

**SURFACE TRANSPORTATION BOARD ISSUES NOTICE OF PREFILING NOTIFICATION
IN "CANADIAN NATIONAL-ILLINOIS CENTRAL" RAILROAD MERGER PROPOSAL**

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IN "CANADIAN NATIONAL-ILLINOIS CENTRAL"
RAILROAD MERGER PROPOSAL**

Surface Transportation Board (Board) Chairman Linda J. Morgan today announced that the Board has issued a notice to the public that, on February 12, 1998, the Canadian National Railway Company (CNR), Grand Trunk Corporation (GTC), and Grand Trunk Western Railroad Incorporated (GTW) [FOOTNOTE 1: Collectively referred to as "CN," including their affiliates.], and Illinois Central Corporation (IC Corp.), Illinois Central Railroad Company (ICR), Chicago, Central and Pacific Railroad Company (CCP), and the Cedar River Railroad Company (CRRC) [FOOTNOTE 2: Collectively referred to as "IC," including their affiliates.], have notified the Board of their [FOOTNOTE 3: CN and IC are collectively referred to as "Applicants."] intent to file an application--**on or before June 12, 1998**--seeking Board authority [FOOTNOTE 4: Under Sections 11323 through 11325 of Title 49, United States Code (49 U.S.C. 11323-25).] for the acquisition of control by CNR, through its indirect, wholly owned subsidiary, Blackhawk Merger Sub, Inc. (Merger Sub), of IC Corp, and through it of ICR and its railroad affiliates, and for the resulting common control by CNR of GTW and its railroad affiliates and ICR and its railroad affiliates.

The Board found that this is a "major" transaction, as defined by 49 CFR Part 1180, involving the control of two or more Class I railroads [FOOTNOTE 5: Those with revenues of \$250 million or more over three consecutive years.]. CNR, through its wholly owned subsidiary, GTC, presently controls GTW, a Class I railroad. Under the proposed transaction, CNR seeks to acquire common control of ICR, also a Class I railroad.

In their notice of intent filed with the Board on February 12, the Applicants stated that, on February 10, 1998, CNR, Merger Sub, and IC Corp. entered into an agreement and merger plan under which Merger Sub will acquire up to 75% of IC Corp.'s common stock in a cash tender offer, which was to begin on or about

February 13, 1998. That stock, and any other IC Corp. stock acquired by CN, will be placed in a voting trust pending the Board's review of the merger proposal.

The Applicants also have stated that, after consummation of the tender offer and requisite approval by IC Corp. shareholders, Merger Sub will merge with and into IC Corp., with IC Corp. as the surviving corporation. As a result of the Merger Sub-IC Corp. merger, all independent shareholders of IC Corp. will receive either CNR stock or a combination of CNR stock and cash in exchange for their IC Corp. stock. Upon consummation of the Merger Sub-IC Corp. merger, the Merger Sub stock held by CNR will become the sole issued and outstanding stock of IC Corp., and CNR will place that stock in the independent voting trust pending Board review of the overall CN-IC railroad control transaction. If the Board approves the CN-IC control transaction, the voting trust will be dissolved; CNR will assume control of IC Corp.; and CNR--through IC Corp.--will assume control of ICR and its railroad affiliates.

The Board issued its notice in the case entitled *Canadian National Railway Company, Grant 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*, STB Finance Docket No. 33556, today, March 13, 1998.

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