

BALL JANIK LLP

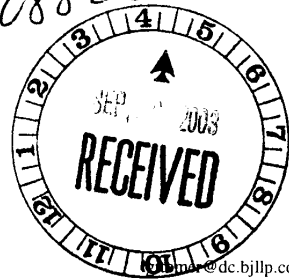
A T T O R N E Y S

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September 2, 2003

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Washington, DC 20423

RE: Finance Docket No. 34397, *Keokuk Junction Railway Company—Alternative Rail Service—Line of Toledo, Peoria and Western Railway Corporation*

Dear Secretary Williams:

Enclosed for filing are the original and ten copies of an offer to lease the line between LaHarpe, milepost 194.5 and Sciota, milepost 183.53 from the Toledo, Peoria and Western Railway Corporation ("TP&W") to the Keokuk Junction Railway Company ("KJRY"). The shippers KJRY seeks to serve are located on this 11-mile line. Such a result would have been reached without KJRY filing with the Surface Transportation Board, had KJRY bothered to comply with the rules requiring it to negotiate with TP&W.

TP&W requests that action on this proceeding be held in abeyance until September 9, 2003 to give the parties time to negotiate this offer. Please note that the letter asks KJRY to respond by Thursday September 4, 2003 and conclude negotiations by September 8, 2003.

Please time and date stamp the extra copy of this letter and return it with our messenger. If you have any questions, please contact me.

Respectfully submitted,

Louis E. Gitomer
Attorney for: Toledo, Peoria and Western
Railway Corporation

Enclosures



Toledo, Peoria and Western Railway Corporation

1990 East Washington Street, East Peoria, Illinois 61611-2961
(309) 698-2600 • Fax (309) 698-2679

REPLY TO: Corporate Headquarters
RailAmerica, Inc.
5300 Broken Sound Boulevard, NW
Boca Raton, FL 33487
(561) 994-6015 telephone
(561) 994-4629 facsimile



September 2, 2003

VIA FACSIMILE (309) 697-5387

Mr. B. Allen Brown
Chief Operating Officer
Pioneer Railcorp
1318 S. Johanson Road
Peoria, IL 61607

RE: The Lease by Toledo, Peoria & Western Railway Corp. of the Line from LaHarpe, IL to
Sciota, IL

Dear Mr. Brown:

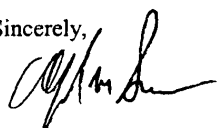
The Toledo, Peoria & Western Railway Corp. ("TP&W") recognizing the desire of Keokuk Junction Railway Company ("KJRY") to service the only two customers located on TP&W's rail line west of Canton, IL, hereby offers to lease the 10.9-mile line from LaHarpe, MP 194.5 to Sciota, MP 183.53 ("Sciota Line") to KJRY for a term of five (5) years with an annual rental (subject to CPI adjustment) set at \$ 13,712.50 plus 5% of gross revenues.

KJRY would be responsible for taxes on the Sciota Line, all track and other maintenance and public projects thereon. TP&W would reserve all mineral and water rights. KJRY would be responsible for obtaining STB regulatory approval of the lease and notification to the FRA of KJRY's track maintenance responsibility.

This proposal would be used to draft a lease that would contain the usual terms and conditions of railroad leases, including annual joint inspection of the trackage.

Please respond to show your interest in this offer by 5:00 p.m. eastern time on September 4, 2003. TP&W would like to conclude negotiations by September 8, 2003.

Sincerely,


Al Sauer
Senior Vice President
Marketing & Sales