

PUBLIC VERSION

BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, DC 20423

219062
ORIGINAL

STB Finance Docket No. 35011

WISCONSIN & SOUTHERN RAILROAD CO.
--TRACKAGE RIGHTS EXEMPTION--
SOO LINE RAILROAD COMPANY d/b/a
CANADIAN PACIFIC RAILWAY

ENTERED
Office of Proceedings
APR 10 2007
Part of
Public Record

VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 CFR 1180.2(d) (7)

Respectfully submitted,

Wisconsin & Southern
Railroad Co.

By its attorney,

John D. Heffner
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1920 N Street, NW
Suite 800
Washington, D.C. 20036
(202) 263-4180

Date: April 9, 2007

BEFORE THE
SURFACE TRANSPORTATION BOARD



STB FINANCE DOCKET NO. 35011

WISCONSIN & SOUTHERN RAILROAD CO.
--TRACKAGE RIGHTS--
SOO LINE RAILROAD COMPANY d/b/a
CANADIAN PACIFIC RAILWAY

VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 CFR 1180.2(d) (7)

Pursuant to 49 CFR 1180.2(d) (7), Wisconsin & Southern Railroad Co. (WSOR) submits this Verified Notice of Exemption for trackage rights and provides the following information:

49 CFR 1180.6(a) (1) (i): A brief summary of the proposed transaction, the name of applicants, their business address, telephone number, and the name of the counsel to whom questions regarding the transaction can be addressed.

WSOR seeks Board authority to acquire nonexclusive overhead trackage rights over a line of railroad owned by the Soo Line Railroad Company d/b/a Canadian Pacific Railway ("CPR") between the connection of WSOR with CPR's Watertown Subdivision at milepost 93.20 in North Milwaukee (marked as Point "A" on the map attached as Exhibit A) and the connection of CPR and METRA on CPR's C&M Subdivision at milepost 32.3. at Rondout, IL

(marked as Point "B" on the attached map).¹ The trackage rights are 60.9 miles in length.

These trackage rights will be for the sole purpose of operating [deleted] trains to and from North Milwaukee and Chicago and are expressly limited to that traffic.

Applicant's name, address, and telephone number:

Wisconsin & Southern Railroad Co.
5300 N. 33rd Street
P.O. Box 90229
Milwaukee, WI 53209-0229
414-438-8820

Applicant's counsel to receive correspondence:

John D. Heffner
John D. Heffner, PLLC
1920 N Street, NW
Suite 800
Washington, D.C. 20036
(202) 263-4180

49 CFR 1180.6(a) (1) (ii): The proposed time schedule for consummation of the proposed transaction.

WSOR proposes to consummate the proposed transaction immediately after the conclusion of the 30 day waiting period required by the Board's trackage rights exemption regulations, on or about May 9, 2007.

49 CFR 1180.6(a) (1) (iii): The purpose sought to be accomplished by the proposed transaction.

¹ METRA's ownership of the C&M Line begins at Rondout and extends South to Chicago. CPR owns the portion of the C&M Line from Rondout north to Milwaukee. CPR's freight operating rights extend to Chicago over the METRA-owned segment of the C&M. WSOR currently has trackage rights over the METRA-owned portion of the C&M from Rondout to Chicago.

The purpose of the proposed transaction is to enable WSOR to more efficiently handle existing movements of [deleted] trains to and from the Chicago market than is possible under its current route. Currently, WSOR [deleted] trains moving between points on its Northern Division northwest of Slinger, WI, and the Chicago market take a very circuitous routing. From Slinger those trains traverse trackage rights over the Canadian National (former Wisconsin Central) rail line to Waukesha, WI, where they return to WSOR's line for movement west to Milton Jct., then south to Janesville, WI, and then southeast to Fox Lake, WI, and Rondout, IL, before turning due south to reach Chicago over the METRA portion of the C&M Line. Once WSOR consummates the proposed trackage rights operations, its [deleted] trains will continue in a southeast direction to North Milwaukee over its own line and thence over the proposed trackage rights from North Milwaukee to Rondout and then down to Chicago. These trackage rights will cut the trip mileage and time substantially, reducing crew costs, fuel consumption, and equipment costs.

49 CFR 1180.6(a) (5): A list of the State(s) in which any part of the property of each applicant carrier is situated.

WSOR operates in the States of Illinois and Wisconsin. CPR operates in the States of Illinois, Indiana, Michigan, Wisconsin, Minnesota, and North Dakota.

49 CFR 1180.6(a) (6): Map (exhibit A). Submit a general or key map indicating clearly, in separate colors or otherwise, the line(s) of applicant carriers in their true relations to each other, short line connections, other rail lines in the territory, and the principal geographic points in the region traversed.

A map satisfying this provision is attached hereto as Exhibit A.

49 CFR 1180.6(a) (7) (ii): Agreement (Exhibit B). WSOR is furnishing both a redacted copy of the trackage rights agreement with the Public Version of this filing and a confidential executed copy of the trackage rights agreement with the Confidential Version of this filing. Each is marked Exhibit B.

49 CFR 1180.4(g) (i). Labor Protection.

WSOR anticipates that any employees adversely affected by this transaction will be afforded the level of labor protection as set forth in 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).

49 CFR 1180.4(g) (2) (i). Caption Summary (Exhibit C).

WSOR submits a caption summary describing the transaction as Exhibit C.

49 CFR 1180.4(g) (3). Environmental and historic reporting requirements.

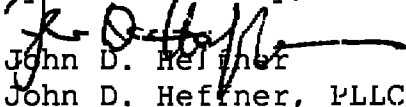
The proposed transaction is exempt from environmental review under 49 CFR 1105.6(c) (4), which provides that environmental documentation need not be prepared for trackage rights transactions or transactions that will not cause any operating changes that exceed the thresholds established in 1105.7(e) (4) or (5).

In addition, this transaction is exempt from historic review under 49 CFR 1105.8(b) (3) because it will not substantially change the level of maintenance of railroad property.

Respectfully submitted

Wisconsin & Southern
Railroad Co.

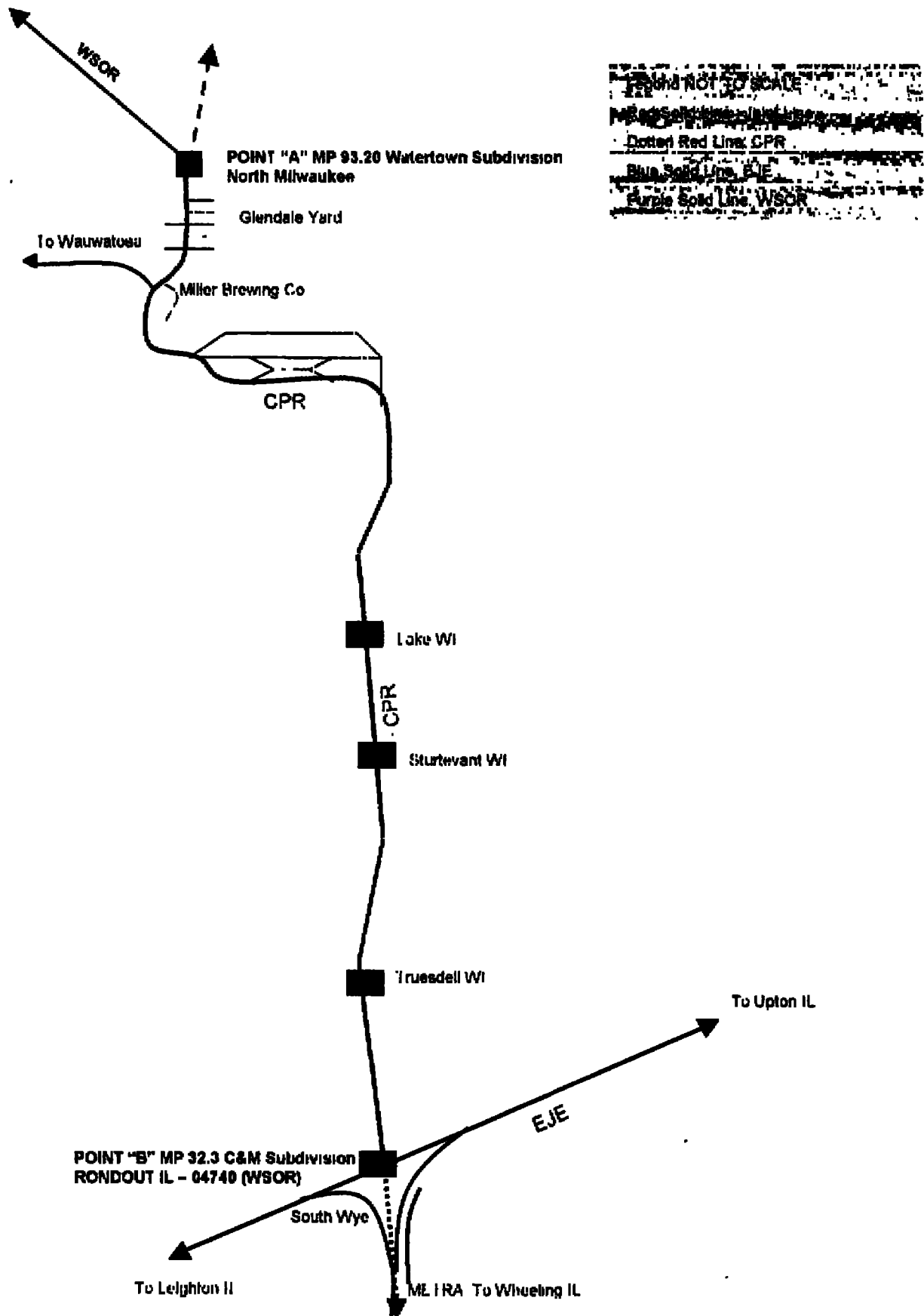
By its attorney,


John D. Hefner
John D. Hefner, PLLC
1920 N Street, NW
Suite 800
Washington, D.C. 20036
(202) 263-4180

Dated: April 9, 2007

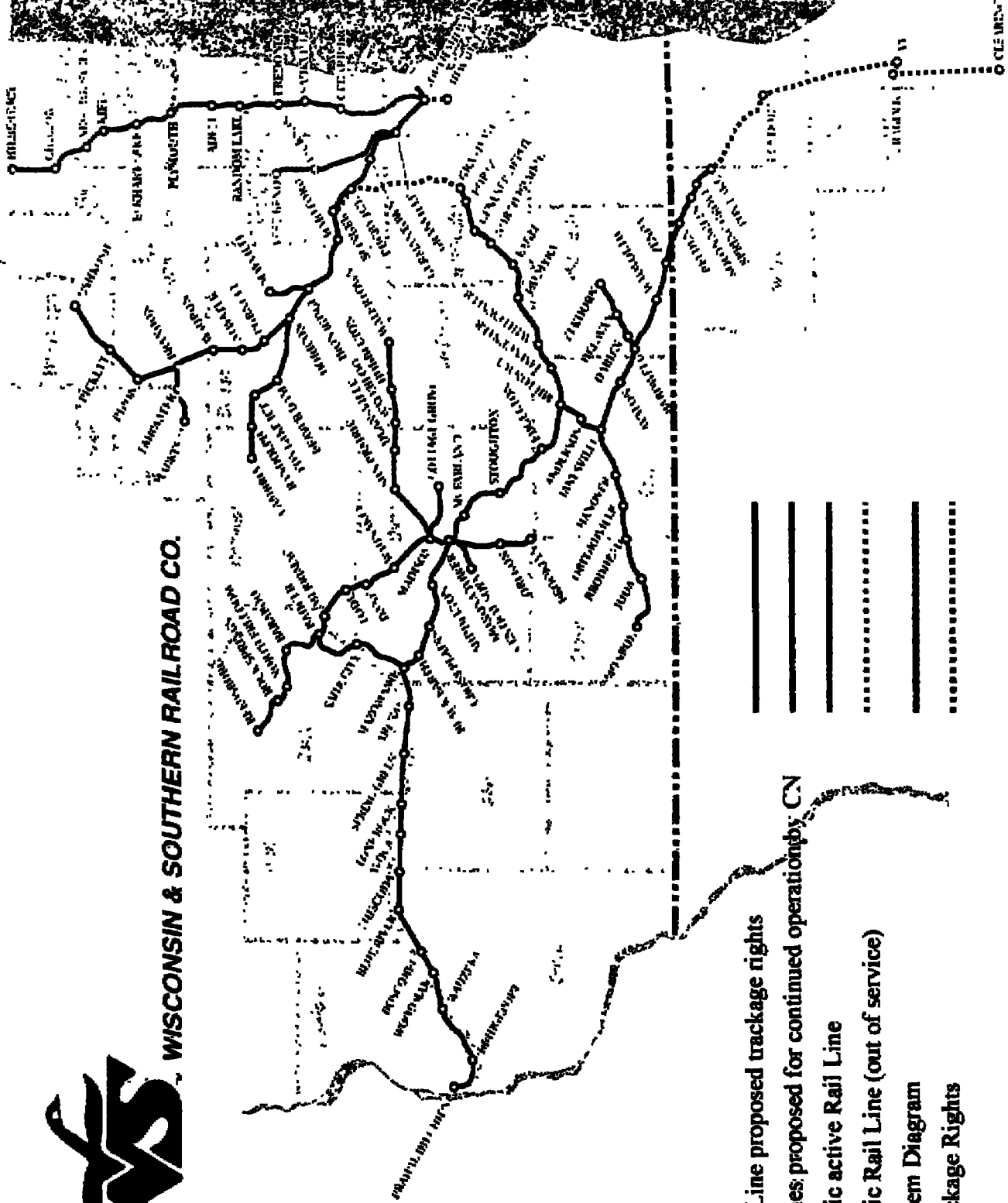
EXHIBIT A

Exhibit A July 1, 2004





WISCONSIN & SOUTHERN RAILROAD CO.



CPRS Rail Line proposed trackage rights

CN Rail Lines, proposed for continued operation by CN

Union Pacific active Rail Line

Union Pacific Rail Line (out of service)

WSOR System Diagram

WSOR Trackage Rights

EXHIBIT B

REDACTED VERSION
TRACKAGE RIGHTS AGREEMENT
Milwaukee, WI to Rondout, IL

THIS TRACKAGE RIGHTS AGREEMENT is made this ____day of _____, 2007 by and between Soo Line Railroad Company, d/b/a Canadian Pacific Railway, a Minnesota corporation, 501 Marquette Avenue South, Minneapolis, Minnesota 55440 (hereinafter "CPR") and Wisconsin & Southern Railroad Co., a Wisconsin Corporation, 5300 North 33rd Street, Milwaukee, Wisconsin 53209 (hereinafter "WSOR"); sometimes hereinafter individually referred to as "Party" and sometimes collectively referred to below as the "Parties."

WITNESSETH:

WHEREAS, CPR owns and operates a line of railroad between Milwaukee, WI and Rondout, IL by which CPR conducts rail freight operations between these cities, and points beyond; and

WHEREAS, WSOR has requested operating rights over CPR lines of railroad between Milwaukee, WI and Rondout, IL for the movement of [deleted]

WHEREAS, to promote the more efficient economical movement of [deleted] in the revenue account of WSOR, CPR is willing to grant trackage rights to WSOR; and

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

Section 1. GRANT OF TRACKAGE RIGHTS

1.1 Subject to the terms and conditions herein provided CPR hereby grants to WSOR the non-exclusive right to operate its trains, locomotives, cars and equipment with its own crews (hereinafter referred to as "Trackage Rights") over trackage owned and operated by CPR (hereinafter referred to as "Joint Line"), as described in Section 1.2 below. Trackage rights granted herein are for the sole purpose of operating [deleted] trains to and from CPR's C&M Subdivision connection with its Fox Lake Line Junction and are expressly limited to that traffic.

1.2 Attached to, incorporated in and made a part of this Agreement is a print dated ~~Insert~~ Date, marked Exhibit A, which shows the Joint Line between the points designated as Point "A" CPR's connection with WSOR at MP 93.20 on CPR's Watertown Subdivision, and Point "B" CPR's connection with Metra at MP 32.3+/- CPR's C&M Subdivision. Joint Line includes all of CPR's track connections, facilities and appurtenances, signals and switches located between these points, as such facilities and appurtenances, signals and switches are from time to time added to, modified, or removed at the sole discretion of CPR. It is expressly understood that the Joint Line will not include CPR's freight rail yards.

Section 2. RESTRICTIONS ON USE

2.1 The Trackage Rights granted herein subject to available line capacity are for overhead unit freight traffic only. WSOR shall not have the right, except as otherwise provided for within this Agreement, to:

- (a) Set off, pick up, or store equipment or switch industries upon all or any part of the Joint Line, except as necessary for the handling of locomotives, cars or cabooses bad ordered en route; or

(b) Serve any industry, team or house track now existing or hereinafter located along the Joint Line; or

(c) Permit or admit, without permission in writing from CPR, any third party to the use of all or any part of the Joint Line, nor contract, or make any agreement to provide haulage over the Joint Line of trains, locomotives, cars or cabooses of any third party which in the normal course of business would not be considered as the trains, locomotives, cars or cabooses of WSOR (the foregoing shall not prevent WSOR, pursuant to a run-through agreement with any railroad, or a bona fide equipment lease, from using the locomotives and cabooses of another railroad as its own under this Agreement); or

(d) Construct tracks connecting to the Joint Line without the express written consent of CPR; or

(e) Interchange with any carrier along the Joint Line; or

(f) Enter or Exit the Joint Line at any point other than those designated on Exhibit A hereto.

2.2 Without the prior consent of CPR, WSOR shall not operate a train that exceeds eight thousand (8,000) feet in length or twelve thousand trailing gross tons, whichever is less.

2.3 Trackage Rights granted herein between Points "A" and "B" is limited to the movement of [deleted] which shall be subject to available line capacity at the time of the WSOR's request.

Section 3. CONSTRUCTION AND MAINTENANCE OF NEW CONNECTION

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

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

Section 4. MAINTENANCE OF JOINT LINE.

4.1 CPR shall maintain, repair and renew the Joint Line with its own supervision and labor forces. CPR shall keep and maintain the Joint Line in reasonably good condition for the use herein contemplated, but CPR does not guarantee the conditions of the Joint Line or that operations thereover will not be interrupted. CPR shall take all reasonable steps to ensure that any interruptions will be kept to a minimum and shall use its best efforts to avoid such interruptions. Furthermore, except as may be otherwise provided in Section 13, WSOR shall not by reason of failure or neglect on the part of CPR to maintain, repair or renew the Joint Line, have or make any claim or demand against CPR or its parent corporation, subsidiaries or affiliates, or their respective directors, officers, agents or employees for any injury to or death of any person or persons whatsoever, or for any damage to or loss or destruction of any property whatsoever, or for any nature suffered by WSOR resulting from such failure or neglect.

4.2 CPR at its sole discretion may perform, at the sole expense of WSOR, such additional maintenance as WSOR may reasonably require or request on the Joint Line.

Section 5. ADDITIONS, BETTERMENTS AND ALTERATIONS

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

5.2 In the event of changes in or additions and betterments to the Joint Line, including changes in the communication or signal facilities that are required to accommodate WSOR's operations beyond that required by CPR to accommodate its operations, CPR at its sole discretion may construct the additional or altered facilities. Prior to the construction or alteration of the Joint Line WSOR and CPR shall agree to a methodology on the allocation of construction/alteration cost addressed in this Section 5.2 and WSOR shall pay to CPR the cost thereof, including the annual expense of *maintaining, repairing and renewing such additional or altered facilities.*

5.3 Capacity related betterments in and/or additions to the Joint Line other than those covered by Sections 5.1 and 5.2 above shall be shared by CPR and WSOR on the basis that the Parties' respective car miles operated over the Joint Line bear to total car miles operated over the Joint Line for the twelve (12) month period immediately prior to the month work on the project is commenced. The use of the Joint Line by any third party shall be attributed to CPR for purposes of computing respective car miles for purposes of this Section 5.3. CPR shall advise WSOR in advance of any betterments and/or additions contemplated under this Section 5.3. CPR's failure to advise WSOR of

any betterments and/or additions shall not relieve WSOR from assuming its share of expense under this Section 5.3.

Section 6. OPERATION AND MANAGEMENT OF JOINT LINE

6.1 The management and operation of the Joint Line shall be under the exclusive direction and control of CPR. CPR shall have the unrestricted right to change the management and the operations on and over the Joint Line as it, in its sole judgment, may deem necessary, expedient or proper for the operation of the Joint Line.

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

6.3 When operating Trackage Rights traffic over the Joint Line, WSOR's locomotives and crews shall be equipped to communicate with the operators of the segments of Joint Line on radio frequencies then normally used in directing train movements on the Joint Line. WSOR's locomotives shall be adequately powered to maintain the maximum authorized freight speeds as provided by CPR's operating rules with a minimum requirement of horsepower per ton rating of 1 to 1 and equipped with such cab signals, Locomotive Speed Limiter and other safety equipment that is required by law or instruction for the operation over any or all of the Joint Line.

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

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

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

6.7 In the event that a train of WSOR shall be forced to stop on the Joint Line due to mechanical failure of WSOR's equipment or any other cause not resulting from an accident or derailment, and such train is unable to proceed, or if a train of WSOR fails to maintain the speed required by CPR on the Joint Line, or if in emergencies, crippled or otherwise defective cars are set out of WSOR's trains on the Joint Line, CPR 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 Line, and WSOR shall reimburse CPR for the actual cost of rendering any such assistance.

6.8 If it becomes necessary to make repairs to or adjust or transfer the lading of such crippled or defective cars in order to move them off the Joint Line, CPR shall have the option of performing such work and WSOR shall reimburse CPR for the cost thereof.

6.9 All employees of WSOR engaged in the operation of WSOR trains over the Joint Line shall be required to qualify for entry onto the Joint Line by passing periodic examinations on the operating and safety rules of CPR in addition to the physical characteristics of the Joint Line. WSOR shall make such arrangements with CPR as may be required to ensure that all of its employees who shall operate its trains, locomotives, cars and equipment over the Joint Line are qualified for operation thereover, and WSOR shall pay to CPR, upon receipt of bills therefore, any and all costs incurred by CPR in connection with the qualification of such employees of WSOR which may include, but are not limited to, those costs addressed in Section 9 of this Agreement including the cost of pilots furnished by CPR, until such time as such employees are deemed by the appropriate examining officer of CPR to be properly qualified for operation as herein contemplated. CPR may require that such qualification trips be repeated if the subject WSOR employee has not made a trip over the Joint Line within a reasonable period of preceding time, but only to the same extent as would be required of CPR's own employees. Pending qualification or requalification of subject employees, CPR shall furnish a pilot or pilots, at the expense of WSOR, to allow operation as contemplated in this Agreement. For purposes of Section 15 of this Agreement, any employee of CPR acting as a pilot for WSOR will be considered an employee of WSOR.

6.10 If any employee of WSOR, neglects, refuses or fails to abide by CPR's rules, safety rules, instructions or restrictions governing the operation over the Joint Line, CPR shall in writing so notify WSOR. CPR shall have the right to require WSOR to promptly withhold any such WSOR employee from service over the Joint Line pending the result

of formal investigation of the alleged neglect, refusal or failure. After the notice is given to WSOR, CPR and WSOR shall promptly hold a joint investigation, in which each of the Parties shall bear its own expenses for its own employees and witnesses. Notice of such investigation to WSOR employees shall be given by WSOR officers. The investigation shall be conducted in accordance with the terms and conditions of the agreements between WSOR and its employees. If the result of such investigation warrants, any subject WSOR employee so investigated shall upon written request by CPR, be restricted by WSOR from operating on the Joint Line, and WSOR shall release and indemnify CPR from and against any and all claims and expenses related to such restriction, provided, however, that CPR shall not unreasonably exercise this right of restriction.

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

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

Section 7. MILEAGE AND CAR HIRE

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

Section 8. BAD ORDERS AND LIGHT RUNNING REPAIRS

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

Section 9. BILLING AND PAYMENT OF CHARGES

9.1 WSOR shall on or about the fifteenth day of each month provide CPR an accounting of its use of the Joint Line for the prior month. Such use of the Joint Line shall be furnished to CPR's Manager Interline Agreements or designated representative and shall include a detailed listing of loaded and empty car movements and locomotives over the Joint Line. Such detailed listing shall be forwarded to CPR in an electronic format, and shall include car initials and numbers, date of movements and the points traversed over the Joint Line and such other information as CPR may reasonably request. The Parties shall exchange data on all loaded and empty cars by Electronic Data Interchange (EDI) transmission.

9.2 The factor to be used in calculating payments to be made by WSOR for the Trackage Rights covered by this Agreement shall be [deleted] per car mile (hereinafter referred to as the "Current Charge"). The Parties agree that the Joint Line shall be considered as 60.9 miles in length for the purposes of applying the terms of Section 9 herein.

9.3 CPR shall bill and WSOR shall pay to CPR a sum computed by multiplying:

Language deleted

9.4 The costs, expenses and charges that WSOR is required to bear and pay under the provisions of this Section 9 are in addition to any and all other costs, expenses and charges specifically provided for in the Agreement.

9.5 It is expressly understood and agreed that the payments described in this Section 9 to be paid by WSOR do not, in any case, include any cost or expense which may be incurred by CPR on account of loss of or damage to property, or injury to or death of any person or persons arising out of, or in connection with, the operation by WSOR upon or over the Joint Line. It is agreed by and between the Parties that such items of cost or expense shall be borne and paid by the Parties according to the provision of Section 15 hereof.

9.6 Bills rendered pursuant to the provisions of this Agreement, other than those set forth in this Section 9, shall include direct labor and material costs, together with the customary surcharges, overhead percentages and equipment rentals as specified at the time any work is performed by CPR for WSOR.

9.7 The payment of bills shall not be delayed or payment refused or reduced on the face amount of bill rendered because of errors in supporting details which are not [continued on next page]

material relative to the billed amount, but bill shall be paid as rendered and exception to charges shall be taken in writing addressed to the officer of CPR responsible for the issuance of the bill; provided that no exception to any charge shall be honored, recognized or considered if filed after the expiration of three (3) years from the last day of the calendar month during which the bill containing said charge was rendered.

Section 10. ESCALATION OF CURRENT CHARGE

Language deleted

Section 11. INDEMNIFICATION AND CASUALTY

11.1 WSOR, shall forever defend, indemnify and hold harmless CPR, its parents and affiliates, and their respective officers, agents, representatives and employees (collectively the "Indemnified Parties") from and against any and all liabilities, claims, demands, penalties, fines, settlements, damages, costs, expenses and judgments of whatever kind or nature, known or unknown, contingent or otherwise (a) relating to or arising from any and all liens and encumbrances which may be filed or recorded against the Joint Line or any lien filed against any funds of any of the Indemnified Parties as a result of actions taken by or on behalf of WSOR, its contractors, subcontractors, agents, representatives, employees, guests or invitees, or (b) arising out of, or resulting from the presence, storage, transportation, disposal, release or threatened release of any Hazardous Materials (as hereinafter defined) over, under, in , on, from or affecting the Joint Line or any persons, real property, personal property, or natural substances thereon or affected thereby during the term of this Agreement, to the extent said presence, disposal, release or threatened release is the result of any act(s) or

omission(s) of WSOR or WSOR's employees, guests, contractors, subcontractors, representatives or agents. For the purpose of this paragraph "Hazardous Materials" means (i) any "hazardous" waste as defined under the Resource Conservation and Recovery Act, 42 U.S.C. Section 9601 et seq., or (ii) "hazardous materials" as defined under the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 et seq., or (iii) "hazardous substance" as defined under the Clean Water Act, 33 U.S.C. Section 1321 et seq., or (iv) asbestos, or (v) polychlorinated biphenyls.

Each party shall provide written notice to the other Party of the receipt of any notice of any claim or threatened claim, and provide to the other Party a copy of the notice, any additional or other documents provided by the person making the claim, and any response to the claim. For any claim under this Section 11.1, WSOR shall have the sole duty to defend or respond to any claim, and to take all actions required by applicable law, ordinance or governmental rule, regulation or order to respond to any such claim or the events leading to such a claim, all at its sole and exclusive cost. Subject to taking all actions necessary to maintain any applicable privilege, WSOR shall promptly provide CPR its parent and affiliates, with a copy of all studies, expert reports, and other documents related to such claim, and shall consult with CPR its parent and affiliates concerning any response. CPR its parent and affiliate may be represented at their own expense in a proceeding related to the claim by counsel or other representative, and WSOR (and its agents, consultants and counsel) shall cooperate with CPR its parent and affiliates regarding such participation.

11.2 Without limiting the foregoing Section 11.1, in addition to notifying the appropriate police and other agencies, WSOR shall promptly report to CPR any FRA reportable accident/incident or crime which arises in connection with the Joint Line. WSOR will comply with all rules and regulations issued by the FRA and other agencies concerning the reporting of accidents/incidents.

Section 12. INSURANCE

12.1 WSOR, at its sole cost and expense, shall take out and keep in full force and effect and pay all premiums for, throughout the term and during such other time as this Agreement remains in force, the following insurances:

(a) Comprehensive general liability insurance covering the activities conducted by WSOR. Such policies shall have inclusive limits of not less than Twenty Five Million Dollars (\$25,000,000) for each occurrence with a maximum deductible on One Hundred Thousand Dollars (\$100,000) involving bodily injury, death or property damage and shall:

(i) name CPR as an additional insured;

(ii) Contain a cross liability clause which shall have the effect of insuring each person, firm or corporation named in the policy as an insured in the same manner and to the same extent as if a separate policy had been issued to each;

(iii) extend to insure the liabilities herein assumed by WSOR;

(iv) to include coverage for accidental discharge of hazardous materials in the conduct of WSOR's operations;

(v) insure against all Federal Employer's Liability Act claims.

(b) An All Risks property insurance on locomotives, trains, cars, cabooses, lading, track, ballast and roadbed on a replacement cost basis and in such amounts as may be required to fully insure such property used by WSOR in respect of any one loss or series of losses arising out of one occurrence or event. CPR shall be provided with

a waiver of subrogation clause. Coverage to be primary and not excess of or contributory to any other property insurance that may apply.

All policies of insurance stipulated in the Section will be with insurers acceptable to CPR and in a form satisfactory to CPR, and WSOR will see that a copy of all policies or certificates of insurance are delivered to CPR prior to the date that WSOR commences operations and prior to any insurance renewal thereof.

12.2 If the insurance procured by WSOR pursuant to this Section takes the form of a claims-made policy and is canceled or allowed to expire without renewal, WSOR will provide evidence of insurance that provides per occurrence and annual aggregate limits not less than those required pursuant to Section 15.1 of this Section. Such coverage must be retroactive to the original inception date of the canceled or non-renewed policy. WSOR further agrees to immediately give written notice to the Director of Risk Management, Gulf Canada Square, 401 - 9th Avenue SW, Calgary, Alberta T2P 4Z4, of any claim or notice of incident or notice of potential claim that is required to be reported to its liability insurance company for incidents occurred on the Leased Line.

12.3 Each policy of insurance obtained by WSOR pursuant to the requirements of this Section will contain provisions requiring that the insurance carrier give CPR, through the Director Risk Management of CPR, at least thirty (30) days notice in writing of any proposed policy cancellation or any modification of the terms and conditions of any policy of insurance WSOR is required to provide under this Section.

12.4 The terms and conditions of each policy of insurance obtained by WSOR to satisfy the requirements of this Section will be subject to the approval of CPR. At least thirty (30) days prior to the effective date of this Agreement, WSOR will furnish to CPR's Director of Risk Management, an accurate copy of each policy of insurance obtained pursuant to the requirements of this Section. Neither compliance

with this requirement nor CPR's approval of the terms and conditions of any such policy will in any way limit or modify the obligation of WSOR to provide the specific insurance coverage required by this Section. Further, in the event the said policy(s) is allowed to lapse during the term hereof or any renewal thereof, this Agreement shall, at CPR's option and subject to all its rights and privileges, notwithstanding any other clause herein, be forthwith terminated upon five (5) days advance written notice being given to WSOR.

12.5 It is further provided and agreed that any insurance coverage acquired hereunder by WSOR will in no manner restrict or limit the liabilities assumed by WSOR hereunder.

Section 13. CLAIMS AND SETTLEMENTS

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

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

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

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

13.5 Excluding cargo related liability claims filed in accordance with 49 U.S.C. Section 11706 or 49 C.F.R. Section 1005, or in accordance with any applicable transportation contract filed pursuant to 49 U.S.C. Section 10709, neither Party shall settle or compromise any claim, demand, suit or cause of action for which the other Party has any liability under this Agreement without the concurrence of such other Party if the consideration for such settlement or compromise exceeds Fifty Thousand Dollars (\$50,000).

13.6 It is understood that nothing in this Section shall modify or waive the conditions, obligations, assumptions or apportionments provided in Section 15.

13.7 Except as otherwise provided for within this Agreement, each Party hereto agrees to indemnify and hold harmless the other Party and its parent corporation, subsidiaries and affiliates, and all of their respective directors, officers, agents and employees from and against any and all costs and payments, including benefits, allowances and arbitration, administrative and litigation expenses, arising out of labor claims or grievances made by or on behalf of its own employees. Further, except as otherwise provided in Section 17.2 hereof, it is the intention of the Parties that each Party shall bear the full costs of grievances filed by its own employee arising under its collective bargaining agreements with its employees.

Section 14. CLEARING OF WRECKS

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

14.2. The cost, liability and expense of the foregoing, including without limitation loss of, damage to, or destruction of any property whatsoever and injury to and death of any person or persons whomsoever or any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, resulting therefrom, shall be apportioned in accordance with the provisions of Sections 13 and 15 hereof. All locomotives, cars, equipment and salvage that are owned by or under the management and control of or used by WSOR at the time of such wreck, shall be promptly delivered to WSOR, unless the Parties otherwise agree.

Section 15. LIABILITY

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

(a) If a Loss occurs on the Joint Line involving the trains, cars and locomotives of only one of the Parties hereto, then that one Party is solely responsible for the Loss, even if caused partially or completely by the another Party.

(b) If a Loss occurs on the Joint Line involving the trains, cars and locomotives of more than one Party, then (i) each Party is solely responsible for any Loss to its own employees, locomotives and equipment and that in its own revenue account including lading and (ii) the Parties are equally responsible for any Loss to the Joint Line and any Loss sustained by third parties, regardless of the proportionate responsibility between them as to the cause of the Loss.

(c) For purposes of assigning responsibility of a Loss under this Section as between the Parties hereto, a Loss involving one of the Parties to this Agreement and a third party or parties shall be construed as being the sole responsibility of that one Party to this Agreement.

(d) Whenever any liability, cost, or expense is assumed by or apportioned to a Party hereto under the foregoing or succeeding provisions, that Party shall forever protect, defend, indemnify, and save harmless the other Party to this Agreement and their parent corporations, subsidiaries and affiliates, and all of its respective directors, officers, agents and employees from and against that liability, cost and expense assumed by that Party or apportioned to it, regardless of whether caused in whole or in part by the fault, failure, negligence, misconduct, nonfeasance, or misfeasance of the indemnitee or its directors, officers, agents, or employees.

(e) In every case of death or injury suffered by an employee of any Party hereto, when compensation to such employees or employee's dependents is required to be paid under any workmen's compensation, occupational disease, employers' liability or other law, and any of said Parties, under the provisions of this Agreement, are required to pay said compensation, if such compensation is required to be paid in installments over a period of time, such Party (ies) shall not be released from paying any such future installments by reason of the expiration

or other termination of this Agreement prior to any of the respective dates upon which any such future installments are to be paid.

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

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

Section 16. DEFAULT AND TERMINATION

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

Section 17. REGULATORY APPROVAL

17.1 Should this Agreement require the prior approval of the Surface Transportation Board ("STB"), WSOR at its own cost and expense will initiate and thereafter diligently pursue an appropriate application of petition to secure such approval.

17.2 WSOR shall assume and hold CPR harmless from all employee claims predicated on loss of, or adverse impact on, compensation, benefits or working conditions arising from this Agreement or the activities of the Parties hereunder, where such claims are predicated on labor protective conditions imposed by the Surface Transportation Board or its predecessor.

Section 18. ABANDONMENT AND DISCONTINUANCE OF JOINT LINE.

18.1 WSOR shall have the right, subject to securing any necessary regulatory approval, to discontinue its use of the Joint Line or any portion thereof. CPR shall have the right, subject to securing any necessary regulatory approval, to abandon its use of the Joint Line or any portion thereof. Before filing an application for regulatory approval of such abandonment, CPR shall give WSOR ninety (90) days' advance notice in writing of its intention to do so in order that WSOR may determine whether it desires to purchase the Joint Line (or portion thereof) or to discontinue its use thereof.

18.2 If WSOR desires to purchase the Joint Line, it shall submit an offer of financial assistance under 49 U.S.C. Section 10904. In the event the offer meets the requirements of 49 U.S.C. Section 10904 and CPR receives more than one such offer, CPR will exercise its statutory right to negotiate with WSOR rather than with the other offer(s). Thereafter, the rights and obligations of the parties in respect to WSOR's acquisition of the Joint Line shall be governed by applicable provisions of the law.

18.3 In any one of the circumstances listed below WSOR shall be deemed to have determined that it does not desire to purchase the Joint Line and that it desires to discontinue its use thereof:

(i) WSOR fails to submit an offer of financial assistance to purchase the Joint Line within the time prescribed by statute and applicable regulations, or

(ii) WSOR, having made an offer of financial assistance to purchase the Joint Line, but being unable to reach agreement with CPR as to the sale price, fails within the statutory period to request the proper regulatory authority to establish the terms and conditions of the sale, or

(iii) WSOR, having requested the proper regulatory authority to establish the terms and conditions of sale, withdraws its offer of financial assistance, or

(iv) WSOR, having requested the proper regulatory authority to establish the terms of the sale, rejects the authority's order establishing said terms or fails to accept said terms within the time prescribed by said order.

In such event WSOR shall promptly file an application with the proper regulatory authority seeking approval of the discontinuance of its operations over the Joint Line. If WSOR does not promptly file an application seeking approval of its discontinuance of WSOR's operations over the Joint Line, CPR shall be deemed to have been given WSOR's power of attorney to take such action on WSOR's behalf.

18.4 In the event any application filed by CPR is granted but an application filed by WSOR under Section 18.2 above is denied by the proper regulatory authority, the Parties shall cooperate in taking such action as is reasonably necessary to effect a sale of the Joint Line to WSOR (including securing any necessary regulatory authority) for a price consistent with the principles of 49 U.S.C. Section 10904.

18.5 In the event CPR abandons the Joint Line (or portion thereof) under circumstances which (because of changes in the law or otherwise) are not susceptible of handling under the procedures outlined above, the Parties shall cooperate and take such action as is necessary to assure that WSOR either promptly terminates its operations over the segment to be abandoned or purchases said segment at a price consistent with the principles of 49 U.S.C. Section 10904 as interpreted on the date of this Agreement.

18.6 In the event CPR's application for authority to abandon is denied, WSOR will withdraw any application it has filed under Section 18.2 above.

18.7. Except as otherwise expressly agreed in writing, in the event any actions taken by the Parties under this Section 16 result in an obligation imposed by any competent authority on any Party hereto to protect the interests of affected employees, the responsibility for bearing the cost thereof shall be borne by the Party which is the employer of the affected employee or employees, notwithstanding the manner in which said cost may be apportioned in any order or decision imposing the protection.

18.8 Notwithstanding any other provision of this Agreement, if CPR abandons its use of the Joint Line or any portion thereof, and ceases all use of the same, and further WSOR does not discontinue its rights or purchase the said portion of the Joint Line pursuant to this Section 18, WSOR shall reimburse CPR the actual cost to operate and maintain said portion of the abandoned Joint Line. Such payment of actual costs shall be in lieu of the payment of charges contemplated in Section 9 of this Agreement.

Section 19. TERM

19.1 This Agreement shall be effective the day and the year first written above or, in the event STB approval is required, on the effective date such is secured and shall remain in full force and effect for an initial term of ten years. Unless CPR or WSOR

notifies the other in writing at least six (6) months prior to the expiration of the initial term, or any successive term, this Agreement shall continue in full force and effect for three (3) successive terms of ten (10) year terms under the same terms and conditions.

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

19.3 Should this Agreement not be renewed beyond the initial term or any successive term, WSOR shall be responsible for the filing of discontinuance of the rights granted herein with the STB and any other applicable regulatory authorities.

Section 20. ARBITRATION

Any irreconcilable dispute arising between the Parties with respect to this Agreement shall be jointly submitted for binding arbitration under the Commercial Arbitration Rules of the American Arbitration Association. The decision of the arbitrator shall be final and conclusive upon the Parties hereto. Each Party to the arbitration shall pay the compensations, costs, fees and expenses of its own witnesses, experts and counsel. The compensation, cost and expense of the arbitrator, if any, shall be borne equally by the Parties hereto. The arbitrator shall not have the power to award consequential or punitive damages or to determine violations of criminal or antitrust laws.

Section 21. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the Parties hereto. WSOR shall not transfer or assign this Agreement, or any of its rights, interests or obligations hereunder, to any person, firm, or corporation without obtaining the prior written consent of CPR, which consent shall

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

Section 23. GOVERNING LAW

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

Section 23. COUNTERPARTS

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

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

**WISCONSIN & SOUTHERN
RAILROAD Co.**

By _____

Its _____

Date _____

**SOO LINE RAILROAD COMPANY
d/b/a Canadian Pacific Railway**

By _____

Its _____

Date _____

not be unreasonably withheld if assignment or transfer is to a successor of substantially all the property and franchise of WSOR.

Section 22. NOTICES

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

If to WSOR:

**Wisconsin & Southern Railroad Co.
Mr. William E. Gardner, President
P.O. Box 9229
5300 N. 33rd Street
Milwaukee, WI 53209**

If to CPR:

**Director, Interline Management
Canadian Pacific Railway
1200 Jorie Boulevard
Oak Brook, IL 60521**

with a copy to –

**Manager, Interline Agreements
Canadian Pacific Railway
Gulf Canada Square – Suite 500
401 9th Avenue SW
Calgary, Alberta Canada T2P 4Z4**

EXHIBIT C
CAPTION SUMMARY

**SURFACE TRANSPORTATION BOARD
WASHINGTON, DC 20423**

STB Finance Docket No. 35011

**WISCONSIN & SOUTHERN RAILROAD CO.
--TRACKAGE RIGHTS EXEMPTION--
SOO LINE RAILROAD COMPANY d/b/a
CANADIAN PACIFIC RAILWAY**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 CFR 1180.2(d) (7)**

Soo Line Railroad Company d/b/a Canadian Pacific Railway (CPR) has agreed to grant nonexclusive overhead trackage rights to Wisconsin & Southern Railroad Co. (WSOR) between the connection of WSOR and CPR's Watertown Subdivision at milepost 93.20 in North Milwaukee, WI, and the connection between CPR and METRA on CPR's C&M Subdivision at milepost 32.3. at Rondout, IL. The trackage rights are 60.9 miles in length. The trackage rights are for the sole purpose of allowing WSOR to move trains

in overhead service between North Milwaukee, WI, and Chicago,
IL.

The trackage rights will become effective immediately after the conclusion of the 30 day waiting period required by the Board's trackage rights exemption regulations, on or about May 9, 2007.

This notice is filed under § 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

STATE OF) Wisconsin
) SS
CITY OF) Milwaukee

Timothy J. Karp, being duly sworn according to law,
hereby deposes and states that (s)he is authorized to make the
Verification, has read the foregoing document, and knows the
facts asserted therein are true and accurate as stated, to the
best of (her)his knowledge, information and belief.

Timothy J. Karp

Subscribed and sworn to before me, a Notary Public, in and for
the City of Milwaukee in the State of Wisconsin, this 9th
day of April.

Brett Finnell

Notary Public

My Commission expires:

11/14/10

