

BEFORE THE
SURFACE TRANSPORTATION BOARD

238078

Finance Docket No. 35906

ENTERED
Office of Proceedings
March 30, 2015
Part of
Public Record

SOO LINE RAILROAD COMPANY
—TRACKAGE RIGHTS EXEMPTION—
DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION

VERIFIED NOTICE OF EXEMPTION

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Date: March 27, 2015

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TRANSPORTATION BOARD

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SOO LINE RAILROAD COMPANY
—TRACKAGE RIGHTS EXEMPTION—
DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION

VERIFIED NOTICE OF EXEMPTION

Soo Line Railroad Company (“Soo Line”) files this Verified Notice of Exemption pursuant to the class exemption at 49 C.F.R. § 1180.2(d)(7) for overhead and local trackage rights over approximately 223.1 miles of the rail line (“Line”) owned and operated by Dakota, Minnesota & Eastern Railroad Corporation (“DM&E”) between Goodview, MN and Tracy, MN. The parties have entered into a written trackage rights agreement, which is not sought in a responsive application in a rail consolidation proceeding. A copy of the agreement is attached hereto as Exhibit 2.

Pursuant to the Surface Transportation Board’s (the “Board’s”) regulations at 49 C.F.R. § 1180.4(g), Soo Line submits the following information.

Section 1180.6(a)(1)(i) – Summary of the Proposed Transaction

The proposed transaction, along with the transaction in Docket No. 35907, is part of an exchange of nonexclusive trackage rights between two affiliated rail carriers that is intended to allow more fluid and efficient operations over both carriers. Soo Line and DM&E are affiliated railroads under common control pursuant to authority granted by the Board in *Can. Pac. Ry. Co.—Control—Dakota, Minn. & E. R.R. Corp.*, Finance Docket No. 35081 (served Sept. 30,

2008). Soo Line's River Subdivision and DM&E's Waseca Subdivision connect at Goodview, MN.

In this proceeding, Soo Line proposes to acquire trackage rights between mile post 4.9 +/- on DM&E's Waseca Subdivision at or in the vicinity of Goodview, MN and milepost 228.0 +/- on DM&E's Tracy Subdivision where it meets the Rapid City, Pierre & Eastern Railroad at or in the vicinity of Tracy, MN. Soo Line's trackage rights will include the right to conduct both overhead and local service, including the right to perform pickups and setoffs at customer facilities over the Line. A parallel trackage rights agreement in which DM&E would acquire trackage rights over Soo Line's River, Merriam Park, and Tomah Subdivisions is the subject of the Verified Notice of Exemption filed concurrently in Finance Docket No. 35907.

Soo Line Railroad Company's business address is 120 South Sixth Street, Suite 1000, Minneapolis, MN 55402. Questions regarding this transaction can be addressed to the counsel identified on the cover page of the notice.

Section 1180.6(a)(1)(ii) – Consummation Date

This transaction will be consummated on or immediately after the date that the exemption becomes effective.

Section 1180.6(a)(1)(iii) – Purpose of the Transaction

The purpose of the transaction is to promote the more efficient and economical movement of freight by allowing Soo Line's continued handling of traffic between Soo Line's River, Merriam Park, and Tomah Subdivisions and DM&E's Waseca and Tracy Subdivisions.

Section 1180.6(a)(5) – States in Which Property is Situated.

Soo Line operates or possesses property rights in Illinois, Indiana, Michigan, Minnesota, Montana, Ohio, North Dakota, South Dakota, and Wisconsin. DM&E operates or possesses property rights in Illinois, Iowa, Minnesota, Missouri, and Wisconsin.

Section 1180.6(a)(6) – Map

A map of the Line is provided as Exhibit 1.

Section 1180.6(a)(7)(ii) – Agreements

A copy of the trackage rights agreement is attached as Exhibit 2.

Section 1180.4(g)(1)(i) – Labor Protection

Although Soo Line does not anticipate that any employees will be adversely affected by this transaction, it recognizes that employees who are adversely affected by this transaction are entitled to protection under the conditions imposed in *Norfolk and W. Ry. Co. -- Trackage Rights -- Burlington N., Inc.*, 354 I.C.C. 605 (1978), as modified in *Mendocino Coast Ry., Inc. -- Lease and Operate - Cal. W. R.R.*, 360 I.C.C. 653 (1980).

Section 1180.4(g)(2)(i) – Caption Summary

A caption summary of this transaction suitable for publication in the *Federal Register* is attached as Exhibit 3.

Section 1180.4(g)(3) – Environmental and Historical Documentation

Environmental and historical documentation are not required for this transaction. As provided in 49 C.F.R. § 1105.6(c)(4) and 49 C.F.R. § 1105.8(b)(3), trackage rights do not require preparation of environmental and historical reports and documentation.

Respectfully submitted,



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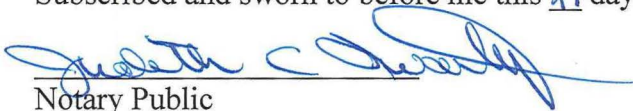
VERIFICATION

STATE OF MINNESOTA

C. E. Hubbard, being duly sworn, deposes and says that he has read the foregoing Notice of Exemption and that the contents thereof are true and correct to the best of his knowledge and belief.


C. E. Hubbard

Subscribed and sworn to before me this 21 day of March 2015.


Notary Public

My Commission expires: _____

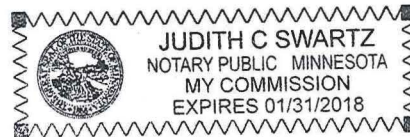
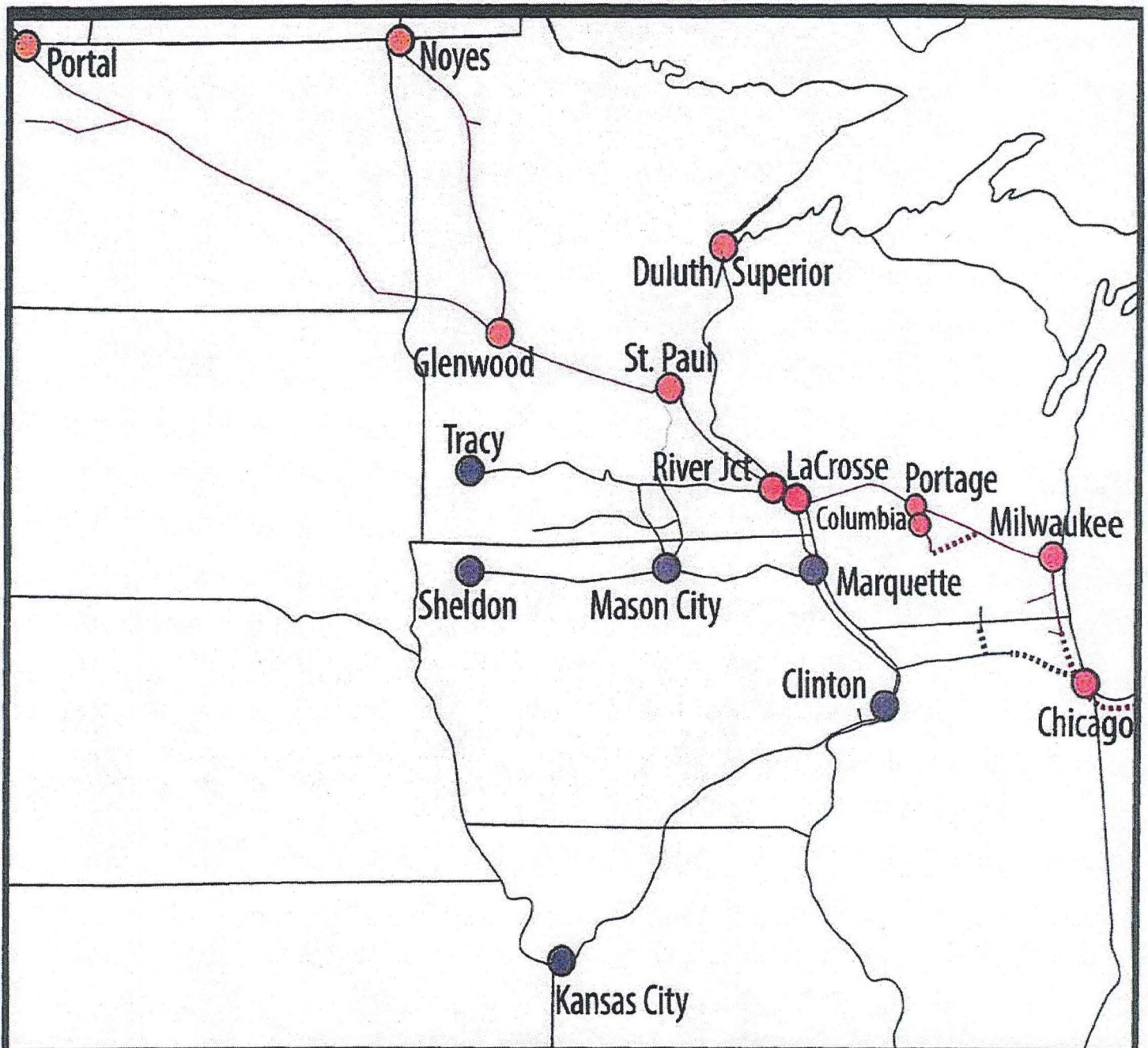


EXHIBIT 1

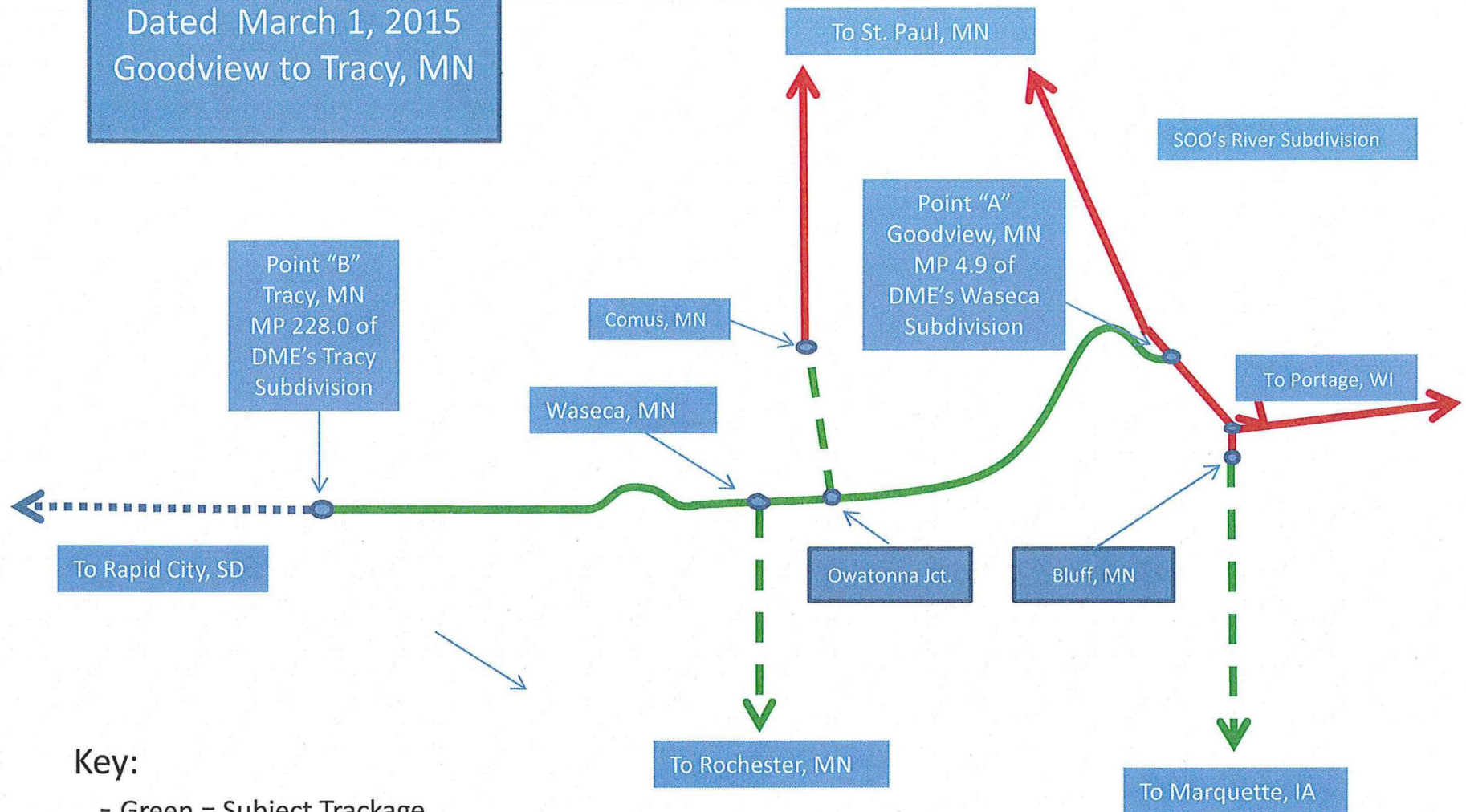
Map



— **SOO LINE SYSTEM**
— **DAKOTA, MINNESOTA & EASTERN SYSTEM**

March 1, 2015

Exhibit 1
Dated March 1, 2015
Goodview to Tracy, MN



Key:

- Green = Subject Trackage
- Green Dash = DM&E Track
- Red = SOO Track
- Blue Dash = RCP&E RR

Not to Scale

EXHIBIT 2

Trackage Rights Agreement

**TRACKAGE RIGHTS AGREEMENT
GOODVIEW, MN to TRACY, MN**

THIS AGREEMENT is entered into as of this 27th day of March, 2015, by and between SOO LINE RAILROAD COMPANY, a Minnesota corporation, hereinafter referred to as "SOO", and DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION, a Delaware corporation, hereinafter referred to as "DM&E." Sometimes hereinafter, each may be referred to as a "Party" and sometimes collectively referred to as "the Parties."

WITNESSETH:

WHEREAS, DM&E owns and operates a line of railroad between Goodview, MN and Waseca, MN ("Waseca Subdivision") and between Waseca, MN and Tracy, MN ("Tracy Subdivision") by which DM&E conducts rail freight operations between these cities, and points beyond; and

WHEREAS, DM&E's Waseca Subdivision connects with SOO's River Subdivision at Goodview, MN; and

WHEREAS, in order to promote the more efficient and economical movement of freight, DM&E and SOO desire to enter into this trackage rights agreement pursuant to the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and of all the mutual covenants herein set forth, the Parties hereto, intending to be legally bound, agree as follows:

Section 1. GRANT OF TRACKAGE RIGHTS

1.1 Subject to the terms and conditions herein DM&E hereby grants to SOO the non-exclusive right to operate its trains, locomotives, cars and equipment with its own crews (hereinafter referred to as "Trackage Rights") over trackage owned and operated by DM&E (hereinafter referred to as "Subject Line"), as described in Section 1.2 below.

1.2 Attached to, incorporated in and made a part of this Agreement is a print dated March 1, 2015, marked Exhibit 1, which shows the Subject Line between the points designated as Point "A" (MP 4.9 +/- on DM&E's Waseca Subdivision at or in the vicinity of Goodview, MN), and Point "B" (MP 228.0 +/- on DM&E's Tracy Subdivision where it meets the Rapid City, Pierre & Eastern Railroad at or in the vicinity of Tracy, MN). Subject Line includes all of DM&E's trackage, track connections, facilities and appurtenances, signals and switches located between these points, as such facilities

and appurtenances, signals and switches are from time to time added to, modified, or removed at the sole discretion of DM&E. The Parties understand that the Subject Line includes yard tracks along the Subject Trackage to allow the Parties to effect rail operations.

1.3 It is expressly agreed that this Agreement acts to connect the Parties lines of railroad forming a contiguous route.

1.4 The rights granted hereby to SOO include the right to conduct both overhead and local service; to perform pickups and setoffs at customer facilities; and to engage in other operating activities (including picking up or setting out of bad order cars or locomotives) that are related to the transportation of freight on or along the Subject Line.

Section 2. Intentionally Left Blank

Section 3. CONSTRUCTION AND MAINTENANCE OF NEW CONNECTION

3.1 Existing connections or facilities, which are jointly used by the Parties hereto under existing agreements, shall continue to be maintained, repaired and renewed by and at the expense of the Party or Parties responsible for such maintenance, repair and renewal under such agreements.

3.2 If, in the opinion of SOO, a new or upgraded connection is required at the point of permitted entry or exit, or, if in the opinion of SOO, other upgrades, including but not limited to capacity capital, switches, power switches, signals, communications and other are required for operational efficiency, then DM&E will, unless such improvements will have a material adverse effect on DM&E's operations, cooperate and SOO shall be responsible for the funding that construction/upgrade at actual cost plus customary additives, unless mutually agreed to by SOO and DM&E.

Section 4. MAINTENANCE OF SUBJECT LINE.

4.1 DM&E shall maintain, repair and renew the Subject Line with its own supervision and labor forces. DM&E shall keep and maintain the Subject Line in reasonably good condition for the use herein contemplated, but DM&E does not guarantee the conditions of the Subject Line or that operations thereover will not be interrupted. DM&E shall take all reasonable steps to ensure that any interruptions will be kept to a minimum and shall use its best efforts to avoid such interruptions. Furthermore, except as may be otherwise provided in Section 13, SOO shall not be by reason of failure or neglect on the

part of DM&E to maintain, repair or renew the Subject Line, have or make any claim or demand against DM&E or its parent corporation, subsidiaries or affiliates, or their respective directors, officers, agents or employees for any injury to or death of any person or persons whatsoever, or for any damage to or loss or destruction of any property whatsoever, or for any nature suffered by SOO resulting from such failure or neglect.

4.2 DM&E at its sole discretion may perform, at the sole expense of SOO, such additional maintenance as SOO may reasonably require or request on the Subject Line.

Section 5. ADDITIONS, BETTERMENTS AND ALTERATIONS

5.1 DM&E may, from time to time and in its sole cost and expense, make changes in, additions and betterments to or retirements from the Subject Line as shall, in its judgment, be necessary or desirable for the economical or safe operation thereof or as shall be required by any law, rule, regulation, or ordinance promulgated by any governmental body having jurisdiction. Such additions shall become part of the Subject Line and such retirements shall be excluded from the Subject Line.

5.2 In the event changes in or additions and betterments to the Subject Line, including changes in the communication or signal facilities are required to accommodate SOO's operations beyond that required by DM&E to accommodate its operations, DM&E at its sole discretion may construct the additional or altered facilities and SOO shall pay to DM&E the cost thereof, including the annual expense of maintaining, repairing and renewing such additional or altered facilities.

5.3 Capacity related betterments in and/or additions to the Subject Line other than those covered by Sections 5.1 and 5.2 above shall be shared by DM&E and SOO on the basis that the Parties' respective car miles operated over the Subject Line bear to total car miles operated over the Subject Line for the twelve (12) month period immediately prior to the month work on the project is commenced. The use of the Subject Line by any third party shall be attributed to DM&E for purposes of computing respective car miles for purposes of this Section 5.3. DM&E shall advise SOO in advance of any betterments and/or additions contemplated under this Section 5.3. DM&E's failure to advise SOO of any betterments and/or additions shall not relieve SOO from assuming its share of expense under this Section 5.3.

Section 6. OPERATION AND MANAGEMENT OF SUBJECT LINE

6.1 The management and operation of the Subject Line shall be under the exclusive direction and control of DM&E. DM&E shall have the unrestricted right to change the

management and the operations on and over the Subject Line as it, in its sole judgment, may deem necessary, expedient or proper for the operation of the Subject Line.

6.2 SOO shall comply with the Federal Locomotive Inspection Act and the Federal Safety Appliance Act, as amended, and any other federal and state and local laws, regulations and rules respecting the operation, condition, inspection and safety of its trains, locomotives, cars and equipment or trains, locomotives, cars and equipment under its control while such trains, locomotives, cars and equipment are being operated over the Subject Line. Notwithstanding any other provisions herein, SOO shall indemnify, protect, defend, and hold harmless DM&E and its subsidiaries and affiliates, and all of their respective directors, officers, agents and employees from and against all fines, penalties and liabilities imposed upon DM&E or its subsidiaries or affiliates, or their respective directors, officers, agents and employees under such laws, rules, and regulations by any public authority or court of competent jurisdiction, when attributable solely to the failure of SOO to comply with its obligations in this regard.

6.3 When operating Trackage Rights traffic over the Subject Line, SOO's locomotives and crews shall be equipped to communicate with the operators of the segments of Subject Line on radio frequencies then normally used in directing train movements on the Subject Line. SOO's locomotives shall be adequately powered to maintain the maximum authorized freight speeds as provided by DM&E's operating rules and equipped with such cab signals, LSL and other safety equipment that is required by law or instruction for the operation over any or all of the Subject Line.

6.4 SOO, at its sole expense, shall install and maintain upon its trains, locomotives, cabooses and cars such equipment or devices including but not limited to EOT's with functioning telemetry as may now or in the future be mandated by the Federal Railroad Administration, or other governing body having authority, for the safe and efficient operation of trains over the Subject Line.

6.5 The operation of SOO over the Subject Line shall at all times be in accordance with the rules, instructions and restrictions of DM&E, provided, however, that such rules, instructions and restrictions shall be reasonable, just and fair between all parties using the Subject Line and shall not unjustly discriminate against any of them. These rules and instructions shall include, but not be limited to, operating and safety rules, timetables, special instructions, bulletins, general orders and authoritative directions of train dispatchers and operating officers. Other than those restrictions provided for herein, DM&E will not make any rule or restriction applying to SOO's trains that does not apply with equal force to DM&E's trains.

6.6 SOO trains while operating over the Subject Line shall not include locomotives, cars or equipment which exceed the width, height, weight or other restrictions or capacities of the Subject Line as published in Railway Line Clearances, and no train shall contain locomotives, cars or equipment which require speed restrictions or other movement restrictions below the maximum authorized freight speeds as provided by DM&E's operating rules and regulations without the prior consent of DM&E.

6.7 In the event that a train of SOO shall be forced to stop on the Subject Line due to mechanical failure of SOO's equipment or any other cause not resulting from an accident or derailment, and such train is unable to proceed, or if a train of SOO fails to maintain the speed required by DM&E on the Subject Line, or if in emergencies, crippled or otherwise defective cars are set out of SOO's trains on the Subject Line, DM&E shall have the option to furnish motive power or such other assistance as may be necessary to haul, help or push such trains, locomotives or cars, or to properly move the disabled equipment off the Subject Line, and SOO shall reimburse DM&E for the actual cost of rendering any such assistance.

6.8 If it becomes necessary to make repairs to or adjust or transfer the lading of such crippled or defective cars in order to move them off the Subject Line, such work shall be done by DM&E, and SOO shall reimburse DM&E for the cost thereof.

6.9 All employees of SOO engaged in the operation of SOO trains over the Subject Line shall be required to qualify for entry onto the Subject Line by passing periodic examinations regarding the physical characteristics of the line and the operating and safety rules of DM&E. SOO shall make such arrangements with DM&E as may be required to ensure that all of its employees who shall operate its trains, locomotives, cars and equipment over the Subject Line are qualified for operation thereover, and SOO shall pay to DM&E, upon receipt of bills therefore, any and all costs incurred by DM&E in connection with the qualification of such employees of SOO which may include, but are not limited to, those costs addressed in Section 9 of this Agreement including the cost of pilots furnished by DM&E, until such time as such employees are deemed by the appropriate examining officer of DM&E to be properly qualified for operation as herein contemplated. DM&E may require that such qualification trips be repeated if the subject SOO employee has not made a trip over the Subject Line within a reasonable period of preceding time, but only to the same extent as would be required of DM&E's own employees. Pending qualification or requalification of subject employees, DM&E shall furnish a pilot or pilots, at the expense of SOO, to allow operation as contemplated in this Agreement. For purposes of Section 13 of this Agreement, any employee of DM&E acting as a pilot for SOO will be considered an employee of SOO.

6.10 If any employee of SOO, neglects, refuses or fails to abide by DM&E's rules, safety rules, instructions or restrictions governing the operation over the Subject Line, DM&E shall in writing so notify SOO. DM&E shall have the right to require SOO to promptly withhold any SOO employee from service over the Subject Line pending the result of formal investigation of the alleged neglect, refusal or failure. After the notice is given to SOO, DM&E and SOO shall promptly hold a joint investigation, in which each of the Parties shall bear its own expenses for its own employees and witnesses. Notice of such investigation to SOO employees shall be given by SOO officers. The investigation shall be conducted in accordance with the terms and conditions of the agreements between SOO and its employees. If the result of such investigation warrants, any subject SOO employee so investigated shall upon written request by DM&E be restricted by SOO from operating on the Subject Line, and SOO shall release and indemnify DM&E from and against any and all claims and expenses related to such restriction, provided, however, that DM&E shall not unreasonably exercise this right of restriction.

6.11 Neither Party hereto shall require the other Party's crews to perform any work beyond that required by its current labor agreements, subject to any modifications that may result from future labor agreements, while said crews are on the other Party's property and/or subject to the other Party's supervision. Should either Party require the other Party's crews to perform additional services over and above that contemplated herein, which results in penalty claims being progressed, that Party shall reimburse the other Party for the cost of all such claims. It is agreed that the Party subject to the claims shall notify the other Party of such claims so that the movement(s) causing the claim(s) can be corrected to avoid liability.

6.12 To promote more efficient train operations over the Subject Line, SOO shall submit all schedules of its train operations over the Subject Line to DM&E for its concurrence and SOO shall provide DM&E with advance notice of the estimated time of arrival of trains, and documentation, prior to entering the Subject Line.

Section 7. MILEAGE AND CAR HIRE

All mileage and car hire charges accruing on cars in SOO's trains on the Subject Line shall be assumed by SOO and reported and paid by SOO.

Section 8. BAD ORDERS AND LIGHT RUNNING REPAIRS

If any cars, cabooses, or locomotives of SOO are bad ordered en route on the Subject Line and it is necessary that they be set out, those cars, cabooses or locomotives shall, after being promptly repaired, be promptly picked up by SOO. DM&E may, upon request of SOO and at the exclusive expense of SOO, unless otherwise provided for in the Field and Office Manuals of the Interchange Rules of the Association of American Railroads, furnish required labor and material to perform light repairs required to make such bad ordered equipment safe and lawful for movement, and billing for this work shall be at rates prescribed in, and submitted pursuant to, the Field and Office Manuals of the Interchange Rules of the Association of American Railroads.

Section 9. BILLING AND PAYMENT OF CHARGES

9.1 Except as specifically provided for elsewhere in the Agreement, there shall be no compensation required for SOO's use of and operation over the Subject Line for so long as DM&E does not terminate rights granted to it to operate over SOO trackage under that certain Trackage Rights Agreement Goodview, MN to St. Paul, MN and Bridge Switch, MN of even date herewith. In the event DM&E discontinues its right to operate over the SOO under that agreement, the Parties shall meet and develop an equitable charge for DM&E to invoice SOO for the use of the Subject Line. If after ninety (90) days the Parties cannot agree to a trackage rights fee this issue may be submitted to arbitration pursuant to Section 18 herein.

9.2 It is expressly understood and agreed that the payments described in this Section 9 to be paid by SOO do not, in any case, include any cost or expense which may be incurred by DM&E on account of loss of or damage to property, or injury to or death of any person or persons arising out of, or in connection with, the operation by SOO upon or over the Subject Line. It is agreed by and between the Parties that such items of cost or expense shall be borne and paid by the Parties according to the provision of Section 13 hereof.

9.3 All monthly bills rendered pursuant to the provisions of this Agreement shall include invoiced expense plus direct labor and material costs, together with the customary surcharges, overhead percentages and equipment rentals as specified at the time any work is performed.

9.4 The payment of bills shall not be delayed or payment refused or reduced on the face amount of bill rendered because of errors in supporting details which are not material relative to the billed amount, but bill shall be paid as rendered and exception to

charges shall be taken in writing addressed to the officer of DM&E responsible for the issuance of the bill; provided that no exception to any charge shall be honored, recognized or considered if filed after the expiration of one (1) year from the last day of the calendar month during which the bill containing said charge was rendered

9.5 SOO shall maintain complete and accurate records applicable to its use of the Subject Line under this Agreement and such records shall be open to inspection by representatives of DM&E upon reasonable notice during regular office hours.

Section 10. Intentionally Left Blank

Section 11. CLAIMS AND SETTLEMENTS

11.1 Except as provided in Section 11.2, all claims, injuries, deaths, property damages and losses arising out of or connected with this Agreement shall be investigated, adjusted and defended by the Party bearing the liability, cost and expense therefore under the provisions of this Agreement. The Parties shall be bound by the Freight Claim Rules, Principles and Practices of the AAR as to the handling of any claims for the loss or damage to lading.

11.2 Each Party will investigate, adjust and defend all cargo related liability claims filed with it in accordance with 49 U.S.C. Section 11706 or 49 C.F.R. Section 1005, or in accordance with any applicable transportation contract filed pursuant to 49 U.S.C. Section 10709.

11.3 In the event a claim or suit is asserted against one of the Parties hereto which is the other Party's duty hereunder to investigate, adjust or defend, then unless otherwise agreed, such other Party shall, upon request, take over the investigation, adjustment and defense of such claim or suit.

11.4 All costs and expenses in connection with the investigation, adjustment and defense of any claim or suit under this Agreement shall be included as costs and expenses in applying the liability provisions set forth herein, except that salaries or wages of full-time claim agents, full-time attorneys and other full-time employees of either Party engaged directly or indirectly in such work shall be borne by the employing Party.

11.5 Excluding cargo related liability claims filed in accordance with 49 U.S.C. Section 11706 or 49 C.F.R. Section 1005, or in accordance with any applicable transportation

contract filed pursuant to 49 U.S.C. Section 10709, neither Party shall settle or compromise any claim, demand, suit or cause of action for which the other Party has any liability under this Agreement without the concurrence of such other Party if the consideration for such settlement or compromise exceeds Fifty Thousand Dollars (\$50,000).

11.6 It is understood that nothing in this Section shall modify or waive the conditions, obligations, assumptions or apportionments provided in Section 13.

11.7 Except as provided for in Section 6.10 herein, each Party hereto agrees to indemnify and hold harmless the other Party and its parent corporation, subsidiaries and affiliates, and all of their respective directors, officers, agents and employees from and against any and all costs and payments, including benefits, allowances and arbitration, administrative and litigation expenses, arising out of labor claims or grievances made by or on behalf of its own employees or their collective bargaining representatives, either pursuant to employee protective conditions imposed by a governmental agency upon the agency's approval or exemption of this Agreement and operations hereunder or predicated on a collective bargaining agreement. It is the intention of the Parties that each Party shall bear the full costs of labor claims and grievances filed by its own employees arising under its collective bargaining agreements with its employees.

Section 12. CLEARING OF WRECKS

12.1 Whenever SOO's use of the Subject Line requires rerailling, wrecking service or wrecking train service, DM&E shall perform or provide such service, including the repair and restoration of roadbed, track and structures, except that DM&E in its sole discretion may request a third party to perform such rerailling service at SOO's sole reasonable expense.

12.2. The cost, liability and expense of the foregoing, including without limitation loss of, damage to, or destruction of any property whatsoever and injury to and death of any person or persons whomsoever or any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, resulting therefrom, shall be apportioned in accordance with the provisions of Section 13 hereof. All locomotives, cars, equipment and salvage that are owned by or under the management and control of or used by SOO at the time of such wreck, shall be promptly delivered to SOO, unless the Parties otherwise agree.

Section 13. LIABILITY

13.1 The responsibility and liability between the Parties for: (i) any personal injury or death of any person (including employees of the parties and third persons), (ii) any real or personal property damage of any person (including property of the Parties and third persons), (iii) any damage or destruction to the environment (including land, air, water, wildlife and vegetation), and (iv) all cleanup and remedial expenses, court costs, litigation expenses and attorney's fees resulting from the use of the Subject Line as described herein, all of which are collectively referred to as a "Loss", will be divided as follows:

- (a) If a Loss occurs on the Subject Line involving the trains, cars and locomotives of only one of the Parties hereto, then that one Party is solely responsible for the Loss, even if caused partially or completely by the another Party.
- (b) If a Loss occurs on the Subject Line involving the trains, cars and locomotives of more than one Party, then (i) each Party is solely responsible for any Loss to its own employees, locomotives and equipment and that in its own revenue account including lading and (ii) the Parties are equally responsible for any Loss to the Subject Line and any Loss sustained by third parties, regardless of the proportionate responsibility between them as to the cause of the Loss.
- (c) For purposes of assigning responsibility of a Loss under this Section as between the Parties hereto, a Loss involving one of the Parties to this Agreement and a third party or parties shall be construed as being the sole responsibility of that one Party to this Agreement.
- (d) Whenever any liability, cost, or expense is assumed by or apportioned to a Party hereto under the foregoing or succeeding provisions, that Party shall forever protect, defend, indemnify, and save harmless the other Party to this Agreement and their parent corporations, subsidiaries and affiliates, and all of its respective directors, officers, agents and employees from and against that liability, cost and expense assumed by that Party or apportioned to it, regardless of whether caused in whole or in part by the fault, failure, negligence, misconduct, nonfeasance, or misfeasance of the indemnitee or its directors, officers, agents, or employees.
- (e) In every case of death or injury suffered by an employee of any Party hereto, when compensation to such employees or employee's dependents is

required to be paid under any workmen's compensation, occupational disease, employers' liability or other law, and any of said Parties, under the provisions of this Agreement, are required to pay said compensation, if such compensation is required to be paid in installments over a period of time, such Party (ies) shall not be released from paying any such future installments by reason of the expiration or other termination of this Agreement prior to any of the respective dates upon which any such future installments are to be paid.

(f) For purposes of determining liability, pilots furnished by DM&E to SOO pursuant to this Agreement shall be considered as the employees of SOO while such pilots are on duty as pilots.

(g) If a claim or suit shall be commenced against any of the Parties hereto for Damage for which another Party hereto is ultimately liable, the Party sued or against whom the claim is asserted may give notice of such claim or suit to the other Party and thereupon the latter shall assume the defense of the claim or suit and save harmless therefrom the Party sued or against whom the claim is asserted. The Party liable hereunder shall also be responsible and indemnify the other Party for all costs and expenses associated with defending the claim or suit (excluding the salaries, wages and benefits of the Parties' employees), including reasonable outside attorneys' fees. Where both Parties are liable hereunder, each Party shall bear its own costs and expenses associated with defending the claim or suit.

Section 14. DEFAULT AND TERMINATION

In the event of any substantial failure on the part of SOO to perform its obligations under this Agreement and its continuance in such default for a period of sixty (60) days after written notice thereof by certified mail from DM&E, DM&E shall have the right at its option, after first giving thirty (30) days written notice thereof by certified mail, and notwithstanding any waiver by DM&E of any prior breach thereof, to terminate the Trackage Rights and SOO's use of the Subject Line. The exercise of such rights by DM&E shall not impair its rights under this Agreement or any cause or causes of action it may have against SOO for the recovery of damages.

Section 15. REGULATORY APPROVAL

Should this Agreement require the prior approval of, or exemption by, the Surface Transportation Board ("STB"), DM&E at its own cost and expense will initiate and

thereafter diligently pursue an appropriate application, petition or notice to secure such approval.

Section 16. ABANDONMENT AND DISCONTINUANCE OF SUBJECT LINE.

16.1. SOO shall have the right, subject to securing any necessary regulatory approval, to discontinue its use of the Subject Line or any portion thereof. DM&E shall have the right, subject to securing any necessary regulatory approval, to abandon its use of the Subject Line or any portion thereof.

16.2 In the event DM&E secures the right to abandon the Subject Line, or any portion thereof, SOO shall promptly file an application with the proper regulatory authority seeking approval of the discontinuance of its operations over the Subject Line. If SOO does not promptly file an application seeking approval of its discontinuance of SOO's operations over the Subject Line, DM&E shall be deemed to have been given SOO's power of attorney to take such action on SOO's behalf.

Section 17. TERM

17.1 This Agreement shall be effective the day and the year first written above or, in the event STB approval is required, on the effective date such is secured and shall remain in full force and effect for an initial term of two (2) years. This Agreement shall be automatically renewed for subsequent five year periods "Renewal Term" unless cancelled by DM&E or SOO at any time during the Renewal Terms on 180 days written notice to the other Party.

17.2 In the event this Agreement is terminated, SOO shall not oppose any discontinuance application filed by DM&E with the STB.

17.3 Termination of this Agreement shall not relieve or release any Party hereto from any obligation assumed or from any liability which may have arisen or been incurred by any Party under the terms of this Agreement prior to the termination hereof.

Section 18. ARBITRATION

Any irreconcilable dispute arising between the Parties with respect to this Agreement shall be jointly submitted for binding arbitration under the Commercial Arbitration Rules of the American Arbitration Association. The decision of the arbitrator shall be final and conclusive upon the Parties hereto. Each Party to the arbitration shall pay the compensations, costs, fees and expenses of its own witnesses, experts and counsel.

The compensation, cost and expense of the arbitrator, if any, shall be borne equally by the Parties hereto. The arbitrator shall not have the power to award consequential or punitive damages or to determine violations of criminal or antitrust laws.

Section 19. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Parties hereto. SOO may transfer or assign this Agreement, or any of its rights, interests or obligations hereunder, to any person, firm, or corporation without obtaining the prior written consent of DM&E.

Section 20. NOTICES

20.1 Except as may be otherwise provided in this Agreement or as may be otherwise mutually agreed to by the parties hereto from time to time, any and all notices or other communications hereunder shall be in writing and shall be deemed given if delivered personally or mailed by certified mail, postage prepaid, upon the date so personally delivered or on the second day of uninterrupted postal service following the date so mailed, and shall be addressed to the persons at the following addresses:

If to SOO:

Vice President of Operations
SOO Line Railroad Company
120 S. Sixth Street, Suite 1000
Minneapolis, MN 55402

If to DM&E:

Vice President - Corporate
Dakota, Minnesota & Eastern Railroad Corporation
120 S. Sixth Street
Minneapolis, MN 55402

20.2 Either party to this Agreement may provide changes to its address or addressees by furnishing a notice of such change to the other party to this Agreement, in the same manner as provided above for all other written notices.

Section 21. GOVERNING LAW

It is the intention of the parties hereto that the laws of the State of Minnesota shall govern the validity of this Agreement, the construction of its terms, and the interpretation of the rights and duties of the parties' hereto.

Section 22. COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in duplicate, each part being an original, as of the day and year first above written.

DAKOTA, MINNESOTA & EASTERN
RAILROAD CORPORATION

By *Keith Cuel*

Its President and Chief Operating
Officer

Date March 27, 2015

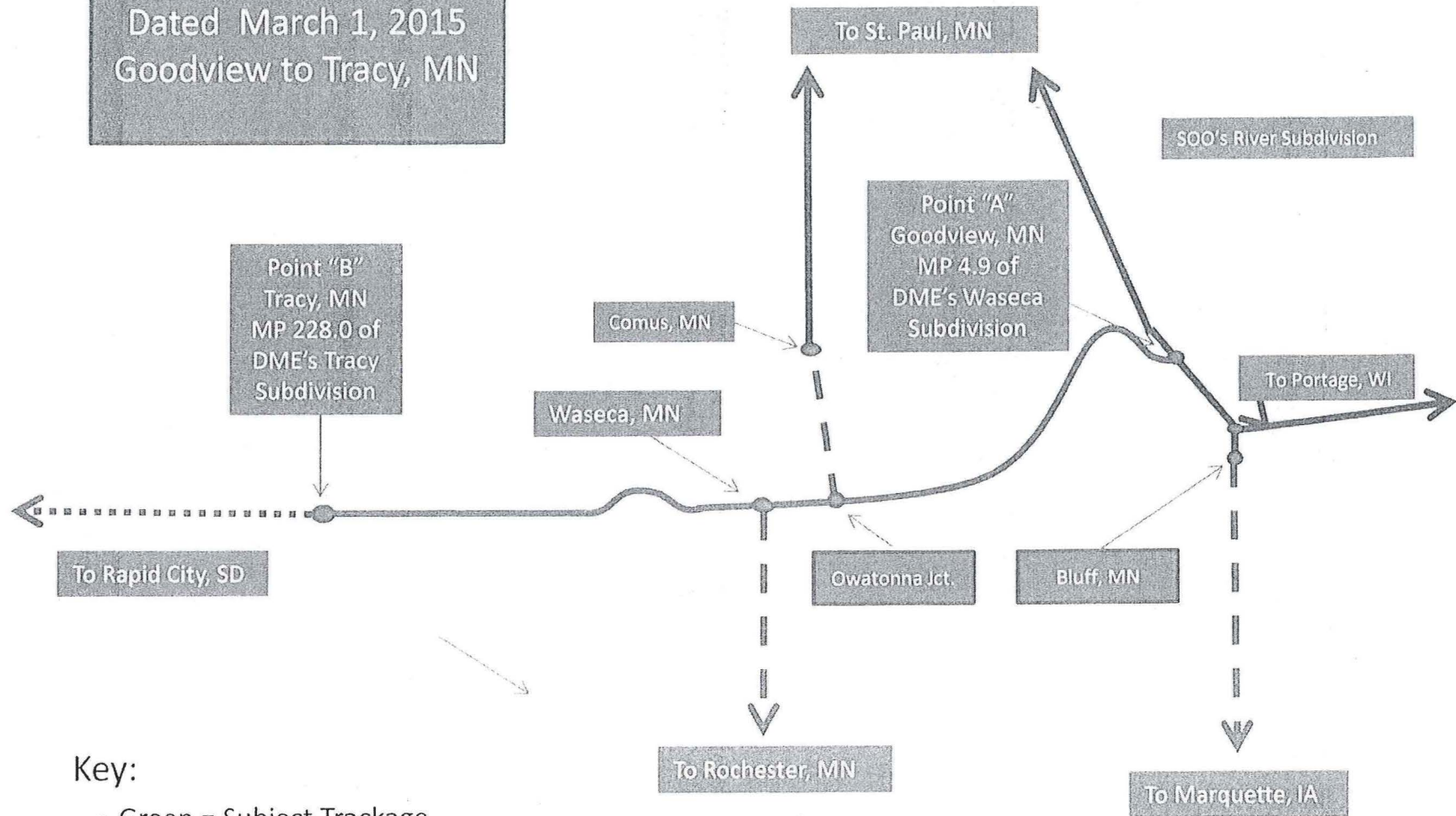
SOO LINE RAILROAD COMPANY

By *Robert A. Johnson*

Its Senior Vice President of Operations

Date MARCH 24, 2015

Exhibit 1
Dated March 1, 2015
Goodview to Tracy, MN



Key:

- Green = Subject Trackage
- Green Dash = DM&E Track
- Red = SOO Track
- Blue Dash = RCP&E RR

Not to Scale

EXHIBIT 3

Caption Summary

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 35906

SOO LINE RAILROAD COMPANY
—TRACKAGE RIGHTS EXEMPTION—
DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION

VERIFIED NOTICE OF EXEMPTION

Dakota, Minnesota & Eastern Railroad Corporation (DM&E) has agreed to grant nonexclusive overhead and local trackage rights to Soo Line Railroad Company (Soo Line), between mile post 4.9 +/- on DM&E's Waseca Subdivision at or in the vicinity of Goodview, MN and milepost 228.0 +/- on DM&E's Tracy Subdivision at or in the vicinity of Tracy, MN. The purpose of the transaction is to promote the more efficient and economical movement of freight by allowing Soo Line's continued handling of traffic between Soo Line's River, Merriam Park, and Tomah Subdivisions and DM&E's Waseca and Tracy Subdivisions. This transaction will be consummated on or immediately after the effective date of this Notice of Exemption.

This notice is filed under 49 C.F.R. § 1180.2(d)(7). Petitions to revoke the exemption under 49 U.S.C. § 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

Dated:
By the Board,

Rachel D. Campbell, Director
Office of Proceedings