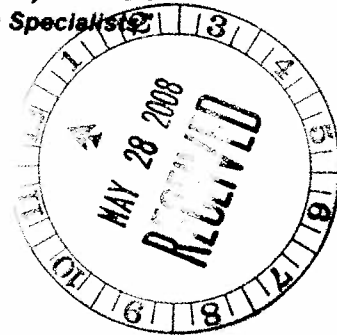


WATCO

COMPANIES, INC.

"Your Transportation Specialists"



May 27, 2008

Honorable Anne Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

Re: STB Finance Docket No. 35087, Canadian National Railway Company and Grand Trunk Corporation -- Control -- EJ&E West Company

Dear Acting Secretary Quinlan:

Watco Companies, Inc. ("Watco") would like to take this opportunity to comment on Canadian National Railway Company's May 13, 2008 filing in STB Finance Docket No. 35087. We strongly support the establishment of definitive time limits as referenced in the filing. Watco owns 17 short line railroads, which together operate over 3,000 miles in 15 states.

As you know, there are over 500 short lines operating over 52,000 miles of track across the country. The majority of these short lines were formed since 1980 and are largely the result of the dramatic restructuring of a national railroad industry that was near bankruptcy. Today, short line railroads are a strong and growing segment of the national railroad system and it is easy to forget how difficult and at times controversial short line creation was in the first instance. Entrepreneurs had to borrow large sums of money to purchase the lines. They had to engage in difficult negotiations with communities that wanted to preserve their Class I service. They had to quickly win back traffic that had been lost to years of deferred maintenance and poor service so they could earn the revenue needed for rehabilitation.

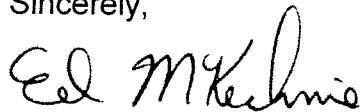
One of the primary reasons the short line industry succeeded was a decision by the Interstate Commerce Commission (and subsequently the Surface Transportation Board) to expedite the federal approval process. An expeditious regulatory process was critical for two reasons. First, it was absolutely essential if short line buyers were to secure and hold onto their bank financing. Second, shippers were not going to wait very long to make their transportation decisions and certainly were not going to wait at all if the timeframe for decision making was indefinite. Customer decisions involve alternative investments and contractual commitments and once those are made they cannot be easily undone.

The STB originally designated the CN/EJ&E transaction as "minor" under the Board's rules. The procedures governing "minor" transactions are analogous to the expedited procedures applied to the creation of most short line railroads and those procedures played such an important role in our ability to preserve and strengthen tens of thousands of miles of rail line. We respectfully submit that to now turn what was designated a "minor" transaction into a proceeding with an indefinite decision date is a very dangerous precedent that could well affect the creation of future short line railroads.

We fully understand the Board's need to undertake an appropriate environmental review. We also understand the Board's desire to take into account the views of the many interests that are affected by a railroad transaction. But we believe the Board's responsibility to produce a timely decision is just as important. If the government's process determines that a transaction should not be approved so be it. But killing a transaction should not be accomplished simply because its opponents were able to run out the clock.

We appreciate the opportunity to comment on this issue as we believe it is very important to the future growth and viability of the short line railroad industry. We stand ready to provide any further information on this matter as you deem appropriate.

Sincerely,

A handwritten signature in black ink, appearing to read "Ed McKechnie". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Ed McKechnie