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June 29, 2007

ELECTRONIC FILING

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

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Office of Proceedings

JUN 29 2007

Part of
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Re STB Fin Dkt No 35058, "CSXT Transportation, Inc – Trackage Rights
Exemption – The Indiana Railroad Company"

Dear Secretary Williams:

Enclosed, for filing in the above-referenced proceeding, are an original and 10 copies of CSXT's Verified Notice of Exemption in the above-captioned proceeding. Also enclosed are 20 color copies of a map of the trackage involved, an electronic copy of the Notice of Exemption, and a check in the amount of \$1000 to pay the filing fee. Please note that CSXT is separately submitting to the Board, via overnight courier, an original signed copy of its certificate of service. Please file-stamp the enclosed extra copies and return them to our legal assistant for our files.

Thank you for your assistance in this matter. If you have any questions regarding this filing, please contact the undersigned.

Sincerely,

Paul A. Hemmersbaugh

Counsel to CSX Transportation, Inc

FILED
JUN 29 2007
SURFACE
TRANSPORTATION BOARD

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 35058

**CSX TRANSPORTATION, INC.
- TRACKAGE RIGHTS EXEMPTION -
THE INDIANA RAIL ROAD COMPANY**



219661

VERIFIED NOTICE OF EXEMPTION

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Steven C. Armbrust, Esq
CSX Transportation, Inc
500 Water Street
Jacksonville, Florida 32202
(904) 359-1229
(904) 245-3357 (fax)

Counsel for CSX TRANSPORTATION,
INC

Dated: June 29, 2007

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SURFACE
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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 35058

**CSX TRANSPORTATION, INC.
~ TRACKAGE RIGHTS EXEMPTION ~
THE INDIANA RAIL ROAD COMPANY**

VERIFIED NOTICE OF EXEMPTION

CSX Transportation, Inc ("CSXT") submits this Verified Notice of Exemption (this "Notice"), pursuant to 49 C F R § 1180 2(d)(7), for exemption of limited overhead trackage rights over a line of railroad of The Indiana Rail Road Company ("INRD") known as INRD's Chicago Subdivision, between the connection of CSXT and INRD trackage at ConMil ("ConMil") at approximate INRD Milepost 175.5 and the connection of CSXT and INRD trackage at approximate INRD Milepost 181.7, all in Terre Haute, Vigo County, Indiana ("Terre Haute"), a distance of 6.2 miles (the "Line")

The trackage rights are necessary, for economy and efficiency of operation, to permit CSXT crews to operate its trains in overhead movement between the end points of the Line for the purpose of moving between points on CSXT's CE&D Subdivision south of Terre Haute and points on CSXT's St. Louis Line Subdivision west of Terre Haute. This transition in CSXT's operations is being implemented to improve traffic flow.

(including reduction of railroad and vehicular congestion) and further improve the safety of CSXT operations in and around Terre Haute

Under 49 C F R § 1180.2(d)(7), the acquisition of trackage rights by a rail carrier over lines owned or operated by any other rail carrier or carriers is exempt if the rights are (i) based on written agreements and (ii) not filed or sought in responsive applications in rail consolidation proceedings. The trackage rights covered by this Notice (i) will be covered by a written agreement (the "Trackage Rights Agreement"), a draft of which is attached as Exhibit II, and (ii) are not being filed or sought in responsive applications in a rail consolidation proceeding. As such, the § 1180.2(d)(7) exemption is applicable.

In accordance with the requirements of 49 C F R § 1180.4(g), CSXT submits the following information:

§ 1180.6(a)(1)(i) Description of Proposed Transaction

The transaction covered by this Notice is the acquisition of limited non-exclusive overhead trackage rights (the "Trackage Rights") by CSXT between the connection of CSXT and INRD trackage at ConMil at approximate INRD Milepost 175.5 and the connection of CSXT and INRD trackage at approximate INRD Milepost 181.7, all in Terre Haute, a distance of 6.2 miles. CSXT will not provide local service over the Line. CSXT's overhead service on the Line shall not be limited with respect to CSXT's right to operate any number or type of trains over the Line so long as such operation by CSXT is coordinated between the parties to the Trackage Rights Agreement to the reasonable satisfaction of INRD's operating officer in charge, and so long as CSXT's movements do not unreasonably interfere with INRD's operations on the Line.

The name and business address of the applicant is

CSX Transportation, Inc
500 Water Street
Jacksonville, Florida 32202

Questions regarding this transaction are to be addressed to the representatives named below

John N Booth, III
CSX Transportation, Inc
500 Water Street, J-315
Jacksonville, Florida 32202
(904) 359-3486
(904) 359-1373 (fax)

Steven C Armbrust, Esq
CSX Transportation, Inc
500 Water Street, J-150
Jacksonville, Florida 32202
(904) 359-1229
(904) 245-3357 (fax)

§ 1180.6(a)(1)(ii) Consummation Date

The Trackage Rights will be consummated on July 29, 2007, or the date that is 30 days from the date the Board receives this Notice (to the extent such Notice is received after July 29, 2007)

§1180.6(a)(1)(iii) Purpose of the Transaction

CSXT trains will move to and from the end points of the Line in the interests of economy and efficiency, in connection with a transition in CSXT's operations, which transition will be implemented to improve traffic flow (including reduction of rail and vehicular congestion) and further improve the safety of CSXT operations in and around Terre Haute, IN For these reasons, INRD has agreed to grant CSXT limited overhead trackage rights over the Line for the duration of the Trackage Rights Agreement

§ 1180.6(a)(5) States in which the Applicant Operates

CSXT operates in the states of Alabama, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Michigan,

Mississippi, Missouri, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, West Virginia, and the District of Columbia The involved trackage rights are located in the State of Indiana

§ 1180.6(a)(6) Map (Exhibit I)

A map is attached as Exhibit I

§ 1180.6(a)(7)(ii) Agreement (Exhibit 2)

A draft of the Trackage Rights Agreement showing the principal terms proposed is attached as Exhibit II The executed trackage rights agreement (the "Trackage Rights Agreement") will be filed with the Board within 10 days of the date of its execution

§ 1180.4(g)(1)(I) Labor Protection

CSXT is agreeable to the labor protection conditions generally imposed in trackage rights proceedings as found in Norfolk and Western Ry Co - Trackage Rights - BN, 354 I C C 605 (1978), as modified by Mendocino Coast R Inc -- Lease and Operate, 360 I C C 653 (1980)

§ 1180.4(a)(2)(i) Caption Summary (Exhibit 3)

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

§ 1180.4(g)(3) Environmental Documentation

Environmental documentation is not required for this transaction See 49 C F R § 1105 6(c)(4) (no environmental documentation required for common use of rail terminals and trackage rights)

Respectfully submitted,

CSX TRANSPORTATION, INC.

By 

Steven C. Armbrust, Esq
CSX Transportation, Inc.
500 Water Street
Jacksonville, Florida 32202
(904) 359-1229

Counsel for CSX TRANSPORTATION,
INC

VERIFICATION

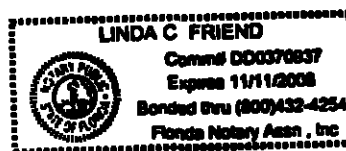
I, John M. Gibson, Jr., being duly sworn, depose and state that I am the Vice President Operations Research & Planning of CSX Transportation, Inc , that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption in Finance Docket No 35058 and know the facts stated herein, and that said facts are true as stated to the best of my knowledge, information and belief.

Dated: 6/28/07



SWORN TO BEFORE ME this
27TH day of JUNE, 2007

NOTARY PUBLIC



CERTIFICATE OF SERVICE

I certify that I have this day served a copy of the foregoing document upon the following by first class United States mail.

John H. Broadley, Esq.
John H Broadley & Associates, P C
1054 31st Street, NW, Suite 200
Washington, DC 20007

Indiana Department of Transportation
Rail Section
Attn Michael Riley, Railroad Section
Manager
100 North Senate Avenue
Room N955
Indianapolis, IN 46204

Secretary of Transportation
Office of Chief Counsel
Federal Railroad Administration
Docket Clerk
1120 Vermont Avenue NW
Washington, D C 20005

U.S Department of Justice
Attorney General Alberto Gonzalez
Room B-103
950 Pennsylvania Ave NW
Washington, D C 20530-0001

Federal Trade Commission
Premerger Notification Office
600 Pennsylvania Avenue NW
Room 303
Washington, D C 20580

Dated at Jacksonville, FL this 29th day of June, 2007


Steven C Armbrust, Esq

SWORN TO BEFORE ME this
29 day of June 2007.

NOTARY PUBLIC



EXHIBIT I

[Please see attached

EXHIBIT II

[Please see attached]

AGREEMENT
Between
THE INDIANA RAIL ROAD COMPANY, INC.
and
CSX TRANSPORTATION, INC.

In the Matter of
Trackage Rights Between ConMil and Belt Junction (Terre Haute), IN

THIS AGREEMENT, made and effective as of this ____ day of _____, 2007, by and between **THE INDIANA RAIL ROAD COMPANY, INC.**, an Indiana corporation, whose principal place of business is Indianapolis, IN, referred to as "INRD" or "Owner", and **CSX TRANSPORTATION, INC.**, a Virginia corporation, whose principal place of business is Jacksonville, Florida, hereinafter referred to as "CSXT" or "User". CSXT and INRD are sometimes referred to individually as a "Party" and collectively as the "Parties".

WITNESSES THAT:

WHEREAS: The Parties have entered into a Memorandum of Understanding dated March 30, 2007 ("MOU"), by which they agree, among other things, to construct a new connection between them at Belt Jct., to install a power switch at the connection between them at ConMil, to the operation of CSXT's trains over the trackage of INRD between ConMil and Belt Jct., and to joint protocol with respect to exchange of trains and crew qualification, and

WHEREAS The Parties desire to cover the operation of CSXT's trains over INRD by formal trackage rights agreement

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

ARTICLE 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 or cars) with its own crews (hereinafter referred to as the "Trackage Rights") over the following segment of Owner's railroad shown on the plan attached hereto, made a part hereof and marked Exhibit "I" (hereinafter referred to as the "Subject Trackage")

INRD's Chicago Subdivision, between the connection of CSXT and INRD trackage at ConMil at approximate INRD Milepost (MP) 175.5 and the connection of CSXT and INRD trackage at approximate INRD MP 181.7, all in Terre Haute, IN, a distance of 6.2 miles

ARTICLE 2. USE OF SUBJECT TRACKAGE

- A User's use of the Subject Trackage shall be in common with Owner and any other user of the Subject Trackage, and Owner's right to use the Subject Trackage shall not be diminished by this Agreement. Owner shall retain the exclusive right to grant to other persons rights of any nature in the Subject Trackage.
- B User may use the Subject Trackage solely for the purpose of the overhead movement its own trains between the end points of the Subject Trackage.
- C User shall not use any part of the Subject Trackage for the purpose of switching, storage or servicing 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 Subject Trackage as may be designated by Owner for such purposes.
- D Owner shall have exclusive control of the management and operation of the Subject Trackage. User shall not have any claim against Owner for liability account of loss or damage of any kind in the event the use of the Subject Trackage by User is interrupted or delayed at any time from any cause.

ARTICLE 3. RESTRICTION ON USE

- A There shall be no restriction as to CSXT's right to operate any number or type of trains over the Subject Trackage so long as such operation by CSXT is coordinated between the parties to the reasonable satisfaction of INRD's operating officer in charge, and so long as CSXT's movements do not unreasonably interfere with INRD's operations on the Subject Trackage.
- B CSXT shall not perform any other freight service whatsoever at any point located on the Subject Trackage.
- C Shipments transported by CSXT over the Subject Trackage are limited to shipments moving solely in the accounts of CSXT. CSXT shall not transport any other shipments over the Subject Trackage unless otherwise provided in a written amendment to this Agreement.

ARTICLE 4. MISCELLANEOUS SPECIAL PROVISIONS

- A When operating over the Subject Trackage, User's locomotives and crews shall be equipped to communicate with Owner on radio frequencies normally used by Owner in directing train movements on the Subject Trackage.

- B** Procedures for qualification and occupancy of the Subject Trackage shall be arranged by the local supervision of each carrier. All control and usage shall be subject to the reasonable approval of Owner's representative or his designee.

ARTICLE 5. 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 THIRTY-FIVE CENTS (\$.35) per car mile (hereinafter referred to as the "Current Charge")
- B** Within ten (10) days of the close of each calendar month, User shall submit to Owner, a statement identifying the number of cars (loaded and empty), locomotives and EOT units moved by User over the Subject Trackage during the immediately preceding calendar month.
- C** User shall pay Owner a sum computed by multiplying (i) the Current Charge, as may be revised in accordance with Article 6 by (ii) the number of cars (loaded and empty), locomotive and EOT units moved by User with its own crews and power over the Subject Trackage by (iii) the miles of Subject Trackage used. Each locomotive unit and EOT, for the purpose of this Agreement shall be counted as one car. With respect to articulated units, the number of cars shall be determined by the AAR Car Type Code as defined in the UMLER Specification Manual. The second numeric in the Car Type Code field covering codes "Q" and "S" shall be the factor in determining the car count for an articulated unit. For example, AAR Car Type Code "S566" would equate to a five (5) car count as these type cars have five wells capable of handling 40' to 48' containers in each well. (Car count data for articulated units subject to change upon development of technology to separate units by Car Numbers.)
- D** Owner shall on or about the tenth day of each month render billing to User for User's previous month's use of the Subject Trackage computed in accordance with the terms and conditions of this Agreement.
- E** User shall furnish Owner information concerning all loaded and empty cars in Electronic Data Interchange (EDI) transmission between the carriers. This procedure shall be required at the time the Association of American Railroads (AAR) defines the standard reporting procedures for trackage rights carriers. The carriers shall determine the minimal data requirements.

ARTICLE 6. REVISION OF CURRENT CHARGE

- A** The Current Charge shall be subject to change to reflect any increases or decreases in

labor, material and other costs as hereinafter provided

- B The Current Charge shall be revised upward or downward each year, beginning with the bill rendered for the month of July 2008 to compensate for the increase or decrease in the cost of labor and material, excluding fuel, as reflected in the Annual Indexes of Charge-Out Prices and Wage Rates (1977=100), included in "AAR Railroad Cost Indexes" and supplements thereto, issued by the Association of American Railroads (hereinafter referred to as "AAR") In making such determination, the final "Material prices, wage rates and supplements combined (excluding fuel)" indexes for the East District shall be used The Current Charge shall be revised to the third decimal place by calculating the percent of increase or decrease in the index of the latest calendar year (2007 Index for the first annual adjustment) as related to the index for the previous calendar year (2006 Index for the first annual adjustment) and applying that percent to the Current Charge
- C By way of example, assuming "A" to be the "Material prices, wage rates and supplements combined (excluding fuel)" final index figure for 2006, "B" to be the "Material prices, wage rates and supplements combined (excluding fuel)" final index figure for 2007, "C" to be the Current Charge, and "D" to be the percent of increase or decrease, the revised Current Charge stated herein would be revised by the following formula
- $$(1) \frac{B - A}{A} = D$$
- $$(2) (D \times C) + C = \text{revised Current Charge, effective July 1 of the year being revised}$$
- D In the event the base for the Annual Indexes of Charge-Out Prices and Wage Rates issued by the AAR shall be changed from the year 1977, appropriate revision shall be made If the AAR or any successor organization discontinues publication of the Annual Indexes 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 parties shall submit the matter to binding arbitration as provided hereinafter
- E At the option of either party hereto, the compensation provided for in this Agreement shall be open for renegotiation every five (5) years from the Commencement Date, as hereinafter defined In the event the parties fail to reach agreement upon such renegotiation, such failure shall not constitute a breach of this Agreement, and the parties shall continue to be bound by the terms of compensation provided in this Agreement until the matter is settled or submitted to binding arbitration

ARTICLE 7. PAYMENT OF BILLS

All payments called for under this Agreement shall be made by User within sixty (60) days after receipt of bills therefor. No payments shall be withheld because of any dispute as to the correctness of items in the bills rendered, and any discrepancies reconciled between the 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 for a period of two (2) years from the date of billing.

- A Bills rendered pursuant to the provisions of this Agreement, other than those set forth in Article 5, 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.

ARTICLE 8. MAINTENANCE OF SUBJECT TRACKAGE

- A Owner shall maintain, repair and renew the Subject Trackage with its own supervision and labor. Owner shall use best efforts to keep and maintain the Subject Trackage in condition (or any replacement of it) for the use herein contemplated, but Owner does not guarantee the condition of the Subject Trackage at any time during the term hereof or that operations thereover shall not be interrupted. Owner shall take all reasonable steps to ensure that any interruptions shall be kept to a minimum and shall use its best efforts to avoid such interruptions. Furthermore, except as may be otherwise provided in Article 14, User shall not by reason of failure or neglect on the part of Owner to maintain, repair or renew the Subject Trackage, have or make any claim or demand against Owner 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 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 perform, at the expense of User, such additional maintenance as User may reasonably require or request.

ARTICLE 9. CONSTRUCTION AND MAINTENANCE OF NEW CONNECTIONS

- A Existing connections or facilities that are jointly used by the Parties hereto 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 the agreements concerning such facilities or connections.
- B Except as specified in separate construction agreement between the Parties covering a new connection between them at Belt Junction, any additional connections to the Subject

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Trackage which may be required shall be subject to the Owner's approval (including design) and shall be constructed, maintained, repaired and renewed as follows

- (i) User or others shall furnish all labor and material and shall construct, maintain, repair and renew at its sole cost and expense such portions of the tracks located on the right-of-way of User or others which connect the respective lines of the Parties hereto
- (ii) 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 additional tracks located on the right-of-way of Owner which connect the respective lines of the Parties hereto Upon termination of this Agreement, Owner may at its option remove the portion of such trackage and appurtenances as may be located on property of Owner, at the sole cost and expense of User The salvage material removed shall be released to User or, as otherwise agreed upon, Owner shall credit User the current fair market value for said salvage

ARTICLE 10. ADDITIONS, RETIREMENTS AND ALTERATIONS

- A Owner, from time to time and at its sole cost and expense, may make changes in, additions and betterments to or retirements from the Subject 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 Subject Trackage and such retirements shall be excluded from the Subject Trackage
- B If the Parties agree that additional changes in or additions and betterments to the Subject Trackage, including changes in communication or signal facilities, are required to accommodate User's operations beyond that required by Owner to accommodate its 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 11. MANAGEMENT AND OPERATIONS

- A User shall comply with the provisions of 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 and cars) while such trains, locomotives, cars, and equipment are being operated over the Subject Trackage User shall indemnify, protect, defend, and save harmless Owner and its parent corporation, subsidiaries and affiliates, and all of

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their respective directors, officers, agents and employees from and against all fines, penalties and liabilities imposed upon Owner or its parent corporation, subsidiaries or affiliates, or their respective directors, 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** User in its use of the Subject Trackage shall comply in all respects with the safety rules, operating rules and other regulations of Owner, and the movement of User's trains (locomotives and cars,) over the Subject Trackage shall at all times be subject to the orders of the transportation officers of Owner. User's trains shall not include locomotives or cars which exceed the width, height, weight or other restrictions or capacities of the Subject Trackage as published in Railway Line Clearances, and no train shall contain locomotives or cars which require speed restrictions or other movement restrictions below the maximum authorized freight speeds as provided by Owner's operating rules and regulations without the prior consent of Owner
- C** After proper supervisor training by Owner, User will be responsible to qualify User's crews between ConMil and Belt Jct. User will qualify its crews by adding a qualified supervisor to the crew between ConMil and Belt Jct. The parties shall make a reasonable effort to have all crews qualified within sixty (60) days of service startup. After such date, pilots provided by one party upon request of the other shall be billed at the rate of SIX-HUNDRED-DOLLARS (\$ 600.00)
- D** Owner may at its option, request User to conduct an investigation of User's employee(s) working on Owner's property, and alleged to have violated Owner's safety rules, regulations, orders, practices or instructions, or if an incident occurs which requires an investigation under applicable agreement rules. Upon receipt of such notification, User's local Transportation Officer shall arrange to issue proper notice to the User's employee(s) of the investigation. Owner's request to schedule the investigation must comply with the time limits provided in the applicable agreement on User's railroad. Owner shall provide its regulations, supplements, safety rules and any necessary witnesses to User at no cost
- E** If Owner timely requested User to conduct an investigation, Owner shall have the right to suggest appropriate discipline including the right to exclude from the Subject Trackage and Interchange Trackage any employee of User, except officers, determined as the result of User's investigation or hearing described below, to be in violation of Owner's rules, regulations, orders, practices or instructions
- F** In a major offense, such as violation of Rule "G," dishonesty, insubordination, or a serious violation of operating rules, wherein Owner desires to bar User's employee from service on Owner's territory pending an investigation by User, immediate verbal

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notification will be given to the appropriate Transportation Officer of User so that proper written notice can be issued to the employee

- G** If User conducts an investigation, its officer shall conduct the investigation, but an officer of Owner shall be present. After the investigation is concluded, User shall make a recommendation as to the discipline to be assessed, and furnish a copy of that recommendation to Owner. If the Owner or User shall disagree on the discipline to be imposed, User shall have the right to determine the discipline, if any, that is imposed. User's Transportation Officer shall arrange to assess discipline within the applicable time limits.
- H** In the event a claim is progressed to arbitration challenging the discipline assessed, Owner shall be given an opportunity to review User's submission. If the discipline assessed is "overturned" by the arbitration, and the discipline assessed was being banned from Owner's property, Owner shall permit User's employee to return to Owner's property.
- I** The trains, locomotives, cars and equipment of User, Owner, and any other present or future user of the Subject Trackage or any portion thereof, shall be operated without prejudice or partiality to any party and in such manner as shall afford the most economical and efficient manner of movement of all traffic over the Subject Trackage.
- J** In the event that a train of User shall be forced to stop on Subject Trackage, and such stoppage is due to insufficient hours of service remaining among User's crew, or due to mechanical failure of User'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 User fails to maintain the speed required by Owner on the Subject Trackage, or if in emergencies, crippled or otherwise defective cars are set out of User's trains on the Subject Trackage, Owner shall have the option to furnish motive power or such other assistance (including but not limited to the right to recrew User's train) as may be necessary to haul, help or push such trains, locomotives or cars, or to properly move the disabled equipment off the Subject Trackage, and User shall reimburse Owner for the cost of rendering any such assistance.
- K** If it becomes necessary to make repairs to or adjust or transfer the lading of such crippled or defective cars in order to move them off the Subject Trackage, such work shall be done by Owner, and User shall reimburse Owner for the cost thereof.
- L** In the event Owner and User agree that Owner should retain employees or provide additional employees for the sole benefit of User, the Parties hereto shall enter into a separate agreement under which User shall bear all cost and expense for any such retained or additional employees provided, including without limitation all cost and expense associated with labor protective payments which are made by Owner and which would not have been incurred had the retained or additional employees not been provided.

ARTICLE 12. MILEAGE AND CAR HIRE

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

ARTICLE 13. CLEARING OF WRECKS

Whenever User's use of the Subject Trackage requires rerailing, wrecking service or wrecking train service, Owner shall perform or provide such service, or by mutual agreement between the parties at the time, User may perform or provide 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 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 Article 14 hereof. All locomotives, cars, and equipment and salvage from the same so picked up and removed which are 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 14. LIABILITY

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, settlements, claims, judgements, litigation expenses and attorney's fees resulting from the use of the Subject Trackage by either Party as described herein, all of which are collectively referred to as a "Loss", shall be divided as follows:

- A If a Loss occurs involving the trains, locomotives, engines and/or employees of only one of the Parties, then the involved Party should be solely responsible for the Loss, even if caused partially or completely by the other Party.
- B If a Loss occurs on the Subject Trackage involving the trains and locomotives of both Owner and User, then (i) each Party shall be solely responsible for any Loss to its own employees, locomotives and equipment and those cars in its own revenue account (including lading), and (ii) the Parties shall be equally responsible for any Loss to the Subject Trackage and Loss sustained by third parties, regardless of the proportionate responsibility between them as to the cause of the Loss.

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For purposes of assigning responsibility for a Loss under this Article 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

- C Whenever any liability, cost, or expense is assumed by or apportioned to a Party hereto under the foregoing provisions, that Party shall (i) forever protect, indemnify, and save harmless the other Party to this Agreement and its parent corporation, subsidiaries and affiliates, and all of their respective directors, officers, agents, and employees from and against that liability, cost and expense (including without limitation attorney's fees and expenses and court or regulatory expenses) assumed by that Party or apportioned to it, and (ii) shall defend at its cost such indemnified Party against any claims for such liabilities, loss and expenses with counsel selected by the indemnifying Party and reasonably acceptable to the indemnified Party, 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
- D Notwithstanding anything to the contrary in this Article 14, whenever Loss occurs with one or more trains being involved, and one or more of the involved trains is a User train, and such Loss is attributable solely to the gross negligence or willful or wanton misconduct of only one of the Parties to this Agreement, and such gross negligence or willful or wanton misconduct is the direct or proximate cause of such Loss, then the Party to which such gross negligence or willful or wanton misconduct is attributable shall assume all liability, cost and expense in connection with such Loss. The Parties agree that, for purposes of this Article 14 D, "gross negligence or willful or wanton misconduct" shall be defined as "the intentional failure to perform a manifest duty in reckless disregard of the consequences as affecting the life or property of another, such a gross want of care and regard for the rights of others as to justify the presumption of willfulness and wantonness "
- E Notwithstanding any provision of this Article 14 to the contrary, each Party shall assume and bear all responsibility for any Loss caused by acts or omissions of any its employees while under the influence of drugs or alcohol
- F In every case of death or injury suffered by an employee of either User or Owner, 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 either of said Parties, under the provisions of this Agreement, is required to pay said compensation, if such compensation is required to be paid in installments over a period of time, such Party 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
- G For purposes of determining liability, pilots furnished by Owner to User pursuant to this

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Agreement shall be considered as the employees of User while such employees are on duty as pilots

- H Except as may otherwise be provided in separate construction agreements between the Parties, for the purpose of determining liability associated with construction, maintenance, repair and renewal of connections as provided in Article 9 B (11), all work performed by Owner shall be deemed performed for the sole benefit of User and, User shall be fully liable for all cost and expense of any and all loss, damage, destruction, injury and death resulting from, arising out of, incidental to or occurring in connection with said construction, maintenance repair and renewal except when such cost and expense of loss, damage, destruction, injury or death is caused by the sole negligence of Owner. User shall protect, indemnify, and save harmless Owner and its parent corporation, subsidiaries and affiliates, and all of their respective directors, officers, agents and employees from and against any and all expense and liability for which User is responsible
- I If any suit or action shall be brought against either Party for damages which under the provisions of this Agreement are in whole or in part the responsibility of the other Party, said other Party shall be notified in writing by the Party sued, and the Party so notified shall have the right and be obligated to take part in the defense of such suit and shall pay a proportionate part of the judgment and costs, expense and attorneys' fees incurred in such suit according to its liability assumed hereunder
- J In the event of a Loss as set out herein, the Parties to this Agreement, unless otherwise agreed between them in writing, shall be bound by the Freight Claim Rules, Principles and Practices of the Association of American Railroads (AAR) as to the handling of any claims for the loss or damage to lading
- K Notwithstanding any and all of the forgoing provisions of this article, in the event a Loss occurs while the Subject Trackage is being used by Owner and/or User, and such Loss is attributable solely to the willful or wanton negligence of only one of the Parties to this Agreement, then the Party hereto which was so willfully or wantonly negligent shall be solely responsible for such Loss

ARTICLE 15. CLAIMS

- A Except as provided in Subarticle B below, all claims, injuries, death, 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 therefor under the provisions of this Agreement
- B Each Party shall investigate, adjust and defend all freight loss and damage claims filed

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naming Owner as the insured and covering the liability assumed by it and its agents under the terms of this Agreement and by virtue of User's usage of Owner's trackage CSXT shall be listed as an additional insured. The Insurance shall include liability for foreign rolling stock and cargo in the care, custody or control of Owner and contain a contractual liability endorsement that shall specifically grant coverage for all liability assumed under this Agreement. The Insurance shall be in an amount not less than Five Million Dollars (\$5,000,000) combined single limit for personal injury and property damage per occurrence.

- B. The Insurance shall contain provisions obligating the insurer to provide CSXT with notice of cancellation, material modification or non-renewal at least thirty (30) days prior to the effective date thereof.
- C. The Insurance shall be evidenced by a current certificate of insurance, naming CSXT as an additional insured, and addressed to CSXT (Insurance Department C907, CSX Transportation, Inc.; 500 Water Street; Jacksonville, FL 32202) which certificate shall be subject to the prior approval of CSXT's Insurance Department. All of the required endorsements and notice provisions shall be stated on the certificate of insurance that is provided to CSXT. User shall subsequently furnish annual renewal certificates of insurance to CSXT's Insurance Department.
- D. In addition, User shall provide CSXT's Insurance Department notice of any claim and any other correspondence dealing with insurance and insurance matters.

ARTICLE 17. DEFAULT AND TERMINATION

In the event of any substantial failure on the part of User 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 Owner, Owner shall have the right at its option, after first giving thirty (30) days written notice thereof by certified mail, and notwithstanding any waiver by Owner of any prior breach thereof, to terminate the Trackage Rights and User's use of the Subject Trackage, subject to any regulatory approval or exemption that may be required under governing law. The exercise of such right by Owner shall not impair its rights under this Agreement or any cause or causes of action it may have against User for the recovery of damages.

ARTICLE 18. REGULATORY APPROVAL

- A. Should this Agreement require the prior approval of the Surface Transportation Board (STB), User at its own cost and expense shall initiate and thereafter diligently pursue an appropriate application or petition to secure such approval. Owner shall assist and support efforts of User to secure any necessary STB approval of this Agreement.

- B Should the STB at any time during the term of this Agreement impose any labor protective conditions upon the exemption of this Agreement from regulation, User, solely, shall be responsible for any and all payments in satisfaction of such conditions.

ARTICLE 19. ABANDONMENT OF SUBJECT TRackage

- A. Notwithstanding the provisions of Article 20, Owner shall have the right, subject to securing any necessary regulatory approval, to abandon the Subject Trackage or any portion thereof. Before filing an application for regulatory approval of such abandonment, Owner shall give User ninety (90) days' advance notice in writing of its intention to do so in order that User may determine whether it desires to purchase the Subject Trackage (or portion thereof) or to discontinue its use thereof.
- B. If User desires to purchase the Subject Trackage (or such portion thereof as Owner has notified User will be abandoned), it shall submit an offer of financial assistance under 49 U.S.C. Section 10904. In the event the offer meets the requirements of the aforesaid section and Owner receives more than one such offer, Owner shall exercise its statutory right to negotiate with User rather than with the other offeror(s). Thereafter, the rights and obligations of the Parties in respect to User's acquisition of the Subject Trackage or portion thereof shall be governed by applicable provisions of the law.
- C. In any one of the circumstances listed below User shall be deemed to have determined that it does not desire to purchase the Subject Trackage or portion thereof and that it desires to discontinue its use thereof.
- (i) User fails to submit an offer of financial assistance to purchase the Subject Trackage or portion thereof within the time prescribed by statute and applicable regulations, or
 - (ii). User, having made an offer of financial assistance to purchase the Subject Trackage or portion thereof, but being unable to reach agreement with Owner 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). User, having requested the proper regulatory authority to establish the terms and conditions of sale, withdraws its offer of financial assistance, or
 - (iv) User, 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 User shall promptly file an application with the proper regulatory authority

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seeking approval of the discontinuance of its operations over the Subject Trackage or portion thereof. If User does not promptly file an application seeking approval of the discontinuance of User's operations over the Subject Trackage or portion thereof, Owner shall be deemed to have been given User's power of attorney to take such action on User's behalf.

- D. In the event any application filed by Owner is granted but an application filed by User under Subsection C 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 Subject Trackage or portion thereof to User (including securing any necessary regulatory authority) for a price consistent with the principles of 49 U.S.C. Section 10904.
- E. In the event Owner abandons any portion (or all) of the Subject Trackage or portion thereof under circumstances which (because of changes in the law or otherwise) are not subject to handling under the procedures outlined above, the Parties shall cooperate and take such action as is necessary to assure that User 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.
- F. In the event Owner's application for authority to abandon is denied, User shall withdraw any application it has filed under Subsection C above.
- G. Except as otherwise expressly agreed in writing, in the event any actions taken by the Parties under this Article 19 result in an obligation imposed by any competent authority on either or both Parties 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.

ARTICLE 20. TERM

- A. This Agreement shall be effective the day and year first above written and shall remain in effect through for an initial term of twenty (20) years, provided, however, CSXT shall reserve a right to terminate this Agreement at any time upon not less than one (1) year's advance written notice during the initial term unless previously terminated as provided herein. Upon conclusion of the initial term, this Agreement shall remain in force for two (2) renewal terms of five (5) years each, provided, however, that during any renewal term, this Agreement may be terminated at any time upon mutual consent in writing, or upon CSXT's advance written notice of termination on the same basis as provided in the initial term. Upon conclusion of the second (2nd) renewal term, this Agreement shall terminate and be of no further force and effect unless the parties agree otherwise in

writing, which written agreement shall specify the duration of such extended term

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

ARTICLE 21. FORCE MAJEURE

Owner shall not be responsible to User for delays or failure to perform under this Agreement if such delays or failure to perform are caused by circumstances beyond its control, including, but not limited to, Acts of God, floods, storms, earthquakes, hurricanes, tornadoes, or other severe weather or climatic conditions, acts of public enemy, war, blockade, insurrection, vandalism or sabotage, fire, accident, wreck, derailment, washout or explosion, strike, lockout or labor disputes experienced by the Parties hereto, embargoes or AAR service orders, FRA orders, or governmental laws, orders or regulations

ARTICLE 22. ARBITRATION

Any 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, costs 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.

ARTICLE 23. SUCCESSORS AND ASSIGNS

Neither Party hereto shall transfer or assign this Agreement, or any of its rights, interests, or obligations hereunder, to any person, firm, partnership or corporation without obtaining the prior written consent of the other Party. This Agreement shall inure to the benefit of and be binding upon the respective SUCCESSORS and assigns of the Parties.

ARTICLE 24. 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 sent by certified mail express carrier, or by such other means as the Parties may agree, and shall be addressed as follows:

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If to Owner:	President The Indiana Rail Road Company 101 West Ohio Street, Suite 1600 Indianapolis, IN 46204
If to User:	Director Passenger & Joint Facility Agreements CSX Transportation, Inc. 500 Water Street, J315 Jacksonville, FL 32202

Either Party may provide changes in the above addresses to the other Party by personal service or mail

ARTICLE 25. GENERAL PROVISIONS

- A This Agreement and each and every provision hereof is for the exclusive benefit of the Parties hereto and not for the benefit of any third party. Nothing herein contained shall be taken as creating or increasing any right of any third party to recover by way of damages or otherwise against either of the Parties hereto.**
- B This Agreement contains the entire understanding of the Parties hereto and supersedes any and all oral understandings between the Parties.**
- C No term or provision of this Agreement may be changed, waived, discharged or terminated except by an instrument in writing and signed by both Parties to this Agreement.**
- D. All words, terms and phrases used in this Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms and phrases in the railroad industry.**
- E All Article headings and lettering are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.**
- F As used in this Agreement, whenever reference is made to the trains, locomotives, cars or equipment of, or in the account of, one of the Parties hereto, such expression means the trains, locomotives, cars and equipment in the possession of or operated by one of the Parties and includes such trains, locomotives, cars and equipment which are owned by, leased to, or in the account of such Party. Whenever such locomotives, cars or equipment are owned or leased by one Party to this Agreement and are in the possession or account of the other Party to this Agreement, such locomotives, cars and equipment shall be considered those of the other Party under this Agreement.**

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- G** This Agreement is the result of mutual negotiations of the Parties hereto, neither of whom shall be considered the drafter for purposes of contract construction.
- H.** Neither Party hereto may disclose the provisions of this Agreement to a third party, excluding a parent, subsidiary or affiliate company, without the written consent of the other Party, except as otherwise required by law, regulation or ruling. For clarity the Parties agree that either Party may make known the existence of this Agreement to third parties

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed as of the date first above written.

Witness for INRD .

THE INDIANA RAIL ROAD COMPANY

By: _____ **DRAFT** _____

Name: _____

Title: _____

Witness for CSXT

CSX TRANSPORTATION, INC.

By: _____ **DRAFT** _____

Name _____

Title. _____

EXHIBIT III

CAPTION SUMMARY

SURFACE TRANSPORTATION BOARD

**NOTICE OF EXEMPTION
FINANCE DOCKET NO. 35058**

**CSX TRANSPORTATION, INC.
– TRACKAGE RIGHTS EXEMPTION –
THE INDIANA RAILROAD COMPANY**

The Indiana Railroad Company (“INRD”) will agree to grant limited overhead trackage rights to CSX Transportation, Inc. (“CSXT”) over INRD’s line of railroad of known as INRD’s Chicago Subdivision, between the connection of CSXT and INRD trackage at ConMil at approximate INRD Milepost 175.5 and the connection of CSXT and INRD trackage at approximate INRD Milepost 181.7, all in Terre Haute, Vigo County, Indiana, a distance of 6.2 miles. The trackage rights will become effective on July 29, 2007, or the date that is 30 days from the date the Board receives this notice (to the extent it is received after July 29, 2007).

This Notice is filed under 49 C.F.R. § 1180.2(d)(7). Petitions to revoke the exemption under 49 U.S.C. § 10505(d) may be filed at any time. The filing of either petition to revoke will not stay the transaction.

Dated
By the Board,

Vernon A. Williams,
Secretary

