

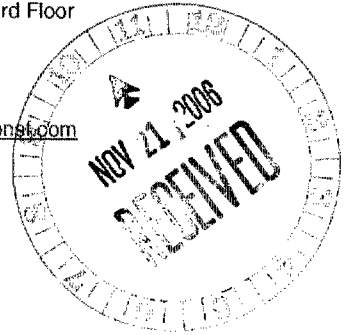


Jake P. DeBoever
Assistant General Attorney

BNSF Railway Company
P.O. Box 961039
Fort Worth, TX 76161-0039

2500 Lou Menk Drive, Third Floor
Fort Worth, TX 76131

Tel: 817-352-3394
Fax: 817-352-2397
E-mail: jake.deboever@bnsf.com



VIA UPS OVERNIGHT MAIL

November 20, 2006

The Honorable Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

Re: Surface Transportation Board Finance Docket No. 34959; Iowa Interstate Railroad, Ltd. – Trackage Rights Exemption – BNSF Railway Company

Dear Secretary Williams:

Enclosed for filing in the referenced docket are the original and ten copies of a Verified Notice of Exemption, and a check for \$1,000.00, covering the filing fee.

Please acknowledge receipt of this material by date stamping the enclosed copy of this letter and returning it to me in the enclosed self-addressed stamped envelope.

Sincerely,

Jake P. DeBoever

JPD/js

cc: Dennis Miller
Michael Galassi

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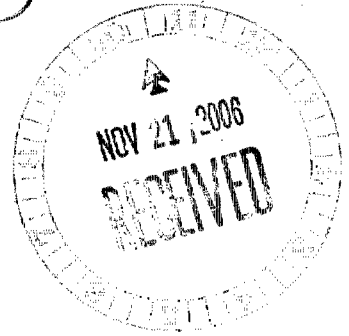
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TRANSPORTATION BOARD

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BEFORE THE
SURFACE TRANSPORTATION BOARD



STB Finance Docket No. 34959

IOWA INTERSTATE RAILROAD, LTD.
—TRACKAGE RIGHTS EXEMPTION—
BNSF RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION

ENTERED
Office of Proceedings

NOV 21 2006

Part of
Public Record

Jake P. DeBoever
BNSF Railway Company
2500 Lou Menk Dr, 3rd Fl
Ft. Worth, TX 76131-2828
(817) 352-3394
(202) 352-2397 FAX

FILED
NOV 21 2006
SURFACE
TRANSPORTATION BOARD

FILED
NOV 21 2006
SURFACE
TRANSPORTATION BOARD

Dated: November 20, 2006

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 34959

IOWA INTERSTATE RAILROAD, LTD.
—TRACKAGE RIGHTS EXEMPTION—
BNSF RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION

1: BNSF Railway Company ("BNSF") files this verified notice of exemption pursuant to 49 C.F.R. §1180.2(d)(7). Under this notice, BNSF will obtain overhead trackage rights from Iowa Interstate Railroad, Ltd. ("IAIS") on IAIS main line between milepost 170.2, at Colona, Illinois, and milepost 175.4 at East Moline, Illinois, a distance of 5.2 miles, and over various meeting and/or passing tracks connecting with such main line as IAIS may designate from time to time to be used by IAIS and BNSF for meeting and/or passing (referred to herein as "Joint Trackage"). The overhead trackage rights are for the sole purpose of BNSF using same only for overhead freight operations involving trains, locomotives, cars and equipment operated by BNSF, and, BNSF shall not grant or confer any right or interest to any other person, firm, partnership or corporation to use or operate on or over the Joint Trackage, or any portion thereof. BNSF shall not perform any local freight service at or to any point or station located on the Joint Trackage, including, without limitation, any rail service by means of the Joint Trackage to any shipper or receiver of freight located on or served by IAIS by means of the Joint Trackage and/or any interchange service with railroads at points or stations located on the Joint Trackage (except for interchange with IAIS at Silvis, Illinois that is covered by separate agreement); it being

understood and agreed by the parties hereto that IAIS has the exclusive right to use the Joint Trackage for the performance of any and all local freight service thereon.

The acquisition of these overhead trackage rights is based on a written agreement. The trackage rights are not sought as a responsive application in a rail consolidation proceeding.

2. The following information is provided as required by 49 C.F.R. §1180.4(g)(1)(i):

Section 1180.6(a)(1)(i-iii).

IAIS has granted overhead trackage rights to BNSF on IAIS main line between milepost 170.2, at Colona, Illinois, and milepost 175.4 at East Moline, Illinois, a distance of 5.2 miles. Subject to approval of the Board, the overhead trackage rights will terminate December 31, 2025. After December 31, 2025, this Agreement shall continue to remain in full force and effect until cancelled by either party upon 60 days written notice to the other party. BNSF will operate its own trains with its own crews over the Joint Trackage. The carriers involved in this transaction and their business addresses are as follows:

AVP – Contracts & Joint Facilities
BNSF Railway Company
2600 Lou Menk Drive
Fort Worth, TX 76131

President & CEO
Iowa Interstate Railroad, Ltd.
5900 6th Street S.W.
Cedar Rapids, Iowa 52404

Questions regarding this exemption should be sent to Jake P. DeBoever, BNSF Railway Company, 2500 Lou Menk Drive, 3rd Fl, Ft. Worth, TX, 76131-2828. The telephone number is (817) 352-3394.

Consummation of the transaction will occur on December 22, 2006. The overhead trackage rights are for the sole purpose of BNSF using same only for overhead freight operations involving trains, locomotives, cars and equipment operated by BNSF, and, BNSF shall not grant or confer any right or interest to any other person, firm, partnership or corporation to use or operate on or over the Joint Trackage, or any portion thereof. BNSF shall not perform any local

freight service at or to any point or station located on the Joint Trackage, including, without limitation, any rail service by means of the Joint Trackage to any shipper or receiver of freight located on or served by IAIS by means of the Joint Trackage and/or any interchange service with railroads at points or stations located on the Joint Trackage (except for interchange with IAIS at Silvis, Illinois that is covered by separate agreement); it being understood and agreed by the parties hereto that IAIS has the exclusive right to use the Joint Trackage for the performance of any and all local freight service thereon. The overhead trackage rights will terminate on December 31, 2025. After December 31, 2025, this Agreement shall continue to remain in full force and effect until cancelled by either party upon 60 days written notice to the other party.

Section 1180.6(a)(5).

The trackage involved in the overhead trackage rights agreement is located in the State of Illinois.

Section 1180.6(a)(6).

The required map is attached hereto as Exhibit No. 1.

Section 1180.6(a)(7)(ii).

A copy of the overhead trackage rights agreement covering this transaction is attached hereto as Exhibit No. 2.

Applicants are agreeable to the imposition of the standard labor protective conditions imposed by the Board pursuant to Norfolk and Western Ry. Co.--Trackage Rights--BN, 354 I.C.C. 605 (1978), as modified in Mendocino Coast Ry., Inc.--Lease and Operate, 360 I.C.C. 653 (1980).

This transaction does not require the filing of an environmental report or an historic report under 49 C.F.R. §1105.6(c)(4) and §1105.8(b)(3), respectively.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "JP DeB", followed by a horizontal line.

Jake P. DeBoever
BNSF Railway Company
2500 Lou Menk Dr, 3rd Fl
Ft. Worth, TX 76131-2828
(817) 352-3394
(202) 352-2397 FAX

SURFACE TRANSPORTATION BOARD

Notice of Exemption

STB Finance Docket No. 34959

IOWA INTERSTATE RAILROAD, LTD.
—TRACKAGE RIGHTS EXEMPTION—
BNSF RAILWAY COMPANY

Iowa Interstate Railroad, Ltd. ("IAIS") has granted overhead trackage rights to BNSF Railway Company ("BNSF") on IAIS main line between milepost 170.2, at Colona, Illinois, and milepost 175.4 at East Moline, Illinois, a distance of 5.2 miles (referred to herein as "Joint Trackage").

The overhead trackage rights are for the sole purpose of BNSF using same only for overhead freight operations involving trains, locomotives, cars and equipment operated by BNSF, and, BNSF shall not grant or confer any right or interest to any other person, firm, partnership or corporation to use or operate on or over the Joint Trackage, or any portion thereof. BNSF shall not perform any local freight service at or to any point or station located on the Joint Trackage, including, without limitation, any rail service by means of the Joint Trackage to any shipper or receiver of freight located on or served by IAIS by means of the Joint Trackage and/or any interchange service with railroads at points or stations located on the Joint Trackage (except for interchange with IAIS at Silvis, Illinois that is covered by separate agreement); it being understood and agreed by the parties hereto that IAIS has the exclusive right to use the Joint Trackage for the performance of any and all local freight service thereon. This transaction will be effective on December 22, 2006. The overhead trackage rights will terminate on December 31, 2025. After December 31, 2025, this Agreement shall continue to remain in full force and effect until cancelled by either party upon 60 days written notice to the other party.

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

Dated:

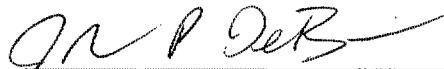
By the Board,
Vernon A. Williams,
Secretary.

VERIFICATION

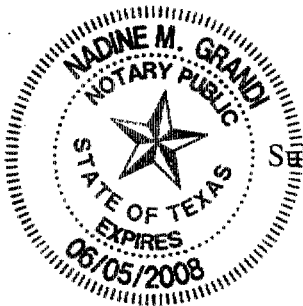
THE STATE OF TEXAS §
 §
COUNTY OF TARRANT §

Jake P. DeBoever, Assistant General Attorney of BNSF Railway Company, under penalty of perjury, declares and verifies that he has read the foregoing Notice of Exemption in Finance Docket No. 34959, knows the facts stated therein, and that said facts are true as stated.

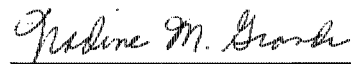
Dated: November 20, 2006.



Jake P. DeBoever



Subscribed and sworn to before me this 20th day of November, 2006.



Notary Public

My Commission expires:

06/05/2008

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Verified Notice of Exemption was served on the following person via UPS Overnight Mail on November 20, 2006:

Dennis Miller, President & CEO
Iowa Interstate Railroad, Ltd.
5900 6th Street S.W.
Cedar Rapids, Iowa 52404

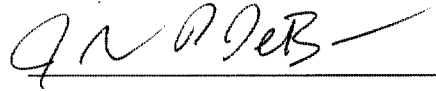


EXHIBIT No. 1



EXHIBIT 'A'

[illegible]

EXHIBIT No. 2

TRACKAGE RIGHTS AGREEMENT

Dated as of November 13, 2006

Between

IOWA INTERSTATE RAILROAD, LTD. (Owner)

And

BNSF RAILWAY COMPANY (User)

Relating to Trackage Rights over Iowa Interstate's
Track between Colona, Illinois and
Connection with BNSF/Iowa Interstate track
East Moline, Illinois

TRACKAGE RIGHTS AGREEMENT

Dated as of November 13, 2006

Between

IOWA INTERSTATE RAILROAD, LTD. (Owner)

And

BNSF RAILWAY COMPANY (User)

Relating to Trackage Rights over Iowa Interstate's
Track between Colona, Illinois and
Connection with BNSF/Iowa Interstate track
East Moline, Illinois

AGREEMENT

This Agreement, entered into as of this 13 day of November, 2006 ("Execution Date") by and between IOWA INTERSTATE RAILROAD, LTD. (hereinafter referred to as "IAIS" or "Owner") and BNSF RAILWAY COMPANY (hereinafter referred to as "BNSF" or "User").

WHEREAS, BNSF desires to acquire, and IAIS is willing to grant, overhead trackage rights on IAIS track from BNSF connection Colona, Illinois to BNSF/IAIS connection East Moline, Illinois.

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

SECTION 1. GRANT OF TRACKAGE RIGHTS

Subject to the terms and conditions herein provided, Owner hereby grants to User the right to operate its trains, locomotives, cars, and equipment with its own crews in overhead freight service (hereinafter referred to as the "Trackage Rights") over the following segments of Owner's railroad shown on the plan attached hereto, made a part hereof and marked "Exhibit A" (hereinafter referred to as the "Joint Trackage"):

Over Owner's main line between milepost 170.2, at Colona, Illinois, and milepost 175.4 at East Moline, Illinois a distance of 5.2 miles, and over various meeting and/or

passing tracks connecting with such main line as Owner may designate from time to time to be used by Owner and User for meeting and/or passing.

SECTION 2. GENERAL CONDITIONS – FORM A.

Except as otherwise provided below, this Agreement is subject to and shall be governed by the “General Conditions – Form A” pages 12 to 27, of even date herewith attached hereto, made a part hereof and incorporated herein by reference with the same force and effect as if set forth at length herein. In case of conflict with this Agreement and General Conditions – Form A, this Agreement will apply.

SECTION 3. COMPENSATION

- (a) The factor to be used in calculating payments to be made by User for the Trackage Rights covered by this Agreement shall be \$0. 27 cents per car mile (hereinafter referred to as the “Base Charge”). For purposes of making this calculation it is agreed that the distance between Colona, IL and East Moline, IL is 5.2 miles.
- (b) User will pay Owner a sum computed by multiplying: (i) the Base Charge, as may be revised in accordance with Article 2 of the General Conditions – Form A by (ii) the number of cars (loaded or empty), locomotive and caboose units moved by User with its own crews and power over the Joint Trackage by, (iii) the miles operated over the Joint Trackage. Each locomotive and caboose, for the purpose of this Agreement, shall be counted as one car.

- (c) User will furnish to Owner, at the end of each month, a statement of the number of cars, locomotives, cabooses, and total car miles operated over the Joint Trackage during the month. Based on this statement, Owner will render to User a bill, computed in accordance with the provisions of this Section 3, for User's use of the Joint Trackage.

SECTION 4. CONTRUCTION AND MAINTENANCE OF CONNECTIONS

Any additional connections to the Joint Trackage which may be required and may be mutually agreed upon by Owner and User shall be constructed, maintained, repaired and renewed as follows:

- (a) User shall furnish all labor and material and shall construct, maintain, repair and renew, at it sole cost and expense, such portions of the tracks located on the right-of-way of User which connect the respective lines of the parties hereto; and
- (b) Owner shall furnish all labor and material and shall construct, maintain, repair and renew, at the sole cost and expense of User, such portions of the tracks located on the right-of-way of Owner which connect the respective lines of the parties hereto.

Section 5. NOTICE

Any notice required or permitted to be given by one party to the other under this Agreement shall be deemed given on the date received by overnight mail via nationally

recognized overnight mail services, or by such other means as the parties may agree, and shall be addressed as follows:

(a) If to Owner:

President
Iowa Interstate Railroad, Ltd.
5900 6th Street S. W.
Cedar Rapids, Iowa 52404

(b) If to User:

AVP – Contracts & Joint Facilities
BNSF Railway Company
2600 Lou Menk Drive
Ft. Worth, TX 76131

(c) Either party may provide changes in the above address to the other party in the manner prescribed above.

Section 6. RESTRICTION ON USE

User's operations over and use of the Joint Trackage shall be subject to the following obligations, restrictions and limitations, which are in addition to all other obligations, restrictions and limitations set forth in this Agreement, and the following obligations, restrictions, and limitations shall govern User's operations over and use of the Joint Trackage, notwithstanding any provision of this Agreement to the contrary:

The trackage rights herein granted are granted for the sole purpose of User using same only for overhead freight operations involving trains, locomotives, cars and equipment operated by User, and, User shall not grant or confer any right or interest to any other person, firm, partnership or corporation to use or operate on or over the Joint

Trackage, or any portion thereof. User shall not perform any local freight service whatever at or to any point or station located on the Joint Trackage, including, without limitation, any rail service by means of the Joint Trackage to any shipper or receiver of freight located on or served by Owner by means of the Joint Trackage and/or any interchange service with railroads at points or stations located on the Joint Trackage (except for interchange with Owner at Silvis, Illinois that is covered by separate agreement); it being understood and agreed by the parties hereto that Owner has the exclusive right to use the Joint Trackage for the performance of any and all local freight service thereon.

SECTION 7. LIABILITY

7.1 General. The provisions of this Section 7 shall apply only as between the parties hereto and are solely for their benefit. Nothing herein is intended to be for the benefit of any person or entity other than the parties hereto. It is the explicit intention of the parties hereto that no person or entity other than the parties hereto is or shall be entitled to bring any action to enforce any provision hereof against any of the parties hereto, and the assumptions, indemnities, covenants, undertakings and agreements set forth herein shall be solely for the benefit of, and shall be enforceable only by, the parties hereto. Notwithstanding anything contained in this Section 7, no provisions hereof shall be deemed to deprive Owner or User of the right to enforce or shall otherwise restrict any remedies to which they would otherwise be entitled under other provisions of this Agreement as a result of the other party's failure to perform or observe any other obligation or duty created by this Agreement. The provisions of this Section 7 shall

apply as between the parties hereto irrespective of the terms of any other agreements between the parties hereto and other railroads using the Joint Trackage, and the allocation of liabilities provided for herein shall control as between the parties hereto.

7.2 Definitions and Covenants. The parties agree that for the purposes of this Section 7:

(a) The term "Employee(s)" of a party shall mean all officers, agents, employees and contractors of that party. Such Employees shall be treated either as "Sole Employees" or "Joint Employees", as hereinafter specified;

(b) "Sole Employees" shall mean one or more officers, agents, employees, contractors, while engaged in, en-route to or from, or otherwise on duty incident to performing service solely for the benefit of a single party. Sole Employees shall include, but are not limited to, train crew employees operating trains or other Equipment deemed to be the "Sole Property" of either party. Pilots furnished by Owner to assist in operating trains or Equipment of User shall be considered the Sole Employees of User. All officers, agents, employees, contractors, or Equipment, while engaged in, en-route to or from, or otherwise on duty incident to repairing Equipment, re-railing, or clearing wrecks or derailments or engaged in the repair or renewal of the Joint Property subsequent to any such wreck or derailment shall, for the purpose of this Section 7, be deemed the Sole Employees and/or Sole Property of the party bearing the cost of repair or of the other Loss or Damage of the wreck or derailment. Such officers, agents, employees,

contractors, or Equipment while en-route from performing such repair, re-railing, or clearing of wrecks or derailments or renewing the Joint Property to perform another type of service shall not be deemed to be performing service incident to the instant repair, re-railing, or clearing of a wreck or derailment. Employees operating equipment, railcars (and their lading) and locomotives, owned or controlled by and/or in the account of a third party operating on or over the Joint Trackage under rights or authority granted by another party hereto, by detour or otherwise, shall be deemed to be the Sole Employees of the party admitting such third party's Equipment, railcars and locomotives.

(c) "Sole Property" shall mean Equipment engaged in, en-route to or from, or otherwise on duty incident to performing service solely for the benefit of a single party. Railcars and their lading, and locomotives, owned or controlled by and/or in the account of or being handled by a party hereto shall be deemed to be the Sole Property of such party. Equipment, railcars (and their lading) and locomotives, owned or controlled by and/or in the account of a third party operating on or over the Joint Trackage under rights or authority granted by another party hereto, by detour or otherwise, shall be deemed to be the Sole Property of the party admitting such third party's Equipment, railcars and locomotives.

(d) "Joint Employee" shall mean one or more Employees while engaged in maintaining, repairing, constructing, renewing, removing, inspecting or managing the Joint Trackage or making Changes in and/or Additions to the Joint Trackage for the benefit of both of the parties hereto, or while preparing to engage in, en route to or from,

or otherwise on duty incident to performing such service for the benefit of both parties. "Joint Employees" shall not include train crew employees operating trains or other equipment deemed to be the "Sole Property" of either party.

(e) "Joint Property" shall mean the Joint Trackage and all appurtenances thereto, and all Equipment, tools and other equipment and machinery while engaged in maintaining, repairing, constructing, renewing, removing, inspecting, managing or making Changes in and/or Additions to the Joint Trackage for the benefit of both of the parties hereto, or while being prepared to engage in, en route to or from, or otherwise incident to performing such service;

(f) "Loss and/or Damage" shall mean injury to or death of any person, including Employees of the parties hereto, and loss or damage to any property, including property of the parties hereto and property being transported by the parties, which arises out of an incident occurring on, the Joint Trackage and shall include liability for any and all claims, suits, demands, judgments and damages resulting from or arising out of such injury, death, loss or damage, except liability for punitive and exemplary damages. Loss and/or Damage shall include all costs and expenses incidental to any claims, suits, demands and judgments, including attorneys' fees, court costs and other costs of investigation and litigation. Loss and/or Damage shall further include the expense of clearing wrecked or derailed Equipment and the costs of environmental protection, mitigation or clean up necessitated by such wreck or derailment and shall include any liabilities for any third-party claims for personal injury or death, property damage, natural resource

damage, or any penalties, judgments or fines associated with a release of any contaminants resulting from such wreck or derailment. Loss and/or Damage shall be reduced by any amount recovered from third parties;

(g) Operating Employees of Owner whose service may be jointly used by the parties hereto for the movement of trains over the Joint Trackage, including, but not limited to, train dispatchers, train order operators, operator clerks and watchmen shall at the time of performing their services be deemed to be Sole Employees of the party hereto for whose benefit said services may be separately rendered (during the time they are so separately rendered) and be deemed to be Joint Employees of the parties hereto at such time as their services may be rendered for the parties' joint benefit;

(h) All Employees, Equipment, tools and other equipment and machinery other than as described in (b), (c), (d) or (f) above or in Section 7.4 shall be deemed the Sole Employees of the employing party and the Sole Property of the using party;

(i) Any railroad not a party to this Agreement heretofore or hereafter admitted to the use of any portion of the Joint Trackage, shall, as between the parties hereto, be regarded in the same light as a third party. Without limiting the generality of the foregoing, neither of the parties hereto assumes any responsibility to the other under the provisions of this Agreement for any Loss and/or Damage occasioned by the acts or omissions of any employees of any such other railroad, or for any Loss and/or Damage which such other

railroad shall be obligated to assume in whole or in part pursuant to law or any agreement relating to such other railroad's use of any portion of the Joint Trackage;

(j) For the purpose of this Section 7, Equipment of foreign lines being detoured over the Joint Trackage, and all persons other than Joint Employees engaged in moving such Equipment, shall be considered the Equipment and Employees of the party hereto under whose detour agreement or other auspices such movement is being made.

7.3 Reimbursement and Defense. The parties agree that:

(a) Each party hereto shall pay promptly Loss and/or Damage for which such party shall be liable under the provisions of this Section 7, and shall indemnify the other party against such Loss and/or Damage, including reasonable attorneys' fees and costs. If any suit or suits shall be brought against either of the parties hereto and any judgment or judgment shall be recovered which said party is compelled to pay, and the other party shall under the provisions of the Agreement be solely liable therefor, then the party which is so liable shall promptly repay on demand to the other party paying the same any monies which it may have been required to pay, whether in the way of Loss and/or Damage, costs, fees or other expenses; and if the Loss and/or Damage in such case or cases is joint or allocated between the parties to the Agreement, the party defendant paying the same or any costs, fees or other expenses shall be reimbursed by the other party as allocated pursuant to this Agreement;

(b) Each party covenants and agrees with the other party that it will pay for all Loss and/or Damage, both as to persons and property, and related costs which it has herein assumed, or agreed to pay, the judgment of any court in a suit by third party or parties to the contrary notwithstanding, and will forever indemnify and save harmless the other party, its successors and assigns, from and against all liability and claims therefor, or by reason thereof, and will pay, satisfy and discharge all judgments that may be rendered by reason thereof, and all costs, charges and expenses incident thereto;

(c) Each party hereto shall have the sole right to settle, or cause to be settled for it, all claims for Loss and/or Damage for which such party shall be solely liable under the provisions of this Section 7, and the sole right to defend or cause to be defended all suits for the recovery of any such Loss and/or Damage for which such party shall be solely liable under the provisions of this Section 7;

(d) User shall provide written notice to Owner of any accidents or events resulting in Loss and/or Damage within seven (7) days of its discovery or receipt of notification of such occurrence;

(e) In the event both parties hereto may be liable for any Loss and/or Damage under the provisions of this Section 7 ("Co-Liable"), and the same shall be settled by a voluntary payment of money or other valuable consideration by one of the parties Co-Liable therefor, release from liability shall be taken to and in the name of all the parties so liable; however, no such settlement in excess of the sum of One Hundred

Thousand Dollars (\$100,000) shall be made by or for any party Co-Liable therefor without the written consent of the other parties so liable, but any settlement made by any party in consideration of One Hundred Thousand Dollars (\$100,000) or a lesser sum shall be binding upon the other parties and allocated in accordance with Section 7.5; and no party shall unreasonably withhold its consent to a settlement proposed by the other party; provided, however, that failure by a party to secure consent from the other shall not release such other party to the extent the party who failed to obtain such consent demonstrates that the other party was not prejudiced by such failure.

(f) In case a claim or suit shall be commenced against any party hereto for or on account of Loss and/or Damage for which another party hereto is or may be solely liable or Co-Liable under the provisions of this Section 7, the party against whom such claim or suit is commenced shall give to such other party prompt notice in writing of the pendency of such claim or suit, and thereupon such other party shall assume or join in the defense of such claim or suit as follows: If the claim or suit involves Loss and/or Damage to the Sole Employees or Sole Property of a party or its invitee or property in its care, custody or control, that party shall assume and control the investigation and defense of such claim or suit; if the claim or suit involves Loss and/or Damage to third parties, Joint Employees or the Joint Trackage, the party whose Sole Employees or Equipment were involved in the incident shall investigate and defend such claim or suit; and if such claim or suit involves Loss and/or Damage to third parties, Joint Employees or the Joint Trackage and neither or both party's Equipment and Sole Employees were involved in the incident, Owner shall investigate and defend such claim or suit; provided that the other party also

may participate in the defense of any of the foregoing if it may have liability as a result of such incident;

(g) No party hereto shall be conclusively bound by any judgments against the other party, unless the former party shall have had reasonable notice requiring or permitting it to investigate and defend and reasonable opportunity to make such defense. When such notice and opportunity shall have been given, the party so notified and the other party shall be conclusively bound by the judgment as to all matters which could have been litigated in such suit, including without limitation a determination of the relative or comparative fault of each.

7.4 Wrecks and Derailment. The cost and expense of repairing bad ordered Equipment, clearing wrecks or otherwise disabled Equipment or re-railing Equipment (and the costs of repair or renewal of damaged Joint Trackage or adjacent properties) shall be borne by the party whose Equipment was wrecked, disabled, or derailed or caused such damage. All Employees or Equipment, while engaged in, en route to or from, or otherwise incident to operating wrecker or work trains clearing wrecks, disabled Equipment or Derailments or engaged in repair or renewal of the Joint Trackage subsequent to any such wreck, disability or Derailment, shall be deemed to be Sole Employees and/or Sole Property of the party whose Equipment was wrecked, disabled or derailed. However, such Employees or Equipment, while en route from performing such clearing of wrecks, disabled Equipment or Derailments or repairing or renewing the Joint

Trackage to perform another type of service, shall not be deemed to be performing service incident to the instant wreck, disability or Derailment.

7.5 Allocation.

As between the parties hereto only:

(a) Each party shall bear all costs of Loss and/or Damage to its Sole Employees or its Sole Property, or property in its care, custody or control or its invitees without regard to fault, negligence or strict liability of either party.

(b) Loss and/or Damage to third parties (i.e., any person or entity other than a party hereto, a Sole Employee of either party) a Joint Employee or an invitee of either party or their property, to Joint Employees or their property or to Joint Property shall be borne by the parties hereto as follows:

(i) If the Loss and/or Damage is attributable to the acts or omissions of only one party hereto, that party shall bear and pay all of such Loss and/or Damage.

(ii) If such Loss and/or Damage is attributable to the acts or omissions of more than one party hereto, such Loss and/or Damage shall be borne and paid by those parties in accordance with a comparative negligence standard, whereby each such party shall bear and pay a portion of the Loss and/or Damage equal to the degree of causative fault or percentage of

responsibility for the Loss and/or Damage attributable to that party without regard to laws limiting recovery if one party is more than fifty percent (50%) at fault.

(iii) Where such Loss or Damage is not caused or contributed to by the Sole Property or Sole Employees of a party (e.g., an incident involving only Joint Employees) or occurs in such a way that it cannot be determined how such Loss or Damage came about, or Loss or Damage not otherwise expressly covered above, shall be shared by the parties equally regardless of the cause of such Loss or Damage. Notwithstanding any provision to the contrary in this Section 7, as between the parties hereto only, Loss or Damage to Joint Property that is 1) wholly attributable to the acts or omissions of a third party and neither the Sole Property nor Sole Employees of either party hereto is involved in the incident giving rise to the Loss or Damage, or 2) occurs in such a way that it cannot be determined how such Loss or Damage came about, shall be shared by the parties based on the proportionate usage of the Joint Trackage as determined by car miles operated in the most recent 12 consecutive months of normal joint operations prior to the month in which such Loss or Damage occurred, or if the month of occurrence cannot be determined, the month in which the Loss or Damage was first discovered, regardless of the cause of such Loss or Damage; provided that User shall not bear or incur any liability for claims, suits, demands, judgments, losses or

damages resulting from environmental contamination of or hazardous material on or released from the Joint Trackage, except contamination or a release of hazardous materials from User's own Equipment or caused by or arising from the actions or omissions of User or User's Employees, and then only in accordance with the other provisions hereof.

(c) The parties agree that the characterization herein of certain Employees as "Sole Employees" or "Joint Employees" is only for the purpose of allocating Loss and/or Damage suffered by those Employees. Except as specified in subsection (a) of this Section 7.5, which provides for the allocation of certain Loss and/or Damage between the parties without regard to fault), no party shall be liable for the acts or omissions (negligent or otherwise) of any other party's Employee.

7.6 OWNER AND USER EXPRESSLY INTEND THAT WHERE ONE PARTY IS TO INDEMNIFY THE OTHER PURSUANT TO THE TERMS OF THIS AGREEMENT, SUCH INDEMNITY SHALL INCLUDE (1) INDEMNITY FOR THE NEGLIGENCE OR ALLEGED NEGLIGENCE, WHETHER ACTIVE OR PASSIVE, OF THE INDEMNIFIED PARTY WHERE THAT NEGLIGENCE IS A CAUSE OF THE LOSS OR DAMAGE; (2) INDEMNITY FOR STRICT LIABILITY OF THE INDEMNIFIED PARTY RESULTING FROM A VIOLATION OR ALLEGED VIOLATION OF ANY FEDERAL, STATE OR LOCAL LAW OR REGULATION BY THE INDEMNIFIED PARTY, INCLUDING BUT NOT LIMITED TO THE FEDERAL EMPLOYERS LIABILITY ACT ("FELA"), THE SAFETY APPLIANCE ACT, THE BOILER INSPECTION ACT, THE OCCUPATIONAL SAFETY AND HEALTH ACT ("OSHA"), THE RESOURCE CONSERVATION AND RECOVERY ACT ("RCRA"), THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT ("CERCLA"), THE CLEAN WATER ACT ("CWA"), THE OIL POLLUTION ACT ("OPA"), AND ANY SIMILAR STATE STATUTE IMPOSING OR IMPLEMENTING SIMILAR STANDARDS; AND (3) INDEMNITY FOR ACTS OR ALLEGED ACTS OF GROSS NEGLIGENCE OF THE INDEMNIFIED PARTY, OR OTHER CONDUCT ON

THE PART OF THE INDEMNIFIED PARTY FOR WHICH PUNITIVE DAMAGES MIGHT BE SOUGHT.

SECTION 8. INSURANCE

(A) Required Coverage. IAIS shall, at its sole cost and expense, procure and maintain during the life of this Agreement and during operations or occupancy of all any part of the Joint Property by IAIS (even if same shall extend beyond the term of this Agreement), the following insurance coverage:

(a) All risks property insurance covering all of IAIS's property including property in the care, custody or control of IAIS. Such insurance shall:

- (i) Be issued on a replacement cost basis;
- (ii) Provide that in respect of the interest of BNSF the insurance shall not be invalidated by any action or inaction of Industry or any other person and shall insure the respective interests of BNSF as they appear, regardless of any breach or violation of any warranty, declaration or condition contained in such policies by Industry or any other person;
- (iii) Include a standard loss payable endorsement naming BNSF as an additional loss payee as its interests may appear;
- (iv) Include a waiver of subrogation in favor of BNSF; and

(b) Railroad liability policy of insurance acceptable to BNSF in an amount of at least TWENTY-FIVE MILLION DOLLARS (\$25,000,000) per occurrence. Such insurance shall include coverage for:

- (i) injury to or death of persons whomsoever, Personal Injury, Federal Employers Liability Act, property damage liability including but not limited to, damage or destruction of any and all property including public liability, bill of lading and foreign line rolling stock;
- (ii) seepage and pollution coverage, including without limitation, coverage applicable in the event of railroad accident, derailment or overturn;
- (iii) contractual liability; and
- (iv) evacuation expense coverage.

(B) *Business Automobile Coverage Insurance.* This insurance shall contain a combined single limit of at least \$1,000,000 per occurrence or claim, including but not limited to coverage for the following:

- (a) Bodily injury and property damage

(b) Any and all vehicles owned, used or hired

(C) *If Worker's Compensation applies*, Workers Compensation and Employers Liability insurance including but not limited to:

(a) Owner's statutory liability under the worker's compensation laws of the state(s) in which the work is to be performed. If optional under State law, the insurance must cover all employees anyway.

(b) Employers' Liability (Part B) with limits of at least \$500,000 each accident, \$500,000 disease policy limit, \$500,000 each employee.

(c) All such coverage shall include coverage for the Federal Employers Liability Act, including an alternate employer endorsement naming User as the alternate employer with coverage for the Federal Employers Liability Act. The term Alternate Employer as used herein and above is being used solely as an insurance term of art. By Owner's actions of obtaining insurance coverage as set forth above Owner is in no way intending or evidencing as alternate or dual employment relationship with User. The parties agree: (1) User has no right to direct or control Owner's employees with respect to the physical conduct of the performance of services; (2) User does not supervise, nor does it

have the right to supervise, details of Owner 's employees' work or in the manner such work is accomplished; (3) User retains no control over the details of the Owner 's employees' work; and (4) User has no right to select, hire, train or fire Owner 's employees.

(D) Other Requirements.

- (a) Required policies under this Agreement shall contain no other endorsements limiting coverage as respect to obligations under this Agreement.
- (b) Annually IAIS shall provide evidence of such coverage as required hereunder.
- (c) Where allowable by law, all policies (applying to coverage listed above) shall contain no exclusion for punitive damages and certificates of insurance shall reflect that no exclusion exists.
- (d) IAIS agrees to waive its right of recovery against BNSF for all claims and suits against BNSF. In addition, its insurers, through policy endorsement, waive their right of subrogation against BNSF for all claims and suits. The certificate of insurance must reflect waiver of subrogation

endorsement. IAIS further waives its right of recovery, and its insurers also waive their right of subrogation against BNSF, for loss of its owned or leased property or property under its care, custody or control.

- (e) IAIS's insurance policies through policy endorsement must include wording which states that the policy shall be primary and non-contributing with respect to any insurance carried by BNSF. The certificate of insurance must reflect that the above wording is included in evidenced policies.
- (f) All policy(ies) required above shall include a severability of interest endorsement and shall name BNSF as an additional insured with respect to work performed under this Agreement. Severability of interest and naming BNSF as additional insured shall be indicated on the certificate of insurance.
- (g) IAIS is not allowed to self-insure without the prior written consent of BNSF. If granted by BNSF, any deductible, self-insured retention or other financial responsibility for claims, IAIS shall itself directly cover, in lieu of insurance, any and all BNSF liabilities that would otherwise, in accordance with the provisions of this Agreement, be covered by IAIS's insurance as if IAIS elected not to include a deductible, self-insured retention or other financial responsibility for claims.

- (h) Prior to commencement of operations, IAIS shall furnish to BNSF an acceptable certificate(s) of insurance including an original signature of the authorized representative evidencing the required coverage, endorsements, and amendments and referencing the contract audit/folder number if available. The policy(ies) shall contain a provision that obligates the insurance company(ies) issuing such policy(ies) to notify BNSF in writing at least thirty (30) days prior to any cancellation, substitution or material alteration. This cancellation provision shall be indicated on the certificate of insurance. Upon request from BNSF, a certified duplicate original of any required policy shall be furnished.
- (i) If any coverage is purchased on a claims-made basis, IAIS shall continue to provide evidence of insurance as required under this Agreement for a period of at least three (3) years, and such requirement and all necessary provisions of this Agreement to administer same shall, where applicable, survive termination of this Agreement until lapse of the third year of such coverage.
- (j) Any insurance policy shall be written by a reputable insurance company acceptable to BNSF or with a current Best's Guide Rating of A- and Class VII or better, and authorized to do business in the state(s) in which the service is to be provided.

- (k) IAIS represents that this Agreement has been thoroughly reviewed by IAIS's insurance agent(s)/broker(s), who have been instructed by IAIS to procure the insurance coverage required by this Agreement.
- (l) Not more frequently than once every five (5) years, BNSF may reasonably modify the required insurance coverage to reflect then-current risk management practices in the railroad industry and underwriting practices in the insurance industry. Further, each of the insurance limits set forth in this Section (excluding those subject to statutory liability requirements) shall be adjusted effective as of an insurance renewal date by a percentage change in the consumer price index for transportation service costs commencing on the date of this Agreement or from the immediately preceding adjustment date, as applicable, rounded to the nearest \$1,000,000, whenever the percentage change in such consumer price index would result in an increase of the then required insurance amount; provided, however, in no event shall the required insurance coverage limits fall below those limits set forth in this Section.
- (m) If any portion of the operation is to be subcontracted by IAIS, provided such subcontracting is authorized by this Agreement, IAIS shall require that the subcontractor shall provide and maintain insurance coverages as set forth herein, naming BNSF as an additional insured, and shall require

that the subcontractor shall release, defend and indemnify BNSF to the same extent and under the same terms and conditions as IAIS is required to release, defend and indemnify BNSF herein.

- (n) Failure to provide evidence as required by this Section shall be deemed to be a Material Breach and shall entitle, but not require, BNSF to immediately suspend IAIS's operations over the Joint Trackage until the Material Breach is cured, or terminate this Agreement immediately (or at any time after suspension of operating rights hereunder and failure to cure), without prejudice to BNSF's ability to pursue any other remedies available at law or in equity. In the event BNSF elects to suspend IAIS's operating rights and/or terminate the terms of this Agreement for breach of the terms of this Section, IAIS shall indemnify BNSF for all costs associated with BNSF's effectuation of such suspension and/or termination, including, without limitation, all legal fees expended by BNSF to effectuate such suspension and/or termination. In addition to any other rights or remedies for breach of the terms of this Section, BNSF shall have the right to seek and obtain coverage required by this Agreement by or on behalf of IAIS, and IAIS shall bear all costs associated for such coverage and any costs incurred by BNSF in obtaining same.

- (o) The fact that insurance (including, without limitation, self-insurance if permitted) is obtained by IAIS shall not be deemed to release or diminish the liability of IAIS including, without limitation, liability under the indemnity provisions of this Agreement. Damages recoverable by BNSF shall not be limited by the amount of the required insurance coverage.
- (p) BNSF will, during the life of this Agreement and during operations or occupancy of all any part of the Joint Property, at its own expense, carry and maintain (i) property insurance in respect of the BNSF property and property in the care, custody, and control of BNSF and (ii) public liability insurance with respect to third party personal injury and property damage, against such risks and in such amounts, if any, as customarily insured against by BNSF in respect to similar Agreements entered into by BNSF. BNSF, at its sole option, may elect to satisfy all or a part of the above insurance requirements through self-insurance. In the event of any insured property loss, the payment for such loss shall be made directly to BNSF.
- (q) For purposes of this Section, BNSF shall mean "Burlington Northern Santa Fe Corporation", "BNSF Railway Company", and the subsidiaries, successors, assigns and affiliates of each and their officers, directors, employees, agents, contractors and representatives.

SECTION 9. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the state of Illinois without regard to its conflicts of laws provisions

SECTION 10. TERM

This Agreement shall be effective on the “Effective Date” subsequent to having secured all necessary consent, approval or authority from appropriate governmental agencies upon terms and conditions satisfactory to both parties. Once effective, the terms of this Agreement shall continue in full force and effect until December 31, 2025. After December 31, 2025, this Agreement shall continue to remain in full force and effect until cancelled by either party upon 60 days written notice to the other party. Any termination, however, shall not relieve either party from any liability which may have accrued prior to the date of termination.

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

IOWA INTERSTATE RAILROAD, LTD

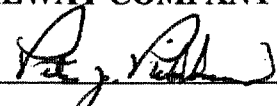
By: 

Printed: Dennis H. Miller

Title: PRESIDENT & CEO

Date: November 13, 2006

BNSF RAILWAY COMPANY

By: 

Printed: Peter J. Rickershauser

Title: Vice President, Network Development

Date: November 15, 2006

GENERAL CONDITIONS – FORM A

DATED: November 13, 2006

To TRACKAGE RIGHTS AGREEMENT DATED AS OF
November 13, 2006
BETWEEN IOWA INTERSTATE RAILROAD COMPANY (Owner) and BNSF
RAILWAY COMPANY (User) relating to Trackage rights between Colona, Illinois and
East Moline, Illinois.

ARTICLE 1. USE OF JOINT TRACKAGE.

- (a) User's use of the Joint Trackage shall be in common with Owner and any other user of the Joint Trackage. Owner shall retain the right to grant to other persons rights of any nature in the Joint Trackage. The trains, cars, equipment and employees of any other party granted such rights will be considered the trains, cars, equipment and employees of Owner for purposes of this Agreement.
- (b) User shall not use any part of the Joint Trackage for the purpose of switching, storage of cars, or the making or breaking up of trains, except that nothing contained herein shall, upon prior approval of Owner, preclude the emergency use by User of such auxiliary tracks as may be designated by Owner for such purpose.
- (c) Owner shall have exclusive control of the maintenance, management and operation of the Joint Trackage.
- (d) Unless otherwise stated in the Agreement to which these conditions pertain, User shall have the right to operate in either direction over the Joint Trackage.

ARTICLE 2. REVISION OF BASE CHARGE

(a) The Base Charge shall be subject to change to reflect any increases or decreases in labor, material and other costs subsequent to the base year, as hereinafter provided.

(b) The Base Charge set forth in Section 3 of this Agreement shall be adjusted, upward or downward, effective July 1 of each year, beginning July 1, 2007 to compensate for 75% of the increase or decrease in the cost of labor and material, excluding fuel, as reflected in the Annual Indices of Charge-Out Prices and Wage Rates (1977=100), Series RCR, included in "AAR Railroad Cost Recovery Index" and supplements thereto, issued by the Association of American Railroads. In making such determination, the final "Material prices, wage rates and supplements combined (excl. fuel)" index for the Western District shall be used and the final index figure for the calendar year 2005 hereinafter referred to as the "Base Calendar Year", shall be taken as the base. The Base Charge shall be revised by calculating the percentage of increase or decrease, in the index of the year to be adjusted as related to the Base Calendar Year, then multiplying this percentage of increase or decrease by 75%, and applying that percentage to the Base Charge. However, in no case will the Base Charge be adjusted below \$0.27 cents per car mile.

(c) By way of example, assuming "A" to be the "Material prices, wage rates and supplements combined (excl. fuel)" final index figure for the Base Calendar Year; "B" to be the "Material prices, wage rates and supplements combined (excl. fuel)" final index figure for the calendar year to be adjusted; "C" to be the Base Charge; "D" to be the percentage of increase or decrease and "E" to be the adjusted revised percentage of

increase or decrease, the revised Base Charge would be determined by the following formula:

(1) $\frac{B-A}{A} = D$

(2) $D \times 75\% = E$

(3) $(C \times E) + C$ revised Base Charge rounded to the nearest cent (5 mills or more up to the next cent), effective July 1 of the year being adjusted.

(d) In the event the base for the annual Indices of Charge-Out Prices and Wage Rates issued by the Association of American Railroads shall be changed from the year 1977, appropriate revision shall be made in the Base Calendar Year. If the Association of American Railroads or any successor organization discontinues publication of the Annual Indices of Charge-Out Prices and Wage Rates, an appropriate substitute for determining the percentage of increase or decrease shall be negotiated by the parties hereto. In the absence of agreement, the matter will be referred to Arbitration pursuant to Section 11 for determination.

ARTICLE 3. ADDITIONS, RETIREMENTS AND ALTERATIONS

(a) Owner, from time to time and at its sole cost and expense, may make such changes in, additions and betterments to or retirements from the Joint Trackage as shall, in its judgment, be necessary or desirable for the economical or safe operation thereof or as shall be required by any law, rule, regulation, or ordinance promulgated by any governmental body having jurisdiction. Such additions and betterments shall become a part of the Joint Trackage and such retirements shall be excluded from the Joint Trackage.

(b) If the parties agree that changes in or additions and betterments to the Joint Trackage, including changes in communication or signal facilities, are required to accommodate User's operations beyond that required by Owner to accommodate its own operations, Owner shall construct the additional or altered facilities and User shall pay to Owner the cost thereof, including the annual expense of maintaining, repairing and renewing such additional or altered facilities.

ARTICLE 4. MAINTENANCE OF JOINT TRACKAGE

(a) Owner shall maintain, repair, and renew the Joint Trackage at its own expense and with its own supervision and labor. Owner shall keep and maintain the Joint Trackage to a standard permitting train speeds as provided for in Owner's timetable in effect on June 1, 2006, allowing weight limitations of not less than 286,000 lbs gross weight on the rail, but Owner does not guarantee that operations thereover will not be interrupted. Said timetable is attached hereto and made a part hereof and marked "Exhibit "B"). User shall not by reason of failure or neglect on the part of Owner to maintain, repair or renew the Joint Trackage, have or make any claim or demand against Owner or its officers, agents or employees for any injury or death of any person or persons whomsoever, or for any damage to or loss or destruction of any property whatsoever, or for any damages of any nature suffered by User resulting from any such failure or neglect.

(b) Owner shall also perform, at the sole cost and expense of User, such additional maintenance as User may require.

(c) Before User begins train operations over the Joint Trackage, Owner and User shall perform a joint inspection of the Joint Trackage and establish a written description of the condition of the Joint Trackage (the "Benchmark Condition"). Additionally, Owner and User shall perform annual inspections of the Joint Trackage to ensure that the Joint Trackage is being maintained and repaired in accordance with the condition identified by the initial Benchmark Condition and that minimum train speeds are in accordance with the Owner's timetable then in effect on June 1, 2006. Owner shall perform normal routine track inspections of the Joint Trackage at intervals no less than three (3) times per calendar week (a calendar week consisting of a seven (7) day period) with at least one (1) day between inspections. At any time that User may have cause or reason to request a joint inspection of the Joint Trackage, other than the annual joint inspection, User shall make written notification to Owner and Owner shall agree to such an inspection to ensure that the Joint Trackage is reasonably maintained to the Benchmark Condition. In the event that a joint inspection, for whatever reason, reveals that the Joint Trackage is not being maintained or repaired to the Benchmark Condition, Owner shall make such necessary repairs at its own cost and expense to bring the condition of the Joint Trackage back up to the Benchmark Condition.

ARTICLE 5. MANAGEMENT AND OPERATION

(a) The parties shall comply with the provisions of the Federal Boiler Inspection Act and the Federal Safety Appliance Act, as amended, and any other federal, state and local laws, regulations and rules respecting the operation, condition, inspection and safety of

its trains, locomotives, cars and equipment while such trains, locomotive, cars and equipment are being operated over the Joint Trackage. The other party shall indemnify, protect, defend, and save harmless the other party and its officers, agents and employees from and against all fines, penalties and liabilities imposed upon Owner or its officers, agents and employees under such laws, rules and regulations by any public authority or court having jurisdiction in the premises, when attributable solely to the failure of User to comply with its obligations in this regard.

(b) The parties in the use of the Joint Trackage will comply in all respects with the operating rules and regulation of Owner, and the movement of trains, locomotives, cars and equipment over the Joint Trackage shall at all times be subject to the orders of the transportation officers of Owner.

(c) User shall make such arrangements with Owner as may be required to have all of its employees who shall operate its trains, locomotives, cars, and equipment over the Joint Trackage qualified for operation thereover, and User shall pay to Owner, promptly upon receipt of bills therefore, any cost incurred by Owner in connection with the qualification of such employees of User, as well as the cost of pilots furnished by Owner, until such time as such employees are deemed by the appropriate examining officer of Owner to be properly qualified for operation as herein contemplated.

(d) In the event Owner conducts an investigation or hearing concerning the violation of any operating rule or practice of Owner by an employee or employees of User, User shall be notified in advance of any such investigation or hearing and such investigation or hearing may be attended by any official designated by User and shall be conducted in

accordance with the collective bargaining agreements, if any, that pertain to said employee or employees.

(e) Owner shall have the right to exclude from the Joint Trackage any employee of User, except officers, determined by Owner, as the result of such investigation or hearing described above, to be in violation of Owner's rules, regulations, order, practices or instructions issued by Timetable or otherwise. User shall release, indemnify, defend and save harmless Owner and its officers, agents and employees from and against any and all claims and expenses resulting from such exclusion.

(f) The trains, locomotives, cars, and equipment of User, Owner, and any other present or future user of the Joint Trackage or any portion thereof, shall be operated without prejudice or partiality to either party and in such manner as will afford an economical and efficient operation for the movement of all traffic.

(g) If by reason of any mechanical failure or for any other cause not resulting from an accident or derailment, a train or locomotive of User becomes stalled and unable to proceed under its own power, or fails to maintain the speed required by Owner on the Joint Trackage, or if in emergencies crippled or otherwise defective cars are set out of User's trains on the Joint Trackage, Owner shall have the option to furnish motive power or such other assistance as may be necessary to haul, help or push such trains, locomotives or cars, or to properly move the disabled equipment off the Joint Trackage, and User shall reimburse Owner for the cost of rendering any such assistance.

(h) If it becomes necessary to make repairs to or adjust or transfer the lading of such crippled or defective cars in order to move them off the Joint Trackage, such work shall be done by Owner, and User shall reimburse Owner for the cost thereof in accordance

with the then current Code of Rules of the Association of American Railroads, or in the absence of such Rules, in an amount mutually agreed upon, or in the absence of such agreement, in an amount determined by arbitration in accordance with Article 2(d) hereof.

ARTICLE 6. MILEAGE AND CAR HIRE

All mileage and car hire charges accruing on cars in User's trains on the Joint Trackage shall be assumed and borne by User and reported and paid by it directly to the owner of such cars.

ARTICLE 7. CLEARING OF WRECKS

Whenever User's use of the Joint Trackage requires rerailling, wrecking service or wrecking train service, Owner shall be responsible for the performance of such service, including the repair and restoration of roadbed, track and structures. The cost, liability, and expense of the foregoing, including, without limitation, loss of , damage to, or destruction of any property whatsoever and injury to and death of any person or persons whomsoever resulting therefrom, shall be the sole borne in accordance with Section 7 of this Agreement.. All locomotives, cars, and equipment and salvage from the same so picked up and removed which is owned by or under the management and control of or used by User at the time of such wreck, shall be promptly delivered to it.

ARTICLE 8. PAYMENT OF BILLS

(a) All payments called for under this Agreement shall be made by User within thirty (30) days after receipt of bills therefore. No payments shall be withheld because of any dispute as to the correctness of items in the bills rendered, and any discrepancies reconciled between parties hereto shall be adjusted in the accounts of a subsequent month. The records of each party hereto, insofar as they pertain to matters covered by this Agreement, shall be open at all reasonable times to inspection by the other party.

(b) Bills rendered pursuant to the provisions of this Agreement, other than those set forth in Section 3 hereof, shall include direct labor and material costs, together with the surcharges, overhead percentages and equipment rentals as specified by Owner at the time any work is performed by Owner for User.

(c) Errors or disputed items in any bill shall not be deemed a valid excuse for delaying payment, and payments shall be made subject to subsequent adjustment; provided no exception to any bill shall be honored, recognized, or considered if filed after the expiration of two (2) years from the last day of the calendar month during which the bill is rendered and no bill shall be rendered later than two (2) years (i) after the last day of the calendar month in which the expense covered thereby is incurred., or (ii) if in connection with a project for which a roadway completion report is required, after the last day of the calendar month in which the roadway completion report is made covering such project, or (iii) in the case of claims disputed as to amount or liability, after the amount is settled and/or the liability(ies) established. This provision shall not limit (x) the retroactive adjustment of billing made pursuant to exception taken to original accounting by or under authority of the STB or retroactive adjustment of wage rates and settlement

of wage claims, or (y) claims asserted under Section 7 of these General Conditions, which claims shall be subject to the applicable statute of limitations.

ARTICLE 9. DEFAULT

(a) Either party hereto claiming default of any of the provisions of the Agreement shall furnish written notice and demand to the other party for performance or compliance with the covenant or condition of this Agreement claimed to be in default, which notice shall specify wherein and in what respect such default is claimed to exist and shall specify the particular Section or Sections of this Agreement under which such claim of default is made.

(b) If the default shall continue for an additional period of thirty (30) days after receipt of such written notice, and such default has not been remedied within said thirty (30) day period, or reasonable steps have not been nor continue to be taken to remedy a default which cannot reasonably be remedied within said thirty (30) day period, and such default relates to the provisions and terms of this Agreement, either party may resort to binding arbitration provided that the arbitrator shall not have the authority to amend, modify or terminate this Agreement.

(c) Failure of a party to claim a default shall not constitute waiver of such default. Either party hereto entitled to claim default may waive any such default in writing, but no action by such party in waiving such default shall extend to or be taken to effect any subsequent defaults or impair the rights of either party hereto resulting therefrom.

ARTICLE 10. GOVERNMENTAL APPROVALS

The parties agree to cooperate in seeking any necessary governmental approvals or authority for operations under this Agreement at any time during its term to the extent such approval or authority may be required under then applicable laws or regulations.

ARTICLE 11. ARBITRATION

(a) If at any time a question or controversy shall arise between the parties hereto in connection with this Agreement upon which the parties cannot agree, such question or controversy shall be submitted to and settled by arbitration. Unless other procedures are agreed to by the parties, arbitration between the parties pursuant to this Article 11 shall be governed by the rules and procedures set forth in this Article 11.

(b) If the parties to the dispute are able to agree upon a single competent and disinterested arbitrator with twenty (20) days after written notice by one party of its desire for arbitration to the other party, then the question or controversy shall be submitted to and settled by that single arbitrator. Otherwise, any party (the notifying party) may notify the other party (the noticed party) in writing of its request for arbitration and nominating one arbitrator. Within twenty (20) days after receipt of said notice, the noticed party shall appoint an arbitrator and notify the notifying party in writing of such appointment. Should the noticed party fail within twenty (20) days after receipt of such notice to name its arbitrator, said arbitrator may be appointed by the American Arbitration Association, which shall designate said appointment from the CPR Panel of Distinguished Neutrals, or other similar body of competent neutral arbitrators which may be agreed upon between the parties, upon application by either party after ten (10) days' written notice to the other party. The two arbitrators so chosen shall select one

additional arbitrator to complete the board. If the arbitrators so chosen fail to agree upon an additional arbitrator, the same shall, upon application of a party, be appointed by said judge in the manner heretobefore stated.

(c) Upon selection of the arbitrator(s), said arbitrator(s) shall, with reasonable diligence, determine the questions as disclosed in said notice of arbitration, shall give both parties reasonable notice of the time and place (of which the arbitrator(s) shall be the judge) of hearing evidence and argument, may take such evidence as the arbitrator(s) shall deem reasonable or as either party may submit with witnesses required to be sworn, and hear arguments of counsel or others. If an arbitrator declines or fails to act, the party (or parties in the case of a single arbitrator) by whom the arbitrator was chosen or said judge shall appoint another to act in the arbitrator's place.

(d) After considering all evidence, testimony and arguments, said single arbitrator or the majority of said board of arbitrators shall promptly state such decision or award and the reasoning for such decision or award in writing which shall be final, binding, and the arbitrator(s) may be entered as a judgment in any court having jurisdiction thereof and enforced as between the parties without further evidentiary proceeding, the same as entered by the court at the conclusion of a judicial proceeding in which no appeal was taken. Until the arbitrator(s) shall issue the first decision or award upon any question submitted for arbitration, performance under this Agreement shall continue in the manner and form existing prior to the rise of such question. After delivery of said first decision or award, each party shall forthwith comply with said first decision or award immediately after receiving it.

(e) Each party to the arbitration shall pay all compensation, costs, and expenses of the arbitrator appointed in its behalf and all fees and expenses of its own witnesses, exhibits, and counsel. The compensation, cost, and expenses of the single arbitrator or the additional arbitrator in the board of arbitrators shall be paid in equal shares by all parties to the arbitration.

(f) The parties may obtain discovery and offer evidence in accordance with the Federal Rules of Civil Procedure Rules 26-37, and Federal Rules of Evidence, as each may be amended from time to time.

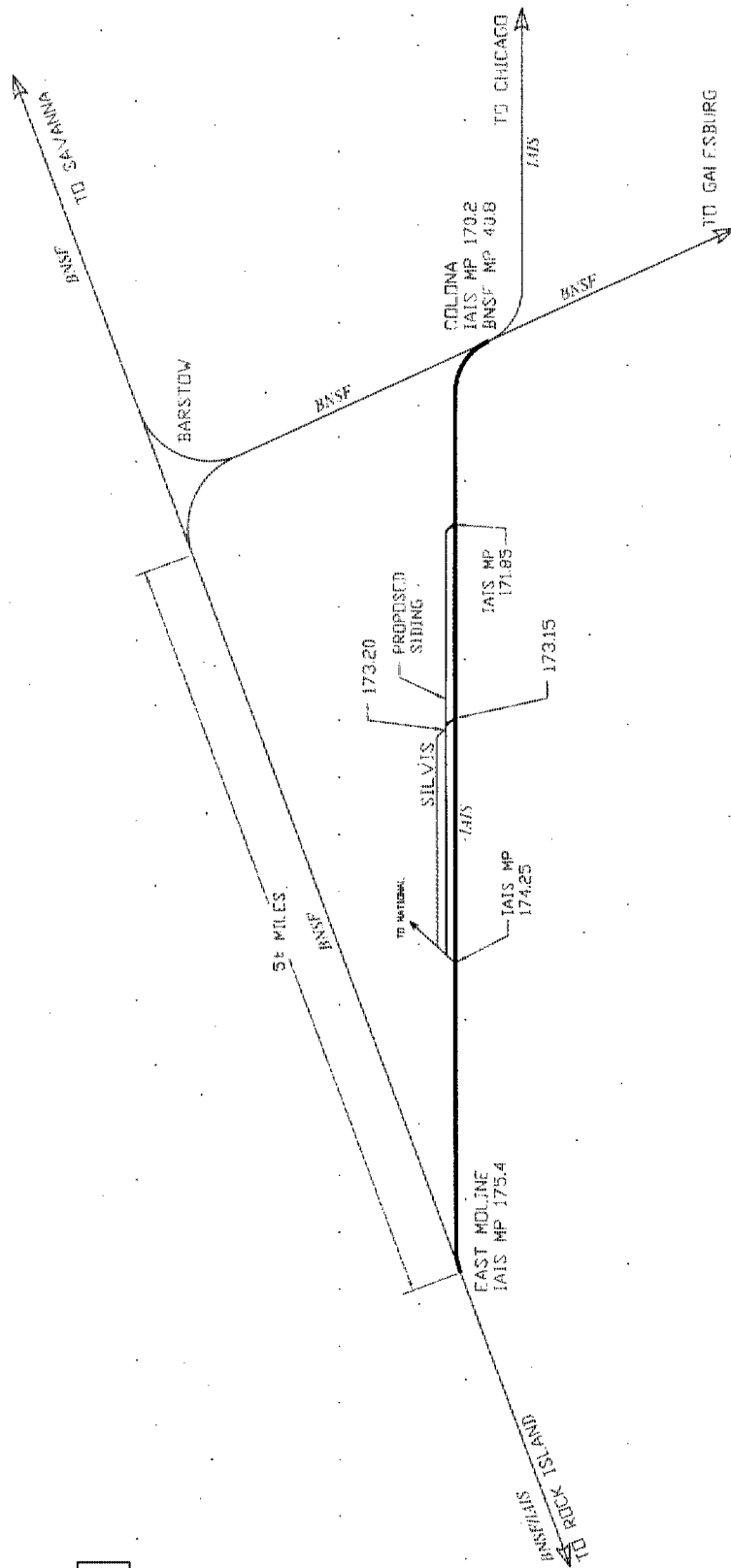
(g) Interest computed annually, at a rate equal to the Prime Rate plus two (2) percentage points, shall be applied to any and all arbitration awards requiring the payment of money and shall be calculated from thirty (30) days following the date of the applicable arbitration decision. The term "Prime Rate" shall mean the minimum commercial lending rate charged by banks to their most credit-worthy customers for short-term loans, as published daily in the Wall Street Journal.

ARTICLE 12. SUCCESSORS AND ASSIGNS

The Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective successor lessees, and permitted assigns, but no sale, assignment, mortgage, or lease by User of any interest or right given it under the Agreement, separate and apart from a corporate merger, sale, assignment, mortgage or lease of User's railroad in its entirety, shall be valid or binding without the prior written consent of Owner, which consent will not unreasonably be withheld, in the event of assignment by way of a sale of

all or substantially all of User's assets pursuant to merger, sale, consolidation, combination, or order or decree of court.

END OF FORM "A" GENERAL CONDITIONS



IAIS/BNSF TRACK RIGHTS AGREEMENT		DRAWN BY:	
IAIS MP 170.2 - IALS MP 175.4		DATE:	
EXHIBIT 'A'		SCALE: As Noted	
		CAD FILE:	
		DRAWING NO.:	
REVISION #	BY	DATE	DESCRIPTION

Exhibit "B" 11-13-2006

Iowa Interstate Railroad						
Subdivision 1						
MT Authority	Mile Post	Station Number	Station Name Westward Eastward	West Siding Switch MP	Siding Length	East Siding Switch MP
Metra Rules	15.5	0015	Blue Island			
	40.2	0040	Joliet			
CSX Timetable and Operating Rules Govern	42.7		Rockdale			
	72.1		Seneca			
	84.5		Ottawa			
Track Warrant Control	95.0		MP 95			
	99.1		LaSalle			
	101.0		BNSF Crossing			
	109.1		East Depue			
Yard Limits	114.0	0114	Bureau	116.8	10780	114.7
	116.9					
Track Warrant Control	136.5	0136	Sheffield			
	151.5	0152	Atkinson	152.0	9500	150.0
	159.1	0159	Geneseo			
	169.7	0170	Colona			
	173.7	0174	Silvis	174.4	12,000	171.9
BNSF 6.28	175.0		Moline	178.5	6000	177.3
	180.4					
Yard Limit	180.4	0181	Rock Island	181.3	YARD	180.5
	184.1					
Track Warrant Control	194.2	0195	Walcott	194.2	6520	193.0
	202.0	0202	Durant			
	203.2	0203	Twin States	204.5	4980	203.5
	207.6	0208	Wilton			
	210.0	0209	North Star	210.9	12272	208.5
	215.9	0216	Atalissa			
	221.3	0221	West Liberty	222.2	4200	221.3
	226.3	0226	Downey			
Yard Limits	234.0	0237	Iowa City	236.8	8676	235.1
	236.8					

Location and Facilities Available	Standard Clock	General Orders	Fax Machine	Telephone	Wye or Turntable	Engine Servicing	
						Water	Fuel
Evans Yard	X	X	X	X	X	X	
Bureau		X	X	X	X		
Rock Island	X	X	X	X		X	X
Iowa City	X	X	X	X		X	X

Speed Maximum:

40 MPH - MP 95 to Iowa City

Speed Permanent Restrictions:

Speed	East MP	West MP
25 MPH	MP 95.0 to	MP 101.0
20 MPH	MP 101.0 to	MP 101.1
25 MPH	MP 101.1 to	MP 114.0
10 MPH	MP 114.0 to	MP 115.0
10 MPH	MP 169.5 to	MP 170.0
25 MPH	MP 170.0 to	MP 175.4
10 MPH	BNSF Industrial Track	
	7th St East Moline to 17th St Rock Island	
10 MPH	MP 180.4 to	MP 184.1
25 MPH	MP 184.1 to	MP 234.0
10 MPH	MP 234.0 to	MP 238.0

Test Mile:

Location	East MP	West MP
	MP 167.0	MP 168.0
	MP 191.0	MP 192.0

Yard Limits:

Location	East MP	West MP
Bureau	MP 114.0	MP 116.9
Rock Island	MP 180.4	MP 184.1
Iowa City	MP 234.0	MP 238.0

Radio Channels:

Blue Island Yard	Channel 2 AAR 13-13
Burr Oak to Rockdale	Channel 4 AAR 82-82
Rockdale to MP 95*	Channel 3 AAR 12-12
Rockdale to MP 95*	Channel 5 AAR 08-08
MP 95 to Rock Island Yard	Channel 1 AAR 74-74
Rock Island Yard	Channel 2 AAR 13-13
	Channel 3 AAR 14-14
Rock Island to Iowa City	Channel 1 AAR 74-74
Iowa City Yard	Channel 2 AAR 13-13

*On CSXT Trackage
AAR 12-12 is used to talk to the CSXT Dispatcher
Channel 5 is monitored for communications

Other Tracks Not Shown:

Location	East MP	West MP	Length	Notes
Buzzi Unichem		MP 98.8		Switch on West End
Bureau Transfer Track	MP 112.9	MP 114.1	5550	Switch on Both Ends
Tiskilwa	MP 122.3			Switch on West End
Sheffield	MP 136.4		700	Switch on East End
Atkinson Elevator	MP 151.1		1160	Switch on East End
Geneseo Industry	MP 158.4		891	Switch on East End
Anchor Lumber Spur	MP 173.4			Switch on East End
National Car		MP 174.25		Switch on West End
Moline Siding	MP 177.1	MP 178.5	6066	Switch on Both Ends
Phoenix Closures	MP 186.1	MP 186.2	500	Switch on Both Ends
Farnam Industry		MP 186.4	1000	Switch on West End
Walcott Cenpeco		MP 194.9	950	Switch on West End
Durant Pioneer	MP 201.9		350	Switch on East End
Twin States Ind. Spur	MP 203.1		4074	Switch on East End
Wilton House Track	MP 207.7		870	Switch on East End
Wendling Quarry		MP 212.3	1325	Switch on West End
West Liberty ECI	MP 222.6	MP 222.9	1350	Switch on Both Ends
Downey Elevator Track		MP 226.9	945	Switch on West End
Cedar Johnson Spur		MP 232.8	345	Switch on West End
Owens Plastics		MP 233.9	730	Switch on West End
Alpha Plastics		MP 234.2	420	Switch on West End
Iowa City Ind. Siding	MP 234.6	MP 235.0	1812	Switch on Both Ends

Special Instructions:

Type of Operation	Location	East MP	to	West MP
Metra Rules	Blue Island	MP 15.5	and Joliet	MP 40.7
CSXT Rules	Joliet	MP 40.7	and MP 95	MP 95.0
TWC	MP 95	MP 95.0	and East YL Bureau	MP 114.0
Rule 6.13	East YL Bureau	MP 114.0	and West YL Bureau	MP 116.9
TWC	West YL Bureau	MP 116.9	and 7th St. East Moline	MP 175.4
Rule 6.28	7th St. East Moline	MP 175.4	and 44th St. Rock Island Yard	MP 180.4 (BNSF Track)
Rule 6.27	41st St. Moline Siding	MP 177.1	and 23rd St. Moline Siding	MP 178.5
Rule 6.13	44th St. Rock Island Yard	MP 180.4	and Rock Island	MP 184.1
Rule 6.28	IAIS Siding WSS	MP 181.3	and 17th St. Rock Island	(BNSF Track)
TWC	Rock Island	MP 184.1	and Iowa City	MP 234.0
Rule 6.13	Iowa City	MP 234.0	and	MP 238.0

Between 7th St. East Moline and 17th St. Rock Island all trains, hyrail or on-track equipment must contact the IAIS dispatcher before occupying main track, sidings or yard track within these limits. Within these limits the IAIS dispatcher will coordinate all movements. BNSF rule 6.28 and BNSF trainmaster notices govern movement on BNSF industrial track.

Note: There is NO normal position for BNSF switches at 7th St. East Moline and 44th St. Rock Island, and NO normal position for IAIS main line switches at Rock Island; switch may be left lined for last position used. Trains operating to the Milan Line or Crescent Bridge will operate via the IAIS siding onto the BNSF industrial track.

BLUE ISLAND

IAIS personnel at the Blue Island terminal must not use the IAIS radio channel 1 (Freq. 161.220). Use of IAIS radio channel 2 (Freq. 160.305) is limited to 5 watt portable radio only.

EVANS YARD

The following restrictions apply at Evans Yard:

1. NO loaded stack cars on the new lead or in buildings on tracks 1,3,5 or 7.
2. NO loads wider than 13'6" in buildings on tracks 1,3,5,6 or 7.
3. NO riding the side of cars into or in buildings on tracks 1,3,5,6 or 7.
4. NO six axel (6) locomotives or equipment on the new lead.
5. Only one locomotive online while switching.

FRA-Excepted track – Rule 6.12

All tracks at Evans yard with the exception of the fence track.

The railroad conducts operations on the identified segments under the following conditions:

1. NO train shall be operated at speeds in excess of ten (10) miles per hour
2. NO revenue passenger train shall be operated; and
3. NO freight train shall be operated that contains more than five (5) cars required to be placarded by the Hazardous Materials Regulations (49 CFR Part 172).

CSX NEW ROCK SUBDIVISION

CSXT operating rule 34-A requires that a train member located in the operating cab of an engine must announce by radio the following conditions that affect movement of the train:

- The name and location of each block and interlocking signal
- Train entry into each DTC block
- Train departure from each DTC block as soon as the block is reported clear to the dispatcher
- In multiple track territory a crew member must announce the number of the track
- When entering a passing siding, a crew member must announce their train entrance and signal location.
- When stopped on a main track or in a passing siding, announce when the train has stopped and the train location. This announcement will be repeated every 15 minutes. These announcements must include the train ID, engine number used for DTC block authority, including the direction of the train.
- A crewmember must acknowledge each of these announcements. If the crew member fails to acknowledge the communication, the engineer must ascertain at the next scheduled stop why the

message is not being confirmed.

Crewmembers operating on the CSXT trackage between MP 95 and Blue Island experiencing any unusual track conditions must report the MP location to the CSXT train dispatcher.

ROCKDALE

CSXT yard engine goes on duty at 0800 Monday through Friday at Rockdale. All trains entering the CSXT must attempt to contact the yard engine before entering the yard.

Eastward trains, if length allows and Yard crew not on duty at Rockdale, inbound crew must proceed to the first crossing west of bridge 407. If train will not fit without blocking crossings, train must not go beyond MP 43.5 until they communicate with the CSXT switch crew.

Between Tiskilwa and Ottawa:

When Eastward trains depart La Salle, they must contact the CSXT train dispatcher to obtain block authority out of MP 95.

MP 101.0 BNSF CROSSING

When absolute signal governing movement over intersecting line displays "STOP" aspect, conductor or engineer will:

- Determine BNSF train or engine is NOT FOULING or approaching crossing.
- Operate and hold release device for ten seconds.
- Wait one minute and thirty seconds.
- Signal should clear. If signal does not display aspect to proceed; wait one minute and thirty seconds.
- If signal does not display aspect to proceed, pass signal at least 30 feet but not fouling crossing.
- Wait three minutes and proceed in accordance with Rule 9.12.3.

BUREAU

The wye track switches at Bureau on the IAIS may be left lined and locked for the last position used.

CSXT Requirement – Maximum Train length between MP 95 and Rockdale is not to exceed 7200 feet.

Eastward trains: Sand for Ozinga at Mokena must be picked up in block in train. Trailing length behind sand cars is not to exceed 4800 feet so crossings in Mokena are not blocked while making set out.

Derail at West End of Bureau siding has been removed from service.

When doing work at Bureau train crews must use Channel 1

Bureau Transfer Track is out of service except for 1000 feet on the east end and 1000 feet on the west end.

TISKILWA

Do not operate engines or cars beyond West 200 feet on Fertilizer track.

SHEFFIELD

West End of siding from Main Street to West End is out of service. East 600 feet of siding in service but stubbed from East End.

ATKINSON

Elevator track has been extended 376 feet. Track length is now 1160 feet from clearance point to wheel stops.

COLONA

If stopped by stop indication GCOR 9.1.4 at Automatic interlocking at MP 169.7 communicate with the BN dispatcher. If unable to communicate be governed by instructions in the released box.

ROCK ISLAND

Iowa Interstate Railroad LTD has received permission from the FCC to use Channel Number 3 at Rock Island for making switch moves or yard moves when Channel 2 is being used by other trains or engines

Rock Island Yard speed limit on all company roads is 10 MPH

When pulling cars from Midland Scrap track pull cars to the east or West End of Moline siding to facilitate your safety inspection and air test. Close clearance exists on South side of Midland Scrap track which may make inspection and air test difficult to perform. Walk on the North side and view the south side before pulling Midland Scrap track.

Use only one engine when spotting Anchor Lumber track.

Look out for fence close to main track at the East End of the Government Bridge at MP 182.0

All crews delivering or pulling cars at Missouri Division Jct. (ICE RR) must notify the train dispatcher they will be working at the JCT before beginning work.

At Missouri Division Jct.- permanent derails have been installed on the West End of the North and South Transfer tracks.

The North Transfer Track at Davenport Missouri Division Junction will be used as Main track when necessary to detour over the ICE Railroad.

When leaving cars on Moline siding, the cars must be left clear of the crossing start circuit on 23rd Street. Cars are to be left clear of the green painted mark on the rail indicating the clearance point. Cars left too close to the circuit prevent proper visibility of East and West trains on main track.

Close clearance: On coal track from clearance point to

General Order 34

300 feet East.

Scale Track

IAIS is certified to weigh 50 car cuts not to exceed 4 mph, moving in an Eastward direction. When weighing; engines will not weigh due to axle spacing, any car over 263,000 will show "Heavy", and weighing speeds between 5 – 6 mph will show "Limit" as a reminder you are approaching the speed that will not weigh.

The scale track should be kept clear of cars if possible. Cars are not to be dropped or kicked into scale track. Do not use sand over the scale. When set to Auto the scale will weigh in either direction with the following limits:

1. When weighing cars in Westward movement cars must be uncoupled at a speed of 3 – 4 mph, not to exceed 5 mph, with length between each car being weighed.
2. Cars weighed in an Eastward movement may remain coupled during weighing. Speed during Eastward weighing is not to exceed 5.7 mph.

Repair Tracks: When placing cars to the Rip Tracks they must be shoved to rest and **NOT kicked or dropped** into the tracks.

Milan Spur Track

Trains and engines will move per Rule 6.28 not exceeding 10 mph. Before initiating movement on Milan Spur Track, conductor or engineer will confirm with the train dispatcher if there are any bulletins in effect for the Milan Spur Track. Rail cars and equipment exceeding 18'2" ATR are not authorized between 24th Street and 17th Street, Rock Island. Cars will not clear overpass at this location.

At 17th Street, Rock Island Eastward movement only 5 mph until engine or cars occupy the crossing.

Drawbridge Mississippi River

Manual interlocking rules are in effect for the Mississippi River Drawbridge at MP 182.0 and bridge tenders are on duty continuously except when notified by General Order. When notified by General Order that bridge tenders are not on duty, a train stopped by a stop indication will have a train crew member ascertain that bridge is lined and locked for their movement and the train may then pass the signal displaying the stop indication and proceed at restricted speed over the bridge.

NORTH STAR

West Switch for siding is located at MP 210.9 and East Switch is located at MP 208.5

Do not enter North Star Steel plant without contacting the North Star Yard Crew on IAIS Channel 2 AAR 13-13.

MP 233.9

Switch for Owens Illinois Manufacturing is in service. Derail installed on Owens Illinois Spur track.

IOWA CITY

Within Yard Limits at Iowa City, there is no normal position for main line switches. They may be left lined for last position used. However, main line switches must be locked if so equipped.

When switching in Iowa City Yard use caution when mounting/dismounting equipment and when walking in yard due to the following conditions:

Narrow toe path exists on the North side of the North Siding due to drainage ditch

On the south side of the yard, narrow toe path exists due to drainage ditch between the East Side of the Dodge Street overpass and the yard office building.

Iowa City Yard Track 4 has a height restriction of 19 Feet at the Dodge Street overpass. Trains with Double stacks or equipment 19 feet or higher must not use track 4.

A Rear End Device cabinet has been installed at the West End of the Iowa City Yard. All REOT devices when not in use must be placed in this cabinet. Batteries must be removed and placed in the charger in the crew room in basement of yard office.

Close Clearance: North siding – fence on north side will not clear a person on side of car.

Crandic Transfer: Before making deliveries to the Crandic Railroad at Iowa City, IAIS crew must notify IAIS dispatcher stating when ready to deliver and how much time will be needed to make delivery.

IAIS Dispatcher will obtain track permit number, special instructions and length of time granted on Crandic trackage between CIC Iowa City and Hills from Crandic Railroad. IAIS crew must obtain Crandic track permit, special instructions and time granted on CIC track from the dispatching office before occupying the Crandic trackage at Iowa City.

While making delivery, if additional time is needed on Crandic trackage, IAIS Dispatcher must be notified 15 minutes before Track Permit time expires. IAIS Dispatcher will contact Crandic Dispatcher for extension of time and will then give extension of time to IAIS crew.

IAIS crew must notify the IAIS Dispatch as soon as all deliveries have been completed and IAIS crew is clear of Crandic trackage. IAIS Dispatcher will then release the Track Permit to the Crandic Dispatcher.