJ&EW with program information		10/1/2008	12/31/2008			
	b) Implement process to allow for capturing of NARs on EJ&EW		12/1/2008	12/31/2008			
	c) Implement monitoring		1/1/2009	1/31/2009			Implementation date will depend on extent of work required to implement equivalent tracking on EJ&EW
	d) Initial awards		3/1/2010				Customers to be eligible based on 2009 performance
H2	Expansion of Hazmat Audit program	62			\$10,000 per audit	D. Simpson	
	a) Review and modify audit protocol for use on EJ&EW		10/1/2008	12/31/2008			
	b) Conduct initial audit		1/1/2009	12/31/2009			
H3	Expansion of Incident Command and CTEH programs	62			\$5,000 training	D. Simpson	
	a) Provide local officers with information on resources		10/1/2008	12/31/2008			

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	b) Conduct initial training		1/1/2009	6/30/2009			To be implemented prior to projected increase in Hazmat traffic
H4	Expansion of Responsible Care program	62			\$35,000 CMA fee mitigation cost	D. Simpson	Mitigation cost to depend on results of gap analysis
	a) Identify local code champions		10/1/2008	12/31/2008			
	b) Make application to CMA		1/1/2009	6/30/2009			
	c) Perform initial gap analysis		1/1/2009	6/30/2009			
	d) Receive Resp. Care membership		10/1/2009	12/31/2009			
H5	Expansion of Security Training	62			\$10,000 amendments and training material	D. Simpson	Actual cost to depend on results of gap analysis
	a) Review EJ&EW security plans		10/1/2008	9/30/2008			
	b) Integrate with CN plan		10/1/2008	12/31/2008			
	c) Address gaps in EJ&EW operations						
	d) Review training records		8/1/2008	12/31/2008			
	e) Integrate into CN training program		10/1/2008	12/31/2008			
	1/1/2009		6/30/2009				
Dispatching							
D1	Integration of EJ&EW Train Dispatching	65			TBD	H. Cary	Costs and timetable to depend on final implementation plan
	a) Develop plan		10/1/2008	12/31/2008			
	b) Advise employees		TBD	TBD			
	c) Provide training		TBD	TBD			
	b) Implementaiton		TBD	TBD			
D2	Integration of EJ&EW Crew Dispatching	65			TBD	H. Cary	Costs and timetable to depend on final implementation plan
	a) Develop plan		10/1/2008	12/31/2008			
	b) Advise employees		TBD	TBD			
	c) Provide training		TBD	TBD			
	b) Implementaiton		TBD	TBD			
Crossing and Trespass Safety							
CT1	Coordination of Crossing Safety Activities	69			No incremental costs expected	R. Keane/ B. Walker	To include closure/consolidation programs, Operation Lifesaver pgms, technology, research, etc.
	a) Review best practices		10/1/2008	12/31/2008			Initial scoping complete
	b) Develop common plan for sharing of results and future plans		1/1/2009	6/30/2009			
CT2	Review traffic changes with ICC and INDOT	71			No incremental costs expected	D. Lowe	
	a) Provide ICC and INDOT information on projected train traffic counts for review of safety concerns		10/1/2008	12/31/2008			Underway - initial meeting with ICC held on December 10, 2007
CT3	Upgrade identified crossings	70			\$ TBD	EJ&E Engineering/Dave Lowe	

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	a) Add gates to Renwick Road crossing (7.61 Western sub) and Essington Road (6.87 Western sub)		1/1/2008	6/30/2008			Scheduled to be upgraded by EJ&E in first half of 2008
	b) Add gates to 116th Ave crossing (11.49 Eastern sub)		1/1/2009	12/31/2009			Will be completed prior to projected traffic increase
Info. Systems and Ops. Technology							
IT1	Integration of SRS	77-78			\$0.25M labor, \$0.1M system mods, \$0.1M training	S. Macri	Actual costs to depend on compatibility reviews and scope of identified modifications
	a) Detailed planning of required changes		10/1/2008	11/30/2008			Initial "needs analysis" underway
	b) Produce detailed specifications and make necessary modifications		10/1/2008	12/31/2008			
	c) Develop training material		11/1/2008	12/31/2008			
	d) Provide training		1/1/2009	1/31/2009			
	e) Implement integrated systems		2/1/2009	3/31/2009			
IT2	Integration of Other IT Systems	78			\$100K labor, \$25K mods, \$10K training	S. Macri	Includes payroll, accounting, etc. Cost to depend on scope of identified changes
	a) Detailed planning of required changes		10/1/2008	12/31/2008			Initial "needs analysis" underway
	b) Produce detailed specifications and make necessary modifications		10/1/2008	12/31/2008			
	c) Implementation		1/1/2009	6/30/2009			
IT3	Integration of Disaster Recovery Plans	78			\$10K printing and distribution	S. Macri	Actual costs to depend on scope of identified modifications
	a) Detailed planning of required changes		10/1/2008	11/30/2008			Initial "needs analysis" underway
	b) Produce detailed specifications and make necessary modifications		11/1/2008	12/31/2008			
	c) Implementation		1/1/2009	6/30/2009			