

**SURFACE TRANSPORTATION BOARD ISSUES DECISION INITIATING "CANADIAN NATIONAL/ILLINOIS CENTRAL"
GENERAL OVERSIGHT PROCEEDING, REQUESTING COMMENTS ON PROGRESS OF IMPLEMENTATION OF THE
TRANSACTION**

Surface Transportation Board (Board) Chairman Linda J. Morgan announced today that the Board has issued a decision initiating a "Canadian National/Illinois Central merger" general oversight proceeding and requesting comments from interested persons on the progress of implementation of the transaction and the workings of the various conditions imposed upon the transaction by the Board.

Background. In a decision issued in May 1999, the Board approved, subject to certain conditions, the acquisition, by Canadian National (CN), [FOOTNOTE 1: Canadian National Railway Company, Grand Trunk Corporation, and Grand Trunk Western Railroad Incorporated.] of control of Illinois Central (IC), [FOOTNOTE 2: Illinois Central Corporation, Illinois Central Railroad Company, Chicago, Central & Pacific Railroad Company, and Cedar River Railroad Company.] and the integration of the rail operations of CN and IC. The Board-imposed conditions included a five-year, general oversight condition imposed to allow the Board to assess the progress of the CN/IC transaction's implementation and the workings of the other Board-imposed conditions. The Board retained jurisdiction to impose additional conditions and/or to take other action if, and to the extent, the Board determined it necessary to address harms caused by the CN/IC transaction. In its May 1999 decision, the Board specifically indicated that, under its general oversight condition, the Board would monitor implementation of the transaction and the workings of its conditions with respect to various matters, including without limitation concerns regarding: (1) operation of the CN/IC/KCS [FOOTNOTE 3: The Kansas City Southern Railway Company.] Alliance Agreement, particularly with respect to ongoing competition within the Baton Rouge-New Orleans corridor; (2) North Dakota grain shippers with respect to the Chicago gateway; (3) investment in, and operation of, the Detroit River Tunnel; (4) any merger-related link to any unfair pricing practices in the lumber industry; (5) lack of appropriate labor protective conditions if unauthorized control of CN/IC and KCS should occur; and (6) any necessary monitoring of the Board's environmental mitigating conditions.

Today's Decision. In the decision issued today, the Board announced that it is: initiating a CN/IC general oversight proceeding to implement its general oversight condition; requiring CNR [FOOTNOTE 4: Canadian National Railway Company.] to file a progress report on the CN/IC transaction, and to make certain data available to interested persons; and requesting comments from interested persons on the progress of CN/IC-transaction implementation and the workings of the various conditions imposed. The Board's decision establishes a schedule for initiating the first annual oversight one year after July 1, 1999, the date that CN acquired control of IC.

Service List. Any person wanting to be on the service list (list of official participants) for the general oversight proceeding, and to receive copies of CNR's filings relating to the proceeding, must send written notification to the Board and a copy of such notification to CNR's representative. Written notice to the Board should be addressed to:

Attn.: STB Finance Docket No. 33556 (Sub-No. 4)

**Case Control Unit
Office of the Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001**

Written notice to CNR's representative should be addressed to: Paul A. Cunningham, Harkins Cunningham, 801 Pennsylvania Avenue, N.W., Suite 600, Washington, DC 20004-2664.

Progress Report. CNR must file, by **July 3, 2000**, a progress report containing an in-depth analysis of implementation of the CN/IC transaction and the workings of the various Board-imposed conditions.

Comments By Interested Persons and Replies. Interested persons may file, by **August 18, 2000**, comments on the progress of implementation of the CN/IC transaction and the workings of the various Board-imposed conditions. Replies to comments may be submitted by **September 5, 2000**.

Paper copies; Electronic Copies. Each person filing documents in the general oversight proceeding should submit an original and 25 copies of each document to:

Attn.: STB Finance Docket No. 33556 (Sub-No. 4)

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Each person also should submit, in addition to an original and 25 copies of each paper document filed with the Board, an electronic copy of each paper document. The electronic copy should be on a 3.5-inch IBM-compatible floppy diskette or compact disc. Textual materials must be in, or convertible by and into, WordPerfect 7.0. Spreadsheets must be in some version of Lotus, Excel, or Quattro Pro. Parties may individually seek a waiver from the electronic filing requirement.

The Board issued its decision today in *Canadian National Railway Company, Grand Trunk Corporation, and Grand Trunk Western Railroad Incorporated--Control--Illinois Central Corporation, Illinois Central Railroad Company, Chicago, Central and Pacific Railroad Company, and Cedar River Railroad Company (General Oversight)*, STB Finance Docket No. 33556 (Sub-No. 4) (Decision No. 1). It will be published in the *Federal Register* today.

A printed copy of today's decision is available for a fee by contacting: **Da-To-Da Office Solutions, Room 210, 1925 K Street, N.W., Washington, DC 20006, telephone (202) 289-4357**. The decision is also available for viewing and downloading via the Board's website at **www.stb.dot.gov**.

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