

FLETCHER & SIPPEL LLC

ATTORNEYS AT LAW

29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832

214841

Phone: (312) 252-1500
Fax: (312) 252-2400
www.fletcher-sippel.com

MICHAEL J. BARRON, JR.
(312) 252-1511
mbarron@fletcher-sippel.com

June 27, 2006

VIA FEDERAL EXPRESS

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 700
Washington, DC 20423-0001

ENTERED
Office of Proceedings

JUN 28 2006

Part of
Public Record



Re: **Finance Docket No. 34830**
Kansas City Transportation Company LLC—Lease and
Assignment of Lease Exemption—Kansas City Terminal
Railroad Company and Kaw River Railroad, Inc.

Dear Secretary Williams:

Kansas City Transportation Company LLC submits this letter for filing in the above-captioned proceeding pursuant to the Board's decision served May 30, 2006 ("May 30 Decision").

The May 30 Decision directed Kansas City Transportation Company LLC ("KCTL") to submit to the STB a copy of its operating agreement and all other documents governing the relationship between KCTL and Kaw River Railroad, Inc. ("KRR"). A copy of the operating agreement between KCTL and KRR is enclosed herein.

The enclosed contract between KCTL and KRR is the only document that governs the relationship between the parties. As detailed in the contract, all of KRR's activities on the track are in the name of KCTL and in support of KCTL's common carrier obligation. See Art. III(A). KRR operates on the subject trackage in the name of KCTL. Art. III(A). KRR must operate in accordance with KCTL's operating plan and specifications. Art. II(B) and (L). All cars handled by KRR move pursuant to KCTL tariffs. Art. II(B)(3). All cars handled by KRR are in the account of KCTL; KCTL pays car hire and collects demurrage. Art. IV(C). KRR has no independent pricing, operating or other discretion on the lines of KCTL. Art. II(B)(3). KRR is simply a contract agent for KCTL.

In specific response to the Board's queries, maintenance of the Switch Tracks is performed by KRR according to the specifications of KCTL, Art. II(C); maintenance of the Joint Tracks is performed by BNSF pursuant to a transaction approved in Finance Docket No. 32238, *Atchison, Topeka and Santa Fe Railway Company—Lease Exemption—Kansas City Terminal*

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Railway Company, served February 24, 1994. Dispatching over both the Switch Tracks and the Joint Tracks is provided by Kansas City Terminal Railroad. Cars continue to be supplied by the connecting line owners of the Kansas City Terminal as they have been for decades. KRR is responsible for the consequences of its own actions. Arts. X-XIII. KRR is paid a fee by KCTL for its services. Art. VII. The operating agreement is for a limited term, Art. XV, and KCTL has the right and ability to award a similar contract to another operator or to assume operations itself.

The May 30 Decision cites *Association of P&C Dock Longshoremen v. Pittsburgh and Conneaut Dock Company, et al.*, 8 I.C.C.2d 280 (1992) ("*P&C Dock*"). The issue in *P&C Dock* and the cases cited therein was whether a particular activity or operation was part of interstate commerce by rail, thus triggering STB jurisdiction and a common carrier obligation. That concern is not at issue here. KCTL acknowledges that it is a common carrier by rail with common carrier obligations on the lines that are the subject of this docket, and its operations fall within the jurisdiction of the Board. KRR is merely a contract agent, and if it fails to perform the services required under its contract to KCTL, it is KCTL, as the common carrier, that must ensure those services are performed.

It has long been recognized that common carriers can contract out to agents for the provision of rail transportation services. *City of Chicago v. Atchison, Topeka and Santa Fe Railway Company, et al.*, 357 U.S. 77, 78 S.Ct. 1063, 2 L.Ed.2d 1174 (1958). The situation here is identical to the situations in the following cases, for which no additional authority was required: Finance Docket No. 34729, *Saginaw Bay Southern Railway Company—Acquisition and Operation Exemption—Rail Line of CSX Transportation, Inc.*, served September 27, 2005 (Saginaw Bay Southern Railway Company to provide service through a contract operator, Lake State Railway Company); Finance Docket No. 33496, *Delphos Terminal Company, Inc.—Acquisition and Operation Exemption—Indiana Hi-Rail Corporation*, served October 31, 1997 (Delphos Terminal Company, Inc. to contract with Conrail to perform rail services over the line as a contract operator); and Finance Docket No. 32716, *Hampton Railway, Inc.—Notice of Exemption—Willamina & Grand Ronde Railway Company*, served June 29, 1995 (Hampton Railway to contract with Willamette & Pacific Railroad Company, to perform rail services as a contract operator). [In none of those cases did the contractor obtain independent operating authority from this Board to perform services as an agent for the common carrier.]

Recent STB decisions have indicated that these arrangements are acceptable and in compliance with federal rules. See, decisions in combined Finance Docket Nos. 34145, *Bulkmatic Railroad Corporation—Acquisition and Operation Exemption—Bulkmatic Transport Company*, and 34179, *Bulkmatic Railroad Corporation—Operation Exemption—Bulkmatic Transport Company*, served November 19, 2002 and May 15, 2003 (Note STB's discussion concerning the relationship of Bulkmatic Railroad Corporation as common carrier and Chicago Heights Switching Company as its agent); see also, Finance Docket Nos. 32112, *Clark Shortline*

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Railroad Company—Acquisition and Operation Exemption—Indiana Port Commission, 32113, Southwind Shortline Railroad Company—Acquisition and Operation Exemption—Indiana Port Commission, and 32114, Indiana Ports Railroad Holding Corporation—Continuance in Control Exemption—Clark Shortline Railroad Company and Southwind Shortline Railroad Company (all served May 14, 1998) (Clark Shortline Railroad Company and Southwind Shortline Railroad Company have common carrier obligations even though they have contracted with operators who actually perform rail services).

Perhaps some confusion may have arisen from the fact that KRR previously provided outwardly similar service over this trackage as a common carrier with the authorization of this Board. Finance Docket No. 34509, *Kaw River Railroad Inc.—Lease Exemption—The Kansas City Southern Railway*, served June 24, 2004. However, as a result of the transactions encompassed under this docket and Finance Docket No. 34831, *Kansas City Terminal Railway Company—Intra-Corporate Exemption—Kansas City Transportation Company LLC*, served March 22, 2006, KRR no longer has any common carrier rights or responsibility; those rights and responsibilities have been transferred to KCTL. After this transaction, KRR may continue to switch cars on the line, but it does so now in a fundamentally different capacity: it now operates solely as a contractor and agent for KCTL.

KCTL has elected to retain an agent to provide certain operating services on the line, but KCTL remains the authorized common carrier with common carrier responsibilities. KCTL has filed the appropriate Notice of Exemption to assume the common carrier obligation for those operations and the responsibility to ensure these obligations are met. Since KRR is simply acting in the name of KCTL as a contract agent, in fulfillment of KCTL's obligations, no further filing is necessary.

Very truly yours,



Michael J. Barron, Jr.
Attorney for Kansas City
Transportation Company LLC

MJB: arw
Enclosures.
cc: Mr. Scott Long

SWITCHING AND MAINTENANCE SERVICES AGREEMENT

This SWITCHING AND MAINTENANCE SERVICES AGREEMENT, entered into as of the 1st day of March, 2006, by and between Kansas City Transportation Company LLC, a Missouri limited liability company, hereinafter referred to as "KCTL" and Kaw River Railroad, Inc., a Kansas corporation, hereinafter referred to as "Contractor".

RECITALS:

WHEREAS, KCTL has leased from the Kansas City Terminal Railway Company (the "KCT") certain trackage in Kansas City, Wyandotte County, Kansas and in Kansas City, Jackson County, Missouri, which trackage is shown in "red" on the map attached hereto as **Exhibit A** (the "KCT Trackage") and has leased from The Kansas City Southern Railway Company (the "KCS") certain trackage in Kansas City, Wyandotte County, Kansas and in Kansas City, Jackson County, Missouri, which trackage is shown in "blue" on the map attached hereto as **Exhibit A** (the "KCS Trackage") (the lease pursuant to which KCTL has leased the KCT Trackage is referred to herein as the "KCT Lease" and the lease pursuant to which KCTL has leased the KCS Trackage is referred to herein as the "KCS Lease"); and

WHEREAS, pursuant to the KCT Lease and the KCS Lease, KCTL has assumed the common carrier obligation a portion of which is to provide certain rail switching services to industries and others now or hereinafter located on or served from the KCT Trackage and the KCS Trackage (collectively the "Leased Trackage") and to perform the maintenance on said Leased Trackage; and

WHEREAS, KCT desires to contract with Contractor for Contractor to perform the switching, maintenance and other services set forth in this Agreement on the KCT Leased Trackage and the KCS Leased Trackage; and

NOW, THEREFORE, in consideration of the promises and the covenants and agreements hereinafter contained to be kept and performed by the parties hereto, it is agreed as follows:

ARTICLE I. DEFINITION OF CERTAIN TERMS

A. The term "Leased Trackage" shall mean collectively the KCT Trackage and the KCS Trackage and shall include the track structure, right of way, all appurtenances thereof and all additions, improvements and betterments thereto, and used in connection with the performance of the services hereunder, including but not limited to all rail and fastenings, switches and frogs complete, bumpers, ties, ballast, roadbed, embankments, bridges, trestles, culverts or any other structures or things necessary for support of and entering into construction thereof, and if any portion thereof is located in a thoroughfare the terms shall include pavement, crossing planks and other similar materials or facilities used in lieu of pavement or other street surfacing material at vehicular crossings of

tracks, culverts, drainage facilities, and any and all equipment and installation required by lawful authority in connection with construction, renewal, maintenance and operation of said track structures and all appurtenances thereof.

B. The term "Industries" shall mean those industries, businesses and other operations now or hereinafter located on or adjacent to the Leased Trackage which now or hereinafter receive or desire to receive Switching Services.

C. The term "Joint Trackage" shall mean the track structure, right of way, all appurtenances thereof and all additions, improvements and betterments thereto owned by KCT as approximately shown in "black" and labeled as "KCT Main" on the map attached hereto as Exhibit A, which is incorporated herein by reference.

D. The term "Operating Agreement" shall mean that certain Operating Agreement by and among the KCT and its owner railroads dated June 12, 1909, as the same has been supplemented from time to time by nine supplements.

E. The term "8th Supplement" shall mean the Eighth Supplemental Operating Agreement dated March 13, 1990 which supplements the Operating Agreement.

ARTICLE II. DESCRIPTION OF DUTIES

In the performance of this Agreement, Contractor shall, at its sole cost and expense (except as otherwise provided herein), provide and/or perform the following:

A. Assist and cooperate with the KCTL, as set forth herein, in obtaining such authority or exemption(s) as may be required, if any, for the operations of KCTL and the Contractor contemplated by this Agreement, including any necessary or desired filings, applications or exemptions with and/or from the Surface Transportation Board and any other authority(ies) having or claiming jurisdiction or authority over all, or any portion of, the transactions contemplated under this Agreement; and

B. The Contractor shall perform the "Switching Services", which consist of the following:

(1). Perform all work and services necessary to facilitate, or incidental to, (and supply at its cost and be responsible for all equipment, switch engine or engines, switch crews and other employees, fuel, water, supplies necessary to perform): a) the transfer and interchange services between KCTL and KCT, KCS, KCT's other owner railroads, any other railroads designated by KCTL from time to time, and the Industries; and b) the switching of cars to and from those Industries, including but not limited to intraplant switching, pursuant to and in accordance with the terms and conditions of this Agreement, all in accordance with the switching operating plan established by KCTL from time to time and agreed to by Contractor (the "KCTL Operating Plan") (the currently existing KCTL Operating Plan which is in effect as of the date of this Agreement is attached hereto as Exhibit B).

(2). Perform all work and services necessary to facilitate, or incidental to, (and supply at its cost and be responsible for all equipment, switch engine or engines, switch crews and other employees, fuel, water, supplies necessary to perform) any other services or tasks described in the KCTL Operating Plan, as the same is established by KCTL from time to time (the parties hereto acknowledge and agree that KCTL may, after consulting with and obtaining the approval of Contractor, which shall not be unreasonably withheld, and upon 30 days notice to Contractor, at any time and from time to time establish a new KCTL Operating Plan which modifies, changes, amends, replaces, restates or replaces the previous KCTL Operating Plan, and any such newly established KCTL Operating Plan shall control the performance of Contractor's services under this Agreement).

(3). Perform all work and services necessary to facilitate, or incidental to, (and supply at its cost and be responsible for all equipment, switch engine or engines, switch crews and other employees, fuel, water, supplies necessary to perform) any other services or tasks described in the switching Tariff then in effect for KCTL (the "KCTL Tariff"), as the same is established from time to time (the currently existing KCTL Tariff which is in effect as of the date of this Agreement is attached hereto as Exhibit C). The parties hereto acknowledge and agree that KCTL may, after consulting with Contractor and upon 30 days notice to Contractor, at any time and from time to time establish a new KCTL Tariff which modifies, changes, amends, replaces, restates or replaces the previous KCTL Tariff and any such newly established KCTL Tariff shall control the performance of Contractor's services under this Agreement. If additional services or a heightened level of services are to be provided by Contractor as a result of the new or modified tariffs, the parties agree to negotiate in good faith to establish additional compensation for Contractor before the effective date of any new or modified tariff.

In performing the foregoing Switching Services, Contractor shall furnish and be responsible for all equipment, switch engine or engines, switch crews and other employees, fuel, water, supplies, and other incidentals in the management, supervision and performance of the foregoing services, all of which shall be collectively referred to herein as the "Switching Services".

C. The "Switching Maintenance Work" to be performed by Contractor pursuant to this Agreement, consists of the following:

(1) With the exception of KCT's and KCS' signal, grade crossing signal protection and communications systems, and their related labor and materials, Contractor will manage, supervise, provide and perform all maintenance and repair work and services and, subject to the provisions of Article VII, Section B below concerning the procurement of maintenance

of way materials and supplies, provide all materials and supplies therefore (including all work and materials for changes, additions, betterments and retirements of the Leased Trackage) which: (a) are necessary to maintain the Leased Trackage in good order, condition and repair at levels consistent with efficient train movements, (b) are necessary to bring the Leased Trackage into a condition that meets and maintains the requirements of the Federal Railroad Administration ("FRA") at levels no lower than a FRA Class II standard or such other level described on the Exhibit D (which Exhibit D is to be developed during and as part of the "Joint Inspection" described in Section D below and then attached hereto and incorporated herein by this reference) and meet standards which may from time to time be reasonably established by KCTL.

All such work, services, materials and supplies are herein collectively referred to as the "Switching Maintenance Work". The Switching Maintenance Work shall include, and Contractor shall perform, such other maintenance and repair work and services on the Leased Trackage and provide such other materials (subject to payment as herein provided), tools, labor and supplies necessary to perform such other maintenance and repair work as may from time to time be reasonably requested by KCTL, which Contractor shall comply with the standards of the FRA and the standards issued by KCTL.

D. As soon as reasonably possible after Contractor begins operations under this Agreement, KCTL and Contractor will conduct a joint inspection of the Leased Trackage (the "Joint Inspection") to establish and agree upon the condition of the Leased Trackage at the time of Contractor beginning service under this Agreement and that the Leased Trackage is suitable for safely conducting the operations contemplated by this Agreement. Subject to the provisions of Article VII, Section B below concerning the procurement of maintenance materials and supplies, Contractor shall be responsible, at its cost and expense, for maintaining the Leased Trackage at the then existing levels identified in the Joint Inspection. Using the information developed during the Joint Inspection, KCTL, after consulting with Contractor, shall designate the levels (if less than FRA Class II) to which any of the Leased Trackage is to be maintained and the Leased Trackage to be brought up to FRA Class II standard (if not already there). KCTL shall be responsible for the cost and expense for changes, additions, betterments and retirements of the Leased Trackage, including the cost and expense for improvements to the Leased Trackage at levels higher than existing on the day Contractor begins operations under this Agreement as identified in the Joint Inspection. KCTL may, in its discretion, at KCTL's cost and expense, engage and utilize Contractor or other contractors to perform any work necessary to raise the Leased Trackage up to FRA Class II standard or such other level designated by KCTL above the levels existing on the day Contractor begins operations under this Agreement as identified in the Joint Inspection. KCTL and Contractor shall prepare Exhibit D to be attached to this Agreement as part of the Joint Inspection and shall set forth in said Exhibit D the levels, if less than FRA Class II, to which any of the Leased Trackage is to be maintained and the work and the schedule of said work which Contractor (and/or KCTL's other contractors) will perform

in order to bring the Leased Trackage up to FRA Class II standard or such other designated level. Once so prepared, Exhibit D shall be attached to this Agreement and, once so attached, incorporated herein by this reference.

E. Subject to the provisions of Article VII, Section B below concerning the procurement of maintenance materials and supplies, once Contractor (or KCTL's other contractors) have brought the Leased Trackage up to the required levels designated in Exhibit D, Contractor shall be responsible, at its cost and expense, for maintaining the Leased Trackage at these levels. Once the Leased Trackage is brought up to the required levels, KCTL shall be responsible for the cost and expense for changes, additions, betterments and retirements of the Leased Trackage, including the cost and expense for improvements to and maintenance of the Leased Trackage at levels higher than required under this Agreement.

F. Subject to the provisions of Article VII, Section B below concerning the procurement of maintenance materials and supplies, Contractor shall supply all materials and equipment and pay all wages, taxes and fringe benefits of its employees engaged in the performance of the Switching Services and the Switching Maintenance Work. Subject to the general supervision, direction and control of KCTL of Contractor's work under this Agreement, Contractor shall have the exclusive direction and control of its employees and Contractors in the performance of the Switching Services and Switching Maintenance Work performed on the Leased Trackage and Contractor shall be solely responsible for scheduling and overseeing the Switching Services and the Switching Maintenance Work and for the degree of care with which the Switching Services and Switching Maintenance Work are performed and for the quality and the results of the Switching Services and the Switching Maintenance Work.

G. Contractor will promptly and accurately track, record and input rail movement events, transfers, interchanges, switches and other services covered by KCTL's Tariff which are performed by Contractor ("Tariff Events") into Contractor's designated car control and accounting system for car movements and keep available records for pertinent railroads to monitor. Contractor will cooperate with KCTL in its use of the car control and accounting system for accounting, invoicing, billing and other purposes and will allow KCTL access to, and will allow KCTL to use, the car control and accounting system for KCTL's accounting, invoicing, billing and other purposes. Contractor will maintain the data, records and information related to its services under this Agreement and KCTL's business operations (the "Data and Records") throughout the term of this Agreement. Contractor will keep the Data and Records confidential and will not disclose any of the Data and Records to any third party without the prior consent of KCTL. Contractor will transfer to KCTL this data and records upon the termination or expiration of this Agreement or at such other reasonable times as KCTL may request.

H. Contractor, at its sole cost and expense, shall:

- (1) Be responsible for performing transfer train brake tests in accordance with the applicable rules of the FRA and AAR governing. In

addition, mechanical inspection of railcars, bad order repair and the associated AAR car repair billing will also be the responsibility of Contractor and Contractor shall perform these and all other related tasks. Contractor shall retain all AAR car repair billings and revenue. Contractor shall be responsible for all costs of collection of the AAR car repair billing revenue. KCTL grants to Contractor the right to use KCTL's marks for purposes of billing and collecting all AAR car repair billing revenues.

(2) Be liable for any loss or damage for Contractor's failure to perform, or properly perform, transfer train brake tests, mechanical inspection of railcars, bad order repair and the associated AAR car repair billing.

(3) Perform all required car inspections and bad order repairs on cars handled under the Switching Services, except as provided in subsection H (5) of this Article II. If a rail car is bad ordered as a result of said inspection by Contractor, and it is necessary that it be set out for repair, Contractor shall promptly switch such bad ordered rail car to the repair tracks and perform the required repairs. Such bad ordered rail car shall, after being repaired by Contractor, be promptly placed back in service for handling by Contractor under the Switching Services. All such work, services, materials and supplies are herein collectively referred to as the "Car Inspection and Repair Work". No additional charges shall apply to Contractor's physical handling of rail cars to or from the repair tracks.

(4) Contractor agrees that the cost of any repair or replacement of railcars that are damaged or destroyed while in the possession of Contractor under the Switching Services shall be the sole responsibility of Contractor, except to the extent caused by the negligence, intentional misconduct or breach of this Agreement by KCTL or its owners and their officers, agents, directors, servants, employees or Contractors or sub-contractors (excluding Contractor and its contractors and sub-contractors).

(5) Promptly notify KCTL's designated officer and request disposition of said rail car, should Contractor, during the course of performing the Car Inspection and Repair Work, discover any defect or damage condition or conditions on a rail car which, in Contractor's opinion, (i) exceeds Contractor's capabilities to make the required repair(s) or (ii) cannot be repaired by Contractor and returned to service within seventy-two (72) hours from the time of such discovery. Upon receipt of KCTL's disposition instructions, Contractor shall promptly comply with such instructions. If KCTL instructs Contractor to deliver a rail car to a car owner pursuant to this Article II.H (5), Contractor must make such delivery within forty-eight (48) hours of receiving such instructions and should Contractor fail to make such delivery, Contractor will be responsible for any charges incurred by KCTL as a result of the car

remaining in KCTL's car hire account.

I. In addition to the requirements and obligations of Contractor set forth in this Agreement, the KCTL Operating Plan, the KCTL Tariff and the other Exhibits or Attachments to this Agreement, Contractor shall also perform and comply with KCTL's General Compliance Specifications set forth in Exhibit E, attached hereto and incorporated herein by this reference (the "Compliance Specifications"). The KCTL Operating Plan, the KCTL Tariff, the Compliance Specifications and the other Exhibits or Attachments to this Agreement are a part of this Agreement and it is hereby understood and agreed that the terms, conditions, obligations and requirements set forth in these items are in addition to and not in substitution for any of the terms, conditions, obligations and requirements expressly set forth in this Agreement and to the extent possible the provisions of the Agreement, the KCTL Operating Plan, the KCTL Tariff, the Compliance Specifications and the other Exhibits or Attachments to this Agreement shall be read and interpreted so as to be consistent with each other.

J. With respect to liability and responsibility concerning derailments and the cost associated with derailments and other such incidents, KCTL and Contractor agree as follows:

(1) As between KCTL and Contractor, Contractor shall be responsible for any and all derailments of any train, car, engine or other equipment being operated by Contractor whether such derailment is on the Leased Trackage, the Joint Trackage or on any trackage used for interchange or in connection with interchange which is not part of the Leased Trackage or the Joint Trackage (the "Interchange Trackage"), except to the extent caused by the negligence, intentional misconduct or breach of this Agreement by KCTL or KCT and their respective officers, agents, directors, servants, employees or Contractors or sub-contractors (excluding Contractor and its contractors and sub-contractors). Contractor's responsibility in this regard includes responsibility for the cost and expense of any re-railing, repair or clean-up of any such derailment, as well as any other cost, claim, damage, or other liability resulting from or associated with any such derailment and Contractor hereby agrees to indemnify and hold KCTL (and KCT and their respective officers, agents, directors, servants, employees, contractors and sub-contractors) harmless from and against all such cost, claim, damage, or other liability. Contractor shall be responsible for the re-railing, repair and the associated clean-up of any derailment that occurs on the Leased Trackage, with Contractor responsible for the cost and expense of such work, except to the extent caused by the negligence, intentional misconduct or breach of this Agreement by KCTL or KCT and their respective officers, agents, directors, servants, employees or Contractors or sub-contractors (excluding Contractor and its contractors and sub-contractors). As between KCTL and Contractor, the re-railing, repair and the associated clean-up of any derailment that occurs on the Joint

Trackage or on any trackage used in interchange shall be performed (or caused to be performed) by KCTL (or KCT or one of KCT's owner roads), with Contractor responsible for the cost and expense of such work, except to the extent caused by the negligence, intentional misconduct or breach of this Agreement by KCTL or KCT and their respective officers, agents, directors, servants, employees or Contractors or sub-contractors (excluding Contractor and its contractors and sub-contractors).

(2) As between Contractor and KCT's owner roads, Contractor acknowledges that for purposes of any and all derailments of any train, car, engine or other equipment being operated by Contractor on any of the Leased Trackage or the Joint Trackage, the train, car, engine or other equipment being operated by Contractor will be deemed to be the "Sole Property" of the KCT for purposes of allocation of the liability for derailments and any other "Incident" (as such terms are defined in the 8th Supplement) in accordance with the provisions of the 8th Supplement. Contractor's liability for, and duties and responsibilities in connection with, any such derailment or other Incident involving any train, car, engine or other equipment being operated by Contractor shall be apportioned between Contractor and KCT's owner roads in accordance with the provisions of the 8th Supplement applied as if Contractor were the KCT under the 8th Supplement. Contractor's responsibility in this regard includes responsibility for the cost and expense of any re-railing, repair or clean-up of any such derailment, as well as any other cost, claim, damage, or other liability resulting from or associated with any such derailment which, and to the extent that such, is the responsibility of Contractor under the provisions of the 8th Supplement applied pursuant to the terms of this subsection J(2) and Contractor hereby agrees to indemnify and hold KCTL (and KCT and their respective officers, agents, directors, servants, employees, contractors and sub-contractors) harmless from and against all such cost, claim, damage, or other liability which is the responsibility of Contractor under the provisions of this subsection J(2).

(3) As between Contractor and KCT's owner roads, Contractor acknowledges that for purposes of any and all derailments of any train, car, engine or other equipment being operated by Contractor on the Interchange Trackage, Contractor is operating such train, car, engine or other equipment pursuant to: i) that certain Interchange Agreement Kansas City, Kansas between BNSF and KCTL, dated February, 28, 2006; ii) that certain Interchange Agreement by and between KCTL and KCS, dated March 1, 2006; or, iii) that certain Interchange Agreement by and between KCT and Union Pacific Railway Company ("UP"), dated February 24, 2006 and that certain Operating Interchange Track Lease by and between KCT and UP, dated February 28, 2006 (each, as hereafter amended from time to time, an "Interchange Agreement" or collectively, "Interchange Agreements") and that any train, car, engine or other equipment being

operated by Contractor on the Interchange Trackage covered by each such Interchange Agreement will be deemed to be a train, car, engine or other equipment of KCTL or KCT for purposes of allocation of the liability for derailments and other incidents on the Interchange Trackage covered by each such Interchange Agreement. Contractor's liability for, and duties and responsibilities in connection with, any such derailment or other incident involving any train, car, engine or other equipment being operated by Contractor shall be apportioned between Contractor and KCT's owner roads in accordance with the provisions of the applicable Interchange Agreement applied as if Contractor were KCTL or KCT under such Interchange Agreement. Contractor's responsibility in this regard includes responsibility for the cost and expense of any re-railing, repair or clean-up of any such derailment, as well as any other cost, claim, damage, or other liability resulting from or associated with any such derailment which, and to the extent that such, is the responsibility of Contractor under the provisions of the applicable Interchange Agreement applied pursuant to the terms of this subsection J(3) and Contractor hereby agrees to indemnify and hold KCTL (and KCT and their respective officers, agents, directors, servants, employees, contractors and sub-contractors) harmless from and against all such cost, claim, damage, or other liability which is the responsibility of Contractor under the provisions of this subsection J(3).

(4) For purposes of this Section J and notwithstanding anything to the contrary set forth above in this Section J, Contractor agrees that it accepts all such Leased Trackage, Joint Trackage and Interchange Trackage as it finds it and "Where-Is and As-Is" and Contractor agrees that it shall not, by reason of any failure, deficiency, or defect in any such trackage or failure or neglect in the maintenance of such trackage, have or make against KCTL, KCT or any of KCT's owner roads or any of their respective employees, contractors or subcontractors any claim or demand for any loss or damage whatsoever arising from or incident to such deficiency, defect, failure or neglect.

K. Contractor shall perform the Switching Services and Switching Maintenance Work (and all other duties and obligations of Contractor hereunder) (collectively "Contractor's Services") in a fair and impartial manner. Moreover, in performing the Contractor's Services, Contractor shall comply with all applicable statutes, rules and regulations, including, supplying at Contractor's own expense certified locomotive engineers.

L. In performing the Contractor's Services, Contractor shall meet or exceed the performance standards and other performance criteria set forth in the KCTL Operating Plan (and elsewhere in this Agreement, including in the Compliance Specifications) and Contractor shall be responsible for and shall reimburse KCTL for any fees, charges, costs, liabilities, and/or lost revenues resulting from any failure on the part of Contractor

to meet or exceed said performance standards or criteria.

M. Contractor shall perform the Contractor's Services free from all liens and claims of liens by Contractor, any of its employees, contractors, subcontractors, suppliers or vendors and any party claiming such a lien through Contractor or any of its Contractors, subcontractors, suppliers or vendors and if KCTL has properly paid Contractor the sums due Contractor under this Agreement, Contractor shall indemnify and hold KCTL (and the KCT and KCS) harmless from any such lien or claim of lien and all costs and expenses incurred by KCTL (KCT or KCS) which arise from any such lien or claim of lien, including, but not limited to, any reasonable attorneys fees incurred by KCTL (KCT or KCS) in connection with such lien or claim of lien.

ARTICLE III. USE OF EXISTING FACILITIES

A. Contractor recognizes that it is performing the Switching Services and the Switching Maintenance Work hereunder as KCTL's Contractor, in the name of KCTL, allowing KCTL to fulfill its common carrier and other obligations assumed by KCTL under the KCT Lease and the KCS Lease. Accordingly, when operating on the Leased Trackage or the Joint Trackage, the Contractor will be doing so in the name of KCTL pursuant to the rights granted to KCTL under the KCT Lease and the KCS Lease and Contractor has no independent lease or operating rights under this Agreement to operate upon the Leased Trackage or the Joint Trackage in its own name.

B. Contractor shall not use the Joint Trackage, in combination or connection with the Leased Trackage, in such a way so as to interfere or otherwise hinder the use of the Joint Trackage by KCT, its owners, any other party whom has the right to use or operate on the Joint Trackage or any other party to the KCT Operating Agreement.

C. Contractor's operations over the Leased Trackage and the Joint Trackage shall be subject to the rights of any parties to the KCT Operating Agreement, KCT's operating rules and Special Instructions and shall be governed by KCT's traffic control system.

D. Contractor acknowledges that KCTL's right to use the Leased Trackage is not exclusive and that KCT (for itself and for its owner roads, lessees and other third parties who have the right to use or operate on KCT's tracks) has retained the right to conduct operations over the KCT Leased Trackage and the Joint Trackage and that KCS has retained the right to conduct operations over the KCS Leased Trackage, Irrespective of the above, no party (including KCTL) shall perform in the name of or on behalf of KCTL the services to be performed by Contractor hereunder, except as specifically authorized by the terms of this Agreement in the case of default by Contractor or as provided in Article II, Section D above.

E. KCTL agrees that it shall provide Contractor with such space reasonably required for Contractor to perform its work under this Agreement in various KCTL's facilities (or KCT's facilities which KCTL has the right to use) which are designated by KCTL for use by Contractor. Contractor shall be responsible, at its cost and expense, for keeping the

portion of the building structure(s) it occupies clean. KCTL, or KCT as applicable, shall be responsible for the maintenance of the building structure(s) provided to Contractor by KCTL and utilities for said building structure(s).

F. Contractor acknowledges that KCTL has taken the Leased Trackage subject to existing track leases and/or future track leases agreed to by KCT and/or KCS as applicable and that KCTL may further lease out portions of the Leased Trackage but will be done in a manner to not unreasonably interfere with Contractor's performance of the services hereunder. Contractor acknowledges it has no right to any revenues from such leased tracks.

ARTICLE IV. EQUIPMENT

A. Contractor shall provide and furnish such vehicles, equipment, crews and supplies necessary to perform said Switching Services, as well as any other services provided for under this Agreement to be performed by Contractor, including switch engine or engines, switch crews and other employees, as well as all fuel, water, supplies, roundhouse handling and other incidentals. Equipment designated by KCTL shall be branded as required by KCTL, including certain of the equipment provided by Contractor with KCTL's logo and name at the sole cost and expense of KCTL. Any repainting or rebranding that is necessary due to damage caused by Contractor shall be performed at Contractor's cost and expense. KCTL shall not allow any liens attributable to KCTL, KCT or any of KCT's affiliates to attach to Contractor's property and shall protect and save Contractor harmless from the same.

B. Contractor shall provide vehicles and equipment necessary to perform the Switching Maintenance Work under this Agreement. Equipment designated by KCTL shall be branded as required by KCTL, including certain of the equipment provided by Contractor with KCTL's logo and name at the sole cost and expense of KCTL. Any repainting or rebranding that is necessary due to damage caused by Contractor shall be performed at Contractor's cost and expense. KCTL shall not allow any liens attributable to KCTL, KCT or any of KCT's affiliates to attach to Contractor's property and shall protect and save Contractor harmless from the same.

C. For the purposes of car hire accounting, all rail cars handled by Contractor pursuant to this Agreement will be considered in the account of KCTL and KCTL shall be responsible for all car hire relative to the same. Irrespective of the same, Contractor shall be responsible for handling said rail cars on behalf of KCTL. If a car is bad ordered while in the possession of Contractor under this Agreement, such bad ordered car shall be subject to the provisions of Article II, Section H.

ARTICLE V. REMOVAL OF CREWS

Any employee or member of a crew provided by Contractor who is engaged in performance of duties on behalf of Contractor pursuant to this Agreement shall be removed there from upon written request of KCTL. Anything herein to the contrary

notwithstanding, Contractor shall not be required to remove any person from service if prevented from doing so by law or regulation of a public authority having jurisdiction, or by a contract with respect to removal from service, but, in such event, Contractor shall take such other action as it may reasonably take to satisfy the objections of KCTL to said employee or crew member.

ARTICLE VI. SWITCHING OF CARS

A. Contractor shall be responsible for all cars, defects in such cars, violations of operating rules and all other violations of federal, state and/or local laws, rules and regulations which occur during Contractor's performance of its obligations under this Agreement.

B. Contractor shall use, for the interchange of cars, those portions of the Leased Trackage or other trackage currently designated for interchange, and such other portions of the Leased Trackage or other trackage as KCTL and other carriers agree to use for interchange. In using Leased Trackage or such other trackage designated by KCTL for interchange, Contractor shall place or leave all cars to be interchanged at safe distances from any grade crossings or any track or tracks which may now or hereafter connect therewith or intersect the same, and so as not to interfere with, obstruct or endanger in any manner the operation or use of any other tracks. KCTL shall inform Contractor in writing of any special interchange requirements related to KCTL's interchange agreements with other carriers and Contractor shall comply with such requirements when performing interchange with that carrier.

C. Contractor shall furnish KCTL with accurate records maintained by Contractor which may be used as a basis for arriving at the number of cars switched by Contractor. Such records shall show the car numbers, initials and contents, date of movement, and for whose account moved, and said records as well as the backup therefore shall be subject to audit, review and check at any and all times.

D. Contractor shall be deemed to have commenced and terminated Switching Services for each individual car designated for switching in accordance with the then current Interchange Rules of the Association of American Railroads.

E. Contractor agrees to provide service to customers equal to or better than provided for in the KCTL Operating Plan then in effect and Contractor will perform the Switching Services in a manner so as to insure quality and timely service is provided to customers and service is in compliance with KCTL's requirements. Unless changes in KCTL's Operating Plan are requested and agreed to in writing by KCTL, Contractor's frequency of service to customers and other carriers, at minimum, shall be equivalent to the level of service designated by KCTL in the KCTL Operating Plan then in effect. Contractor shall staff KCTL's operations seven days per week, as needed.

F. Contractor agrees to preserve interchange practices in effect as of the date of this Agreement and as outlined in the KCTL Operating Plan. Interchange practices will be

subject to discussion and review by and among KCTL, Contractor and other carriers pursuant to an assurance of efficient operating practices and quality service to customers.

ARTICLE VII. COMPENSATION

A. As Contractor's sole compensation for performing the Switching Services and the Switching Maintenance Work called for hereunder shall be:

1. \$ [REDACTED] per loaded car, which shall include, industry switching, transfer work, blocking and any other services provided for in this agreement, and
2. \$ [REDACTED] per car for each car that is delivered to Contractor empty and subsequently interchanged to another railroad without having been loaded.
3. \$ [REDACTED] per month for Switching Maintenance Work.
4. A one time payment of \$ [REDACTED] due within 30 days of the execution of this Agreement.
5. Contractor shall retain all AAR car repair billing revenue.

The above charges include, without limitation, switching and miscellaneous services including, but not limited to, intraplant switching at Procter & Gamble ("P&G") and other Industries and other shippers located on the Leased Trackage, weighing at P&G, switches to or from leased track(s) and intermediate switching. Revenues from such services, including demurrage, as well as revenues from all other services covered by KCTL's Tariff, shall be retained by KCTL.

B. All maintenance of way materials and supplies for the Switching Maintenance Work shall be provided at KCTL's cost and expense (not including equipment, tools and consumables, which are to be provided by Contractor at Contractor's cost and expense). In order to obtain the needed maintenance of way materials and supplies on the most cost efficient basis, KCTL shall have the option of either purchasing/obtaining said materials and supplies directly or directing Contractor to purchase/obtain said materials and supplies and then reimbursing Contractor for the cost thereof. Contractor shall identify (in consultation with KCTL) what materials and/or supplies are needed in order for Contractor to perform the Switching Maintenance Work called for under this Agreement. KCTL shall then decide which party shall purchase/obtain said materials and supplies. In the event that Contractor is designated by KCTL to purchase/obtain all or a portion of said materials and supplies, Contractor shall be reimbursed for the actual cost (without mark-up or additive of any kind to Contractor) for the materials and supplies that Contractor acquires for use in connection with the Switching Maintenance Work. Sums due Contractor under this Section shall be included on the invoice called for in Section C below and shall include such back-up information as may be reasonably requested by KCTL.

C. Contractor shall invoice KCTL monthly for the sums due it for the

previous month under this Agreement. Any payments due Contractor shall be paid within twenty (20) days of receipt of an invoice from Contractor (which includes all requested back-up information).

ARTICLE VIII. INSPECTION OF RECORDS

Contractor shall keep complete and accurate records relating to the performance of the Switching Services and the Switching Maintenance Work. So much of the books, accounts and records of Contractor as are related to the subject matter of this Agreement shall at all reasonable times be open to inspection and audit by proper officers and agents of KCTL, KCT, or members of KCT's Boards of Directors, or their agents or representatives, shall have the right to audit the records of Contractor for purposes of satisfying KCTL, KCT and KCT's Board of Directors of Contractor's proper and timely performance of the Switching Services and the Switching Maintenance Work, the number of cars switched by Contractor, the appropriateness of Contractor's invoices and charges to KCTL hereunder, and the appropriateness of KCTL's payments to Contractor hereunder.

ARTICLE IX. BEGINNING OF WORK

Upon this Agreement becoming effective pursuant to the provisions of Article XV hereof, Contractor shall begin performing the Switching Services and Switching Maintenance Work.

ARTICLE X. LIABILITY

A. As soon as reasonably possible after Contractor begins operations under this Agreement, KCTL and Contractor will conduct the Joint Inspection required under Article II, Section D to establish and agree upon the condition of the Leased Trackage at the time of Contractor beginning service under this Agreement and that the Leased Trackage is suitable for safely conducting the operations contemplated by this Agreement. Contractor shall not, by reason of KCTL's, KCT's or KCS' performing or failing, or neglecting to perform any operation, maintenance, repair, renewal or management of the Leased Trackage have or make against KCTL, KCT or KCS any claim or demand for any loss, damage, destruction, injury or death whatsoever resulting there from. CONTRACTOR AGREES TO HOLD HARMLESS AND INDEMNIFY KCTL (AND KCT AND KCT'S OWNERS) FOR ANY CLAIMS INCLUDING BUT NOT LIMITED TO THOSE ALLEGED TO RESULT FROM KCTL'S, KCT'S OR KCS' NEGLIGENCE PRIOR TO THE JOINT INSPECTION, ARISING DURING THE TERM OF THIS AGREEMENT RESULTING FROM OR ALLEGED TO RESULT FROM THE CONDITION OF THE LEASED TRACKAGE, [EXCEPTING (i) THOSE CLAIMS ARISING FROM OR RELATED TO KCT'S AND/OR KCS' SIGNAL, GRADE CROSSING PROTECTION AND COMMUNICATIONS SYSTEMS, AND THEIR RELATED LABOR AND MATERIALS, AND (ii) THOSE CLAIMS FOR WHICH THE LOSS, DAMAGE, DESTRUCTION, INJURY, OR DEATH OCCURRED

PRIOR TO CONTRACTOR COMMENCING OPERATIONS UNDER THIS AGREEMENT.

B. Contractor shall be responsible for all losses or damages in any way arising from, growing out of or connected with: i) the Switching Services and Switching Maintenance Work performed by Contractor; ii) any default under this Agreement by Contractor; iii) any failure of Contractor to properly and timely perform its obligations and/or services under this Agreement; or, iv) the condition of the Leased Trackage Contractor is responsible for maintaining, except to the extent caused by the negligence, intentional acts or breach of this Agreement by KCTL or its officers, agents, directors, employees or subcontractors (excluding Contractor and its Contractors and subcontractors and their respective employees). For purposes of applying this Section all officers, agents and employees of Contractor while engaged in performance of the Switching Services and Switching Maintenance Work shall be considered exclusive employees of Contractor and motive power, work trains, other equipment and other property of Contractor while likewise engaged in the Switching Services and Switching Maintenance Work were exclusive equipment or other property of Contractor.

C. KCTL may make settlement of any claim for loss or damage for which it or Contractor may be liable hereunder, but no payment in excess of Twenty-Five Thousand Dollars and no/100 (\$25,000.00) shall be voluntarily made by KCTL in settlement of any such claim without first obtaining in writing consent of Contractor which consent shall not be arbitrarily nor capriciously withheld.

D. If a claim is made against either party hereto which under this Agreement is not chargeable in whole or in part with liability involved herein, such party shall promptly notify in writing the other party hereto without penalty on its part for failure to do so.

E. All releases taken pursuant to settlement of any and all claims involving joint liability hereunder shall include Contractor and KCTL and copies thereof shall be furnished each such party.

F. Neither party shall, however, be bound by any judgment or decree at law or in equity against the other party hereto unless it has had reasonable notice from such other party allowing it to appear in the action or suit and make defense thereto for its own account or jointly with the other party. If such notice shall have been given by one party to the other, the party receiving the same shall be bound by the judgment or decree in such action or suit.

G. Each party hereto shall fully indemnify and save harmless the other party hereto from and against all loss or damage properly chargeable to the indemnifying party under provisions of this Agreement.

H. If traffic over or upon Joint Trackage or trackage used in interchange shall at any time be interrupted or delayed as a result of Contractor's negligence or willful misconduct, Contractor shall be responsible for any loss or damage resulting from such

delays. If Contractor's operations or traffic is interrupted or delayed for any cause other than the negligence or willful misconduct of KCTL or KCT then Contractor shall have no claim against KCTL or KCT for any loss or damage of any kind or consequential liability of any kind caused by or resulting from such interruption or delay.

I. Contractor shall use reasonable and customary care, skill and diligence in the performance of the Switching Services and the Switching Maintenance Work. Should Contractor fail to repair any defect in the Leased Trackage or perform by other Switching Maintenance Work within a reasonable time after KCTL shall have given written notice thereof to Contractor, specifying the defect and requesting that it be repaired, then KCTL shall have the right to make necessary repairs which shall be paid for by Contractor.

ARTICLE XI. INSURANCE

A. In addition to any other form of insurance or bond required by statute, rule or regulation, Contractor shall also provide, at Contractor's sole cost and expense, insurance in at least the kinds and amounts set forth on the Exhibit F, attached hereto and incorporated herein by this reference.

B. The insurance certificate covering such insurance shall be furnished to KCTL before notice to begin work and shall be satisfactory to KCTL with respect to coverage (including the contractual liability herein assumed by Contractor), amount, and character of insurance companies. The insurance certificate shall contain a clause reading: "In the event any of the above policies are materially altered, changed or canceled, KCTL will be furnished 30 days advance notice in writing."

ARTICLE XII. DEFAULT

A. If KCTL shall fail to pay any sum payable by it hereunder on the date when same shall be due or shall fail to perform or comply with any other covenant or condition by it to be performed or complied with under this Agreement and such default shall continue for a period of sixty (60) days after written demand for such payment, performance or compliance shall have been made upon KCTL by Contractor, then Contractor shall have and is hereby given the right at its election to declare this Agreement terminated and after giving notice in writing of such election to KCTL, this Agreement then and there by such notice shall be terminated and all rights of KCTL hereunder shall cease and determine. Any such termination, however, shall not relieve KCTL from any liability which may have attached or accrued prior to or at the date of such termination or deprive Contractor of its rights to enforce any such liability, or of the benefits of any covenants or obligations in this Agreement contained to indemnify it or hold it harmless. A waiver by Contractor of the breach by KCTL of any covenant or condition of the Agreement shall not impair the right of Contractor to avail itself of any subsequent breach thereof.

B. If Contractor shall fail to timely and properly perform the Switching Services or

fail to meet the performance standards set forth in the KCTL Operating Plan (as it is in effect from time to time) and/or in this Agreement relating to the Switching Services, and such failure or breach should cause an interruption of Switching Services that continues for a period of five (5) days after written demand for such performance, compliance or cure, then KCTL shall have and is hereby given the right at its election to declare this Agreement terminated and after giving notice in writing of such election to Contractor, this Agreement then and thereby such notice shall be terminated and all rights of Contractor hereunder shall cease and determine. If Contractor shall fail to pay any sum payable by it hereunder on the date the same shall be due, fail to meet the performance standards set forth in the KCTL Operating Plan (as it is in effect from time to time) and/or in this Agreement relating to any of Contractor's obligations hereunder other than an interruption of the Switching Services, fail to perform or comply with any other covenants or conditions of this Agreement, or should Contractor otherwise breach any of terms or conditions of this Agreement, and such failure or breach should continue for a period of thirty (30) days after written demand for such payment, performance, compliance or cure, then KCTL shall have and is hereby given the right at its election to declare this Agreement terminated and after giving notice in writing of such election to Contractor, this Agreement then and thereby such notice shall be terminated and all rights of Contractor hereunder shall cease and determine. Any termination under this Section B, however, shall not relieve Contractor from any liability which may have attached or accrued prior to or at the date of such termination or any liability resulting from or in connection with said breach or failure of Contractor to perform this Agreement for the entire term of the Agreement or deprive KCTL or others of the right to enforce any such liability, or of the benefits of any covenants or obligations in this Agreement on the part of Contractor to indemnify and/or hold harmless KCTL or others. A waiver by KCTL of the breach by Contractor of any covenant or condition of the Agreement shall not impair the right of KCTL to avail itself of any subsequent breach thereof.

C. In addition to all other default provisions set forth in this Article XII, if, in the reasonable opinion of KCTL, Contractor fails to properly and timely perform any of the Switching Services which are its responsibility to perform under this Agreement, fails to meet the performance standards set forth in the KCTL Operating Plan (as it is in effect from time to time) and/or in this Agreement which related to the Switching Services, or fails to perform its obligations under this Agreement relating to the Switching Services in accordance with the terms and conditions of this Agreement, and such failure or breach should cause an interruption of Switching Services that continues for a period of five (5) days after written demand for such performance, compliance or cure, KCTL at its sole discretion, shall have the right (following twenty-four (24) hours advance written notice to cure and failure to cure by Contractor), exercisable at KCTL's option and in any order to: i) allow Contractor to continue performing the services under this Agreement, but upon notice to Contractor describing Contractor's failure of breach, enforce against and collect from Contractor liquidated damages in the amount of \$1,000.00 per day until such time as Contractor's failure or breach is cured in KCTL's reasonable opinion or until such time as Contractor provides KCTL with such evidence, sufficient in KCTL's reasonable opinion, that Contractor is ready to timely and properly perform the services without any

further failures or breaches; or, ii) upon notice to Contractor describing Contractor's failure of breach, immediately take over the performance of (or hire an other contractor to take over the performance of) any portion of or all of the Switching Services until such time as Contractor's failure or breach is cured in KCTL's reasonable opinion or until such time as Contractor provides KCTL with such evidence, sufficient in KCTL's reasonable opinion, that Contractor is ready to resume the timely and proper performance of the services without any further failures or breaches. In the event that KCTL exercises its right to take over the work under this Section C, then Contractor shall make available to KCTL (or its designated Contractor), and allow KCTL (or its designated contractor) to use, at no cost or expense, any or all of the Contractor's equipment (including locomotives and switch engines), materials and supplies that Contractor uses, has supplied or has in its possession for use in connection with the Switching Services. Any cost incurred by KCTL to perform such services shall be reimbursed by Contractor immediately upon demand. Should Contractor's failure or breach continue for a period of thirty (30) days after written demand for performance or compliance, then KCTL shall, in addition to the rights described above, have and is hereby given the right at its election to declare this Agreement terminated. If KCTL makes an election to terminate pursuant to this Article, it shall give written notice of such election to Contractor. This Agreement shall be terminated and all rights of Contractor shall cease twenty-four (24) hours after notice of intent to terminate is sent electronically or by express mail to Contractor. Any such termination, however, shall not relieve Contractor from any liability which may have attached or accrued prior to or at the date of such termination, shall not relive Contractor for any liability resulting from or in connection with said breach or failure of Contractor to perform this Agreement for the entire term of the Agreement or deprive KCTL or others of the right to enforce any such liability, or of the benefits of any covenants or obligations in this Agreement on the part of Contractor to indemnify and/or hold harmless KCTL or others.

D. Force Majeure. A "Force Majeure Event" shall mean any or all of the following events or occurrences and the effects thereof: acts of God or the public enemy, flood, earthquake, storm, cyclone, tornado, hurricane, rail embargo, rail tariff or interruption of Class I rail service, lightning, fire, explosion, epidemic, war, embargoes, riot or civil disturbances, strikes or other labor disputes, sabotage, expropriation, confiscation or requisitioning of facilities, orders or temporary or permanent injunctions of any duly constituted court of competent jurisdiction and any other matter or event which is beyond the control of KCTL or Contractor and which the relevant party could not take reasonable measures to prevent.

Where either KCTL or Contractor is unable, wholly or in part, by reason of a Force Majeure Event to carry out any obligation under this agreement and gives the other party immediate notice of the Force Majeure Event; and uses all reasonable diligence to remove the Force Majeure Event as quickly as possible, then that obligation is suspended so far as it is affected by the Force Majeure Event during its continuance. Notwithstanding the foregoing, Contractor shall provide the services required of it hereunder during any labor dispute involving Contractor employees.

ARTICLE XIII. INDEMNIFICATION

CONTRACTOR AGREES TO DEFEND, INDEMNIFY AND HOLD KCTL, KCT AND KCT'S OWNERS (AND THEIR RESPECTIVE OFFICERS, DIRECTORS AGENTS, SERVANTS AND EMPLOYEES) HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, JUDGMENTS AND RECOVERIES FOR LOSS OR DAMAGE TO ANY PROPERTY AND INJURY TO OR DEATH OF ANY PERSONS, HOWSOEVER THE SAME MAY BE CAUSED (WHETHER ARISING OUT OF OR BASED UPON CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE) DIRECTLY OR INDIRECTLY RESULTING FROM (OR IN CONNECTION WITH) ANY BREACH OF THIS AGREEMENT BY CONTRACTOR, ANY FAILURE ON THE PART OF CONTRACTOR TO TIMELY AND PROPERLY PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT OR CONTRACTOR'S AND/OR CONTRACTOR'S EMPLOYEES, CONTRACTORS OR SUBCONTRACTORS ACTIVITIES IN CONNECTION WITH PERFORMANCE OF THIS AGREEMENT, EXCEPT TO THE EXTENT CAUSED BY THE NEGLIGENCE, INTENTIONAL MISCONDUCT OR BREACH OF THIS AGREEMENT BY KCTL OR ITS OWNERS AND THEIR OFFICERS, AGENTS, DIRECTORS, SERVANTS, EMPLOYEES OR CONTRACTORS OR SUBCONTRACTORS (EXCLUDING CONTRACTOR AND ITS CONTRACTORS AND SUBCONTRACTORS).

IN THE PERFORMANCE OF THIS AGREEMENT CONTRACTOR SHALL COMPLY WITH ALL APPLICABLE FEDERAL, STATE AND LOCAL GOVERNMENTAL STATUTES, ORDINANCES, ORDERS AND REGULATIONS. NO PENALTIES, COSTS OR ADDITIONAL EXPENSE RESULTING FROM FAILURE TO COMPLY WITH ANY SUCH REQUIREMENT SHALL BE ADDED TO OR FORM THE BASIS FOR ANY PART OF THE CONTRACT PRICES HEREIN PROVIDED. CONTRACTOR SHALL INDEMNIFY, SAVE HARMLESS KCTL, KCT AND KCT'S OWNERS (AND THEIR RESPECTIVE OFFICERS, DIRECTORS AGENTS, SERVANTS AND EMPLOYEES) AND ASSUME THE COST OF DEFENSE FROM AND AGAINST ALL CLAIMS, ACTIONS OR LEGAL PROCEEDINGS ARISING FROM THE VIOLATION OR ALLEGED VIOLATION OF ANY LAWS, ORDINANCES, ORDERS OR REGULATIONS TO THE EXTENT CAUSED OR PERMITTED BY CONTRACTOR.

ARTICLE XIV. ARBITRATION

A. In the event any disagreement shall arise between the Parties hereto as to the interpretation or the application of the provisions of the Agreement, then, upon the written request of either Party, in which request the issue in dispute is set forth, the dispute shall be finally resolved by binding arbitration administered by the American Arbitration Association ("AAA") under the AAA Commercial Arbitration Rules (the

"Rules") then in force, to the extent such Rules are not inconsistent with the provisions of this Agreement.

B. If the Parties involved in such dispute are able to agree upon a single arbitrator experienced in matters of the character in dispute within (30) days after the Party requesting arbitration shall notify in writing the other Party of such dispute, the dispute shall be submitted to such single arbitrator.

C. If a single arbitrator cannot be agreed upon before the expiration of such period of thirty (30) days, the dispute shall be submitted to three arbitrators experienced in matters of the character in dispute to be appointed as follows: The party requesting arbitration shall select an arbitrator and give written notice thereof to the other Party. Such other Party shall select an arbitrator within thirty (30) days after receipt of such notice and give written notice thereof to the Party requesting arbitration. If within the time specified a Party fails to nominate its party-appointed arbitrator or the two party-appointed arbitrators fail to nominate the third arbitrator, either party may request the AAA to make the appointment according to the Rules. If any nominated arbitrator is not appointed, declines, resigns, becomes incapacitated, or otherwise refuses or fails to serve or to continue to serve as an arbitrator, the Party or arbitrators entitled to appoint that arbitrator shall promptly nominate a successor. If the arbitrators are unable to agree on a replacement third arbitrator, then the AAA shall make the appointment according to the Rules.

D. The arbitrator or arbitrators, having taken and subscribed an oath before a person authorized by law to administer oaths to the effect that he or they will try to impartially and justly decide the matter or controversy according to the best of his or their ability, which oath shall be filled to his or their decision, shall, as soon as practicable after his or their decision, shall, as soon as practicable after his or their selection, hear the dispute or disputes submitted and shall give to each of the Parties reasonable notice of the time and place of such hearing. The hearing shall be conducted at the time and place designated as aforesaid, and, after hearing both Parties and taking such testimony or making such investigation as he or they may deem necessary. The arbitration award shall be in writing, shall give reasons for the decisions reached and shall be signed and dated by the arbitrator(s), and a copy of the award shall be delivered to each of the Parties. The Party against which an award assesses a monetary obligation or enters an injunctive or mandatory order shall pay that obligation or comply with that order on or before the 30th calendar day following the receipt of the award or by such other date as the award may provide. The award shall be final and binding on the parties and may be confirmed in, and judgment upon the award entered by, any court having jurisdiction over the Parties.

E. Upon the presentation of such decision, each Party shall immediately make such changes in the conduct of its business or such payments or restitution, as the case may be, as by such decision is required of it.

F. Each Party to the arbitration shall pay the compensation, costs and expenses of the arbitrator appointed in its behalf and all fees and expenses of its own witnesses, exhibits

and counsels. The compensation, cost and expense of the single arbitrator or the third arbitrator in the board of arbitrators shall be paid in equal shares by all Parties to the arbitration.

G. Until a decision is made upon any dispute submitted to arbitration, the business, settlements and payments to be transacted and made under this Agreement shall continue to be transacted and made in the manner and form existing prior to the rise of such dispute.

H. The parties hereto acknowledge and agree that the foregoing arbitration provisions shall not in any way effect, supersede or diminish the rights of KCTL or Contractor to exercise their rights or remedies, including the right to terminate this Agreement, in accordance with the provisions of Article XII above or Article XV or Article XVI below, as applicable.

ARTICLE XV. EFFECTIVE DATE AND TERM

If it is determined that it is necessary to obtain labor contract agreement from the affected labor crafts, this Agreement is contingent on obtaining such approval. KCTL will be responsible for obtaining any approvals necessary for it to enter into this Agreement or to perform the services required of it under this Agreement from the Surface Transportation Board and any other prerequisite legal authority at its cost. Contractor will be responsible for obtaining any approvals necessary, if any, for it to perform the services required for it to provide under this Agreement from the Surface Transportation Board and any other prerequisite legal authority at its cost. This Agreement shall be effective as of the later of execution of this agreement, approval by the Surface Transportation Board, if required, effective dates of an exemption, or as of such other date mutually agreed. Unless sooner terminated pursuant to Article XII hereof, this Agreement shall remain in effect for an initial term of three (3) years (the "Initial Term"). At the end of the Initial Term, this Agreement will automatically terminate. However, the parties agree that prior to the termination of this Agreement that they will negotiate in good faith to enter into an extension of this Agreement or new agreement a term of no less than two years. Notwithstanding any other provision in this Agreement to the contrary, KCTL shall have the right to terminate this agreement at any time if, in its sole discretion it reasonably determines that the service provided by Contractor is inadequate and does not meet the requirements of this Agreement and Contractor fails to cure or has failed to take substantial steps to curing the failure in service after the applicable cure periods set forth in Article XII above. Any termination or expiration of this Agreement shall not, however, relieve Contractor from any liability which may have attached or accrued prior to the effective time of such expiration or termination or any liability resulting from or in connection with any breach or failure of Contractor to perform this Agreement for the entire term of the Agreement or deprive KCTL or others of the right to enforce any such liability, or of the benefits of any covenants or obligations in this Agreement on the part of Contractor to indemnify and/or hold harmless KCTL or others.

ARTICLE XVI. (INTENTIONALLY OMITTED)

ARTICLE XVII. SERVICE OF NOTICES

Any notice herein provided for shall be in writing and deemed to be properly served if deposited in the United States mail, postage prepaid, addressed to the party as follows, unless notice of change of address has been previously given in writing.

IF TO KCTL: Kansas City Transportation Company LLC
 c/o Kansas City Terminal Railway Company
 4501 Kansas Ave
 Kansas City, KS 66106
 Attention: President

IF TO Contractor: : Pat Cedenio
 COO Central Region
 Watco Companies, Inc.
 315 W. 3rd St.
 Pittsburg, KS 66762

ARTICLE XVIII. AGREEMENT TO BE CONSTRUED LIBERALLY NOT FOR BENEFIT OF THIRD PARTIES

This Agreement shall be construed liberally so as to secure to each party hereto all the rights, privileges and benefits herein provided or manifestly intended. This Agreement and each and every provision hereof is for the exclusive benefit of the parties hereto and, except for KCT and the members of KCT's Owner's, not for the benefit of any other third party.

ARTICLE XIX. SUCCESSOR AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of the respective successors, lessees and assigns of the parties hereto, provided however, Contractor may not assign this Agreement to a third party without the written consent of KCT. Such consent shall not be unreasonably withheld if Contractor assigns this Agreement to a responsible third party in connection with the merger of Contractor into, or the sale of all or substantially all of its assets to, the assignee, but no assignment by Contractor of this Agreement shall release Contractor from its obligations hereunder.

ARTICLE XX. SECTION HEADINGS

All section headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement

ARTICLE XXI. INDEPENDENT CONTRACTOR

Contractor is an independent Contractor, providing its own tools, equipment, supervision, and employees, and Contractor's employees shall not be considered to be the employees of KCTL for any purpose whatsoever.

ARTICLE XXI. CONFIDENTIALITY

Contractor agrees to maintain the confidentiality of all shipper information received in the performance of this contract, including but not limited to rates, origins, destinations, customer contact information and to use such information only for the purpose of performing its obligations under this agreement. Upon termination or expiration of this Agreement, agrees to return all such information and any compilations, memos, summaries or other documents containing such information. The parties agree that all of the terms of this Agreement are confidential and shall not be disclosed by any party without the written consent of the other parties, to individuals not employed by or acting as counsel for or consultants to KCTL, KCT or Contractor respectively, or to members of KCT's Board of Directors, except as required by law, provided that the parties may make appropriate disclosure of such terms to government entities or as required in connection with the process of seeking STB approval or exemption of the Agreement under applicable STB confidentiality procedures. The obligation of confidentiality contained in this section shall not include information which (i) becomes lawfully available to the public other than as a result of a disclosure by Contractor its representatives, or its agents, or, (ii) was lawfully available to Contractor on a non-confidential basis prior to its disclosure to Contractor or its agents or representatives under this Agreement or as a result of performance of this Agreement.

ARTICLE XXII. TERMINATION OF KCS LEASE

Should the KCS Lease expire or be terminated for any reason, Contractor's rights and obligations with respect to the performance of the Switching Services to and from the Industries on the KCS Trackage and the Switching Maintenance Work on the KCS Trackage shall also terminate. Provided, however, that any such partial termination as to the KCS Trackage shall not relieve Contractor from any liability which may have attached or accrued prior to or at the date of such termination or any liability resulting from or in connection with any breach or failure of Contractor to perform this Agreement for the entire term of the Agreement or deprive KCTL or others of the right to enforce any such liability, or of the benefits of any covenants or obligations in this Agreement on the part of Contractor to indemnify and/or hold harmless KCTL or others. Irrespective of the above, the parties acknowledge that the pricing agreed to herein is based upon Switching Contractor providing all services called for under this Agreement, including those called for on the KCS Trackage. Therefore, the parties agree that should the KCS Lease expire or be terminated for any reason other than a failure of the Contractor to perform its services under this Agreement or any other default by Contractor under this Agreement, the parties will negotiate in good faith to modify the fees and terms of this

Agreement to reflect the changes caused by said expiration or termination of the KCS Lease. If the parties are unable to agree to amended terms within sixty (60) days from the effective date of the termination or expiration of the KCS Lease, then either party may terminate this Agreement by providing the other party hereto sixty (60) days advance written notice of termination.

ARTICLE XXIII. GENERAL PROVISIONS

- A. This Agreement shall be governed by and interpreted in accordance with the laws of Missouri.
- B. Modifications or amendments to this Agreement must be in writing and executed by duly authorized representatives of each party.
- C. Unless specifically stated to the contrary therein, indemnities against, releases from and limitations on liability expressed in this Agreement shall extend to the officers, directors, employees, agents, licensors and related entities of such party.
- D. In the event that any portion or all of this Agreement is held to be void or unenforceable, the parties agree to negotiate in good faith to reach an equitable agreement which shall affect the intent of the parties as set forth in this Agreement.
- E. The provisions of this Agreement which by their nature are intended to survive the termination, cancellation, completion or expiration of the Agreement, including, but not limited to, any indemnifications or expressed limitations of or releases from liability, shall continue as valid and enforceable obligations of the parties notwithstanding any such termination, cancellation, completion or expiration.
- F. No failure by either party to insist on performance of any term, condition, or instruction, or to exercise any right or privilege included in this Agreement, and no waiver of any breach shall constitute a waiver of any other or subsequent term, condition, instruction, breach, right or privilege.
- G. The parties acknowledge and agree that the terms and conditions of this Agreement, including but not limited to those relating to allocations and assumptions of, releases from, exclusions against and limitations of liability, have been freely and fairly negotiated. Each party acknowledges that in executing this Agreement they have relied solely on their own judgment, belief, and knowledge, and such advice as they may have received from their own counsel, and they have not been influenced by any representation or statements made by any other party or its counsel. No provision in this Agreement is to be interpreted for or against any party because that party or its counsel drafted such provision.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION
WHICH MAY BE ENFORCED BY THE PARTIES.

KANSAS CITY TRANSPORTATION COMPANY LLC

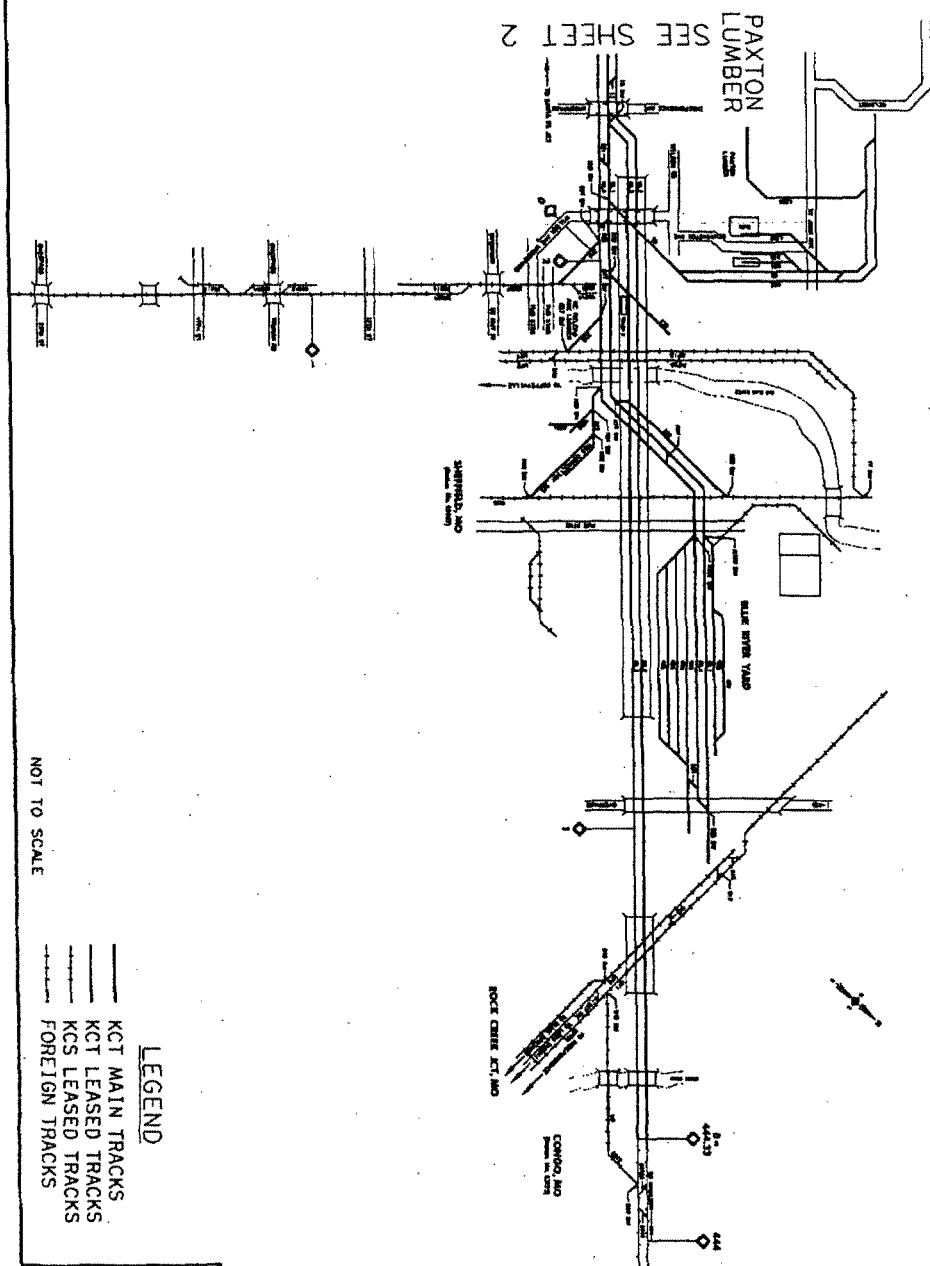
By: W.F. Schervell
Printed Name: W.F. SCHERVELL
Title: PRESIDENT & MANAGER

KAW RIVER RAILROAD, INC.

By: R.B. Webb
Printed Name: Richard B. Webb
Title: CEO

EXHIBIT A

-Map of KCT Trackage, KCS Trackage and Joint Trackage-

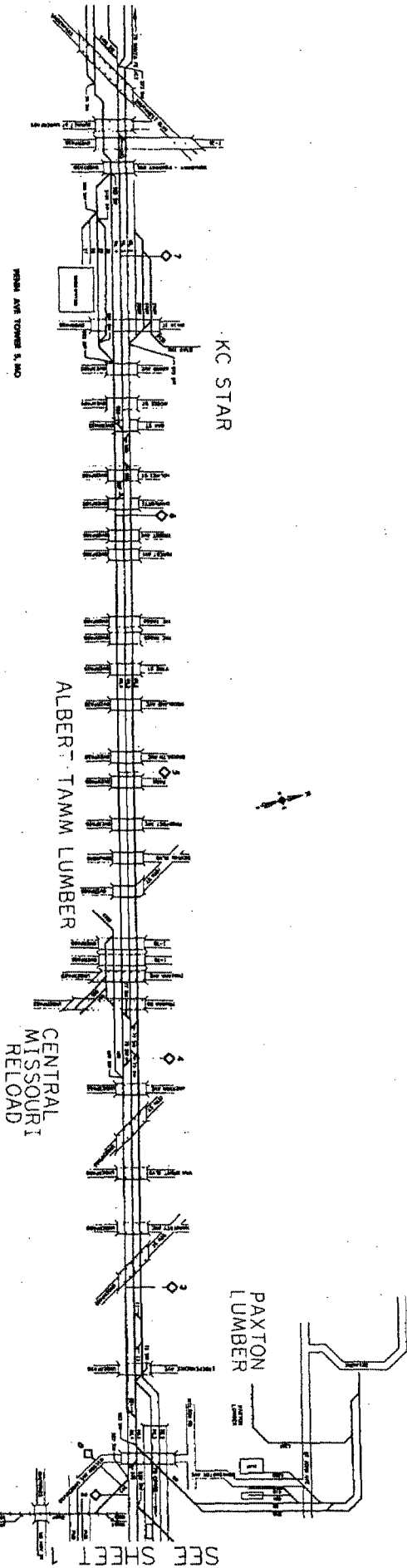


NOT TO SCALE

- LEGEND**
- KCT MAIN TRACKS
 - - - KCT LEASED TRACKS
 - FOREIGN TRACKS

	
KANSAS SYSTEM CORPORATION	
"EXHIBIT A"	
MP 0 - 2.5	
DATE	10/14/99
BY	1

SEE SHEET 3



WASH AVE TOWER 1, MO

KCT STAR

ALBERT TAMM LUMBER

CENTRAL
MISSOURI
RELOAD

PAXTON
LUMBER

SEE SHEET 1

NOT TO SCALE

LEGEND

- KCT MAIN TRACKS
- KCT LEASED TRACKS
- KCS LEASED TRACKS
- FOREIGN TRACKS

	
PROFESSIONAL ENGINEER	
KCT CORPORATION	
1400 Perry Ave., Suite 200 Kansas City, MO 64108	
"EXHIBIT A"	
MP 2.5 - 7.5	
DESIGNED BY	DATE
CHECKED BY	DATE
DATE	2

SEE SHEET 2

SEE SHEET 4

HOLMES
DRYWALL

NOT TO SCALE

- LEGEND**
- KCT MAIN TRACKS
 - KCT LEASED TRACKS
 - KCS LEASED TRACKS
 - FOREIGN TRACKS

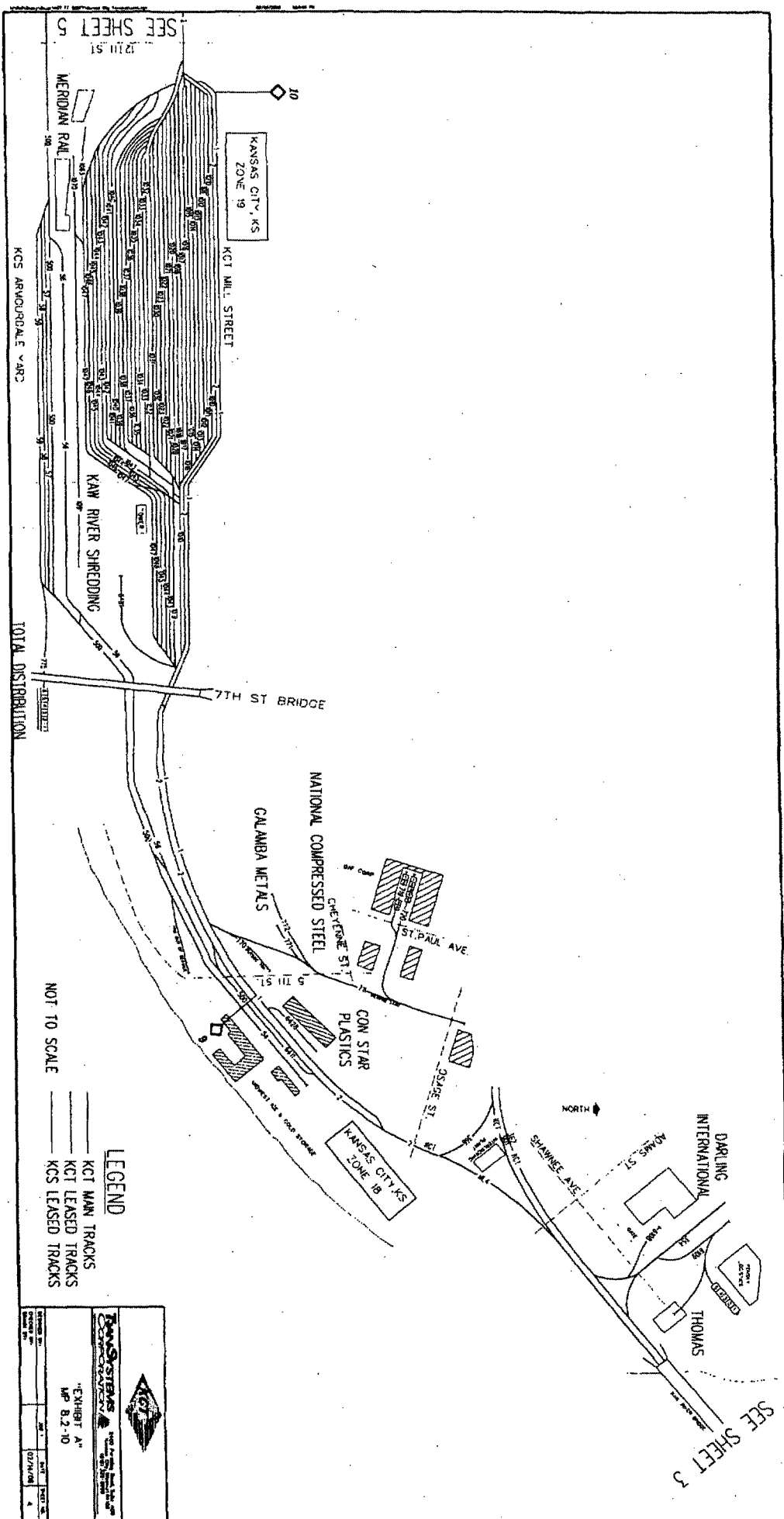


KCT
KANSAS CITY
TRANSPORTATION

"EXHIBIT A"

MP 7.5 - 10

SHEET NO.	25	SHEET	25
DATE	03/14/06	BY	3



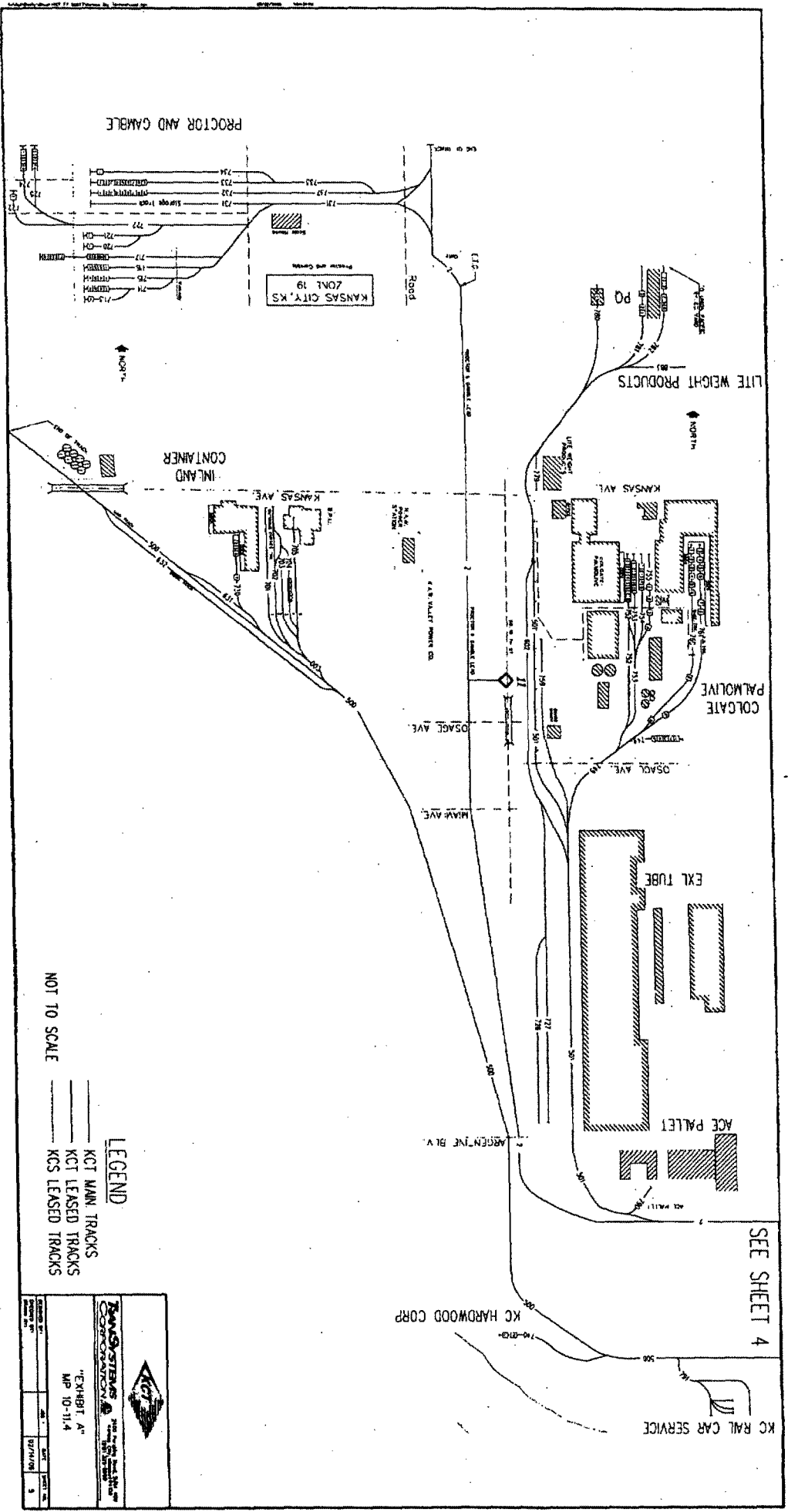


EXHIBIT B
-Copy of KCTL Operating Plan-

KANSAS CITY TRANSPORTATION COMPANY, LLC.
(KCTL)
OPERATING PLAN

The purpose of this plan is to insure the continued service to the customers of the Kansas City Terminal Railway, (herein referred to as KCT) as well as to foster and promote growth of future business.

Current Customer Listing:

<u>FIRM</u>	<u>LOCATION</u>	<u>STATE</u>
Ace Pallet	1401 Argentine Blvd.	KS
Albert Tamm Lumber	3232 E. 18 th St.	MO
American Grinding Systems	8116 Wilson Road	MO
Carter Waters Corp	6333 St. John	MO
Central Missouri Reload (East)	207 Bennington Ave.	MO
Central Missouri Reload	3900 E. 14th Terr.	MO
Colgate Palmolive	1806 Kansas Ave.	KS
Compass Big Blue	8116 Wilson Road	MO
Constar Plastics, Inc.	845 Armourdale Pkwy.	KS
Darling International	685 Adams	KS
DaVinci Roofscapes	1413 Osage Ave.	KS
Ex-L-Tube (Steel Ventures)	1413 Osage Ave.	KS
Express Transload	W. 12 th St.	MO
Four States Distribution	1125 W. 12th St.	MO
Galamba Metal Group (Kaw River Shredding)	1153 S. 12th	KS
Galamba Metal Group (National Compressed)	1015 S. Packard	KS
Gunderson	8116 Wilson Road	MO
Holmes Drywall Supply	1701 W. 25 th St.	MO
Kansas City Star	1729 Grand Blvd.	MO
KC Hardwood	1675 Argentine Blvd.	KS
KC Rail Car Repair	1147 S. 14 th St.	KS
Laminate Works	1200 S. 5 th St.	KS
Liquid Transport	8116 Wilson Road	MO
Lite Weight Products	1706 Kansas Ave.	KS
Meridian Rail Services	1109 S. 12th St.	KS
P Q Corp.	1700 Kansas Ave.	KS
Paxton, The Wood Source	6311 St. John	MO
Procter & Gamble	1900 Kansas Ave.	KS
Temple Inland	2101 Kansas Ave.	KS
Thomas & Assoc.	10 Shawnee Ave.	KS
Total Distribution	1200 S. 5 th St.	KS
Quality Carriers	8116 Wilson Road	MO

General Requirements:

Switching will be provided by a sub-contractor who will service the customers and maintain the trackage to standards set by the KCT/KCTL.

Contractor will supply all locomotives, crews, ancillary personnel and supplies necessary to support the switching and MofW operations. Contractor will have the use of all KCT yards and tracks necessary to perform the required service. Contractor will also have the use of the facilities at Mill St. yard.

All train crew members must be GCOR qualified and locomotive engineers must be certified in accordance with Federal Laws. All personnel will be subject to operational efficiency testing by the KCT/KCTL. All failures will be turned over to the contractor's management for possible disciplinary action.

Switching services will be provided at a level that will benefit the customer's needs. All crew starting times will be established by the contractor, with the approval of the KCT/KCTL, so as to insure the continued level of service now enjoyed by the customers. All switch/transfer jobs will go on duty at Mill St. yard. Other on duty locations must be approved by the KCT/KCTL. Unattended locomotives at these locations must be secured in accordance with standard operating rules and/or Federal Regulations, as well as locked derails on both ends of the tie-up track if necessary to protect main lines.

Charges for said switching services will be assessed in accordance with published tariffs.

The contractor will provide the KCT with an accurate account of all moves of all cars so that charges can be assessed. The KCT will issue all invoices and will collect all monies. All monies collected by the KCT will be dispersed in accordance with Article II, Section 7, of the Kansas City Terminal Railway Operating Agreement.

The contractor will use a car accounting system (ex. RMI or similar) that will provide for, but not limited to, AEI records, EDI records, interchange records, CP and AP dates and times, industry release and pull dates, weigh in transit, per diem rates, bad order status, yard and track inventory including spot on track locations, haz-mat shipments, dwell time calculations, train consists with haz-mat information, etc.

All interchange will be to/from and in/for the account of the KCTL. The KCTL will reclaim 120 hours of per diem from the delivering/receiving road on all loads moving in railroad owned cars in accordance with AAR interchange rules. No mileage will be allowed on any private cars while on the KCTL, as all tracks are within the Kansas City Switching District.

Interchange

All interchange will be pulled to/from Mill St. yard by the contractor to/from the KCT owner's yards or as otherwise agreed upon. As the current level of traffic may not warrant a separate KCTL block, the owners will be encouraged to combine KCTL traffic with other traffic that the KCTL could handle as intermediate/overhead traffic for the owners. Exact ISA's will be determined with each local Superintendent so the best service to both customers and owners can be provided. The contractor will be required to block any interchange if requested by the receiving road. Interchange will be scheduled so as not to unnecessarily delay customer's cars or owner's normal operations.

BNSF: KCTL will deliver to and pull from one of the 3000 yard tracks in Argentine. Access to Argentine yard will be via any one of the 4 main lines (2-3-4-5) available at the time and subject to the BNSF dispatcher's request based on traffic flow and the number of cars being delivered, as using mains 2,3 or 4 will require a shoving move. Frequency will be on an as needed basis depending on traffic volumes. The BNSF will advise the KCTL when cars are ready. The BNSF will supply a list with Haz-Mat instructions for the cars.

ICE/KCS: KCTL will deliver to the Joint Agency yard. Blocking of cars will be as requested, up to 5 separate blocks. Routes will be determined at the time of offering based on car count, tonnage, and other traffic. If the KCS yardmaster requests delivery in the East yard, the KCT mains via Union Station will be used. If the KCS yardmaster requests delivery to Knoche yard, the NCJ, Incline, UP Mains via Broadway route will be used. Delivery will be made every other day, or as traffic warrants. The KCS has agreed to deliver Joint Agency (KCS/ICE) traffic to Mill St. Yard on an as needed basis. The KCS will also handle any NS traffic to or from the KCTL on an intermediate basis. The NS has also agreed to this as well.

NS: See KCS above. This has been agreed to by all concerned. It will also keep 4 additional moves out of the Gooseneck corridor.

UP: KCTL will deliver all traffic to Neff Yard via the Incline and the UP mains through Broadway. If traffic warrants, every day delivery will be made Monday through Friday with between 30 and 45 cars. The KCTL has leased a track in UP's Armourdale Yard. UP will deliver traffic to the KCTL leased track in Armourdale Yard. The UP will advise KCTL when cars are ready and will supply a list with Haz-Mat instructions for the cars.

Performance

Contractor will be expected to spot all inbound cars to customers within 36 hours of being received in interchange (excluding any time spent in B/O status*). Contractor's performance will be measured by their ability to do so. Cars will be spotted without waiting for cars to be ordered if the customer has available room or spots. Where customers have certain spotting instructions based on product or car type, the customer will be encouraged to use available means to advise of spotting instructions so as not to delay cars or cause additional switching. In the event that inbound cars exceed available spots, the customer will be notified of CP dates and times in accordance with applicable tariffs. Customers will then order cars by car number or product type to available tracks and spots. Additional switching movements will be charged for in accordance with applicable tariffs. In the event cars are in CP status, performance will be measured from interchange date and time to CP date and time. Contractor will insure that customer's operations are not interrupted by failing to spot cars properly.

For cars that are released empty or loaded by customers, the contractor will be expected to deliver cars to the road haul carrier within 36 hours of their release (excluding time spent in B/O status*). The contractor's performance will be measured by their ability to do so. When the road haul carrier refuses interchange, all cars refused will be put into "offering" in accordance with AAR interchange rules. Performance will be measured from customer release date and time to interchange date and time. Cars put into offering will be considered interchanged for the purpose of this measurement. Contractor will keep records of any interchange refused including date, time, car list, and person's name and title.

***Bad Order.** The contractor will be expected to repair and release cars as soon as possible based on parts availability and extent of repairs needed.

The contractor will be responsible for any additional monies or fees including, but not limited to, excessive per diem (over 120 hours not covered by demurrage), fines for customer plant shut downs, on time delivery penalties, etc. due to their inability to perform services in a timely and proper manor in accordance with standard railroad operating practices.

The contractor, along with the KCT/KCTL, will be allowed, as well as encouraged to promote new business ideas. The contractor will be expected to address service issues to promote good will between the railroad and the customer. Any service issues will be addressed promptly, with responses and solutions in place or underway no later than the next business day.

Typical switching/transfer jobs:

- #1 Mon-Fri AM to perform necessary switching to service Procter & Gamble.
Make up daily train, weigh, pull & set cars, switch pulled cars at Mill St.
- #2 Mon-Fri AM to perform necessary switching duties for Mill St. and West end customers.
Switch inbounds, make up outbound transfers, switch industries West of Union Station including KC Star.
- #3 Mon-Fri AM transfer interchange.
Transfer interchange as needed.
- #4 Mon-Fri PM to perform necessary switching duties for Mill St.
Switch inbounds, service customers at Mill St.
- #5 ** Mon-Fri PM transfer interchange & service East end customers.
Transfer interchange as needed, service customers East of Union Station.
- #6 ** Mon-Fri PM transfer interchange
Transfer interchange as needed.
- #7 Sat-Sun AM to perform necessary switching to service Procter & Gamble.
Make up daily train, weigh, pull & set cars, switch pulled cars at Mill St.
Deliver cars to Blue River yard.

** Jobs #5 and #6 are 2 more than are currently being used. This is due to the additional interchange and industries requiring service that the KCS now provides.

With the addition of the BNSF Coburg branch, #5 would be changed to the following:

- #5 Mon-Fri AM East end switcher, on duty at Blue River Yard
Mon-Wed-Fri service Coburg customers and East end customers.
Tue-Thur-Transfer cars to/from Mill St. and service East end customers.

Current personnel and locomotives used:

9 Engineers/Conductor

4 Conductors

1 Train Master

1 General Manager

1 Track Foreman

2 Track Labors

1 Carman/Hostler

1 SW 1200 for P&G

1 SW 1000 General Switching

1 SW 1500 General Switching

1 GP 9 KC Star (to be released)

1 GP 9 & 1 GP 20 mu'ed for transfers

Additional personnel and locomotives required:

#1 Two additional locomotives for transfer, recommendation 2 GP 40's or similar.

#2 East-end customers need one additional SW 1500.

#3 1 additional person to handle RMI.

#4 1 engineer with 6 to be signal qualified and 1 conductor.

#5 1 maintenance serviceman to help the carman/hostler or use Midwest Locomotive.

#6 2 contract laborers for track maintenance.

#7 1 roadmaster

General Operating Information

KCTL will publish its own timetable to cover specific operating instructions.
KCTL will publish its own tariffs to cover applicable switching and demurrage charges.
WATCO employees will be governed by their own publications.

Watco Companies, Inc.

SYSTEM SPECIAL INSTRUCTIONS

ITEM 1. RULE BOOKS AND PUBLICATIONS IN EFFECT

Employees must provide themselves with and have available for reference:

General Code of Operating Rules, 5th Edition Effective April 3, 2005

WATCO Air Brake and Train Handling Rules Effective December 1, 2003

United States Hazardous Material Instructions for Rail Effective November 10, 2003

WATCO Transportation Safety Rules (T&E employees) Effective December 1, 2003

WATCO Transportation Safety Procedures (T&E employees) Effective December 1, 2003

Emergency Response Guidebook Dated 2000 or 2004

Roadway Worker Protection Rules Effective March 8, 2004

WATCO Maintenance of Way Rules Effective March 8, 2004

WATCO Engineering Safety Rules (MOW employees) Effective March 8, 2004

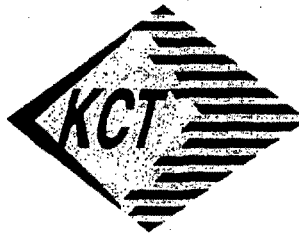
WATCO Mechanical Safety Rules (MOE employees) Effective January 1, 2004

WATCO Rules Governing Train Dispatchers Effective February 15, 2003

WATCO Rules for Operation of Remote Control Units Effective October 15, 2004

EXHIBIT C
-Copy of Current KCTL Tariff-

KANSAS CITY TRANSPORTATION COMPANY, LLC



LOCAL SWITCHING AND TERMINAL TARIFF KCTL 8036*

CONTAINS

LOCAL SWITCHING

AND

OTHER TERMINAL CHARGES

Applying between tracks on Kansas City Transportation Company, LLC (KCTL – 976) also between such tracks and interchange tracks with connecting lines, together with reconsigning, weighing, and miscellaneous charges; rules and regulations, list and track locations of business firms, industries, etc., reached by Kansas City Transportation Company, LLC.

AT

KANSAS CITY, MO. AND KANSAS CITY, KS.

LOCAL SWITCHING AND TERMINAL TARIFF

ISSUED: February 8, 2006

EFFECTIVE: March 1, 2006

ISSUED BY

M.D. Corum
Vice President of Operations
4501 Kansas Ave.
Kansas City, KS 66106

* - Kansas City Terminal Railway Co., Series

TARIFF KCTL 8036

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TARIFF KCTL 8036

RULES AND OTHER GOVERNING PROVISIONS RULES AND REGULATIONS - GENERAL	RULES AND OTHER GOVERNING PROVISIONS RULES AND REGULATIONS - GENERAL
ITEM 5 DESCRIPTION AND GOVERNING CLASSIFICATION This tariff is governed by the provisions of Uniform Freight Classification, herein referred to as Tariff UFC 6000-Series.	ITEM 75 METHOD OF CANCELING ITEMS As this tariff is supplemented, numbered items with lettered suffixes cancel correspondingly numbered items in the original tariff or in a prior supplement. Letter suffixes will be used in alphabetical sequences starting with A. Example: Item 60-A cancels Item 60 and Item 80-B cancels Item 80-A in a prior supplement, which in turn cancelled Item 80.
ITEM 15 EXPLOSIVES AND DANGEROUS ARTICLES For rules and regulations governing the transportation of explosives and other dangerous articles by freight, also specifications for shipping containers and restrictions governing the acceptance and transportation of explosives and other dangerous articles, see Tariff BOE 6000-Series.	
ITEM 20 REFERENCE TO TARIFFS, ITEMS, NOTES, RULES, ETC. Where reference is made herein to tariffs, items, notes, rules, etc., such references are continuous and include supplements to and successive issues of such tariffs and reissues of such items, notes, etc.	
ITEM 40 CONSECUTIVE NUMBERS Where consecutive numbers are represented in this tariff by the first and last numbers connected by the word "to" or a hyphen, they will be understood to include both of the numbers shown.	
ITEM 45 CAPACITIES AND DIMENSIONS OF CARS For marked capacities, lengths, dimensions and cubical capacities of cars, see The Official Railway Equipment Register. Cars may not be loaded in excess of the load limit. Bills of lading must be endorsed to show the load limit of the car used.	
For explanation of terms and explanation of abbreviations and reference marks, see last page of tariff.	

TARIFF KCTL 8036

SECTION 1				SECTION 1		
SWITCHING AND ERMINAL CHARGES				SWITCHING AND TERMINAL CHARGES		
ITEM 105 LIST OF INDUSTRIES. This list is published for the information and guidance of connecting lines and shippers. On account of frequent changes in names and locations of industries, this list does not at all times purport to be correct. This list includes the names of several firms and individuals who handle cars on private tracks designated opposite their names; only by virtue of permission from the owner or party controlling the track. It must be understood that the publication in this list of names of firms or individuals now enjoying such permission, does not accord them the right to such tracks in case the permission now granted is cancelled by the owner or party controlling.				ITEM 110 CONNECTIONS		
FIRM	LOCATION	STATE	ZIP	ROAD	LOCATION	STATE
Ace Pallet	1401 Argentine Blvd.	KS	66105	BNSF	Argentine Yard	KS
Albert Tanm Lumber	3232 E. 18 th St.	MO	64127	BNSF	19th Street Yard	MO
American Grinding Systems	8116 Wilson Road	MO	64125	ICE	Knoche Yard	MO
Carter Waters Corp	6333 St. John	MO	64123	KCS	Knoche Yard	MO
Central Missouri Reload (East)	207 Bennington Ave.	MO	64123	NS	North Kansas City Yard	MO
Central Missouri Reload	3900 E. 14th Terr.	MO	64127	UP	Armourdale Yard	KS
Colgate Palmolive	1806 Kansas Ave.	KS	66105	UP	Neff Yard	MO
Compass Big Blue	8116 Wilson Road	MO	64125	UP	18th Street Yard	MO
Constar Plastics, Inc.	845 Armourdale Pkwy.	KS	66105	ITEM 125 INTRA-TERMINAL SWITCHING A switching movement (other than intra-plant switching) from one track to another track of the same carrier, within the switching limits of one station or industrial switching district.		
Darling International	685 Adams	KS	66105			
DaVinci Roofscapes	1413 Osage Ave.	KS	66105	ITEM 130 APPLICATION This publication shows the charges of the KANSAS CITY TRANSPORTATION COMPANY, LLC for switching and other terminal services and privileges at Kansas City, Missouri and Kansas City, Kansas.		
Ex-L-Tube (Steel Ventures)	1413 Osage Ave.	KS	66105			
Express Transload	W. 12 th St.	MO	64101	ITEM 135 PRIVATE TRACKS Cars will be switched to privately-owned or leased tracks ONLY on behalf of the industry that owns or leases the tracks. Any other individual or firm desiring to use the tracks must make arrangements with the owner or lessee who, in turn, must advise KCTL in writing of the arrangement.		
Four States Distribution	1125 W. 12th St.	MO	64101			
Galamba Metal Group				ITEM 140 DEMURRAGE Cars subject to demurrage will be governed by KCTL Demurrage Tariff 6000 series.		
(Kaw River Shredding)	1153 S. 12th	KS	66105			
Galamba Metal Group				ITEM 140 DEMURRAGE Cars subject to demurrage will be governed by KCTL Demurrage Tariff 6000 series.		
(National Compressed)	1015 S. Packard	KS	66119			
Gunderson	8116 Wilson Road	MO	64125	ITEM 140 DEMURRAGE Cars subject to demurrage will be governed by KCTL Demurrage Tariff 6000 series.		
Holmes Drywall Supply	1701 W. 25 th St.	MO	64108			
Kansas City Star	1729 Grand Blvd.	MO	64108	ITEM 140 DEMURRAGE Cars subject to demurrage will be governed by KCTL Demurrage Tariff 6000 series.		
KC Hardwood	1675 Argentine Blvd.	KS	66105			
KC Rail Car Repair	1147 S. 14 th St.	KS	66105	ITEM 140 DEMURRAGE Cars subject to demurrage will be governed by KCTL Demurrage Tariff 6000 series.		
Laminate Works	1200 S. 5 th St.	KS	66105			
Liquid Transport	8116 Wilson Road	MO	64125	ITEM 140 DEMURRAGE Cars subject to demurrage will be governed by KCTL Demurrage Tariff 6000 series.		
Lite Weight Products	1706 Kansas Ave.	KS	66105			
Meridian Rail Services	1109 S. 12th St.	KS	66105	ITEM 140 DEMURRAGE Cars subject to demurrage will be governed by KCTL Demurrage Tariff 6000 series.		
P Q Corp.	1700 Kansas Ave.	KS	66105			
Paxton, The Wood Source	6311 St. John	MO	64123	ITEM 140 DEMURRAGE Cars subject to demurrage will be governed by KCTL Demurrage Tariff 6000 series.		
Procter & Gamble	1900 Kansas Ave.	KS	66105			
Temple Inland	2101 Kansas Ave.	KS	66105	ITEM 140 DEMURRAGE Cars subject to demurrage will be governed by KCTL Demurrage Tariff 6000 series.		
Thomas & Assoc.	10 Shawnee Ave.	KS	66105			
Total Distribution	1200 S. 5 th St.	KS	66105	ITEM 140 DEMURRAGE Cars subject to demurrage will be governed by KCTL Demurrage Tariff 6000 series.		
Quality Carriers	8116 Wilson Road	MO	64215			
For explanation of terms and explanation of abbreviations and reference marks, see last page of tariff.						

TARIFF KCTL 8036

SECTION 1	SECTION 1
SWITCHING AND TERMINAL CHARGES	SWITCHING AND TERMINAL CHARGES
ITEM 145 PREPAYMENT ALL charges assessed upon cars loaded on KCTL for points on KCTL or any other line for unloading within the switching limits of Kansas City, must be PREPAID or GUARANTEED before cars are moved. This includes all charges for switching, demurrage, track storage and other lines' switching charges in Kansas City.	ITEM 170 EMPTY EQUIPMENT ALL charges named herein, except as otherwise provided in Items 165, 400, and 430 are for hauling cars empty one way and loaded the other. If cars are loaded both ways, they will be charged for twice. See Item 425 for handling empties both ways.
ITEM 150 EQUIPMENT, USE OF Cars must not be used for any road to which they do not belong, without permission.	ITEM 175 SERVICES ALL charges named in this Tariff cover the handling of cars in the regular order of business. For Special Service, see Item 400 - 450.
ITEM 155 EQUIPMENT, CARRIERS' AND PRIVATE DEFINED Carriers' equipment as referred to in this Tariff means cars owned or held under lease by Railroad or Railway Companies. Equipment of private ownership means cars owned or held under lease by an individual or corporation for the transportation of the commodities which they produce, or in which they deal.	ITEM 185 SWITCHING LIMITS, DEFINITION Except as otherwise provided herein, the switching limits of the KCTL will be confined to the most distant industry listed at a terminal from the point of interchange with connections shown at that terminal.
ITEM 160 EQUIPMENT, PASSENGER, DEFINED Passenger equipment as referred to in this Tariff includes coaches, chair cars, sleeping or tourist cars, baggage cars, express cars, mail cars, also private or official cars, circus, carnival, theatrical, exhibition or other cars suitably built for the transportation of persons and to operate in passenger trains.	ITEM 190 TWIN OR TRIPLE LOADS On twin or triple loads requiring more than one car, moved under charges shown, the switching charge will be double the single car charge on a twin load, and three times the single car charge on a triple load.
ITEM 165 INDUSTRIAL SWITCHING Empty cars of private ownership belonging or leased to industries located on the KCTL will be moved without charge between car owner's or lessee's loading or unloading, storage, shop, inspection, repair or cleaning tracks. For any other switching of either loaded or empty cars within an industrial plant, charges as provided in Item 405 will apply. EXCEPTION 1 - Empty cars specified in this item moving to a point beyond the confines of an industrial plant for the purpose of repairs will be subject to charge provided in Item 400. EXCEPTION 2 - Empty cars specified in this item moving to a point beyond the confines of an industrial plant for the purposes of storage and ordered back to the confines of the industry for the purpose of cleaning and then subsequently released as an empty car will be subject to charges provided in Item 410.	ITEM 195 ORDERS FOR EMPTY EQUIPMENT Orders for empty cars to be loaded on KCTL rails should be directed to KCTL Customer Service Center at Mill St. Yard. Such orders may be given by telephone and must be confirmed in writing, via fax or e-mail.
For explanation of terms and explanation of abbreviations and reference marks, see last page of tariff.	

TARIFF KCTL 8036

SECTION 1	SECTION 1
SWITCHING AND TERMINAL CHARGES	SWITCHING AND TERMINAL CHARGES
ITEM 215 OVERLOADED AND IMPROPERLY LOADED CARS When a car originating on this line is overloaded or improperly loaded by the shipper, he will be required, at his expense, to reduce or adjust the lading of the car. When additional switching is necessary, the intra-terminal charge as published in Item 315-Series, will be assessed from the point where the overload condition is discovered back to the industry and reverse.	ITEM 235 CREDIT AND SECURITY Credit privileges are extended to patrons who pay their charges within the prescribed free time. Security Deposit may be required for those patrons who have not established credit or who have had their credit privileges revoked.
ITEM 220 CLEARANCES All cars must be loaded in compliance with the established clearances published in the Railway Line's Clearances.	ITEM 240 CHARGE FOR USE OF SPECIAL TYPE EQUIPMENT WITHIN KANSAS CITY, MO.-KS. SWITCHING DISTRICT The rates or charges provided herein apply to shipments which are both loaded and unloaded within the same switching district only when loaded in or on ordinary equipment viz:
ITEM 225 RECONSIGNMENT CONDITIONS: The Kansas City Transportation Company, LLC is a switching carrier only and does not issue or negotiate the surrender of bills of lading. All diversion or reconsigning orders must be placed or given to the interested connecting carrier handling the shipment except such orders will be accepted by this Company's Manager of Operations, or his designated representative, if the shipment to be reconsigned originates on this line and is destined to a point within the Kansas City, MO.-KS switching district; provided that if the shipment to be reconsigned is destined to a point on a connecting line the reconsigning or diversion order will not be accepted unless the shipment is still in possession of this company. DEFINITION: The term "diversion" or "reconsignment" means: A change in the name of consignee. A change in route at request of shipper. A change in destination.	1. Flat cars not exceeding 60 feet in length and having marked capacity not greater than 200,000 pounds; except will not apply on flat cars of any length equipped with racks, frames, bulkheads, tie down devices, hoods, or other appurtenances extending above the deck of the car, nor on special type flat cars with mechanical designations "FD", "FG", "FW", "FMS", as listed under heading of Heavy Capacity and Special Type Flat Cars in the Official Railway Equipment Register. 2. Open top hopper cars not exceeding 60 feet in length, inside measurement, or having marked capacity not exceeding 200,000 pounds. 3. Cars of other types or sizes owned or leased by shipper or consignee. When shipments that are both loaded and unloaded within the same switching district are loaded in cars that are other than ordinary equipment, the rate or charge to apply will be the rate or charge published in this tariff or application to shipments loaded in ordinary equipment as described in Paragraphs 1 to 3 above plus a charge of \$190.00 per car.
ITEM 230 MILEAGE ALLOWANCE No mileage will be allowed on equipment or private ownership switched over KCTL as all KCTL tracks are within Kansas City, MO.-KS. switching limits.	EXCEPTION: These provisions will not apply to a movement of a car from one location to another to complete loading for immediate outbound road-haul movement under a line-haul rate or from one location to another to complete unloading of a car that has just terminated an inbound road-haul movement under a line-haul rate, provided billing covering the switch movement contains a notation by the shipper connecting the switch movement with the immediately prior or subsequent line -haul movement.
For explanation of terms and explanation of abbreviations and reference marks, see last page of tariff.	

TARIFF KCTL 8036

SECTION 1	SECTION 2
SWITCHING AND TERMINAL CHARGES	MISCELLANEOUS RULES AND CHARGES
ITEM 305 RECIPROCAL SWITCHING A charge of \$402.00 per car will be assessed and is applicable in connection with loaded cars when received from or delivered to connecting railways.	(The charges named in this section apply only under conditions specified in individual items without regard to origin, destination, class or commodity.)
ITEM 315 INTRA-TERMINAL SWITCHING A charge of \$491.00 per loaded car will apply in connection with shipments having origin and destination within Kansas City, MO-KS switching district, as provided in Item NO. 125 herein, except as provided for in Miscellaneous Charges Items 400 to 450, inclusive.	ITEM 400 EMPTY CARS FOR REPAIRS A charge of \$175.00 will be assessed for movement of empty freight cars on their own wheels for repairs between any KCTL track or any track connection with connecting roads and any KCTL track.
ITEM 325 INTER-TERMINAL SWITCHING A charge of \$305.00 per loaded car will apply in connection with shipments moving from a track of one carrier to a track of another carrier when both tracks and movements are within the switching limits of the same station or industrial switching district.	ITEM 405 YARD MOVES A charge of \$105.00 will be assessed for movement of any and all cars (except as provided for in Item 165) between one location in a private yard and another location in same yard, which includes movement between two points on the same track
	ITEM 410 RECONSIGNMENT AND/OR RESWITCHING A. A charge of \$155.00 will be assessed if a car is reconsigned on orders received by this company's Freight Department after any part of the switching service, under original instructions, has been performed either in a classification yard or elsewhere on this line. This charge is in addition to charges listed in Items 305 or 315. B. A charge of \$155.00 will be assessed on cars loaded or partially loaded, and switched between Procter & Gamble plant and KCTL Mill Street Yard to hold for disposition. C. A charge of \$300.00 will be assessed if a car has been moved to the track or to a private yard to which ordered, and is reconsigned to a point on a connecting railroad for its movement to such track or yard in addition to the applicable charges shown in Item 305. D. A charge of \$80.00 will be assessed on loaded cars received for Procter & Gamble which are placed on Procter & Gamble's leased track and taken out of "continuous movement" of traffic by not being ordered into Procter & Gamble's plant within 48 hours of constructive placement notice.
For explanation of terms and explanation of abbreviations and reference marks, see last page of tariff.	

TARIFF KCTL 8036

SECTION 2	SECTION 2
MISCELLANEOUS RULES AND CHARGES	MISCELLANEOUS RULES AND CHARGES
ITEM 415 WEIGHING A. A charge of \$85.00 per car will be assessed for cars weighed on scales of private ownership, the switching incident to such weighing being entirely separate and distinct from a previous or subsequent switch movement and within the same private yard. B. A charge of \$45.00 per car will be assessed for cars weighed in transit over consignor's or consignee's private scales within the plant or adjacent thereto on lead to plant. C. A charge of \$155.00 per car will be assessed for cars weighed on specific orders received after car has left classification yard. This charge includes handling of car to and from scale track but does not include a scaling charge made by the owner of a private scale.	ITEM 435 SPECIAL SWITCH A. A charge of \$285.00 will be assessed for special movement of car or cars, when sufficient power or support facilities are available. This charge is in addition to all other published switching charges. B. A charge of \$935.00 will be assessed for special movement of car or cars, when no power or support facilities are available. This charge is in addition to all other published switching charges.
ITEM 420 TURNING CARS A charge of \$205.00 will be assessed for all freight cars, loaded or empty, which are turned on a wye track at consignee's request when car is not placarded.	ITEM 445 INTERMEDIATES A charge of \$213.00 per car will be assessed to the delivering carrier for cars handled as intermediates which are received from one connecting railroad and delivered to another connecting railroad
ITEM 425 EMPTY ORDERS NOT USED A charge of \$245.00 will be assessed for switching empty cars on which no revenue is received covering a loaded movement as contemplated in Item 305, and such empty car ordered is not used after any portion of the switching service has been performed. This charge will cover the movement of empty car both ways where that service is necessary.	ITEM 450 ERROR MOVEMENTS A charge of \$200.00 per car will be assessed for cars received in interchange by KCTL in error from a connecting railroad and car is subsequently returned to the delivering carrier. However, if car is forwarded to connecting railroad for whom car was intended, a charge of \$213.00 per car will be assessed the delivering carrier as provided for in Item 445.
ITEM 430 PASSENGER EQUIPMENT A. A charge of \$470.00 will be assessed for handling passenger equipment from a track connection with any connecting road and any suitable track available including service for outbound movement to connecting road. B. A charge of \$205.00 will be assessed for switching passenger equipment to and from KCTL tracks for water, supplies, repairs, etc. C. A charge of \$250.00 will be assessed for switching passenger equipment between Union Station tracks 27 or 28 and Amtrak tracks 29 or 30. If switching involves multiple cars with more than 5 (five) total moves during 1 (one) event, a charge of \$300.00 will be assessed.	
For explanation of terms and explanation of abbreviations and reference marks, see last page of tariff.	

6 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100. 101. 102. 103. 104. 105. 106. 107. 108. 109. 110. 111. 112. 113. 114. 115. 116. 117. 118. 119. 120. 121. 122. 123. 124. 125. 126. 127. 128. 129. 130. 131. 132. 133. 134. 135. 136. 137. 138. 139. 140. 141. 142. 143. 144. 145. 146. 147. 148. 149. 150. 151. 152. 153. 154. 155. 156. 157. 158. 159. 160. 161. 162. 163. 164. 165. 166. 167. 168. 169. 170. 171. 172. 173. 174. 175. 176. 177. 178. 179. 180. 181. 182. 183. 184. 185. 186. 187. 188. 189. 190. 191. 192. 193. 194. 195. 196. 197. 198. 199. 200. 201. 202. 203. 204. 205. 206. 207. 208. 209. 210. 211. 212. 213. 214. 215. 216. 217. 218. 219. 220. 221. 222. 223. 224. 225. 226. 227. 228. 229. 230. 231. 232. 233. 234. 235. 236. 237. 238. 239. 240. 241. 242. 243. 244. 245. 246. 247. 248. 249. 250. 251. 252. 253. 254. 255. 256. 257. 258. 259. 260. 261. 262. 263. 264. 265. 266. 267. 268. 269. 270. 271. 272. 273. 274. 275. 276. 277. 278. 279. 280. 281. 282. 283. 284. 285. 286. 287. 288. 289. 290. 291. 292. 293. 294. 295. 296. 297. 298. 299. 300. 301. 302. 303. 304. 305. 306. 307. 308. 309. 310. 311. 312. 313. 314. 315. 316. 317. 318. 319. 320. 321. 322. 323. 324. 325. 326. 327. 328. 329. 330. 331. 332. 333. 334. 335. 336. 337. 338. 339. 340. 341. 342. 343. 344. 345. 346. 347. 348. 349. 350. 351. 352. 353. 354. 355. 356. 357. 358. 359. 360. 361. 362. 363. 364. 365. 366. 367. 368. 369. 370. 371. 372. 373. 374. 375. 376. 377. 378. 379. 380. 381. 382. 383. 384. 385. 386. 387. 388. 389. 390. 391. 392. 393. 394. 395. 396. 397. 398. 399. 400. 401. 402. 403. 404. 405. 406. 407. 408. 409. 410. 411. 412. 413. 414. 415. 416. 417. 418. 419. 420. 421. 422. 423. 424. 425. 426. 427. 428. 429. 430. 431. 432. 433. 434. 435. 436. 437. 438. 439. 440. 441. 442. 443. 444. 445. 446. 447. 448. 449. 450. 451. 452. 453. 454. 455. 456. 457. 458. 459. 460. 461. 462. 463. 464. 465. 466. 467. 468. 469. 470. 471. 472. 473. 474. 475. 476. 477. 478. 479. 480. 481. 482. 483. 484. 485. 486. 487. 488. 489. 490. 491. 492. 493. 494. 495. 496. 497. 498. 499. 500. 501. 502. 503. 504. 505. 506. 507. 508. 509. 510. 511. 512. 513. 514. 515. 516. 517. 518. 519. 520. 521. 522. 523. 524. 525. 526. 527. 528. 529. 530. 531. 532. 533. 534. 535. 536. 537. 538. 539. 540. 541. 542. 543. 544. 545. 546. 547. 548. 549. 550. 551. 552. 553. 554. 555. 556. 557. 558. 559. 560. 561. 562. 563. 564. 565. 566. 567. 568. 569. 570. 571. 572. 573. 574. 575. 576. 577. 578. 579. 580. 581. 582. 583. 584. 585. 586. 587. 588. 589. 590. 591. 592. 593. 594. 595. 596. 597. 598. 599. 600. 601. 602. 603. 604. 605. 606. 607. 608. 609. 610. 611. 612. 613. 614. 615. 616. 617. 618. 619. 620. 621. 622. 623. 624. 625. 626. 627. 628. 629. 630. 631. 632. 633. 634. 635. 636. 637. 638. 639. 640. 641. 642. 643. 644. 645. 646. 647. 648. 649. 650. 651. 652. 653. 654. 655. 656. 657. 658. 659. 660. 661. 662. 663. 664. 665. 666. 667. 668. 669. 670. 671. 672. 673. 674. 675. 676. 677. 678. 679. 680. 681. 682. 683. 684. 685. 686. 687. 688. 689. 690. 691. 692. 693. 694. 695. 696. 697. 698. 699. 700. 701. 702. 703. 704. 705. 706. 707. 708. 709. 710. 711. 712. 713. 714. 715. 716. 717. 718. 719. 720. 721. 722. 723. 724. 725. 726. 727. 728. 729. 730. 731. 732. 733. 734. 735. 736. 737. 738. 739. 740. 741. 742. 743. 744. 745. 746. 747. 748. 749. 750. 751. 752. 753. 754. 755. 756. 757. 758. 759. 760. 761. 762. 763. 764. 765. 766. 767. 768. 769. 770. 771. 772. 773. 774. 775. 776. 777. 778. 779. 780. 781. 782. 783. 784. 785. 786. 787. 788. 789. 790. 791. 792. 793. 794. 795. 796. 797. 798. 799. 800. 801. 802. 803. 804. 805. 806. 807. 808. 809. 810. 811. 812. 813. 814. 815. 816. 817. 818. 819. 820. 821. 822. 823. 824. 825. 826. 827. 828. 829. 830. 831. 832. 833. 834. 835. 836. 837. 838. 839. 840. 841. 842. 843. 844. 845. 84

EXPLANATION OF ABBREVIATIONS USED IN THIS TARIFF		EXPLANATION OF REFERENCE MARKS USED IN THIS TARIFF	
ABBREVIATIONS	EXPLANATION	REFERENCE MARKS	EXPLANATIONS
BNSF ICE KCS KCTL NS UP Ave. BOE Corp. i.e. Inc. KS MO St. UFC Viz.	BNSF Railway Company Iowa Chicago and Eastern Railroad Corp. Kansas City Southern Railway Company Kansas City Transportation Company, LLC Norfolk Southern Railway Company Union Pacific Railroad Avenue Bureau of Explosives Corporation That is Incorporated Kansas Missouri Street Uniform Freight Classification Namely	[R] [I] [NC] [C]	Denotes Reduction/Decrease Denotes Increase No change Change in wording resulting in neither an increase or decrease in changes

**SUPPLEMENT
TO
KCTL 8036**

KANSAS CITY TRANSPORTATION COMPANY, LLC



**SUPPLEMENT 1
TO
LOCAL SWITCHING AND TERMINAL TARIFF KCTL 8036*
CONTAINS
LOCAL SWITCHING
AND
OTHER TERMINAL CHARGES**

Applying between tracks on Kansas City Transportation Company, LLC (KCTL – 976) also between such tracks and interchange tracks with connecting lines, together with reconsigning, weighing, and miscellaneous charges; rules and regulations, list and track locations of business firms, industries, etc., reached by Kansas City Transportation Company, LLC.

**AT
KANSAS CITY, MO. AND KANSAS CITY, KS.**

LOCAL SWITCHING AND TERMINAL TARIFF

ISSUED: February 25, 2006

EFFECTIVE: March 1, 2006

ISSUED BY

**M.D. Corum
Vice President of Operations
4501 Kansas Ave.
Kansas City, KS 66106**

*** - Kansas City Terminal Railway Co., Series**

SUPPLEMENT 1 TO TARIFF KCTL 8036

SECTION 1				SECTION 1		
SWITCHING AND TERMINAL CHARGES				SWITCHING AND TERMINAL CHARGES		
ITEM 105-A				ITEM 110		
LIST OF INDUSTRIES.				CONNECTIONS		
This list is published for the information and guidance of connecting lines and shippers. On account of frequent changes in names and locations of industries, this list does not at all times purport to be correct. This list includes the names of several firms and individuals who handle cars on private tracks designated opposite their names, only by virtue of permission from the owner or party controlling the track. It must be understood that the publication in this list of names of firms or individuals now enjoying such permission, does not accord them the right to such tracks in case the permission now granted is cancelled by the owner or party controlling.				ROAD	LOCATION	STATE
FIRM	LOCATION	STATE	ZIP	BNSF	Argentine Yard	KS
Ace Pallet	1401 Argentine Blvd.	KS	66105	BNSF	19th Street Yard	MO
Albert Tamm Lumber	3232 E. 18 th St.	MO	64127	ICE	Knoche Yard	MO
Carter Waters Corp	6333 St. John	MO	64123	KCS	Knoche Yard	MO
Central Missouri Reload (East)	207 Bennington Ave.	MO	64123	NS	North Kansas City Yard	MO
Central Missouri Reload	3900 E. 14th Terr.	MO	64127	UP	Armourdale Yard	KS
Colgate Palmolive	1806 Kansas Ave.	KS	66105	UP	Neff Yard	MO
Compass Big Blue	8116 Wilson Road	MO	64125	UP	18th Street Yard	MO
Constar Plastics, Inc.	845 Armourdale Pkwy.	KS	66105	ITEM 125		
Darling International	685 Adams	KS	66105	INTRA-TERMINAL SWITCHING		
DaVinci Roofscapes	1413 Osage Ave.	KS	66105	A switching movement (other than intra-plant switching) from one track to another track of the same carrier, within the switching limits of one station or industrial switching district.		
Ex-L-Tube (Steel Ventures)	1413 Osage Ave.	KS	66105	ITEM 130		
Express Transload	W. 12 th St.	MO	64101	APPLICATION		
Four States Distribution	1125 W. 12th St.	MO	64101	This publication shows the charges of the KANSAS CITY TRANSPORTATION COMPANY, LLC for switching and other terminal services and privileges at Kansas City, Missouri and Kansas City, Kansas.		
Galamba Metal Group (Kaw River Shredding)	1153 S. 12th	KS	66105	ITEM 135		
Galamba Metal Group (National Compressed)	1015 S. Packard	KS	66119	PRIVATE TRACKS		
Gunderson	8116 Wilson Road	MO	64125	Cars will be switched to privately-owned or leased tracks ONLY on behalf of the industry that owns or leases the tracks. Any other individual or firm desiring to use the tracks must make arrangements with the owner or lessee who, in turn, must advise KCTL in writing of the arrangement.		
Holmes Drywall Supply	1701 W. 25 th St.	MO	64108	ITEM 140		
Kansas City Star	1729 Grand Blvd.	MO	64108	DEMURRAGE		
KC Hardwood	1675 Argentine Blvd.	KS	66105	Cars subject to demurrage will be governed by KCTL Demurrage Tariff 6000 series.		
KC Rail Car Repair	1147 S. 14 th St.	KS	66105			
Laminate Works	1200 S. 5 th St.	KS	66105			
Liquid Transport	8116 Wilson Road	MO	64125			
Lite Weight Products	1706 Kansas Ave.	KS	66105			
Meridian Rail Services	1109 S. 12th St.	KS	66105			
P Q Corp.	1700 Kansas Ave.	KS	66105			
Paxton, The Wood Source	6311 St. John	MO	64123			
Procter & Gamble	1900 Kansas Ave.	KS	66105			
<u>Smorgon Steel Grinding Systems-America, LLC</u>	<u>8116 Wilson Road</u>	<u>MO</u>	<u>64125</u>			
Temple Inland	2101 Kansas Ave.	KS	66105			
Thomas & Assoc.	10 Shawnee Ave.	KS	66105			
Total Distribution	1200 S. 5 th St.	KS	66105			
(Underscored denotes change/addition.)						
(Industries formerly shown herein and not brought forward are hereby eliminated.)						
For explanation of terms and explanation of abbreviations and reference marks, see last page of tariff.						

KCTL 6000

KANSAS CITY TRANSPORTATION COMPANY, LLC



FREIGHT TARIFF KCTL 6000

NAMING

GENERAL CAR DEMURRAGE RULES AND CHARGES

APPLYING AT KANSAS CITY MO/KS

ON THE

KANSAS CITY, MO. AND KANSAS CITY, KS.

DEMURRAGE TARIFF

ISSUED: February 25, 2006

EFFECTIVE: March 1, 2006

ISSUED BY

**M.D. Corum
Vice President of Operations
4501 Kansas Ave.
Kansas City, KS 66106**

TARIFF KCTL 6000

RULES AND OTHER GOVERNING PROVISIONS RULES AND REGULATIONS - GENERAL	
ITEM 5 METHOD OF CANCELING ITEMS As this tariff is supplemented, numbered items with lettered suffixes cancel correspondingly numbered items in the original tariff or in a prior supplement. Letter suffixes will be used in alphabetical sequences starting with A. Example: Item 60-A cancels Item 60 and Item 80-B cancels Item 80-A in a prior supplement, which in turn cancelled Item 80.	
For explanation of terms and explanation of abbreviations and reference marks, see last page of tariff.	

TARIFF KCTL 6000

GENERAL DEMURRAGE RULES AND CHARGES	GENERAL DEMURRAGE RULES AND CHARGES
SECTION 1	SECTION 2
ITEM 40 DEMURRAGE CHARGES On cars subject to demurrage charges after expiration of free time allowed (See Item 80), the following charges per car, per day, or fraction of a day, will be made until the car is released (See Item 115): \$50.00 per day (Debit Day) The applicable charge will accrue on all days, except holidays (See Item 90) that fall as the first chargeable day. Empty private cars held on Railroad tracks exceeding storage agreements will be charged \$25.00 per car per day.	ITEM 70 CARS HELD FOR PURPOSES OTHER THAN LOADING AND UNLOADING Applicable to cars held: A. On orders of the loader or unloader. B. While awaiting proper disposition from the loader, unloader or, in connection with diversion request, or the freight payor. C. As a result of conditions attributable to the loader or unloader. Computation: (See item 40 for charges) D. Demurrage will be computed on the following from the first 7:00 a.m.: 1. After notification of actual or constructive placement until car is released, forwarding instructions are received, or disposition advice is received on: a. Cars diverted or reshipped. b. Cars held empty for loading - ordered and not used (other than rejected car). c. Cars held for "Surrender of Order Notify Bills of Lading" at destination. d. Cars waiting for payment of accrued charges at origin or destination. e. Cars held for official grading or inspection. f. Cars held for any other purpose, except as covered by Items 50 and 60, which is not attributable to the KCTL. 2. After a car is received by KCTL until date and time of disposition on: a. Cars received from connecting carriers. b. Loaded private cars returned to railroad tracks. 3. After actual or constructive placement until date and time of refusal on a refused loaded car. 4. After notification is given to loader/beneficial owner until date of disposition on a refused loaded car. 5. After actual placement or car order date, whichever is later, until date and time of rejection, on empty cars rejected as being unsuitable for loading.
SECTION 2	
ITEM 50 EMPTY CARS ORDERED OR APPROPRIATED FOR LOADING BUT NOT USED When a car so ordered and placed is not used, and no advice from the party who ordered the car has been received within twenty-four (24) hours, demurrage charges will start from the first 7:00 A.M. after car is placed and will be charged until the car has been removed from the loading location.	
ITEM 60 LOADED PRIVATE CARS HELD ON RAILROAD TRACKS The demurrage clock starts at the first 7:00 A.M. after the car is placed on hold. (See item 40 for charges).	
For explanation of terms and explanation of abbreviations and reference marks, see last page of tariff.	

TARIFF KCTL 6000

GENERAL DEMURRAGE RULES AND CHARGES	GENERAL DEMURRAGE RULES AND CHARGES
SECTION 3 EXPLANATION OF TERMS	SECTION 3 EXPLANATION OF TERMS
ITEM 80 FREE TIME Cars for loading will be allowed twenty-four (24) hours free time (1 Credit Day). Cars for unloading will be allowed forty-eight (48) hours free time (2 Credit Days). <i>Credit Days must be used to offset debit days in the calendar month they are earned.</i> Free time begins at the first 7:00 A.M. after the car is constructively or actually placed. (See Item 100), and notification is given (See Item 110).	ITEM 100 PLACEMENT CONSTRUCTIVE PLACEMENT - When a car consigned or ordered to a private track, or an other-than-public-delivery track cannot be actually placed because of a condition attributable to the consignor or consignee, such car will be held at destination, or if it cannot reasonably be accommodated there, at an available hold point and notice shall be sent or given the consignor or consignee that the car is held (naming the hold point if not held at destination) and that this railroad is unable to effect placement; however, if car is placed on the private track, industrial interchange track or other-than-public-delivery track serving the consignor or consignee, the car shall be considered constructively placed without notice.
ITEM 90 HOLIDAYS Wherever reference is made to "holidays", it shall mean only the days listed below: New Year's Day - January 1 (See Note). Good Friday. Memorial Day - Last Monday of May. Independence Day - July 4 (See Note). Labor Day - First Monday of September. Thanksgiving Day - Fourth Thursday of November. Christmas Day - December 25 (See Note). NOTE: When this date occurs on a Sunday, the following Monday will be observed as the holiday.	ITEM 110 NOTIFICATION Notification of Constructive Placement shall be made by KCTL to customer via e-mail or fax.
ITEM 100 PLACEMENT ACTUAL PLACEMENT - Actual placement is made when a car is placed in an accessible position for loading or unloading or at a point previously designated by the consignor or consignee. Where customers provide their own switching service, cars will be considered Actually Placed when cars are delivered to the designated interchange track. (Continued in next column)	ITEM 115 RELEASES A railcar is considered released only after billing instructions have been received, regardless of who is responsible for the billing. At locations where customers provide their own switching service, a car is not considered released until it is properly billed and placed on the designated interchange track. NOTE: Demurrage charges will continue to accrue to the Origin Industry even when cars are released to a Third-party, until the time billing is received from the Third-party.
For explanation of terms and explanation of abbreviations and reference marks, see last page of tariff.	

1) $\forall x \in \mathbb{R} \exists y \in \mathbb{R} (x + y = 0)$

FT KCTL 9000

KANSAS CITY TRANSPORTATION CO. LLC

FREIGHT TARIFF KCTL 9000

ADOPTION NOTICE

The Kansas City Transportation Co. LLC (KCTL), hereby adopts, ratifies and makes its own, in every respect as if the same had been originally issued by it, all freight tariffs, classifications, rules, notices, concurrences, traffic agreements, divisions, authorities, powers of attorney, or other instruments whatsoever, including supplements or amendments thereto whether or not filed with the Surface Transportation Board or the former Interstate Commerce Commission by Kansas City Southern Railway Company (KCS) prior to January 1, 2006, insofar as said instruments apply from, to, at or via stations Kansas City, KS and Kansas City, MO (See attached Exhibit).

This tariff is also applicable on intrastate traffic, except where expressly provided to the contrary.

ISSUED: February 2, 2006

EFFECITVE: January 1, 2006

ISSUED BY:

Mr. Bradley E. Peek
Vice President & Treasurer
Kansas City Transportation Co LLC
4501 Kansas Avenue
Kansas City, KS 66106

(The provisions published herein, if effective, will not result in an effect on the quality of the human environment.)

EXHIBIT
FT KCTL 9000

OPSL-6000 SERIES

KANSAS CITY TRANSPORTATION CO LLC (KCTL)

STATION	COUNTY	RULE	OPSL	FSAC	SPLC	RATE		ZIP
						NRB		
KANSAS CITY (1-XXXX)	KS Wyandotte	260 KANCY	6	6	581520	Kansas City, MO		66110
KANSAS CITY (1-XXXX)	MO Jackson	KCITY	5	1	566900	Kansas City, MO		64108

- 1 - Notes 1 - As explained in OPSL 6000-series
 2 - Add New Note XXXX reading substantially as follows: Industries served by the KCTL located at stations referring to this note are open to connections of the KCTL for direct rate making purposes through switching arrangements with the KCTL. All other communications regarding the KCTL should be directed to:

Kansas City Transportation Co LLC
 4501 Kansas Avenue
 Kansas City, KS 66106
 Tel: (913) 551-2186
 Fax: (913) 551-2167

INTERCHANGE:

- 3 - Show Kansas City, KS as an "Operating" interchange between the KCTL and BNSF, ICE, KCS, NS and UP.
 4 - Show Kansas City, MO as an "Operating" interchange between the KCTL and BNSF, ICE, KCS, NS and UP.

EXHIBIT D
-Maintenance Levels-

EXHIBIT E
-General Compliance Specifications-

In order to improve service to KCT's owners and customers of the KCT and others on the Leased Trackage, Contractor shall perform on behalf of KCTL the Contractor's Services described in the foregoing Agreement. As part of Contractor's Services and in performing these services, Contractor shall perform and/or comply with the specifications, terms and conditions detailed in this Exhibit E:

Interchange Location:

Contractor will deliver interchange and pull interchange from each of KCT's owners. Unless otherwise set forth in the KCTL Operating Plan or otherwise agreed by and between KCTL and any of the owner roads, these interchanges will be performed six (6) days per week and will be at the following locations: i) BNSF will be at Argentine Yard, ii) KCS, NS and IC&E will be at Knoche Yard, and iii) UP will be at Neff Yard. KCT's Mill St. Yard in Kansas City, KS and its Blue River Yard in Kansas City, MO are part of the Leased Trackage leased by KCTL and are available to Contractor for use in connection with Contractor's Services. These yards may be used to expedite interchange to the owners as well as support shipping services to KCTL's customers as needed.

Interchange Hours of Operation: (under negotiation with various Railroads):

Unless otherwise set forth in the KCTL Operating Plan or otherwise agreed by and between KCTL and any of the owner roads, interchange to owners shall be done between the following hours;

BNSF: 1 PM to 5PM, Monday through Saturday, as agreed by the parties.

KCS, NS and IC&E: 8AM to 12PM, Monday through Saturday, as agreed by the parties.

UP: 8AM to 12PM, Monday through Saturday, as agreed by the parties.

Car Cycle Accounting:

Contractor is to record all movements in the car cycle for each and every car received in interchange from the time it is received until the time it is delivered back to the owner. This will include the interchange receipt (IR), to industry (TI), from industry (FI), and interchange delivery (ID), as well as anomalies, such as bad order events. Interchange records will be maintained by Contractor on all cars interchanged or received from the owner. These records will be made available on a daily basis to KCTL Management. These records will be used to verify Per-Diem charges and other car accounting functions.

Industrial Work Order:

Communication between KCTL's customers and the Contractor is essential. Contractor will designate and use a commercially available car cycle accounting program that will record, at a minimum IR, TI, FI, and ID, as well as bad order hold and bad order release events. These events will be electronically recorded based on conversations with the

customer or their agents. Contractor is required to generate an industrial work order which at a minimum will show a TI event and an FI event. This portion of the work order will be used as the basis for demurrage charges, an additional responsibility of the Contractor. This car counting electronic program will be available to KCTL's management on a daily basis.

AAR:

Mechanical inspection of railcars, bad order repair and the associated AAR car repair billing will also be the responsibility of the Contractor. The KCTL will be responsible for car hire and/or mileage from the IR event to the ID event. The monies received from storage charges and track leases will remain with the KCT. Contractor shall retain all AAR car repair billings and revenue. Contractor shall be responsible for all costs of collection of the AAR car repair billing revenue. KCTL grants to Contractor the right to use KCTL's marks for purposes of billing and collecting all AAR car repair billing revenues.

General Compliance Issues and References

A. Reference Codes

The publications listed below form a part of this General Compliance Specification and are to be used to define the references to these items in these Specifications or elsewhere in the Agreement. The publications are referred to in the text by basic designation only.

GCOR	General Code of Operating Rules
CFR	Car and Locomotive Regulations
FRA	Federal Railroad Regulations
AREMA	American Railway Engineering and Maintenance of Way current Portfolio of Track Work Plans
ASTM	American Society for Testing and Materials
AWS	American Welding Society
KCT	Operating, Mechanical and Engineering Instructions

In addition, Contractor shall at all times be under and subject to the instruction and rules of the KCT and/or individual KCT owners when they operate on KCT or the individual owner road's property.

B. Service Compliance Inspections

Measurement of the adherence to the requirements of the Agreement shall be evaluated based on the results of inspections performed on a random frequency, but not less than monthly. KCTL shall extend the invitation to the Contractor so that joint inspections can be performed. KCTL shall provide the Contractor with twenty-four (24) hours notice prior to conducting the joint inspection. KCTL does not pay for unsatisfactory performance of Services.

1. To the extent possible, the inspection team shall be comprised of the
 - a. Contractor's Maintenance Manager, authorized designee, or its appropriate supervisor.
 - b. KCTL's supervisor of maintenance or appropriate supervisor.
2. From time to time, inspection may be unannounced and conducted on any property location at any time. Inspection locations shall be determined solely at the discretion of KCTL and is subject to change at all times.
3. Any deficiencies observed shall be noted and a commitment made by the Contractor's team member responsible for the area of deficiency, indicating that the corrective action will be completed and by what date the corrective action necessary to resolve the deficiency will be complete. KCTL must allow reasonable time to take corrective action, but in no case will more than the applicable cure periods set forth in Article XII be allotted without written authority of KCTL. Corrections concerning the safety of employees or the public at large must be made immediately.
4. Emergency corrective actions will be conducted without delay.
5. A photographic record may be made to document the extent of the deficiency.
6. The results of the inspection shall be recorded by the Contractor and shall be signed by each appropriate member of the inspection team indicating its accuracy. A copy of inspection records including a copy of any photographs or video shall be provided to KCTL team members. The Contractor shall provide to KCTL these copies within three (3) days of the inspection or receipt of the inspection materials.
7. At any time, after the inspection and the time allotted to correct a deficiency, KCTL may, with or without the Contractor's participation, re-inspect the location of the deficiency to verify the correction. KCTL will invite the Contractor to attend the re-inspection. The Contractor should assume that the re-inspection will be scheduled to occur on the expiration date indicated on the inspection records. If any portion of the deficiency remains, or the corrective action resulted in a new deficiency, the Contractor will be issued a citation by KCTL. The citation will contain, at a minimum, the dates, location, nature of the deficiency, and name of the Contractor's employee responsible for completion of the corrective action.
8. The Contractor shall maintain a record of each deficiency citation.

9. Upon the tenth recorded deficiency attributed to a Contractor's employee, KCTL will recommend that the Contractor remove the Maintenance Manager from the Agreement Services.
10. KCTL may revisit and reissue additional citations for any deficiencies allowed to remain after the expiration of the initial period allowed for the Contractor to take corrective actions.

Management Services

A. General Management

The Contractor shall make available to KCTL a staff of qualified personnel required to manage the Contractor's Services in a manner that is consistent with both parties' objective of providing the safest, highest quality and efficient service to the public and being consistent with the policies of and in the best interests of KCTL. The Contractor's personnel assigned to the Contractor's Services shall have experience and knowledge in the area of railroad maintenance and construction and shall have authority to make decisions for the Contractor concerning the Contractor's Services.

The Contractor shall hire all labor, administrative, professional, and supervisory personnel required to provide the Contractor's Services.

The Contractor shall administer and manage functions involved in providing the Contractor's Services, in a manner which shall provide a safe and well-maintained system, allow on-time train operations, and shall be in compliance with all applicable local, state, and federal requirements.

The Contractor shall comply with the terms and conditions of all applicable agreements with any labor organization representing the Contractor's employees concerning wages, benefits, and terms and conditions of employment, if any.

Except in the case of emergency or customer needs that require expedited service (as agreed to by and between the parties), written request for track outages for maintenance and construction work must be submitted seven (7) days in advance of outage and will only be approved by KCTL when there are no other options.

Upon the occurrence of a derailed train, vandalism, collision, fatality, serious injury, strike or work stoppage, fire, oil spill or pollution problem, or other emergency condition which causes serious damage to service equipment or property or obstructs railroad operations, KCTL shall be notified immediately. Incidents causing minor damage must be reported to KCTL verbally, within twenty-four (24) hours. Where damage to property exceeds one thousand (\$1,000) dollars, a report shall be submitted to KCTL in writing within twenty-four (24) hours of the occurrence indicating: (1) the estimated cost of repair and, (2) if it is expected to be out of service, the length of time it is expected to be out

of service. The Contractor shall prepare and deliver to KCTL a final report within thirty (30) days.

B. Personnel

All personnel hired by the Contractor or its contractors or subcontractors shall be qualified, experienced, and be employed by the Contractor or its contractors or subcontractors, respectively, and not employed by the KCTL. The Contractor shall be solely responsible for the direction, supervision and control, determination and payment of the wages and benefits and other terms and conditions of employment of its own or any contractor's or subcontractor's employees; provided, however, that the Contractor or its contractor(s) or subcontractor(s) shall comply with any applicable mandatory state or federal prevailing wage rate, safety, or wage-hour laws; and shall comply with all applicable laws, regulations, rules, and procedures respecting employer's liability, worker's compensation, unemployment insurance, and other forms of social security or railroad retirement, and also with respect to any other required withholding from the wages of employees. The Contractor shall indemnify and hold harmless the KCTL the KCT and KCT's owners for any all liability, damages, claims, cost (including reasonable attorney's fees), and other expenses of whatever nature arising from alleged violations of such laws, regulations, or rules, except to the extent caused by KCTL, the KCT or KCT's owners.

Unless otherwise provided specifically elsewhere in the Agreement or by mutual agreement of the parties, Contractor's employee(s) shall be assigned exclusively to these roles:

1. Switching / Maintenance Manager

The Switching and/or Maintenance Manager shall be available to meet daily, or as directed by KCTL, and with his staff.

The Switching and/or Maintenance Manager shall have the authority to remove or discharge and replace all Contractor personnel who are engaged in providing the Services.

If KCTL is dissatisfied with the performance of the Switching and/or Maintenance Manager, following consultation between Contractor and KCTL, Contractor shall replace him/her on thirty (30) day's written notice from KCTL.

2. Key Personnel Replacement, Reassignment or Removal

- a. KCTL shall be notified thirty (30) days in advance of Contractor's planned replacement, or other removal of management personnel qualified and accepted at time of Contract award.

- b. Assignment of new key personnel and reassignment of existing key personnel to work other assignments on the Leased Trackage is subject to the approval of KCTL.

- c. Qualifications applicable to all positions

Must have, or obtain within thirty (30) days of employment, and maintain a valid driver's license.

Must be able to work out-of-doors in all weather conditions, to climb irregular embankments and ladders, to lift objects not exceeding OSHA weight regulations, and ability to distinguish colors. Able to communicate in written and verbal English language. Required to pass pre-employment physical examination which includes testing to comply with any applicable drug-testing program.

All personnel must pass KCTL currently mandated rules and safety examinations.

All personnel designated by KCTL to get track and time must be or become qualified on respective Railroads operating rules, (General Code) and pass KCTL required rules tests.

- d. Subject to the provisions of the Agreement, specifically including but not limited to the removal of employees, default and notice of cure, KCTL reserves the right to require replacement and/or delete positions or assign KCTL designated engineering managers and/or other contracted personnel to direct the Contractor's Services in the event that the Contractor fails to adequately perform, supervise or manage Contractor's Services obligations.

3. Availability

- a. Normal work week will consist of five (5) eight-hour days that may be any days of the week as determined by KCTL's operational requirements and subject to the "Hours-of-Service Act" of the FRA.
- b. The Contractor must provide twenty-four (24) hours, seven (7) day a week, on-call service, in accordance with KCTL approved emergency staffing plan.
- c. The Contractor shall supply sufficient resources without regard for time, day or otherwise to resolve all anticipated problems.

C. Use of Equipment, Material, and Services

The Contractor shall use all equipment, materials, and Services if provided or if paid for by KCTL solely for the purpose of providing the Contractor's Services. The Contractor shall acknowledge receipt of all equipment, materials, and fixed assets and shall include in all annual reports an inventory showing additions, deletions, or other changes to the list of such equipment, materials, and fixed assets.

The Contractor shall provide building furniture, office equipment and related supplies required to oversee, operate or maintain the Contractor's Services, property or equipment.

The Contractor shall supply, at its expense, the following Vehicles, Equipment, and Material:

- All tools, material (subject to the procurement provisions of Article VII, Section B of the Agreement), and equipment necessary to provide the Contractor's Services.
- All highway and hi-rail vehicles necessary to provide Contractor's Services.
- Sufficient portable radio units to support communications in the yard and between the office, yard, dispatch control, and all maintenance crew efforts.

D. Materials Management

1. The Contractor shall institute a materials management system that shall ensure the availability of all materials and parts necessary to meet the maintenance and operations requirements of KCTL.
2. The Contractor shall dispose of scrap material at KCTL's direction and credit sale proceeds to KCTL.
3. Upon payment by KCTL to Contractor for the same, all materials, supplies, or equipment purchased by the Contractor for the provision of the Contractor's Services shall be used solely for the purpose of providing the Contractor's Services to KCTL and shall become the property of KCTL. Unless otherwise agreed, KCTL shall reserve the right to purchase materials for implementation of maintenance programs included or not included with the Services.
4. The Contractor shall maintain and control the inventory, of any materials, tools and equipment which may, at any time, be furnished for its use by KCTL.

E. Support Property

1. It is the intent of both parties to this Contract that the Contractor shall provide any and all equipment and vehicles needed for performance of the Scope of Work under this contract.
2. The Contractor must be able to furnish any or all types of equipment and vehicles required for the Services.
3. Upon termination of the Contract, KCTL will have first right of refusal to assume the lease or otherwise acquire at fair market value any support property leased or acquired by the Contractor pursuant to providing the Services.
4. Maintenance of Equipment and Vehicles
 - a. The Contractor shall maintain all equipment and vehicles to the manufacturer's recommendations. Maintenance records will be available for inspection by KCTL at all times.
 - b. Maintenance and general appearance of the non-revenue vehicles and equipment must also be sensitive to the aspect of public image.
 - c. The Contractor is responsible to maintain current all appropriate permits, registrations, inspections certificates, licenses, stickers, etc. relating to the operation and maintenance for all non-revenue equipment and vehicles at its expense..
 - d. Any and all penalties and fines imposed regarding the violation of state and federal codes, regulations and laws shall be the responsibility of the Contractor inasmuch as the violation occurs as a result of the Contractor's negligence

F. Environmental

The Contractor agrees to indemnify and hold KCTL harmless from and against any claims, causes of action, damages, fines or penalties arising with respect to any adverse environmental conditions or environmental impairment created by the Contractor (including its contractors, subcontractors or agents) in performing the Contractor's Services.

The Contractor, within sixty (60) days of beginning operations under the Agreement, shall submit to KCTL for review and approval a policy and procedures manual and a guideline for handling and managing hazardous waste and materials. These policies shall include, but not be limited to, spill prevention and control, hazardous materials, medical waste handling, hazardous materials or waste generators (not limited in size) and wetlands protection. The policies shall

be developed in compliance with all applicable local, state and federal environmental laws and regulations.

The Contractor, within sixty (60) days of beginning operations under the Agreement, shall submit to KCTL for review and approval a formalized emergency/spill response team and chain of command for all applicable Contractor's Service property locations.

G. Reporting and Record Keeping Requirements

1. The Contractor shall keep full accurate records of all Contractor's Services and other activities carried out. The Contractor shall furnish to KCTL, in accordance with the specific time required, all reports and records identified in the Agreement.
2. The Contractor shall maintain and furnish monthly to KCTL, in writing, operating and maintenance performance reports mutually agreed to by and between the parties.
3. In the event of any accident involving damage to property, train or employee accident, grading crossing accident, emergency or other non-routine even, the Contractor shall immediately notify KCTL's designee. The Contractor shall prepare all applicable reports, if any, of such incident in such form as is mutually agreed upon. The Contractor shall provide copies of any such reports to KCTL and if requested by KCTL, Contractor shall file said report in KCTL's name as required by applicable law, rule or regulation. Unless otherwise provided by law, rule or procedure agreed to by the parties, Contractor shall provide copies of any applicable report above identified within twenty-four (24) hours after the accident or other event involved.

The Contractor shall comply with all applicable laws and regulations in the case of any accident.

In the event of any accident described above, the Contractor will perform an investigation pursuant to its then current rules and procedures to determine the cause of such accident. The investigation shall be carried out in accordance with said procedures, which shall include (at a minimum) conducting an interview with or obtaining a statement from any employee involved in or witness to the accident.

4. The Contractor shall maintain and furnish to KCTL, on a monthly basis, a report detailing the corrective actions taken to remove any existing track or bridge speed restriction or reduction.

These policies and procedures may be amended from time to time. The

Contractor will recommend changes as deemed necessary and shall implement such changes upon written instruction of KCTL, as the needs of the operations change. The Contractor shall maintain the system without disruption of train services.

The Contractor shall, before any excavation, notify all utilities through dig safe (1-800-DIG SAFE) or other means to prevent any damage to any underground utilities.

5. Track and Right-of-Way Maintenance Requirements

The level of maintenance described herein are not all-inclusive and are intended to provide direction for the Contractor to provide quality fixed property maintenance with the intent to avoid the deferral of maintenance. Levels of maintenance shall be performed as described herein and in the Agreement.

Levels of maintenance to machinery, systems, components, equipment shall be performed per the manufacturer's standard recommend maintenance instruction to the extent that they exist or as otherwise directed herein.

- a. The Contractor shall ensure the right of way and equipment used in its operations is kept clean. Salvage and/or scrap material shall be sold with the net proceeds (gross proceeds less any cost attributable thereto including as examples only but not as a means of limitation any disposal, storage, or transportation) credited to KCTL. A written record of disposition will be maintained, with a copy furnished to KCTL annually. Material which does not have resale value shall be disposed of in an environmentally safe fashion at the expense of KCTL. All material requiring sale or disposal shall be approved in advance by KCTL.
- b. The Contractor shall provide maintenance of track elements such as, but not limited to, rails, ties, ballast, sub-ballast, switches, wayside rail lubricators, grading, special track work, and grade crossing panels or surfaces. CWR rail will need to be maintained to be joint free.
- c. - Intentionally Deleted-
- d. The Contractor shall conduct a joint bi-annual hy-rail or walking inspection of the property consisting of the Manager of Maintenance with its direct reports and KCTL's designated representatives.

- e. The Contractor shall provide services for mechanical and chemical vegetation control, including on-track application of herbicides and brush-cutting equipment other than annual application.
- f. Inspection of property shall include walking inspection on a monthly basis or when use of hy-rail inspection can not adequately inspect the trackage.
- g. The Contractor shall grind switches and rail crossings using track mounted switch grinder at intervals and times mutually agreed to by the parties.
- h. The need for work train support shall be coordinated 7 (seven) days in advance with KCTL.
- i. Vegetation control of the right-of-way will result in no grass or brush growing within fifteen (15) feet either side of the centerline of track. The Contractor shall include chemical soil treatment to prevent germination and to kill emergent vegetation. Application of chemicals shall be scheduled by the Contractor and approval of KCTL in order to achieve the results specified herein. Application of chemical agents shall be in conformance with applicable laws and regulations. The Contractor is specifically liable for damage claims attributed to chemical application and any such claims received by KCTL will be referred to the Contractor. The Contractor is to obtain all permits for chemical application. Vegetation treatment is to include costs of all follow-up mechanical or manual removal of brush and grass due to failure to control growth by chemical application.

Mechanical or manual removal will be required to correct all growth which causes violations of local fire codes and FRA Standards and/or growth which intrudes into the walkway or track structure, impaired visibility, or impairs drainage channels.

Within 30 days of the completion of chemical application for vegetation control or mechanical brush cutting, the Contractor shall prepare and maintain (and deliver to KCTL, if requested by KCTL) a report of said use.

- j. Inspections

The Contractor shall perform the following inspections at least the minimum interval indicated:

- FRA mandated track and right-of-way inspections
- Grade crossing inspection annually
- After and during severe storms

- Switch inspection track monthly and annually by Manager of Maintenance and KCTL's designated representative

The results of all inspections shall be reported on the prescribed form and signed by inspector(s), as indicated. The Contractor shall investigate, respond to and attempt to resolve complaints and problems on and along the rights-of-way of the Property that result from the performance of the Services.

Contractor will develop and implement CWR maintenance and installation plan with its training plan and in accordance with FRA Regulation CFR 49, Part 213.

H. Bridges and Structures

1. General

The Contractor shall inspect and maintain all bridges, culverts, pedestrian overpasses, tunnels and structures to insure a safe and reliable service. All maintenance shall be performed by the Contractor in accordance with/to FRA, AAR Standards and AREMA recommended practices and in accordance with KCTL Maintenance Standards.

The Contractor shall perform preventative maintenance measures on all structures owned or used by KCTL.

The Contractor shall repair and maintain retaining walls, back walls, abutments and other structures, appurtenances and systems on the property.

The Contractor shall safely attach and/or remove banners, posters and signage to/from bridges as requested by KCTL.

The Contractor shall remove all unauthorized attachments immediately after reported or found during inspection.

The Contractor shall notify KCTL's Supervisor's of Maintenance or Manager of Transportation of any concern regarding the safe passage of track over any structure.

2. Bridge

The Contractor shall perform routine inspections on the all structures including, but not limited to, bridges, culverts, structural components and improved and unimproved roads on the property.

3. Culverts

The Contractor shall perform culvert cleaning as needed.

The Contractor shall maintain and install culvert markers, as needed.

The Contractor shall repair and maintain all culverts, as needed.

4. Drainage Systems

The Contractor shall keep all ditches and drainage systems clean and free of obstructions.

I. Administration

1. The Contractor shall maintain all records necessary to provide and support Services including fixed plant inventory and maintenance costs.
2. The Contractor shall attend, with appropriate staff, any meeting as directed by an authorized representative of KCTL.
3. The Contractor shall coordinate its maintenance activities with KCTL.
4. The Contractor shall not establish any headquarters point or staging area, not set up any office or storage trailer on any of the property without the written approval of KCTL. Additionally the Contractor shall not increase, decrease or delete the level of utility of any existing location without written approval by KCTL.
5. The Contractor shall provide a twenty-four (24) hours per day, seven (7) days per week, three hundred sixty-five (365) days per year emergency maintenance system as approved by KCTL. This shall include any weather-related incidents such as: storms, floods, snow removal, wind damage, and washouts, etc.

J. Audit of Property

Within sixty (60) days after the date Contractor begins operations under the Agreement (the "Commencement Date"), KCTL and the Contractor shall conduct an initial joint audit including video taping and/or pictures of the property and any and all support property. The purpose of such initial audit shall be to identify and establish the condition of the property and support property as of the date of the audit. Both the Contractor and KCTL will retain a copy of the video for future reference.

K. Damage to Property and Support Property

In the event of damage to the Property or the Support Property, that is due to the Contractor's sole negligence during the term of the Agreement, the Contractor shall determine the extent and cause of the damage and provide a written report to KCTL no later than the business day following the incident giving rise to such damage, unless otherwise provided in the Agreement or this Exhibit F. All damage reports filed pursuant to this subsection must specify in detail the cause of the damage and measure taken by the Contractor to prevent similar future damage. Unless otherwise directed by KCTL, the Contractor shall, following submission of a damage report, undertake repairs. The costs incurred by the

Contractor in making repairs to full restoration as agreed to by the parties will be the sole responsibility of the Contractor.

L. Miscellaneous

The Contractor shall notify and coordinate property management issues with KCTL's designated Maintenance representative. Property management issues include:

- Reporting third party activities authorized by KCTL and the Contractor
- Reporting suspicious activity, trespassing and unauthorized third party activities

All driveways, roadways and access ways shall be kept clean and maintained in a reasonable state of repair.

All facilities used by Contractor in the performance of the Contractor Services, including buildings, equipment, and train storage areas, shall be kept clean and in a state of repair and shall be maintained to the level when initially received. All right-of-way fences will be kept secure including enter/exit gates being closed and locked to protect from unauthorized use.

All KCTL supplied machinery, equipment, buildings, and facilities used by the Contractor shall be maintained in clean and good working order, ordinary wear and tear excepted.

Floors, platforms and pits shall be kept free of accumulations of dirt and grease.

Oil, engine coolant and any other waste or hazardous material drainings shall be captured and disposed of in accordance with environmental regulations.

KCTL reserves the right, at its sole discretion and expense, to use contracted cleaning services at any of its serviced properties used by the Contractor.

All properties and associated systems shall be maintained by the Contractor in accordance with all applicable local, state, and federal codes, laws and regulations. Maintenance of all properties shall also be sensitive to the historical nature of the Property.

Any and all penalties and fines imposed regarding the violation of local, state and federal codes, regulations and laws shall be the responsibility of the Contractor.

The Contractor shall be responsible to maintain current all appropriate permits, certificates, licenses, etc. relating to the Property systems, facilities and equipment used in its maintenance. In doing so, the Contractor, within ninety (90) days of the Commencement Date, shall submit to the KCTL a program to manage the

updating and records keeping for all permits, licenses and certificates. This program shall also include, but not be limited to, compliance with all local, state and federal environmental laws and regulations.

EXHIBIT F
-Insurance Requirements-

REDACTED

**CONCERNS INSURANCE
REQUIREMENTS AND
LEVELS OF REQUIRED
COVERAGE AMOUNTS**

REDACTED

**CONCERNS INSURANCE
REQUIREMENTS AND
LEVELS OF REQUIRED
COVERAGE AMOUNTS**