

SURFACE TRANSPORTATION BOARD ISSUES FINAL ENVIRONMENTAL IMPACT STATEMENT FOR PROPOSED CANADIAN NATIONAL RAILWAY ACQUISITION OF ELGIN, JOLIET & EASTERN RAILWAY

The Surface Transportation Board announced today that its Section of Environmental Analysis (SEA) has issued the Final Environmental Impact Statement (Final EIS) for the proposed acquisition by the Canadian National Railway and Grand Trunk Corporation of the Elgin, Joliet & Eastern Railway (EJ&E). Issuance of the Final EIS completes SEA's environmental review process. Upon reviewing and considering the Final EIS, and the extensive transportation related and environmental record developed in this case, the Board will independently issue a final decision either denying, approving, or approving with conditions the pending merger. Completion of SEA's Final EIS should not be interpreted as determinative of the Board's ultimate final decision on the merger.

The [Final EIS was issued today in the proceeding entitled Canadian National Ry. And Grand Trunk Corp.—EJ&E West Co., STB Finance Docket No. 35087](#). It is also available for viewing and downloading via the Board's Web site at <http://www.stb.dot.gov>, under "E-LIBRARY," then under "Decisions & Notices," beneath the date "12/05/08."

A Fact Sheet is attached.

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Fact Sheet

The Final Environmental Impact Statement (Final EIS) completes the evaluation by the Board's Section of Environmental Analysis (SEA) of the potential environmental impacts of proposed acquisition of the Elgin, Joliet & Eastern Railway (EJ&E) by the Canadian National Railway and Grand Trunk Corporation (Applicants). More than 9,500 comments on the Draft EIS were received by SEA from members of the public, agencies, elected officials, organizations, businesses, and other stakeholders during the 60-day comment period.

The Final EIS responds to comments on the Draft EIS; discusses SEA's conclusions regarding potential environmental effects of the proposed transaction; and reflects additional work on issues raised during the Draft EIS comment period. Furthermore, the Final EIS sets forth the Applicants' voluntary mitigation measures and SEA's final environmental mitigation recommendations to the Board, including the requirement that the Applicants comply with the terms of their negotiated agreements with the communities of Joliet and Crest Hill, Illinois.

In the Final EIS, SEA identifies both potential beneficial and adverse environmental effects associated with the proposed transaction. The proposed acquisition would have beneficial environmental effects on communities located along the five CN rail lines leading into and out of Chicago, including decreased traffic delay, reduced noise, reduced air emissions, and fewer shipments of hazardous materials by rail. Communities along the EJ&E rail line, however, would experience adverse effects, including increased traffic, delay, noise, air emissions, and the shipment of hazardous materials by rail. Further, the Final EIS concludes that the pre-existing conditions in communities on the EJ&E rail line—that is, substantial

vehicular delay during peak travel times, train noise, and safety risks due to the high volume of cars, trucks, and current freight and passenger trains—are problematic. The proposed acquisition would likely exacerbate these pre-existing conditions.

If the Board decides to approve the proposed acquisition, SEA recommends that the Board require the Applicants to implement Applicants' 108 Voluntary Mitigation measures. Additionally, SEA recommends imposition of 70 additional environmental conditions. A few of SEA's recommended mitigation measures are highlighted below:

--Applicants shall fund 15% of the cost of two grade separations, one at Ogden Avenue near Aurora, Illinois, and one at Lincoln Highway in Lynwood, Illinois.

--Applicants shall fund the installation of CCTV cameras to assist 13 emergency service responders in Illinois and Indiana with timely response.

--Applicants shall fund reasonable improvements to maintain the existing Quiet Zone in Barrington, Illinois.

--Applicants shall establish a local resource agency liaison or liaisons with expertise in environmental and natural resource management to work closely with Federal, state, and local natural and water resource agencies to develop adaptive natural resource management plans.

--Applicants shall submit quarterly reports to SEA documenting its progress in implementing the mitigation imposed by the Board. Applicants shall submit these reports for 5 years from the effective date of any final decision by the Board approving this transaction.

As a result of the issuance of the Final EIS, the record is now complete and the Board is actively considering a final decision under a range of alternatives. While completion of the Final EIS marks a significant milestone in the Board's review of this pending merger, the Board Members must independently consider the record and develop a final decision that will ultimately determine whether and under what conditions the proposed merger might be approved.