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July 8, 2008

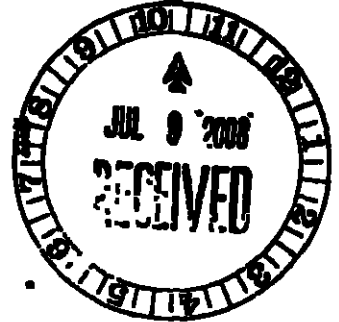
VIA FEDERAL EXPRESS

Ms. Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20026

FILED

JUL 9 - 2008

**SURFACE
TRANSPORTATION BOARD**



**Re: Finance Docket No. 35142
St. Clair Tunnel Company – Intra-Corporate Family Merger
Exemption – Grand Trunk Western Railroad Incorporated**

Dear Secretary Quinlan:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of a Verified Notice of Exemption Pursuant to 49 C.F.R. § 1180.2(d)(3), dated July 8, 2008. A check in the amount of \$1,500, representing the appropriate fee for this filing, is attached.

One extra copy of this transmittal letter and of the Notice also are enclosed. I would request that you date-stamp those copies to show receipt of this filing and return them to me in the provided envelope.

If you have any questions regarding this filing, please feel free to contact me. Thank you for your assistance on this matter. Kind regards.

Respectfully submitted,

Thomas J. Litwiler

Attorney for St. Clair Tunnel Company and
Grand Trunk Western Railroad Incorporated

ENTERED
Office of Proceedings

JUL 9 - 2008

Part of
Public Record

TJL:tl

Enclosures

BEFORE THE
SURFACE TRANSPORTATION BOARD



FINANCE DOCKET NO 35142

ST. CLAIR TUNNEL COMPANY
-- INTRA-CORPORATE FAMILY MERGER EXEMPTION --
GRAND TRUNK WESTERN RAILROAD INCORPORATED

VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1180.2(d)(3)

FEE RECEIVED
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TRANSPORTATION BOARD

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Office of Proceedings
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Part of
Public Record

FILED
JUL 9 - 2008
SURFACE
TRANSPORTATION BOARD

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17641 South Ashland Avenue
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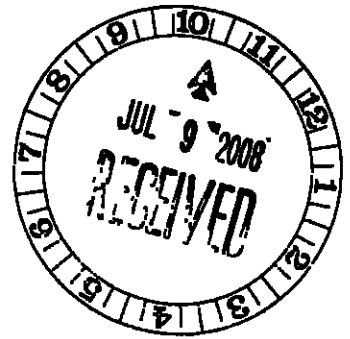
**ATTORNEYS FOR ST. CLAIR TUNNEL
COMPANY AND GRAND TRUNK WESTERN
RAILROAD INCORPORATED**

Dated: July 8, 2008

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO 35142

ST CLAIR TUNNEL COMPANY
-- INTRA-CORPORATE FAMILY MERGER EXEMPTION --
GRAND TRUNK WESTERN RAILROAD INCORPORATED



VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1180.2(d)(3)

St. Clair Tunnel Company ("SCTC") and Grand Trunk Western Railroad Incorporated ("GTW") hereby file this verified notice of exemption under 49 C.F.R. § 1180 2(d)(3) for the intra-corporate family merger of GTW with and into SCTC, with SCTC as the surviving corporation. Upon completion of the transaction, SCTC will change its corporate name to Grand Trunk Western Railroad Company

The proposed transaction will simplify the U S corporate structure of Canadian National Railway Company ("CN"), the indirect parent of both SCTC and GTW, by eliminating a railroad within that structure. The merger will be transparent to, and have no effect on, employees, other railroads or the shipping public. It is a transaction within a corporate family that will not adversely affect the level of any existing rail service and will not result in significant operational changes or any change in the competitive balance with carriers outside of the CN corporate family.

In accordance with the requirements of 49 C.F.R. § 1180 4(g), SCTC and GTW submit the following information:

Description of the Proposed Transaction: 49 C.F.R. § 1180.6(a)(1)(i)

SCTC is a Michigan corporation and a Class III common carrier by rail which owns approximately 17 miles of rail line in the vicinity of Port Huron, Michigan, including the international rail tunnel under the St. Clair River between the United States and Canada.¹ SCTC acquired its lines in 1992 from GTW and CNR, as part of a series of transactions to relocate and enlarge the St. Clair River tunnel. St. Clair Tunnel Company -- Acquisition Exemption -- Grand Trunk Western Railroad Company, Finance Docket No. 32116 (ICC served August 4, 1992); St. Clair Tunnel Company -- Acquisition Exemption -- Canadian National Railway Company, Finance Docket No. 32196 (ICC served December 10, 1992), see generally City of Detroit v. Canadian National Ry. Co., 9 I.C.C.2d 1208 (1993), aff'd sub nom. Detroit/Wayne County Port Auth. v. ICC, 59 F.3d 1314 (D.C. Cir. 1995). SCTC's rail lines are operated by GTW and CNR pursuant to trackage rights. Grand Trunk Western Railroad Company -- Trackage Rights Exemption -- St. Clair Tunnel Company, Finance Docket No. 32115 (ICC served August 4, 1992); Canadian National Railway Company -- Trackage Rights Exemption -- St. Clair Tunnel Company, Finance Docket No. 32197 (ICC served December 10, 1992); Canadian National Railway Company -- Trackage Rights Exemption -- Grand Trunk Western Railroad Incorporated, et al., Finance Docket No. 32499 (ICC served June 16, 1994).

GTW is a Delaware corporation and a Class I common carrier by rail which owns or operates approximately 625 route miles of rail line primarily between Chicago, Illinois and Detroit/Port Huron, Michigan. GTW's current corporate form dates from 1992, and was adopted in conjunction with the St. Clair tunnel relocation project. Grand Trunk Western Railroad, Inc. -- Acquisition Exemption -- Grand Trunk Western Railroad Company, Finance Docket No. 32209

¹ SCTC also owns a short distance of trackage in Canada

(ICC served January 13, 1993).² GTW and SCTC are direct subsidiaries of Grand Trunk Corporation ("GTC")³ and indirect subsidiaries of CNR, and are operated as integrated components of the CN rail system. See Grand Trunk Corporation -- Continuance in Control -- Grand Trunk Western Railroad, Inc., Finance Docket No. 32210 (ICC served January 13, 1993); Canadian National Railway Company -- Continuance in Control Exemption -- St. Clair Tunnel Company, Finance Docket No. 32117 (ICC served August 4, 1992).⁴

Pursuant to an Agreement and Plan of Merger to be entered into by SCTC, GTW and GTC, GTW will be merged with and into SCTC, with SCTC as the surviving corporation. SCTC will thereupon change its name to Grand Trunk Western Railroad Company. There will be no changes of any kind in CNR/GTW's rail service, operations or customer, employee and inter-carrier relations.

The proposed merger of SCTC and GTW is a transaction within a corporate family that will not result in adverse changes in service levels, significant operational changes or any change in the competitive balance with carriers outside of the CN corporate family. In many ways it is simply an unwinding of the initial transaction that resulted in SCTC's creation in 1992 and was found properly subject to the intra-corporate family transaction class exemption at 49 C.F.R. § 1180.2(d)(3). See Canadian National Railway Company -- Continuance in Control

² Since the end of 1992 GTW has been known as "Grand Trunk Western Railroad Incorporated." Upon completion of the merger transaction proposed herein, the combined SCTC/GTW will revert to the pre-1992 corporate name of "Grand Trunk Western Railroad Company."

³ Certain preferred stock shares of SCTC are held by GTW and will be cancelled in connection with the proposed merger transaction

⁴ All of CNR's U.S. rail operating subsidiaries, including GTW and SCTC, report to the Board on a consolidated Class I basis under the Grand Trunk Corporation name. See Consolidated Reporting By Commonly Controlled Railroads, 5 S T B 1050 (2001), codified at 49 C.F.R. § 1201(1-1)(b)(1).

Exemption – St. Clair Tunnel Company, Finance Docket No. 32117, et al (ICC served November 27, 1992).⁵

The full name and address of the applicants herein are as follows:

St. Clair Tunnel Company
Grand Trunk Western Railroad Incorporated
17641 South Ashland Avenue
Homewood, Illinois 60430
(708) 332-3500

Any questions concerning this Notice should be sent to SCTC/GTW's representative at the following address:

Thomas J. Litwiler
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

Proposed Time Schedule for Consummation: 49 C.F.R. § 1180.6(a)(1)(ii)

SCTC and GTW intend to consummate the proposed intra-corporate family merger transaction on or after August 8, 2008

Purpose Sought to Be Accomplished: 49 C.F.R. § 1180.6(a)(1)(iii)

The proposed merger will simplify CN's corporate structure and accommodate certain Canadian tax considerations.

⁵ SCTC was created fifteen years ago to facilitate the financing and construction of the relocated and expanded St. Clair tunnel. *Id.* at 2 That purpose has been fulfilled, and a separate corporate existence for SCTC is no longer required

States in Which Applicants' Property is Located: 49 C.F.R. § 1180.6(a)(5)

SCTC owns rail property in the State of Michigan and in the Province of Ontario, Canada. GTW owns or operates over rail property in the states of Illinois, Indiana, Michigan and Ohio.

Map - Exhibit 1: 49 C.F.R. § 1180.6(a)(6)

A map of the rail lines of SCTC and GTW is attached hereto as Exhibit 1

Agreement - Exhibit 2: 49 C.F.R. § 1180.6(a)(7)(ii)

A draft of the Agreement and Plan of Merger by and between SCTC, GTW and GTC is attached hereto as Exhibit 2.

Labor Protective Conditions: 49 C.F.R. § 1180.4(g)(1)(i)

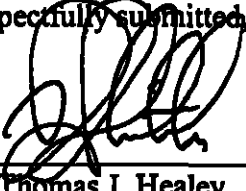
As a condition to this exemption, SCTC and GTW do not object to imposition of the employee protective conditions established in New York Dock Ry. -- Control -- Brooklyn Eastern Term. Dist., 360 I.C.C. 60 (1979).

Environmental and Historic Preservation Matters: 49 C.F.R. § 1180.4(g)(3)

Under 49 C.F.R. § 1105.6(c)(2)(ii), the intra-corporate merger of SCTC and GTW is exempt from environmental reporting requirements. The proposed transaction will not result in significant changes in current or future carrier operations, i.e., changes that exceed the thresholds of 49 C.F.R. § 1105.7(e)(4) or (5)

Under 49 C.F.R. § 1105.8(b)(2), the proposed intra-corporate family transaction also is exempt from historic preservation reporting requirements. The merger of SCTC and GTW will not result in significant changes in existing or anticipated operations.

Respectfully submitted,

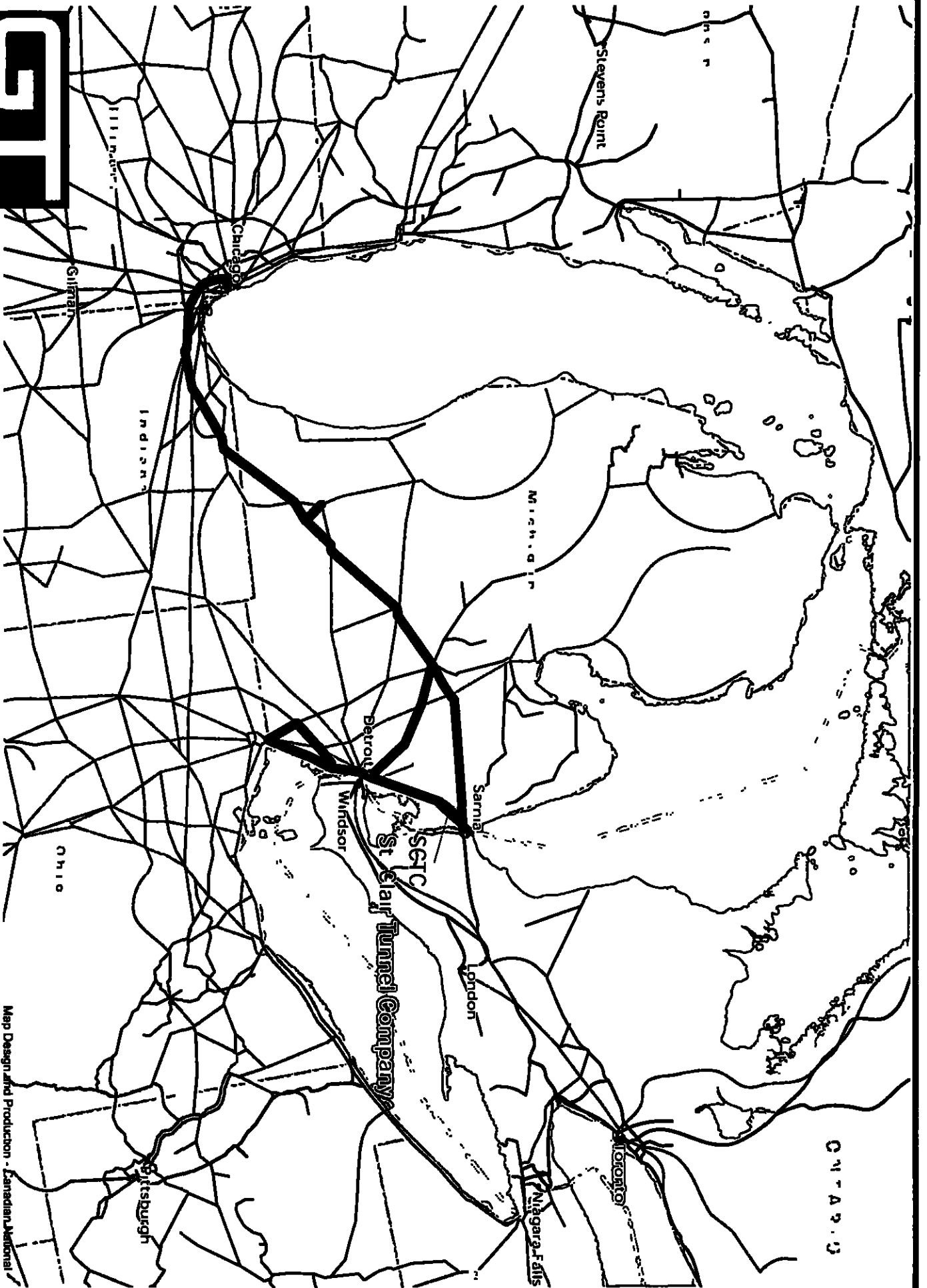
By: 

Thomas J. Healey
Counsel - Regulatory
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(708) 332-4381

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(312) 252-1500

**ATTORNEYS FOR ST. CLAIR TUNNEL
COMPANY AND GRAND TRUNK WESTERN
RAILROAD INCORPORATED**

Dated: July 8, 2008



Map Design and Production - CanadianNational
Information Technology GIS group
Map Date May 2008 GP C109538-Task 103040

DRAFT**AGREEMENT AND PLAN OF MERGER**

AGREEMENT AND PLAN OF MERGER (this "**Plan**") is made as of the ____ day of _____, 2008 by and between ST. CLAIR TUNNEL COMPANY, a Michigan corporation (the "**Surviving Entity**"), GRAND TRUNK WESTERN RAILROAD INCORPORATED, a Delaware corporation (the "**Merging Entity**"), and GRAND TRUNK CORPORATION ("**Grand Trunk**"), as holder of 100% of the Common Shares of Surviving Entity and sole shareholder of Merging Entity. This Plan has been approved, adopted, certified, executed and acknowledged by each of the undersigned in accordance with the requirements of Delaware General Corporation Law and the Michigan Business Corporation Act of 1972.

WHEREAS, the Surviving Entity is organized under the laws of the State of Michigan and the Merging Entity is organized under the laws of the State of Delaware,

WHEREAS, Grand Trunk is the holder of 100% of the Common Shares of Surviving Entity and sole shareholder of Merging Entity, and Merging Entity is the holder of 100% of Preferred Shares of Surviving Entity;

WHEREAS, the shareholder of the Merging Entity and the shareholders of the Surviving Entity each desire the Merging Entity to be merged with and into the Surviving Entity pursuant to the terms of this Plan; and

WHEREAS, upon consummation of the merger, the Surviving Entity will continue to exist and will change its name to Grand Trunk Western Railroad Company contemporaneously with the Merging Entity's dissolution and termination of existence.

NOW THEREFORE, in consideration of the promises and mutual covenants and agreements contained herein, and other good and valuable consideration, and in further accordance with the Michigan Business Corporation Act, and specifically §450.1101 through §450.2099, and Delaware General Corporation Law, specifically Title 8 §100 through §398, it is agreed by and between the parties hereto that the Merging Entity shall be merged into the Surviving Entity upon the terms and conditions set forth herein.

1. **Merger.** Upon the Effective Time (as hereinafter defined), the Merging Entity shall be merged with and into the Surviving Entity pursuant to the Michigan Business Corporation Act and Delaware General Corporation Law, with the Surviving Entity surviving as the surviving entity (the "**Merger**").

2. **Effective Time.** Upon the execution of this Plan, the Merging Entity and the Surviving Entity shall be and hereby are directed to file the Articles of Merger (the "**Articles of Merger**") in the office of the Secretary of State of the State of Michigan and the Secretary of State of Delaware. The Merger shall become effective on the later of September 1, 2008 or the first day of the first month following the effectiveness of a decision or notice of the U.S. Surface Transportation Board authorizing or exempting the Merger pursuant to 49 U.S.C. 11323 or 10502 (the "**Effective Date**").

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3. **Surviving Entity.** At the Effective Time, Merging Entity shall be merged with and into the Surviving Entity, and the separate corporate existence of Merging Entity shall thereupon cease. The Surviving Entity shall (a) be the surviving corporation in the Merger and shall possess all the rights, privileges, claims, demands, property, powers, franchises and authority, both public and private, and all debts due to the Merging Entity and the Surviving Entity, and be subject to all the restrictions, disabilities and duties of both Merging Entity and Surviving Entity, and (b) be vested with all assets and property, real, personal and mixed, and every interest therein, wherever located, belonging to Merging Entity and Surviving Entity and shall be liable for all of the obligations and liabilities of Merging Entity and the Surviving Entity. At and after the Effective Date, the title to any real estate vested by deed or otherwise in the Surviving Entity shall be vested in the Merging Entity, all rights of creditors and all liens upon property of the Merging Entity shall be preserved unimpaired, and all debts, liabilities and duties of the Merging Entity shall thenceforth attach to the Surviving Entity and may be enforced against it to the same extent as if such debts, liabilities, and duties had been incurred or contracted by it. The title to any such real estate, or any interest therein, vested in either of Merging Entity and Surviving Entity shall not revert or be in any way impaired by reason of the Merger. Contemporaneously with the above actions, the name of the Surviving Entity shall change to Grand Trunk Western Railroad Company. This Plan is on file at the principal place of business of the Surviving Entity, the address of which is 17641 S. Ashland Avenue, Homewood, Illinois 60430. A copy of this Plan will be furnished to any shareholder of either Merging Entity or Surviving Entity upon request and without cost.

4. **Additional Actions.** If, at any time after the Effective Time, the Surviving Entity shall consider or be advised that any deeds, bills of sale, assignment, assurance or any other actions or things are necessary or desirable (a) to vest, perfect or confirm, of record or otherwise, in the Surviving Entity its right, title or interest in, to or under any of the rights, properties or assets of either of the Merging Entity or the Surviving Entity acquired or to be acquired by the Surviving Entity as a result of, or in connection with, the Merger, or (b) or otherwise carry out the purposes of this Plan, each of Merging Entity and the Surviving Entity and their officers and directors shall be deemed to have granted to the Surviving Entity an irrevocable power of attorney to execute and deliver all such deeds, bills of sale, assignments and assurances and to take and do all such other actions and things as may be necessary or desirable to vest, perfect or confirm any and all right, title and interest in, to and under such rights, properties or assets in the Surviving Entity and otherwise to carry out the purposes of this Plan; and the officers and directors of the Surviving Entity are fully authorized in the name of Merging Entity and/or the Surviving Entity or otherwise to take any and all such actions.

5. **Retirement of Merging Entity Stock and Cancellation of Surviving Entity's Preferred Shares.** Grand Trunk owns 100% of the issued and outstanding capital stock of the Merging Entity. Grand Trunk also owns 100% of the issued and outstanding common stock of the Surviving Entity, and the Merging Entity owns 100% of the issued and outstanding preferred stock of the Surviving Entity. Forthwith upon the Effective Date, and without any further action on the part of Grand Trunk, the Surviving Entity or the Merging Entity (a) each of the shares of common stock of the Surviving Entity issued and outstanding immediately prior to the Effective Time shall remain issued and outstanding immediately subsequent to the Effective Time as shares of common stock of the Surviving Entity; (b) each of the shares of preferred stock of the

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Surviving Entity issued and outstanding immediately prior to the Effective Time shall be canceled without payment of any consideration therefor and cease to exist and be outstanding; and (c) each of the shares of the common stock of the Merging Entity presently issued and outstanding shall be canceled without payment of any consideration therefor and cease to exist and be outstanding.

6. **Service of Process.** The Surviving Entity hereby agrees that it may be served with process in the State of Delaware in any proceeding for the enforcement of any obligation of Merging Entity and in any proceeding for the enforcement of the rights of a dissenting shareholder of Merging Entity against the Surviving Entity or new corporation. The Surviving Entity hereby irrevocably appoints the Delaware Secretary of State as its agent to accept service of process in any proceeding.

7. **Dissenters.** The Surviving Entity hereby agrees that it shall promptly pay to any dissenting shareholders of Merging Entity the amount, if any, to which they shall be entitled under the provisions of the Delaware General Corporation Law with respect to the rights of dissenting shareholders.

8. **Articles of Incorporation.** The Articles of Incorporation of the Surviving Entity immediately prior to the Effective Date and incorporated herein by reference, shall be the Articles of Incorporation of the Surviving Entity following the Effective Date unless and until the same shall be amended or repealed in accordance with the provisions thereof, which power to amend or repeal is hereby reserved, and all rights and powers of any nature conferred in such Articles of Incorporation or herein upon any shareholder or director or officer of the Surviving Entity or any other person is subject to this reserve power.

9. **By-laws.** The by-laws of the Surviving Entity immediately prior to the Effective Date and incorporated herein by reference, shall be the by-laws of the Surviving Entity following the Effective Date unless and until the same shall be amended or repealed in accordance with the provisions thereof.

10. **Board of Directors and Officers.** The members of the Board of Directors and the officers of the Surviving Entity immediately prior to the Effective Date shall be the officers and Board of Directors of the Surviving Entity following the Effective Date unless and until the same shall be terminated or replaced in such positions as provided in the by-laws.

11. **Plan of Reorganization.** This Plan constitutes a Plan of Reorganization pursuant to Internal Revenue Code § 368 to be carried out in the manner, on the terms, and subject to the conditions herein set forth.

12. **Termination/Abandonment.** This Plan may be abandoned by the mutual consent of the Merging Entity and Surviving Entity, acting each by its Board of Directors, at any time prior to the Effective Date. In the event of any termination of this Plan, this Plan shall become wholly void and of no effect and there shall be no further liability or obligation hereunder on the part of either the Merging Entity, its Board of Directors or shareholder, or Surviving Entity, its Board of Directors or shareholders.

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IN WITNESS WHEREOF, each of the Surviving Entity and the Merging Entity, pursuant to authority duly granted by its shareholder and the Board of Directors, respectively, has caused this Plan to be executed by its duly authorized officers.

Surviving Entity:

ST. CLAIR TUNNEL COMPANY
a Michigan corporation

By _____

Printed Name: _____

Its: _____

Merging Entity:

**GRAND TRUNK WESTERN RAILROAD
INCORPORATED**
a Delaware corporation

By _____

Printed Name: _____

Its: _____

GRAND TRUNK CORPORATION
**Acknowledging its consent as the sole
shareholder of Merging Entity and the
sole holder of Common Shares of
Surviving Entity**

By _____

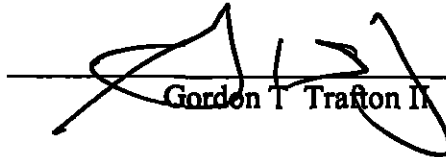
Printed Name: _____

Its: _____

VERIFICATION

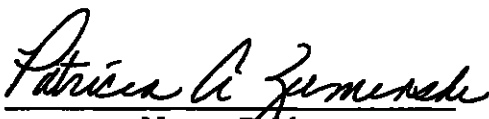
State of Illinois)
)
County of Cook) SS.

Gordon T Trafton II, being duly sworn, deposes and says that he is Senior Vice-President – Southern Region of St Clair Tunnel Company and Grand Trunk Western Railroad Incorporated, that he has read the foregoing Notice of Exemption and knows the facts asserted therein, and that the same are true as stated.



Gordon T Trafton II

SUBSCRIBED AND SWORN TO
before me this 23 day
of May, 2008.



Notary Public

My Commission expires

