



SIDLEY AUSTIN LLP
1501 K STREET, N.W.
WASHINGTON, D.C. 20005
(202) 736-8000
(202) 736-8711 FAX

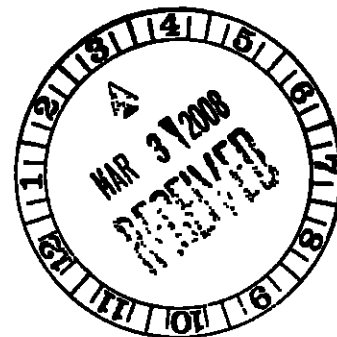
thynes@sidley.com
(202) 736-8198

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FOUNDED 1866

March 3, 2008

221723



The Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423

Re: Finance Docket No. 35123, Verified Notice of Exemption
Fortress Investment Group LLC et al - Exemption for
Transaction Within a Corporate Family

ENTERED
Office of Proceedings
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Dear Secretary Quinlan:

Enclosed for filing in the above-referenced proceeding are an original and ten (10) copies of a Verified Notice of Exemption (the "Notice") filed by Fortress Investment Group LLC ("Fortress") pursuant to 49 C.F.R. §§ 1180.2(d)(3) and 1180.4(g) and a check in the amount of \$1,500 for the required filing fee. Also enclosed, in accordance with 49 C.F.R. § 1180.6(a)(6), are twenty (20) unbound copies of the maps submitted as Exhibit 1 to the Notice. A disk containing an electronic version of the Notice is also enclosed.

Please acknowledge receipt of the Notice for filing by date-stamping the enclosed extra copies of the Notice and returning them to our messenger. If you have any questions, please contact the undersigned counsel.

Sincerely,

Terence M. Hynes

TMH:aat
Enclosures

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BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 35123



FORTRESS INVESTMENT GROUP LLC, ET AL.
—EXEMPTION FOR TRANSACTION WITHIN A CORPORATE FAMILY—

VERIFIED NOTICE OF EXEMPTION

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David N. Brooks
General Counsel
Fortress Investment Group LLC
1345 Avenue of the Americas, 46th Floor
New York, New York 10105
(212) 479-5300

Terence M. Hynes
Jeffrey S. Berlin
Matthew J. Warren
Sidley Austin LLP
1501 K Street, N W
Washington, D C. 20005
(202) 736-8000

Scott G. Williams
Senior Vice President & General Counsel
RailAmerica, Inc
5300 Broken Sound Boulevard N W , 2nd Floor
Boca Raton, Florida 33487
(561) 994-6015

FILED

MAR 4 - 2008

**SURFACE
TRANSPORTATION BOARD**

*Counsel for Fortress Investment Group LLC, FECR Rail LLC, FECR Rail Corporation,
Florida East Coast Railway, I. I. C., RailAmerica, Inc., Palm Beach Holding, Inc. and
RailAmerica Transportation Corp.*

Dated: March 3, 2008

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APPENDIX

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EXHIBITS

Exhibit 1: Maps

Exhibit 1-A. Florida East Coast Railway, L.L.C.

Exhibit 1-B RailAmerica Railroads (USA)

Alabama & Gulf Coast Railway LLC ("AGR").....	Exhibit 1-B (1)
Arizona & California Railroad Company ("ARZC")	Exhibit 1-B (2)
Bauxite & Northern Railway Company ("BXN")	Exhibit 1-B (3)
California Northern Railroad Company ("CFNR")	Exhibit 1-B (4)
Cascade And Columbia River Railroad Company ("CSCD")	Exhibit 1-B (5)
Central Oregon & Pacific Railroad, Inc. ("CORP")	Exhibit 1-B (6)
The Central Railroad Company Of Indiana ("CIND")	Exhibit 1-B (7)
Central Railroad Company Of Indianapolis ("CERA")	Exhibit 1-B (8)
Chicago, Ft. Wayne & Eastern Railroad Division ("CFE")	Exhibit 1-B (9)
Connecticut Southern Railroad, Inc ("CSO")	Exhibit 1-B (10)
Dallas, Garland & Northeastern Railroad, Inc. ("DGNO").....	Exhibit 1-B (11)
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New England Central Railroad, Inc ("NECR")	Exhibit 1-B (22)
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Point Comfort And Northern Railway Company ("PCNR")	Exhibit 1-B (26)
Puget Sound & Pacific Railroad Company ("PSAP")	Exhibit 1-B (27)
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Toledo, Peoria & Western Railway Corporation ("IPW")	Exhibit 1-B (33)
Ventura County Railroad Company ("VCRR")	Exhibit 1-B (34)

Exhibit 1-C RailAmerica's Canadian Railroad Subsidiaries

Cape Breton & Central Nova Scotia ("CBNS")	Exhibit 1-C (1)
Goderich-Exeter Railway ("GEXR")	Exhibit 1-C (2)
Ottawa Valley Railway ("OVR")	Exhibit 1-C (3)
Southern Ontario Railway ("SOR")	Exhibit 1-C (4)

Exhibit 2: Agreement and Plan of Merger

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 35123

**FORTRESS INVESTMENT GROUP LLC, ET AL.
—EXEMPTION FOR TRANSACTION WITHIN A CORPORATE FAMILY—**

VERIFIED NOTICE OF EXEMPTION

Pursuant to 49 C.F.R. §§ 1180.2(d)(3) and 1180.4(g), Fortress Investment Group LLC, on behalf of certain private equity funds managed by it and its affiliates (collectively, “Fortress”), FECR Rail LLC (“FECR Rail”), a Delaware limited liability company and affiliate of Fortress,¹ FECR Rail Corp (“FECR Railcorp”), a Delaware corporation and wholly-owned subsidiary of FECR Rail; Florida East Coast Railway, L.L.C. (“FECR”), a Florida limited liability company and wholly-owned subsidiary of FECR Railcorp; RR Acquisition Holding LLC (“RR Acquisition”), a Delaware limited liability company and affiliate of Fortress; RailAmerica, Inc (“RailAmerica”), a Delaware corporation and wholly owned subsidiary of RR Acquisition, Palm Beach Holding, Inc. (“PB Holding”), a Delaware corporation and wholly-owned subsidiary of RailAmerica, and RailAmerica Transportation Corp. (“RTC”), a Delaware corporation and wholly-owned subsidiary of PB Holding, submit this Verified Notice of Exemption from the prior approval requirements of 49 U.S.C. §§ 11323, *et seq.*, in connection with the merger of FECR Railcorp with and into PB Holding and the subsequent contribution of all of the limited liability company interests of FECR to RTC. As a result of the transaction, FECR will become a wholly-owned subsidiary of RTC. The transaction is within a corporate family and will not

¹ FECR Rail is the Delaware limited liability company that was (prior to its formation) referred to as “NEWCO” in the Application filed in Finance Docket No. 35031, *Fortress Investment Group LLC, et al – Control– Florida East Coast Railway, LLC*, in which the Board authorized the acquisition of control of FECR by FECR Rail. *See* Decision served Sept. 28, 2007.

result in any adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside the corporate family. It therefore qualifies for the class exemption set forth in the Board's regulations at 49 C.F.R. § 1180.2(d)(3)

BACKGROUND

This section provides a brief overview of the parties to the transaction and the proposed transaction.

1. Fortress

Fortress, through its management of certain private equity funds, controls RailAmerica and (indirectly) PB Holding, RTC and RailAmerica's rail carrier subsidiaries. Fortress acquired control of RailAmerica in February 2007, pursuant to a Verified Notice of Exemption filed with the Board in Finance Docket No. 34972, *Fortress Investment Group LLC, et al – Control Exemption – Rail America, Inc., et al.*, (Decision served Dec. 22, 2006) ("RailAmerica Control"). Fortress likewise controls FECR Rail and (indirectly) FECR Railcorp and FECR. Fortress acquired authority to control FECR pursuant to the Board's September 28, 2007 Decision in Finance Docket No. 35031, *Fortress Investment Group LLC, et al – Control– Florida East Coast Railway, LLC*.

2. RailAmerica, PB Holding and RTC

RailAmerica is a short-line and regional rail service provider that currently owns and operates, through its indirect freight railroad subsidiaries, approximately 7,800 miles of rail lines in the United States and Canada. RailAmerica's 30 United States freight railroad subsidiaries operate 41 railroads in the United States. Through three Canadian subsidiaries, RailAmerica also operates four railroads in Canada. (RailAmerica's 30 U.S. freight railroad subsidiaries are referred to collectively herein as the "RailAmerica Railroads")

One of the RailAmerica Railroads, the Central Oregon & Pacific Railroad, Inc ("CORP"), is a Class II carrier. The other RailAmerica Railroads, all of which are Class III carriers, include:

Alabama & Gulf Coast Railway L.L.C. ("AGR")
Arizona & California Railroad Company ("ARZC")
Bauxite & Northern Railway Company ("BXN")
California Northern Railroad Company ("CFNR")
Cascade and Columbia River Railroad Company ("CSCD")
The Central Railroad Company of Indiana ("CIND")
Central Railroad Company of Indianapolis ("CERA")
Connecticut Southern Railroad, Inc. ("CSO")
Dallas, Garland & Northeastern Railroad, Inc ("DGNO")
Eastern Alabama Railway ("EARV")
Huron & Eastern Railway Company, Inc ("HERS")
Indiana & Ohio Railway Company ("IORY")
Indiana Southern Railroad, Inc. ("ISRR")
Kiamichi Railroad L. L. C ("KRR")
Kyle Railroad Company ("KYLL")
Massena Terminal Railroad Company ("MSTR")
Mid-Michigan Railroad, Inc. ("MMRR")
Missouri & Northern Arkansas Railroad Company, Inc ("MNA")
New England Central Railroad, Inc. ("NECR")
North Carolina & Virginia Railroad Company, Inc. ("NCVA")
Otter Tail Valley Railroad Company ("OTVR")
Point Comfort and Northern Railway Company ("PCNR")
Puget Sound & Pacific Railroad Company ("PSAP")
Rockdale, Sandow & Southern Railroad Company ("RSSR")
San Diego & Imperial Valley Railroad Company, Inc ("SDIV")
San Joaquin Valley Railroad Company ("SJVR")
South Carolina Central Railroad Company, Inc ("SCRI")
Toledo, Peoria & Western Railway Corporation ("TPW")
Ventura County Railroad Company ("VCRR").

RailAmerica's Canadian freight railroads include

Cape Breton & Central Nova Scotia ("CBNS")
Goderich-Exeter Railway ("GEXR")
Ottawa Valley Railway ("OVR")
Southern Ontario Railway ("SOR")

Maps depicting the lines of each of the RailAmerica Railroads are contained in Exhibit 1-B. Maps depicting the lines of RailAmerica's Canadian railroads are contained in

Exhibit 1-C. The current traffic, operations and revenues of each of the RailAmerica Railroads are described in Appendix A.

3. FECR Rail and FECR

FECR Rail is a Delaware limited liability company owned by certain private equity funds managed by Fortress. FECR Rail owns all of the shares of FECR Railcorp which, in turn, owns all of the limited liability company interests of FECR.

FECR owns and operates a Class II regional railroad located entirely within the State of Florida. FECR's main line extends for 351 miles between Jacksonville and Miami. In addition to this mainline track, FECR owns and operates approximately 268 miles of branch, switching and other secondary track, and 167 miles of yard track. FECR operates nine major terminal facilities along its lines, located at Jacksonville (Bowden Yard), New Smyrna Beach, City Point/Cocoa, Fort Pierce, West Palm Beach, Pompano Beach, Fort Lauderdale, Hialeah (adjacent to Miami International Airport) and Medley Rock Yard (near Miami).

FECR's primary point of interchange with CSX Transportation, Inc. ("CSXT") and Norfolk Southern Railway Company ("NS") is at Bowden Yard in Jacksonville. FECR also interchanges traffic with South Central Florida Express ("SCFE"), a short-line railroad that transports primarily sugar products across the state of Florida, at Fort Pierce. Pursuant to a haulage agreement with NS, FECR also serves an approximate 100-acre facility owned by NS near Titusville, which is currently used for automobile distribution.

A map depicting FECR's system is contained in Exhibit 1-A.

The primary commodities handled by FECR include intermodal trailers and containers, bulk, aggregates, vehicles, food, paper and lumber. Intermodal traffic accounts for approximately 49% of FECR's total revenues, and carload traffic (primarily aggregates) generates approximately 51% of total revenues. In 2007, FECR transported approximately

173,000 carloads and 314,000 intermodal units. FECR's total revenues from freight-related operations in 2007 were \$238.4 million.

4. The Proposed Transaction

The transaction that is the subject of this Verified Notice of Exemption is the merger of FECR Railcorp with and into PB Holding, and the subsequent contribution of the limited liability company interests of FECR from PB Holding to RIC.² As a result of the transaction, FECR will become a wholly-owned rail subsidiary of RIC, and a sister company to the 30 current RailAmerica Railroads. The purposes of the transaction are to align the transportation-related activities of all of the rail carriers controlled by Fortress within RailAmerica, and to facilitate more efficient management of those carriers.³

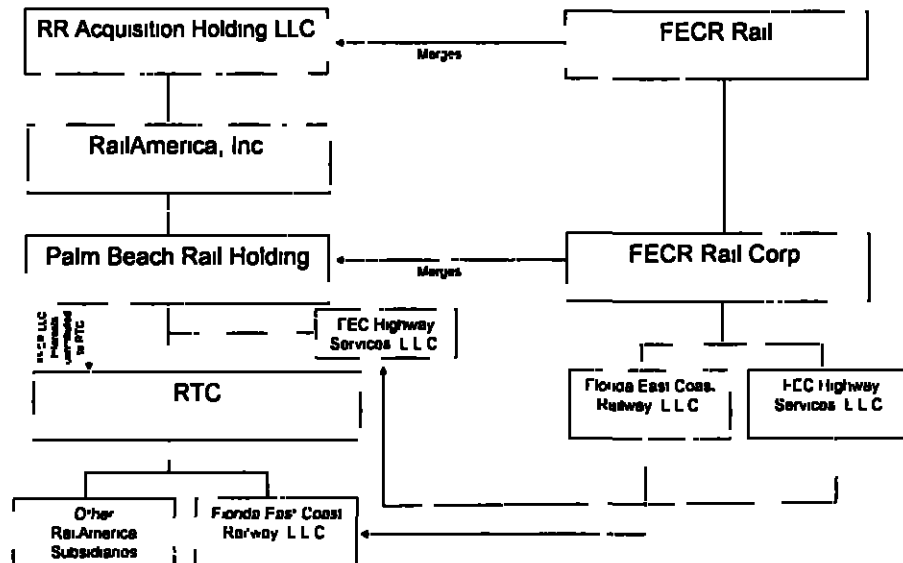
The transaction will not result in any changes in the level of rail service provided by FECR or any of the RailAmerica Railroads, nor will it result in any significant operational changes or alter the competitive balance with carriers outside the Fortress corporate family. None of the RailAmerica Railroads connects with FECR, nor does any RailAmerica Railroad serve any point that is also served by FECR. No shipper will experience a reduction in the number of rail competitive options available to it as a result of the transaction. The proposed transaction will not result in any consolidation of the train operations of FECR with those of any RailAmerica Railroad, nor do the parties currently plan to make other substantial operational

² Immediately following the merger of FECR Railcorp with and into PB Holding, FECR Rail will merge with and into RR Acquisition, the Delaware limited liability company through which Fortress currently controls RailAmerica and the RailAmerica Railroads. RR Acquisition obtained STB authority to control the RailAmerica Railroad pursuant to the Verified Notice of Exemption filed in *RailAmerica Control*.

³ The merger of FECR Railcorp with and into PB Holdings will also result in the limited liability company interests of FEC Highway Services, LLC, an affiliate of FECR that provides drayage and ancillary services in conjunction with FECR's rail service, being held by PB Holdings.

changes in connection with the proposed transaction. The structure of the proposed transaction is depicted in Figure 1.

Figure 1



Because Fortress currently controls both the RailAmerica Railroads and FECR (as well as non-carriers RR Acquisition, RailAmerica, PB Holding, RTC, FECR Rail and FECR Railcorp), and the transaction will not result in adverse changes in service levels, significant operational changes or a change in the competitive balance with carriers outside the Fortress corporate family, the subject transaction qualifies for exemption from the Board's prior approval pursuant to 49 C.F.R. § 1180.2(d)(3).

SPECIFIC INFORMATION REQUIRED BY THE REGULATIONS

49 C.F.R. § 1180.4(g)(1)(i) specifies certain information that must be included in every Verified Notice of Exemption filed pursuant to 49 C.F.R. § 1180.2(d). The required information is provided below, preceded by the subsection of the Board's regulations to which it is responsive. Each requirement is set forth verbatim in bold italics.

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.*

The business address and telephone number for Fortress, RR Acquisition, FECR Rail and FECR Railcorp is 1345 Avenue of the Americas, 46th Floor, New York, New York 10105, Attn David N. Brooks, Telephone, (212) 479-5300. The business address and telephone number for RailAmerica, PB Holding and RTC is 5300 Broken Sound Boulevard N.W., 2nd Floor, Boca Raton, FL 33487, Attn: Scott Williams, Telephone: (561) 994-6015. The business address and telephone number for FECR is 7411 Fullerton Street, Suite 300, Jacksonville, Florida 32256, Attn: Heidi Eddins, Telephone: (904) 996-2812.

The transaction that is the subject of this Verified Notice of Exemption is the merger of FECR Railcorp with and into PB Holding, and the subsequent transfer of the limited liability company interests of FECR from PB Holding to RTC. As a result of the transaction, FECR will become a wholly-owned rail subsidiary of RTC. The transaction is described in the form of Agreement and Plan of Merger attached hereto as Exhibit 2. The parties will execute an agreement in substantially the form of Exhibit 2 at the time of closing. For the reasons set forth above, the transaction is one within a corporate family that qualifies for the class exemption set forth at 49 C.F.R. § 1180.2(d)(3).

Counsel to whom questions concerning the transaction should be addressed is: Terence M. Hynes, Sidley Austin LLP, 1501 K Street, N.W., Washington, D.C. 20005, (202) 736-8198.

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

The parties intend to consummate the transaction that is the subject of this Verified Notice of Exemption as soon as practicable following the effective date of the class exemption.

1180.6(a)(1)(iii). *The purpose sought to be accomplished by the proposed transaction, e.g., operating economies, eliminating excess facilities, improving service, or improving the financial viability of the applicants.*

The purposes of the transaction that is the subject of this Verified Notice of Exemption are to simplify the corporate structure of the rail carriers controlled by Fortress and to facilitate more efficient management of the transportation-related activities of those carriers. While there are no current plans to reduce the rail services provided by, or to significantly change the operations of, FECR or any of the RailAmerica Railroads in connection with the proposed transaction, Fortress believes that this simplified corporate structure will facilitate more efficient management of its railroad affiliates. While FECR and the RailAmerica Railroads serve separate geographic territories, the parties anticipate that the transaction will present opportunities to enhance the efficiency of both FECR and the RailAmerica Railroads through the sharing of locomotive and car fleets, consolidation of certain administrative functions (e.g., customer service), sharing of management expertise, and common purchasing of insurance, rolling stock, equipment and vehicles, track materials and other materials and supplies. It is anticipated that the headquarters of RailAmerica (currently located in Boca Raton) will be relocated to FECR's headquarters in Jacksonville. Such efficiency gains will help both FECR and the other RailAmerica Railroads to provide more efficient rail service to shippers.

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

FECR's rail lines are located entirely within the state of Florida.

The RailAmerica Railroads operate in the states of Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Illinois, Indiana, Kansas, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Hampshire, New York, North Carolina, Ohio, Oklahoma, Oregon, South Carolina, Texas, Vermont, Virginia, and Washington.

1180.6(a)(6). *Map (Exhibit 1). Submit a general or key map indicating clearly, in separate colors or otherwise, the line(s) of applicant carriers in their true relation to each other, short line connections, other rail lines in the territory, and the principal geographic points in the region traversed. If a geographically limited transaction is proposed, a map detailing the transaction should also be included. In addition to the map accompanying each application, 20 unbound copies of the map shall be filed with the Board.*

See Exhibits 1-A, 1-B and 1-C. Exhibit 1 contains color maps. To comply with the Board's rules, the maps have been placed at the back of this Verified Notice of Exemption and 20 additional unbound copies of the maps accompany this filing

1180.6(a)(7)(ii). *Agreement (Exhibit 2). Submit a copy of any contract or other written instrument entered into, or proposed to be entered into, pertaining to the proposed transaction.*

A copy of the form of Agreement and Plan of Merger to be executed by the parties in connection with the transaction is attached hereto as Exhibit 2.

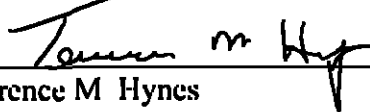
1180.4(g)(1)(i). *Employee Protection.*

Any carrier employees who are adversely affected by the proposed transaction will be entitled to the benefits of a fair arrangement in accordance with the requirements of 49 U.S.C. § 11326(a) *New York Dock Ry --Control--Brooklyn Eastern District Terminal*, 360 I.C.C. 60, *aff'd sub nom New York Dock Ry v United States*, 609 F.2d 83 (2d Cir. 1979)

1180.4(g)(3). *Environmental and Historic Preservation Matters.*

This transaction qualifies for classification under 49 C F R § 1105 6(c)(2)(ii) and thus neither an Environmental Assessment nor a Historic Report is required to be filed.

Respectfully submitted,



Terence M. Hynes
Jeffrey S. Berlin
Matthew J. Warren
Sidley Austin LLP
1501 K Street, N W
Washington, D C 20005
(202) 736-8000

David N. Brooks
General Counsel
Fortress Investment Group LLC
1345 Avenue of the Americas, 46th Floor
New York, New York 10105
(212) 479-5300

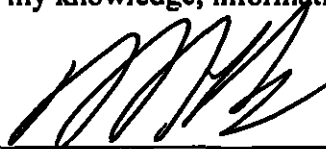
Scott G. Williams
Senior Vice President & General Counsel
RailAmerica, Inc.
5300 Broken Sound Boulevard N.W., 2nd Floor
Boca Raton, Florida 33487
(561) 994-6015

*Counsel for Fortress Investment Group LLC, FECR Rail LLC, FECR Rail Corporation,
Florida East Coast Railway, L.L.C., RailAmerica, Inc., Palm Beach Holding, Inc. and
RailAmerica Transportation Corp*

Dated March 3, 2008

VERIFICATION

I, David N. Brooks, being duly sworn, state that I am General Counsel of Fortress Investment Group and that I am an officer duly authorized to execute, verify and file this Verified Notice of Exemption. I have knowledge of the matters contained herein, and the statements made herein are true and correct to the best of my knowledge, information and belief.



David N. Brooks

Subscribed and sworn to before me this 29 day of FEB 2008.

Frances A. Viserto
Notary Public

My Commission expires: 12/9/10

State of New York } ss.
County of New York }

FRANCES A. VISERTO
Notary Public, State of New York
No. 01VI6084631
Qualified in Bronx County
Certificate Filed in New York County
Commission Expires December 9, 2010



APPENDIX A

Description of RailAmerica Railroads

ALABAMA & GULF COAST RAILWAY LLC

The Alabama & Gulf Coast Railway LLC ("AGR"), 136 North Mt Pleasant Ave., P.O. Box 339, Monroeville, AL 36461-0339 (telephone 251-575-5008), began operating in September 1997 and is located in Alabama, Florida and Mississippi. AGR owns and operates approximately 263 miles of rail lines located between: (1) milepost 776.10, at Kimbrough, AL, and milepost 916.68, at Pensacola, FL; and (2) milepost 654.005 near Whitbury, MS and milepost 776.1 near Gulf, AL. AGR also leases from BNSF and operates approximately 27 miles of rail lines located between (1) milepost 649.3 near Columbus, MS and milepost 654.005 near Whitbury, MS, and (2) milepost 851.4 near M&I Chemical, AL, and milepost 873.5 at Mobile, AL. In addition, AGR has overhead trackage rights over (1) the BNSF rail line located between milepost 612.32 at Amory, MS Yard and milepost 649.3 at Columbus, MS, and (2) the NS rail line located between Kimbrough, AL and Mobile, AL. See Exhibit 1-B (1).

AGR handled 60,570 carloads in 2007. The principal commodities transported are forest and paper products, chemicals, minerals and stone. AGR interchanges with BNSF at Amory, MS; the Columbus and Greenville Railway Company ("CAGY") at Columbus, MS; Canadian National Railways ("CN") at Mobile, AL; CSXT at Hybart and Mobile, AL and Cantonment, FL; Golden Triangle Railroad ("GTRA") at Columbus, MS; KCS at Mobile, AL (through CN) and Columbus, MS; M & B Railway, LLC ("MNBR") at Linden, AL; NS at Boligee, Demopolis, Kimbrough and Mobile, AL, and Terminal Railway Alabama State Docks ("TASD") at Mobile, AL.

In 2007, AGR's gross revenues were \$26.4 million. AGR has an average of 75 crew starts per week and provides seven days per week service on the rail lines. AGR has 73 employees

ARIZONA & CALIFORNIA RAILROAD COMPANY

The Arizona & California Railroad Company ("ARZC"), 1301 California Avenue, P.O. Box 3340, Parker, AZ 85344 (telephone 928-669-6662), began operating in May 1991 and is located in California and Arizona. ARZC owns and operates about 240 miles of rail line located between (1) milepost 190 + 0975.5 feet at Cadiz, CA and milepost 105 + 4224 feet at Parker, AZ, (2) milepost 105 + 4224 feet at Parker, AZ, and milepost 0 + 446.7 feet near Matthie, AZ, including the "Y" Track Number 1, near Matthie milepost 134 + 4875 feet, and (3) milepost 0 + 0, at Rice, CA and milepost 49 + 2112 feet at Ripley, CA, at the end of the Ripley Subdivision. ARZC has overhead trackage rights over the rail lines owned by BNSF located between (1) milepost 190 + 975.5 on the BNSF Cadiz Subdivision at Cadiz, CA and milepost 647 + 5234.7 feet on the BNSF Needles Subdivision, on Track Numbers 2 and 36, Cadiz, CA, and (2) the connecting rail line between milepost 0 + 446.7 feet on the BNSF Parker Subdivision (also Phoenix Subdivision milepost 135 + 144 feet) and milepost 191 + 4789.8 feet on the BNSF Phoenix Subdivision, including all yard track in the Mohest Yard, Phoenix, AZ. See Exhibit 1-B(2).

ARZC handled 14,594 carloads in 2007. The principal commodities transported are cement, asphalt, forest products, and petroleum

ARZC interchanges with BNSF at Cadiz, CA and Phoenix, AZ. In 2007, ARZC's gross revenues were \$8.2 million. ARZC has an average of 20 crew starts per week and provides seven days per week service over the rail lines. ARZC has 30 employees.

BALXITE & NORTHERN RAILWAY COMPANY

The Bauxite & Northern Railway Company ("BXN"), 6232 Cyanamid Road, Bauxite, AR 72011 (telephone 501-776-4619), began operating in 1906 and is located in Arkansas. BXN owns and operates three miles of rail line located between milepost 3.0, the Almatris facility at Bauxite, AR and milepost 0.0, the UP interchange at Bauxite Junction, AR. See Exhibit 1-B (3) BXN handled 4,362 carloads in 2007. The principal commodity transported is chemicals. BXN interchanges with UP at Bauxite Junction, AR.

In 2007, BXN's gross revenues were \$3.7 million. BXN has an average of 6 crew starts per week and provides five or six days per week service over the rail line. BXN has eleven employees.

CALIFORNIA NORTHERN RAILROAD COMPANY

The California Northern Railroad Company ("CFNR"), 129 Klamath Court, American Canyon, CA 94503 (telephone 707-557-2868), began operating in September 1993 and is located in California. CFNR leases from UP and operates rail lines located between: (1) milepost 48.97 at the east leg of the wye and milepost 48.93 at the west leg of the wye at Suisun, CA, and milepost 63.40 at Lombard, CA, on the Schellville Branch; (2) milepost 62.00 at Lombard, CA, and milepost 67.50, at Rocktram, CA, on the Napa Branch; (3) milepost 61.80 at Napa Junction, CA and milepost 68.90 at Vallejo, CA, on the Vallejo Branch; (4) milepost 75.66 at the east leg of the wye and milepost 75.58 at the west leg of the wye, at Davis, CA, and milepost 186.37 at the east leg of the wye toward Portland, and milepost 186.33 at the west leg of the wye toward Roseville at Tehama, CA, on the West Valley Line; (5) milepost 180.40 at Wyo, CA, and milepost 169.00 at Hamilton, CA, on the Hamilton Branch; (6) milepost 83.00 at Tracy, CA and milepost 140.07 at Los Banos, CA, on the Los Banos Branch; and (7) milepost NWP 40.38 near Schellville, CA and the end of the line (formerly NWP milepost 44.25) on the Vineburg Lead.

FORT-1

CFNR also has trackage rights over rail lines owned by UP located between: (1) milepost 75.4 at Davis, CA and milepost 47.8 at Suisun-Fairfield, CA, on the Sacramento Line; (2) mileposts 75.58 and 75.4 at Davis, CA, on the West Valley Line; and (3) mileposts 48.97 and 47.8 on the Schellville Branch. CFNR has trackage rights over the rail line owned by North Coast Railroad Authority located between milepost 62.0 at or near Lombard and milepost 72.5 near Schellville, CA. *See Exhibit 1-B (4)*

CFNR handled 26,279 carloads in 2007. The principal commodities transported are food, metal, lumber, farm products and chemicals. CFNR interchanges with UP at Davis, Suisun, Tehama and Tracy, CA; with Northwestern Pacific Railroad ("NWP") at Schellville, CA, and with Napa Valley Railroad Company ("NVRR") at Rocktram, CA.

In 2007, CFNR's gross revenues were \$12.2 million. CFNR has an average of 36 crew starts per week and provides six days per week service over the rail lines. CFNR has 34 employees.

CASCADE AND COLUMBIA RIVER RAILROAD COMPANY

The Cascade and Columbia River Railroad Company ("CSCD"), 901 Omak Avenue, Omak, WA 98841 (telephone 509-826-3752), began operating in September 1996 and is located in Washington. CSCD owns and operates 137 miles of rail line located between milepost 6.0 at Olds Junction, WA and milepost 137.2 at Oroville, WA. CSCD also has trackage rights over the 6-mile rail line owned by BNSF located between milepost 6.0 at Olds Junction, WA and milepost 1650.2 at Wenatchee, WA. *See Exhibit 1-B (5)*

CSCD handled 6,628 carloads in 2007. The principal commodities transported are lumber, minerals and agricultural products. CSCD interchanges with BNSF at Wenatchee, WA.

In 2007, CSCD's gross revenues were \$3 million. CSCD has an average of 6 crew starts per week and provides five days per week service over the rail lines. CSCD has nine employees.

CENTRAL OREGON & PACIFIC RAILROAD, INC.

The Central Oregon & Pacific Railroad, Inc. ("CORP"), 333 S.E. Mosher, Roseburg, OR 97470 (telephone 541-957-5966), a Class II railroad, began operating in January 1995 and is located in Oregon and California. CORP owns and operates approximately 219.01 miles of rail line located between (1) milepost 425.3 at Bellevue, OR and milepost 644.3 at Springfield Junction, OR, and (2) milepost 652.11 at Danebo, OR and milepost 763.13 at Cordes, OR. CORP leases from UP and operates another 104.7 miles of rail lines located between (1) milepost 763.13 at Cordes, OR and milepost 785.5 at Coquille, OR; and (2) milepost 425.3 at Bellevue, OR and milepost 344.0 at Black Butte, CA. CORP has trackage rights over eight miles of rail line owned by UP located between Danebo and Springfield Junction, OR. See Exhibit 1-B (6).⁴

Note: CORP Coos Bay effective 9/21/07 - embargoed for tunnel conditions (between MP 685 at Richardson to MP 786.5 at Coquille) approximately 100 miles

CORP handled 38,691 carloads in 2007. The principal commodities transported are lumber, paper and chemicals. CORP interchanges with UP at Eugene and Springfield Junction, OR and Black Butte, CA; with WCTU Railway Company at White City, OR; with Longview, Portland & Northern Railway Company at Gardiner Junction, OR; and with Yreka Western Railroad Company at Montague, CA.

In 2007, CORP's gross revenues were \$27.5 million. CORP has an average of 76 crew starts per week and provides six days per week service over the rail lines. CORP has 101 employees.

⁴ CORP's line between MP 685 at Richardson and MP 786.5 at Coquille was embargoed on September 21, 2007 due to the condition of tunnels on that line.

THE CENTRAL RAILROAD COMPANY OF INDIANA

The Central Railroad Company of Indiana ("CIND"), 497 Circle Freeway Drive, Suite 230, Cincinnati, OH 45246 (telephone 513-353-3614), began operating in 1991 and is located in Indiana and Ohio. CIND owns and operates approximately 81 miles of rail line located between milepost 0.0 (Wood Street) at Cincinnati, OH and milepost 81.0 at Mack, near Shelbyville, IN. CIND also has overhead trackage rights over the 76.2-mile rail line owned by CSX located between milepost 81.0 at Shelbyville, IN and milepost 35.3 at Frankfort, IN. See Exhibit I-B (7).

CIND handled 9,848 carloads in 2007. The principal commodities transported are metal products, chemicals, and farm and food products. CIND interchanges traffic with CSX at Cincinnati, OH and Indianapolis, IN; with NS at Cincinnati, OH; with CERA at Frankfort, IN, and with IORY at Valley Junction and Cincinnati, OH.

In 2007, CIND's gross revenues were \$4.1 million. CIND has an average of 26 crew starts per week and provides seven days per week service over the rail lines. CIND has eight employees.

CENTRAL RAILROAD COMPANY OF INDIANAPOLIS

The Central Railroad Company of Indianapolis ("CERA"), 1990 East Washington Street, Peoria, IL 61611-2911 (telephone 765-454-7903), began operating in 1989 and is located in Indiana. CERA operates over approximately 319 miles of rail line under lease and operating rights arrangements. CERA leases and operates approximately 30.3 miles of rail line owned by NS located between milepost 153.4 at Marion, IN and milepost 52.6 at Kokomo, IN. CERA also is the operator of 15.3-mile rail line owned by Kokomo Grain (Amboy Line) between milepost 132.0 at Marion, IN and milepost 147.3 at Amboy, IN. In addition, CERA operates as agent for, and in the name of, Winamac Southern Railroad Company ("WSRY") over the rail line owned by WSRY located between (1) milepost 97.9 at Grand Junction, near Kokomo, IN and milepost

74.5 at Logansport, IN. and (2) milepost 71.5 at Van Junction, IN and milepost 51.0 at Bringhurst, IN. NS provides haulage for CERA between Frankfort and Kokomo, IN on certain limited traffic. CERA also provides haulage for NS between Kokomo and the NS Goodman Yard in Marion, IN. CERA and WSRV provide haulage for NS and IPWR between Marion and Logansport, IN. CERA provides the haulage between Marion and Kokomo, IN, and WSRV provides the haulage between Kokomo and Logansport, IN. *See Exhibit 1-B (8)*⁵

The Chicago, Ft. Wayne & Eastern Railroad Division ("CFE") of CERA began operating in August 2004 and is located in Indiana, Ohio and Illinois. CFE leases from CSXT and operates approximately 273 miles of rail lines located between: (1) milepost QF 314.0 at Adams, IN and milepost QF 191.3 at Crestline, OH, on the Fort Wayne line; (2) milepost QF 441.8 at Tolleston, IN and milepost QF 314.0 at Adams, IN, on the Fort Wayne Secondary; (3) milepost QID 86.6 at Adams, IN and milepost QID 70.4 at Decatur, IN, on the Decatur Second; and (4) milepost QFS 69.32 at Bucyrus, OH and milepost QFS 62.85 at Spore, OH, on the Spore Industrial Track.

In addition, CFE has trackage rights over the New York Central Lines LLC's ("NYC") Fort Wayne Secondary between milepost PC 441.0 near Tolleston, IN and the connection of NYC's East-West Line with the lines of Indiana Harbor Belt Railroad Company ("IHB") at IHB milepost 7.0 at Calumet Park, IL. *See Exhibit 1-B (9).*

CERA/CFE handled 55,533 carloads in 2007. The principal commodities transported by CERA/CFE are farm and food products, metals, chemicals and minerals. CERA interchanges

⁵ On July 27, 2007, the Board granted CERA's petition for an exemption to discontinue service over a 2.36-mile line segment in Grant County, Indiana, between milepost TS-154.65, near Marion, and milepost TS-157.01, near West Marion Belt, on which CERA had formerly operated pursuant to a trackage rights agreement with NS. *See STB AB-511 (Sub-3X), Central R.R. Co. of Indianapolis—Discontinuance of Service Exemption—in Grant County, IN.* The exemption became effective August 31, 2007.

with NS at Kokomo and Marion, IN, and with WSRV at Kokomo, IN. CFE interchanges with CSXT at Lima, IN, with NS at Ft. Wayne, IN; and with BNSF, CN, CP, Chicago Rail Link, Chicago Short Line, Chicago South Shore and South Bend, Elgin, Joliet and Eastern, Iowa Interstate, Indiana Harbor Belt, Iowa, Chicago & Eastern Railroad Corporation, Manufacturers' Junction, Wisconsin and Southern, and UP at Chicago, IL.

In 2007, CERA/CFE's gross revenues were \$24.1 million. CERA/CFE has an average of 50 crew starts per week and provides seven days per week service over the rail lines.

CERA/CFE has 38 employees

CONNECTICUT SOUTHERN RAILROAD, INC.

The Connecticut Southern Railroad, Inc. ("CSO"), 70 Holland Street, Building #6, East Hartford, CT 06108 (telephone 860-291-1700), began operating in September 1996 and is located in Connecticut and Massachusetts. CSO owns and operates approximately 23 miles of rail line located between: (1) milepost 0.0 at East Hartford, CT and milepost 6.7 at East Windsor, CT; (2) milepost 0.0 at Windsor Locks, CT and milepost 4.2, at Suffield, CT; (3) milepost 0.0 at Hartford, CT and milepost 9.6 at Manchester, CT; and (4) milepost 0.0 at Hartford, CT and milepost 2.6 at Wethersfield, CT. CSO also has a rail freight easement over 55 miles of Amtrak rail line located between Amtrak milepost 7.0 near North Haven, CT and Amtrak milepost 62.0 at Springfield, MA. See Exhibit 1-B (10).

CSO handled 25,455 carloads in 2007. The principal commodities transported are lumber, paper products, chemicals and bridge traffic. CSO interchanges traffic with CSXT at West Springfield, MA, and New Haven, CT; and with the Central New England Railroad Co., Inc., at East Windsor Hill and Hartford, CT.

In 2007, CSO's gross revenues were \$10.6 million. CSO has an average of 25 crew starts per week and provides seven days per week service over the rails lines. CSO has 20 employees

DALLAS, GARLAND & NORTHEASTERN RAILROAD, INC.

The Dallas, Garland & Northeastern Railroad, Inc. ("DGNO"), 403 International Parkway, Suite 500, Richardson, TX 75081 (telephone 972-808-9800), began operating in 1992 and is located in Texas. DGNO operates over a combination of owned and leased rail lines approximately 207 miles in length, including industrial leads. DGNO owns the rail line located between: (1) milepost 688.1 at Trenton, TX and milepost 713.6 at Greenville, TX; and (2) mileposts 3.0 and 5.6 near Dallas, TX, referred to as the Hale Cement Spur. DGNO leases from UP the rail lines located between: (1) milepost 713.6 at Greenville, TX and milepost 729.5 at Lake Dallas, TX; (2) milepost 324.84 at Sherman, TX and milepost 285.1 at Plano, TX, and (4) milepost 629.50 near CentrePort, TX and milepost 640.50 at Mockingbird Yard, TX. DGNO also leases from the Dallas Area Rapid Transit ("DART") the rail lines located between: (1) milepost 748.25 and milepost 755.2 at Garland, TX; (2) milepost 741.3 at Carrollton, TX and milepost 758.04 at Dallas, TX, (3) milepost 603.5 at Carrollton, TX and milepost 580.19 at Murphy, TX; and (4) mileposts 281.6 and 285.1 at Plano, TX. See Exhibit 1-B (11)

In addition, DGNO has trackage rights over: (1) the BNSF line located between milepost 646.39 at Sherman, TX and milepost 711.0 at Irving, TX, (2) the KCS line located between milepost 220.0 at Dallas, TX and milepost 210.4 at Garland, TX, (3) the DART rail lines located between (a) milepost 758.04 at Dallas, TX and milepost 741.3 at Carrollton, TX, (b) milepost 603.5 at Carrollton, TX and milepost 580.19 at Wylie, TX, (c) milepost 281.1 at Plano, TX and milepost 285.1 at Spring Creek Parkway, TX; (d) milepost 290.5 (Stacy Road) in Allen and milepost 324.84 at South Sherman Junction, TX. (e) milepost 308.80 near Elam, TX and

milepost 314.84± near Briggs, TX, a total distance of approximately 6.04 miles; (f) the Rowlett Extension between milepost 745.5± (near Kirby Road) in Rowlett and milepost 741.3± in Rockwall, and (g) the Brookhollow Branch Line between the DFW Main at milepost 0.0± and the Denton Subdivision at milepost 3.31±, and (4) the RAILTRAN rail line located between milepost 634.7 at Irving, TX and milepost 643.8 at North Junction, TX. DGNO, through its Texas Northeastern Railroad division ("TNER") operates approximately 107 miles of rail lines leased from UP and located between: (1) milepost 0.57 at Texarkana, TX, and milepost 22.0 at New Boston, TX; (2) milepost 154.7 at Sherman, TX and milepost 91.0 at Paris, TX; and (3) milepost 674.3 at Bells, TX and milepost 688.1 at Denton, TX. TNER also has trackage rights over rail line owned by BNSF located between milepost 646.39 at Sherman, TX and milepost 636.63 at Denison, TX. See Exhibit 1-B (12).⁹

DGNO/TNER handled 65,352 carloads in 2007. The principal commodities shipped are minerals, food, paper products and chemicals. DGNO/TNER interchanges with UP at Dallas and Denison, TX; with BNSF at Sherman and Irving, TX, and with KCS at Greenville, TX.

In 2007, DGNO/TNER's gross revenues were \$23.1 million. DGNO/TNER has an average of 117 crew starts per week and provides seven days per week service over the rail lines. DGNO/TNER has 85 employees.

EASTERN ALABAMA RAILWAY

The Eastern Alabama Railway ("EARLY"), 2413 Hill Road, P.O. Box 658, Sylacauga, AL 35151 (telephone 256-249-1196), began operating in 1990 and is located in Alabama. EARLY

⁹ DGNO also formerly leased from UP the Trinity Industrial Lead, between milepost 0.0 near Terminal Junction and milepost 4.1 near Mockingbird Lane in Dallas County, Texas. On November 16, 2007, the Board granted UP's petition for an exemption to abandon the Trinity Industrial Lead and DGNO's petition for an exemption to discontinue service over this track. See STB AB-33 (Sub-256X), *Union Pac. R.R. Co.—Abandonment Exemption—in Dallas County, TX*. The exemption became effective December 23, 2007.

owns and operates 26.36 miles of rail line located between milepost LAM 453.58 at Gantt's Junction, AL and milepost 479.94 at Talladega, AL. *See Exhibit 1-B (13).*

EARY handled 16,669 carloads in 2007. The principal commodities transported are minerals. EARY interchanges with CSXT at Talladega, AL, and with NS at Sylacauga, AL.

In 2007, EARY's gross revenues were \$8.6 million. EARY has an average of 6 crew starts per week and provides six days per week service over the rail lines. EARY has ten employees.

THE HURON & EASTERN RAILWAY COMPANY, INC.

The Huron & Eastern Railway Company, Inc. ("HESR"), 101 Enterprise Drive, Vassar, MI 48768 (telephone 800-968-1975), began operating in 1986 and is located in Michigan. HESR owns and operates rail lines located between: (1) milepost 2.0 at Saginaw, MI and milepost 108.3 at Croswell, MI; (2) milepost 14.1 at Denmark Junction, MI and milepost 13.21 east of Richville, MI, and (3) milepost 55.82 at Brown City, MI and milepost 4.5 at Steering Gear, MI. HESR also operates over six branch lines between: (1) milepost 14.1, at end of track, and milepost 15.0 at Denmark Junction, MI, (2) milepost 100.6 at Munger, MI and milepost 79.6 at Millington, MI, (3) milepost 86.2 at Vassar, MI and milepost 22.1 at Colling, MI, (4) milepost 64.5 at Bad Axe, MI and milepost 9.4 at Kinde, MI, (5) milepost 82.4 at Palms, MI and milepost 8.69 at Ruth, MI; and (6) milepost 0.66 at Sandusky, MI and the main line between Deckerville and Carsonville. HESR has trackage rights over rail line owned by CSXT located between: (1) milepost 4.5 at Steering Gear, MI and milepost 0.0 at Saginaw, MI, and (2) between mileposts 0.0 and 2.0 in Saginaw, MI.

HESR also owns and operates 99.87 miles of rail line located between: (1) milepost 0.0 and milepost 15.0, the Midland Sub, (2) milepost 0.0 at Durand, MI and milepost 3.5 at Wheeler, MI, (3), milepost 101.3 at Genesee, MI and milepost 96.0 at Paines, MI, (4) milepost 17.21 at I-

75 and milepost 18.07 at the CSXT Yard; (5) milepost 69.2 at Durand, MI and milepost 80.8 at M21; (6) milepost 79.2 and milepost 81.4, the Anderson Lead; (7) milepost 80.1 and milepost 0.7, the Owosso Industrial Track; (8) milepost 0.0 at Marquette, MI and milepost 1.7 at Prairie, MI. (9) milepost 0.0 at Essexville CMR Bridge and milepost 2.87 at Pine Street, (10) milepost 3.5 at Wheeler, MI and milepost 5.0 at MDOIT ownership; and (11) and milepost 1.9, the HECLA Belt line between the east line of Patterson Street in West Bay City, MI, and milepost 2.8 at the end of the line, a distance of 1,750 feet. HESR also has the right to operate over a line owned by the Detroit & Mackinac Railway Company ("D&M") located between milepost 55.77 at the South End of North Bay City Yard and milepost 2.62 at the North End of North Bay City Yard at the Centerline of Bangor Road.

In addition, HESR has trackage rights over: (1) Grand Trunk Western Railroad Company rail line located between (a) milepost 0.00 and milepost 0.60 on the Saginaw Subdivision; (b) milepost 65.50 and milepost 69.00 on the Holly-Grand Rapids Subdivision; and (c) milepost 253.0 and milepost 255.4 on the Flint Subdivision. (2) the D&M rail line, located between D&M's junction with HESR near Total Refinery in Bay City, MI and a point north near milepost 3.4 at the Kawkawlin River in Kawkawlin, MI; (3) the CSX I rail lines located between: (a) milepost BBO 7 at or near the Mershon Switch and milepost CB 1 near the Saginaw Yard, (b) milepost CB 1 and milepost CC 2.2, at or near the Hoyt Diamond, and (c) the clearance point at the intersection of the HESR/CSXT connection track of the Grand Rapids Wye Track and the connection trackage to CSX I's ownership point at the connection with HESR at Saginaw (milepost CBB 2.0) on CSXT's Bad Axe Subdivision. See Exhibit 1-B (14).

HESR handled 33,738 carloads in 2007. The principal commodities transported are agricultural products, food, chemicals, and coal. HESR interchanges with CSX I at Saginaw.

MI, Lake State Railway at Bay City, MI, CN at Durand, MI, and Tuscola & Saginaw Bay Railway at Durand, MI.

In 2007, gross revenues were \$15.3 million. HESR has an average of 40 crew starts per week and provides six day per week service over the rail lines. HESR has 78 employees

INDIANA & OHIO RAILWAY COMPANY

The Indiana & Ohio Railway Company ("IORY"), 497 Circle Freeway Dr., Suite 230, Cincinnati, OH 45246 (telephone 513-860-1000), began operating in 1996 and operates over approximately 760 miles of rail lines in Michigan, Ohio, and Indiana. IORY owns the track and roadbed and CSXT owns the underlying real estate of: (1) the 43.5 miles of rail line located between milepost 52.6 at Logan, OH and milepost 9.1 at Valley Crossing, OH, and (2) the 107 miles of rail line consisting of: (a) milepost BB 7.5 at the Cincinnati Terminal Subdivision between NA Tower, OH and milepost BB 12.4 at Oakley, OH, and (b) milepost BB 12.4 at the Midland Subdivision between Oakley, OH and milepost BR 114.6 at Columbus, OH. IORY also has trackage rights over rail line owned by CSXT located between Valley Crossing and Columbus, OH. IORY leases and operates the rail line from the City of Greenfield located between milepost 45.0 at Midland City, OH and milepost 74.5 at Thrifton, OH. IORY leases three branch lines owned by West Central Ohio Port Authority ("WCOPA") located between: (1) milepost 132.6 near Springfield, OH, at CP 188, and milepost 98.3 at Bellefontaine, OH; (2) milepost 130.4 near Springfield, OH, at CP 182, and milepost 17.0 at Mechanicsburg, OH, and (3) milepost 200.5 at Springfield, OH and milepost 229.8 at Fayette, OH, near Washington Court House. The operations between Flat Rock, MI and Cincinnati, OH, a distance of approximately 245 miles, are conducted over a combination of owned track and trackage rights: (1) IORY has trackage rights over rail line owned by NS located between milepost 255.0 at Cincinnati, OH, and milepost 188.2 at Springfield, OH, (2) IORY owns the line between milepost 202.7 at

Springfield, OH and milepost 128.3 at Dill Junction, near Lima, OH; (3) IORY has trackage rights over the rail line owned by CSXT located between milepost 134.5 at Lima, OH and milepost 155.0 at XN Station near Leipsic, OH, (4) IORY owns the rail line located between milepost 107.29 at XN Station near Leipsic, OH and milepost 39.7 at Diann, MI, and (5) IORY has trackage rights over rail line owned by GTW located between milepost 39.7 at Diann, MI and milepost 17.2 at Flat Rock, MI. With respect to the Cincinnati-Flat Rock line, IORY provides haulage operations for GTW. IORY also operates over the following four branch lines: (1) the Brookville Branch, owned by IORY, located between milepost 43.5 at Brookeville, IN and milepost 17.7 at Valley Junction, OH, a distance of 25.8 miles, (2) the Oasis Branch, located between milepost 0.0 at Boathouse near Cincinnati and milepost 16.4 at Mill, OH, a distance of 16.4 miles (the rail and track materials are owned by IORY and the underlying real estate is owned by the Southwest Ohio Regional Transit Authority ("SORTA")); (3) the Blue Ash Branch, located between milepost 49.6 at Lester Road, in Cincinnati, and milepost 39.8 at end of track near Brecon, OH, a distance of 10.8 miles (SORTA owns the physical assets of the line and IORY has the exclusive rail freight easement over the line), and (4) the Mason Branch, located between: (a) milepost 0.0 at Monroe, OH and milepost 6.7 at Hageman Junction, OH, and (b) milepost 10.0 at Mason, OH and milepost 2.3 at Lebanon, OH, a distance of 15.9 miles (the portion of the branch between Monroe and Mason is owned by IORY and the portion between Hageman Junction and Lebanon is owned by the City of Lebanon). IORY also has overhead trackage rights over the WCOPA line between milepost 202.7 near Springfield, OH and milepost 229.83 at Gayne, OH, a distance of approximately 27.13 miles. IORY operates pursuant to local and overhead trackage rights over the Fulton Railroad Co., Ltd., between milepost 0.0 and

continuing for 4,800 feet to the end of the track, in the City of Cincinnati, Millcreek Township, Hamilton County, OH, a total distance of approximately 4,800 feet. See Exhibit 1-B (15).

IORY handled 71,198 carloads in 2007. The principal commodities transported are automobiles, bridge traffic and agricultural products. IORY interchanges with Ann Arbor at Diann, MI; with Adrian & Blissfield at Riga, MI; with CIND at Valley Junction, OH; with CN at Cincinnati, OH and Latrock, MI; with CSXT at Cincinnati, Hamler, Lima and Middleton, OH; with NS at Cincinnati, Lima and Monroe, OH; with R. J. Corman Western Ohio at Lima, OH, and with Wheeling and Lake Erie at Lima, OH.

In 2007, IORY's gross revenues were \$28 million. IORY has an average of 137 crew starts per week and provides seven days per week service over the rail lines. IORY has 103 employees.

INDIANA SOUTHERN RAILROAD, INC.

The Indiana Southern Railroad, Inc. ("ISRR"), Ashby Yard, 202 West Illinois Street, Petersburg, IN 47567, began operations in 1992 and is located in Indiana. ISRR owns and operates 176 miles of rail line located between milepost 6.0, south of Indianapolis, IN and milepost 163.9 at Evansville, IN. ISRR has trackage rights over rail line owned by: (1) INRD located between milepost 224.1 at Elora, IN and milepost 218.3 at Bee Hunter, IN, and (2) NS located between milepost 0.0 near Newburgh, IN and milepost 21.9 at Lynnville Mine, IN. See Exhibit 1-B (16).

ISRR handled 79,666 carloads in 2007. The principal commodities transported are coal, farm products and chemicals. ISRR interchanges with CSXT at Indianapolis and Evansville, IN, with NS and the Algiers, Winslow & Western Railway at Oakland, IN, and with the Indiana Rail Road Company at Switz City and Bee Hunter, IN. In *CSX Corp. et al.—Control—Conrail Inc. et*

al 3 S 1 B 196 (1998) ("*Conrail Breakup*"), NS was granted the right to interchange coal traffic with ISRR at Indianapolis for movements to Indianapolis Power & Light's Stout Plant.

In 2007, ISRR's gross revenues were \$17.6 million. ISRR has an average of 41 crew starts per week and provides seven days per week service over the rail lines. ISRR has 39 employees.

KIAMICHI RAILROAD LLC

The Kiamichi Railroad LLC ("KRRR"), 800 Martin Luther King Blvd., P.O. Box 786, Hugo, OK 74743 (telephone 580-916-7600), began operating in 1987 and is located in Oklahoma, Arkansas and Texas. KRRR owns and operates about 230 miles of rail lines located between (1) milepost 620.2 at Lakeside, OK and milepost 805.5 at Hope, AR; and (2) milepost 541.1 at Antlers, OK and milepost 30.4 at Paris, TX. KRRR has trackage rights over the rail line owned by (1) BNSF and located between milepost 620.2 at Lakeside, OK and milepost 603.0 at Madill, OK; (2) KCS and located between milepost 805.5 at Hope, AR and milepost 810.0 at Anthony, AR. KRRR is the contract operator over the WHEC Railroad Company and located in Choctaw and McCurtain Counties, OK. See Exhibit 1-B (17)

KRRR handled 52,769 carloads in 2007. The principal commodities transported are coal, paper products, minerals and forest products. KRRR interchanges with BNSF at Madill, OK, with KCS at Ashdown, AR; with DeQueen and Eastern Railroad Company at Valliant, OK; and with UP at Durant, OK and at Hope, AR.

In 2007, KRRR's gross revenues were \$16.9 million. KRRR has an average of 48 crew starts per week and provides seven days per week service over the rail lines. KRRR has 69 employees.

KYLE RAILROAD COMPANY

The Kyle Railroad Company ("KYLE"), 38 Railroad Avenue, P O Box 566. Phillipsburg, KS 67661 (telephone 785-543-6527), began operating in 1982 and is located in Kansas, Colorado and Nebraska. KYLE operates the rail lines located between: (1) milepost 530.8 at Limon, CO and milepost 187.0 at Belleville, KS; (2) milepost 187.0 at Belleville, KS and milepost 170.0 at Mahaska, KS, and (3) milepost 187.0 at Belleville, KS and milepost 178.37 at Clay Center, KS. KYLE leases from UP and operates the rail lines located between: (1) milepost 472.0 at Ames, KS and milepost 580.626 at Stockton, KS, (2) milepost 632.6 at Downs, KS and milepost 552.7 at Harlan, KS, and (3) milepost 0.93 at Solomon, KS and milepost 57.89 at Beloit, KS. KYLE also has overhead trackage rights over rail line owned by UP located between milepost 173.14 at Solomon, KS and milepost 186.0 at the UP Yard in Salina, KS. In addition, KYLE operates 56.75 miles of rail line located between milepost 56.30 at Collegeview, NE and milepost 6.10 at Arbor, NE, and has trackage rights over 4.53 miles of rail line owned by BNSF located between milepost 61.38 and milepost 56.30.

See Exhibit 1-B (18)

KYLE handled 21,377 carloads in 2007. The principal commodities transported are agricultural products, coal and minerals. KYLE interchanges with BNSF at Courtland, KS, and UP at Salina, KS and Limon, CO.

In 2007, KYLE's gross revenues were \$21.6 million. KYLE has an average of 38 crew starts per week and generally provides seven days per week service on the rail lines, depending on the demand of its highly seasonal grain traffic. KYLE has 62 employees.

THE MASSENA TERMINAL RAILROAD COMPANY

The Massena Terminal Railroad Company ("MSTR"), Depot Street, Massena, NY 13662 (telephone 315-769-8608), was acquired by RailAmerica in September 2007 and is located in

New York MSTR owns and operates a 3-mile rail line located between the Alcoa facility at Massena, NY and the CSXT interchange in Massena Yard. *See Exhibit 1-B (19)*

MSTR handled 4,086 carloads in 2007. The principal commodities transported are metallic and non-metallic ores. MSTR interchanges with CSXT at Massena Yard, and has a presently inactive interchange with the CN.

In 2007, MSTR's gross revenues were \$2.2 million. MSTR has an average of 5 crew starts per week and provides five days per week service over the rail lines. MSTR has nine employees.

MID-MICHIGAN RAILROAD, INC.

Mid-Michigan Railroad, Inc. ("MMRR"), 432 E. Grove Street, Greenville, MI 48838 (telephone 800-968-1975), began operating in 1987 and is located in Michigan. MMRR owns approximately 166 miles of rail line operated by MMRR and its two divisions, the Grand Rapids Eastern Railroad ("GRE") and the Michigan Shore Railroad ("MS"). MMRR operates the rail lines located between: (1) milepost 105.5 at Lowell, MI and milepost 78.5 at Greenville, MI, and (2) milepost 10.1 at Paines, MI and milepost 40.0 near Elwell, MI (the portion of the line located between milepost 39.9 at Alma, MI and milepost 40.0 near Elwell, MI is leased from CSXT).

MMRR leases from CSXT and operates about 48 miles of rail line located between (1) milepost CGC 34.5 in West Olive, MI and milepost CGC 62.1 in Berry Station, MI; and (2) milepost CGD 0.0 in Berry Station, MI and milepost CGD 19.98 in Fremont, MI. GRE owns and leases 45 miles of rail line located between milepost 160.2 at Grand Rapids, MI and milepost 122.0 at Ionia, MI. (The track is owned by the Coopersville and Marne Railroad between milepost 160.2 at Grand Rapids, MI and milepost 166.56 at Marne, MI and is leased by the GRE). MS operates approximately seven miles of rail line located between (1) milepost 1.17 at Norton Shores, MI and milepost 0.0 at Glenside Blvd., Roosevelt Park, MI; (2) milepost 196.35

at Roosevelt Park, MI and milepost 191.14 at Muskegon, MI; and (3) milepost 0.5 and milepost 1.42 at Muskegon Heights, MI. *See Exhibit 1-B (20)*

MMRR handled 14,313 carloads in 2007. The principal commodities transported are agricultural products, auto parts, non-metallic ores and minerals. MMRR interchanges with CSXT at Lowell and Paines, MI, and with the Tuscola and Saginaw Bay at Alma, MI. GRE interchanges with CSXT and NS at Grand Rapids, MI. MS interchanges with CSXT at Muskegon, MI.

In 2007, MMRR's gross revenues were \$6.62 million. MMRR has an average of 27 crew starts per week and provides up to six days per week service over the rail lines, depending on demand. MMRR has 17 employees.

MISSOURI & NORTHERN ARKANSAS RAILROAD COMPANY, INC.

Missouri & Northern Arkansas Railroad Company, Inc. ("MNA"), 514 N. Orner, Carthage, MO 64836 (417-358-8800) began operating in 1992 and is located in the States of Missouri, Kansas and Arkansas. The MNA has trackage rights over the UP rail lines located between: (1) Neff Yard at Kansas City and milepost 643.3 at Pleasant Hill, MO; and (2) milepost 258.7 at Diaz Jct. and milepost 261.0 at Newport, Arkansas. MNA leases from UP the rail lines between: (1) milepost 643.3 at Pleasant Hill and milepost 527.9 at Carthage; (2) milepost 316.9 at Nevada and milepost 265.2, end of track at Clinton, MO; (3) milepost 317.2 at Carthage Sub Jct. and milepost 337.4 at Ft. Scott, KS; (4) milepost 528.2 at Carthage, MO and milepost 545.7 at Joplin, MO; (5) milepost 527.9 at Carthage, MO and milepost 415.7 at Bergman, AR; (6) milepost 381.5 at Cotter and milepost 258.7 at Diaz Jct., AR; and (7) milepost 506.5 at Springfield, MO and milepost 511.4 at Wallis, MO. MNA owns the rail lines located between: (1) milepost 415.7 at Bergman, AR and milepost 312.2 at Guion, AR; (2) milepost 334.39 at Iron Gate Street in Joplin, MO and milepost 330.2, end of track near Tamko, including the Tamko

Lead, the West Joplin Industrial Trackage, all tracks formerly owned by BNSF in the KCS rail yard in Joplin and BNSF's Joplin Yard, and (3) milepost 309.9 and milepost 315.3 in Carthage, MO. The BNSF provides haulage service for the MNA between Aurora and Springfield, MO. See Exhibit 1-B (21)

The Branson Scenic Railroad, Inc., and the White River Scenic Railroad operate passenger excursion trains over sections of the MNA. MNA handled 114,241 carloads in 2007. The principal commodities transported are coal, grain, sand and limestone. MNA interchanges with UP at Kansas City, MO and Newport, AR, BNSF at Lamar, Aurora and Springfield, MO; and KCS at Joplin, MO.

In 2007, MNA's gross revenues were \$27 million. MNA has an average of 126 crew starts per week and provides seven days per week service over the rail line. MNA has 126 employees.

NEW ENGLAND CENTRAL RAILROAD, INC.

New England Central Railroad, Inc. ("NECR"), 2 Federal Street, Suite 201, St. Albans, VT 05478 (telephone 802-527-3500) began operating in 1994 and is located in Vermont, New Hampshire, Massachusetts and Connecticut. NECR owns and has freight easements over 343 miles of rail lines located between: (1) milepost 15.6 at East Alburgh, VT and milepost 0.0 at St. Albans, VT (Swanton Sub), (2) milepost 132.1 at St. Albans, VT and milepost 0.0 at CP 170, VT (Roxbury Sub), and (3) milepost 170.0 at CP 170, VT and milepost 0.24 at New London, CT (Palmer Sub).

Amtrak provides passenger service over the NECR line between St. Albans, VT and Palmer, MA. Also, in *Conrail Breakup*, NECR was granted trackage rights over the now CSX I rail line located between Palmer and West Springfield, MA, in order to interchange traffic with the CSO. See Exhibit 1-B (22).

NECR handled 38,788 carloads in 2007. The principal commodities transported are lumber and paper products. NECR interchanges traffic with CN at East Alburg, VT; with Vermont Railway, Inc., at Burlington, VT; with Washington County Railroad at Montpelier and White River Junction, VT; with the Springfield Terminal Railway Company at White River Junction and Brattleboro, VT; with Green Mountain Railroad Corp ("GMRC") at Bellows Falls, VT; with Claremont Concord Railroad Corp at Claremont Junction, NH, with CSXT and Massachusetts Central Railroad Corp at Palmer, MA; with the Providence and Worcester Railroad Company at New London, CT, and with NS and Canadian Pacific via GMRC.

In 2007, NECR's gross revenues were \$25.9 million. NECR has an average of 86 crew starts per week and provides seven days per week service over the rail lines. NECR has 110 employees.

NORTH CAROLINA & VIRGINIA RAILROAD COMPANY, INC.

The North Carolina & Virginia Railroad Company, Inc. ("NCVA"), 214 N. Railroad Street, Ahoskie, NC 27910 (telephone 252-332-2778), began operating in 1987. NCVA owns approximately 53 miles of rail lines and leases approximately 157 miles of rail lines in the States of Virginia and North Carolina that are operated by NCVA and its two divisions: the Chesapeake and Albemarle Railroad ("C&A"), 214 N. Railroad Street, Ahoskie, NC 27910 (telephone 252-332-2778), and the Virginia Southern Railroad ("VSRR"), Keysville Depot, Keysville, VA 23947 (telephone 804-736-8862).

NCVA owns and operates 53 miles of rail lines located between: (1) milepost 54.3 at Boykins, VA and milepost 84.1 at Kelford, NC (Severn Sub), and (2) milepost 162.6 at Kelford, NC and milepost 185.5, end of track, near Tunis, NC (Ahoskie Sub) See Exhibit 1-B (23)

C&A leases from NS and operates approximately 82 miles of rail lines located between (1) milepost 8.0 near Chesapeake, VA and milepost 74.0 at Edenton, NC. and (2) milepost 0.0 at Elizabeth City, NC, and milepost 8.0, end of line, near Weeksville, NC.⁷

VSRR leases from NS and operates approximately 75 miles of rail lines located between (1) milepost 84.5 at Burkeville, VA and milepost 67.0 at Keysville, VA. and (2) milepost 0.0 at Keysville, VA and milepost 54.9 at Oxford, NC. *See Exhibit 1-B (24).*

NCVA handled 34,181 carloads in 2007. The principal commodities transported are metal, coal, and minerals. NCVA interchanges with CSX I at Boykins, VA, C&A interchanges with NS at Chesapeake and with CSX I at Portsmouth, VA via the NPBL, and VSRR interchanges with NS at Burkeville, VA and Oxford, NC.

In 2007, NCVA's gross revenues were \$19.16 million. NCVA has an average of 32 crew starts per week and provides seven days per week service over the rail lines. NCVA has 30 employees.

OTTER TAIL VALLEY RAILROAD COMPANY

Otter Tail Valley Railroad Company ("OTVR"), 200 North Mill Street, Fergus Falls, MN 56537 (telephone 218-736-6073), began operating in 1996 and is located in Minnesota. OTVR owns and operates about 70 miles of rail lines located between (1) milepost 186.7 at Fergus Falls, MN and milepost 239.6 at South Moorhead, MN. (2), milepost 48.0 at Hoot Lake Power Plant, MN and milepost 58.8 at French, MN, and (3) milepost 218.6 at Barnesville Junction, MN and milepost 7.0±, end of line. *See Exhibit 1-B (25).*

⁷ On August 1, 2007, NS and C&A filed a notice of exemption for NS to abandon, and C&A to discontinue service over, approximately 0.08 miles of railroad, between approximately milepost NS 73.50 and milepost NS 73.67 in Edenton, Chowan County, North Carolina. *See* SIB AB-290 (Sub-295X) & AB-866 (Sub-1X), *Norfolk So. Ry. Co.—Abandonment Exemption—in Chowan County, NC*. The exemption became effective September 8, 2007.

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OTVR handled 12,791 carloads in 2007. The principal commodities transported are coal, agricultural products and fertilizer. OTVR interchanges with BNSF at Dilworth Yard in Fargo, MN.

In 2007, OTVR's gross revenues were \$5 million. OTVR has an average of 9 crew starts per week and provides seven days per week service over the rail lines. OTVR has 14 employees.

POINT COMFORT AND NORTHERN RAILWAY COMPANY

Point Comfort and Northwest Railway Company ("PCNR"), P.O. Box 238, Lolita, TX 77871 (telephone 361-874-4441), began operating in 2007 and is located in Texas. PCNR owns and operates 13 miles of rail line from the Alcoa plant at milepost 13.0, Point Comfort, TX to milepost 0.0, the UP interchange at Lolita, TX. See Exhibit 1-B (26).

PCNR handled 13,240 carloads in 2007. The principal commodities handled are metallic and non-metallic ores. PCNR interchanges with UP Lolita, TX.

In 2007, PCNR gross revenues were \$12.63 million. PCNR has an average of 10 crew starts per week and provides five days per week service over the rail lines. PCNR has 17 employees.

PUGET SOUND & PACIFIC RAILROAD COMPANY

Puget Sound & Pacific Railroad Company ("PSAP"), 501 N. 2nd Street, P.O. Box 1-2, Ilma, WA 98541 (telephone 360-482-4994), began operating in 1997 and is located in Washington. PSAP owns and operates 83.5 miles of rail lines located between: (1) milepost 0.6 at Centralia, WA and milepost 74.1 at Hoquiam, WA, including the Horn Spur Track, which connects to the Centralia-Hoquiam Line at milepost 72.5 and extends northward to the end of the track at approximately milepost 2.0, and (2) milepost 0.0 at Ilma, WA (connecting to the Centralia-Hoquiam Line at about milepost 46.7), and milepost 25.1 at Shelton, WA. PSAP leases from UP and operates approximately 1.8 miles of rail line located between: (1) UP

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milepost 53.83 and UP milepost 54.23; and (2) UP milepost 55.28 and UP milepost 56.70, in Aberdeen and Hoquiam Counties, WA. PSAP has trackage rights over BNSF rail lines located between (1) milepost 68.9 and milepost 69.4, near Aberdeen, WA, (2) milepost 70.3 and 72.0, near Aberdeen, WA, (3) milepost 0.6 and milepost 0.4 at or near Centralia, WA; and (4)(a) a government-owned line from its connection with the Elma-Shelton Line to Bangor, WA, a distance of approximately 44 miles; and (b) a branch line to the Bremerton Navy Yard, a distance of approximately 4.6 miles (pursuant to rights under a December 11, 1994, agreement with the United States of America). In addition, PSAP has overhead trackage rights over approximately seven miles of rail line owned by City of Tacoma, d/b/a Tacoma Rail ("TR") located between (1) milepost 60.0 at the Lakeside Siding near Blakeslee Junction, WA and milepost 66.0, the interchange with BNSF at Chehalis, WA (the TR/BNSF Interchange), and (2) milepost 66.0 at the TR/BNSF Interchange and milepost 67.0, where TR's rail line connects with a line owned by the Port of Chehalis, WA. PSAP operates between milepost 0.0 at Chehalis, WA and milepost 10.0 at Curtis, WA, a total distance of 10.0 miles in Lewis County, WA, under a modified certificate of public convenience and necessity. See Exhibit 1-B (27).

PSAP handled 24,526 carloads in 2007. The principal commodities transported are forest products, chemicals and intermodal. PSAP interchanges with BNSF at Centralia, WA; and UP at Blakeslee Junction, WA.

In 2007, PSAP's gross revenues were \$7.7 million. PSAP has an average of 31 crew starts per week and provides six days per week service over the rail lines. PSAP has 33 employees.

ROCKDALE, SANDOW & SOUTHERN RAILROAD COMPANY

Rockdale, Sandow & Southern Railroad Company ("RSSR"), State Highway 79, Rockdale, TX 76567 (telephone 512-446-3478), began operating in 2007 and is located in Texas.

RSSR owns and operates six miles of rail line located between milepost 6.0, at the Alcoa facility at Sandow, TX and milepost 0.0 at the UP interchange at Marjorie, TX. See Exhibit 1-B (28)

RSSR handled 2,233 carloads in 2007. The principal commodities transported are metallic and non-metallic ores. RSSR interchanges with UP at Marjorie, TX

In 2007, RSSR's gross revenues were \$1.2 million. RSSR has an average of 11 crew starts per week and provides six days per week service over the rail lines. RSSR has 14 employees.

SAN DIEGO & IMPERIAL VALLEY RAILROAD COMPANY, INC.

San Diego & Imperial Valley Railroad Company, Inc. ("SDIV"), 1501 National Avenue, Suite 200, San Diego, CA 92113 (telephone 619-239-7348), began operating in 1984 and is located in California and Mexico. SDIV operates approximately 153 miles of rail line, the California portion of which is owned by a subsidiary of the San Diego Metropolitan Transit Development Board⁸ ("MTDB"), located between: (1) milepost 0.75 at San Diego, CA and milepost 18.5 at El Cajon, CA; (2) milepost 18.5 at San Diego, CA and milepost 14.9 at San Ysidro, CA, where it crosses the border; (3) milepost KP 0.0 at Tijuana, Baja, Mexico, and milepost KP 70.9 at Lindero, Baja, Mexico, where the line crosses back into the United States, and (4) milepost 59.6 at the U.S. border and milepost 130.0 at Plaster City, CA. The State of Baja California administers the portion of the line located in Mexico. See Exhibit 1-B (29)

SDIV handled 7,501 carloads in 2007. The principal commodities transported are petroleum, paper products and lumber. SDIV interchanges with BNSF in San Diego, CA. The eastern portion of the line connecting with UP at Plaster City, CA, is out of service.

⁸ MTDB provides passenger service over the rail line in the San Diego area.

In 2007, SDIV's gross revenues were \$4.32 million. SDIV has an average of 20 crew starts per week and provides six days per week service over the rail lines. SDIV has 14 employees.

SAN JOAQUIN VALLEY RAILROAD COMPANY

San Joaquin Valley Railroad Company ("SJVR"), 221 N. "F" Street, P.O. Box 937, Exeter, CA 93221 (telephone 559-592-1857), began operating in 1992 and is located in California. SJVR owns and operates rail lines located between: (1) milepost 206.15 at Fresno, CA and milepost 295.2 at Richgrove, CA, and between milepost 304.2 at Hollis, CA and milepost 308.64 at Famoso, CA, on the Exeter Branch; (2) milepost 240.15 at Goshen Junction, CA and milepost 282.23 at Huron, CA, on the Coalinga Branch; (3) milepost 246.01 at Goshen Junction, CA and milepost 262.67 at Exeter, CA, on the Visalia Branch; (4) milepost 206.15 at Fresno, CA and milepost 214.5 at Tarpey, CA, on the Clovis Branch; (5) milepost 295.01 at Richgrove, CA and milepost 299.17 at Jovista, CA, on the Richgrove Branch; (6) milepost 0.0 at Exeter, CA and milepost 1.13 at Citro Junction, CA, on the Visalia Electric Railroad Company line; (7) milepost 308.74 at Oil City Junction, CA and milepost 312.50 at Maltha, CA, on the Oil City Branch; and (8) milepost 316.80 at Magunden, CA and milepost 333.55 at Arvin, CA, on the Arvin Branch.

SJVR also owns and operates the rail lines located between: (1) milepost 316.78 at Magunden, CA and milepost 333.83 at Arvin, CA; (2) milepost 38.9 at Exeter, CA and milepost 47.2 at Lindsay, CA; (3) milepost 23.8 at Visalia, CA and milepost 20.2 at Loma, CA; (4) milepost 50.71 at Lacey, CA and milepost 49.59 at Reedley, CA; (5) milepost 0.03 at Fresno, CA and milepost 6.0 near Fresno, CA; and (6) milepost 113.70 and milepost 111.76, near Bakersfield, CA.

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SJVR was assigned the lease rights of Port Railroads, Inc. over 107.438 mile of rail line of the UP (the "First Leased Lines") located between: (1) the West Side Line, between milepost 207.138 on the west leg of the wye and milepost 207.260 on the east leg of the wye, at Fresno, CA, and milepost 159.90, the end of the line at Oxalis, CA; (2) the Riverdale Branch between milepost 182.003 at Ingle, CA and milepost 208.73 at Burrell, CA; and (3) the Buttonwillow Branch between milepost 313.649 on the west leg of the wye and milepost 314.020 on the east leg of the wye, at Kern Junction in Bakersfield, CA, and milepost 347.00 at Buttonwillow, CA. SJVR leases and operates 36.45 miles of rail line from Sunset Railway Company between milepost 0.05 at Gosford, CA and milepost 36.5 at Taft, CA. SJVR has trackage rights over (1) BNSF rail lines located between: (i) milepost 228.05 and milepost 229.20 near Lacey, CA, (ii) milepost 996.8 and milepost 999.67, and (iii) milepost 0.00 and milepost 5.13; and (2) a UP rail line between milepost 196.0 at Biola Junction, CA and milepost 316.6 at Magunden, CA. See Exhibit 1-B (30)

SJVR handled 37,209 carloads in 2007. The principal commodities transported are food products, petroleum, chemicals and minerals. SJVR interchanges with UP at Fresno, Goshen Junction, Bakersfield, CA, and with BNSF at Bakersfield and Fresno, CA.

In 2007, SJVR's gross revenues were \$15.77 million. SJVR has an average of 61 crew starts per week and provides seven days per week service over the rail lines. SJVR has 69 employees.

SOUTH CAROLINA CENTRAL RAILROAD COMPANY, INC.

South Carolina Central Railroad Company, Inc ("SCRC"), 621 Field Pond Road, Darlington, SC 29540 (telephone 843-398-9850), began operating in 1989 and is located in South Carolina. SCRC owns approximately 90 miles of rail line operated by SCRC and its division, the Carolina Piedmont Railroad ("CPDR"), 268 E. Main Street, Laurens, SC 29360

(telephone 864-984-0040). SCRF operates rail lines located between: (1) milepost 293.3 at Florence, SC and milepost 318.0 at Hartsville, SC (Darlington Sub); (2) milepost 318.0 at Hartsville, SC and milepost 331.4 at Bishopville, SC (Bishopville Sub), (3) milepost 319.6 at Cheraw, SC and milepost 332.4 at Society Hill, SC (Chesterfield Sub); and (4) milepost 0.0 at Darlington Junction, SC and milepost 4.9 at Wellman, SC (Wellman Industrial Track) See Exhibit 1-B (31).

CPDR operates rail line located between milepost 588.6 at East Greenville, SC and milepost 554.5 at Laurens, SC. The Greenville Economic Development Corporation owns the line between milepost 588.5 and milepost 588.6 See Exhibit 1-B (32).

SCRF handled 42,509 carloads in 2007. The principal commodities transported are chemicals, food, minerals, metals, coal and paper products. SCRF interchanges with CSXT at Cheraw and Florence, SC. CPDR interchanges with CSXT at Laurens, SC.

In 2007, SCRF's gross revenues were \$19 million. SCRF has an average of 44 crew starts per week and provides seven days per week service over the rail lines. SCRF has 34 employees.

TOLEDO, PEORIA & WESTERN RAILWAY CORPORATION

The Toledo, Peoria & Western Railway Corporation ("TPW"), 1990 East Washington Street, East Peoria, IL 61611 (telephone 309-698-2600), began operating in 1999 as a RailAmerica subsidiary and is located in Indiana and Illinois. TPW operates approximately 249 miles of rail line, including the 114.3 miles of rail line owned and operated by TPW located between: (1) milepost 0.0 at Logansport, IN and milepost 108.0 at East Peoria, IL; (2) milepost 43.4 at Crandall, IL and milepost 48.30 at Morton, IL, and (3) milepost 108.0 at East Peoria, IL and milepost 109.4 at P&PU Junction, IL. TPW has trackage rights over rail lines owned by: (1) BNSF between milepost 52.3 at Peoria, IL and milepost 0.00 at Galesburg, IL, (2) UP between

milepost 113.9 at Iowa Junction, IL and milepost 119.1 at Sommer, IL; (3) Peoria and Pekin Union Railway Company ("P&PU") between milepost 109.4 at P&PU Junction, IL and milepost 113.9 at Iowa Junction, IL; and (4) NS between milepost 410.6 at East Peoria, IL and milepost 403.3 at Crandall, IL. See Exhibit 1-B (33)

TPW handled 34,275 carloads in 2007. The principal commodities transported are intermodal, agricultural products and chemicals. TPW interchanges with Bloomer Shippers Connecting Railroad at Chatworth, IL, with BNSF at Galesburg and Peoria, IL; with CSX1 at Reynolds, IN and Watscka, IL; with Illinois & Midland Railroad Inc., at Peoria, IL, via the P&PU; with CN at Gilman and Peoria, IL, via P&PU; with Iowa Interstate Railroad Ltd. at Peoria, IL, indirectly via P&PU, with Kankakee, Beaverville and Southern Railroad Company at Sheldon and Webster, IL; with Keokuk Junction Railway at Hollis, IL, with Logansport and the El River Shortline Company at Logansport, IN, via WSRV; with NS at Marion, via WSRV and CERA, and Logansport, IN, Farmdale, IL, and Peoria, IL via P&PU, with UP at Chenoa, East Peoria, Lomax, and Peoria, IL; and with WSRV at Logansport, IN.

In 2007, TPWR's gross revenues were \$12.36 million. TPWR has an average of 44 crew starts per week and provides seven days per week service over the rail lines. TPWR has 38 employees.

VENTURA COUNTY RAILROAD COMPANY

The Ventura County Railroad Company ("VCRR"), 333 Poma, Port Hueneme, CA 93041 (telephone 805-488-6586), began operating in September 1998 and is located in California. VCRR leases and operates approximately 12.09 miles of rail line from the Ventura County Railway Company located between milepost 0.0 (the interchange with UP) and milepost 5.7 on the docks of Port Hueneme, and three branches: the 1.05 mile Diamond Branch; the 1.71

mile Edison Branch, and the 3.63 mile Patterson Branch, all in the Port of Hueneme, Oxnard, CA. *See Exhibit 1-B (34)*

VCRR handled 2,144 carloads in 2007. The principal commodities are automobiles, chemicals, and paper products. VCRR interchanges with UP at Oxnard, CA.

In 2007, gross revenues were \$1.03 million. VCRR has an average of 5 crew starts per week and provides up to five days per week service over the rail lines, depending on demand.

VCRR has two employees.

LOCOMOTIVES AND FREIGHT CARS

RailAmerica and its subsidiaries own and lease 7,804 rail cars of various types and 490 locomotives of various horsepower, as specified below.

FREIGHT CARS			
TYPE	OWNED	LEASED	TOTAL
Covered hopper cars	35	2,544	2,579
Open top hopper cars	239	15	254
Box cars	35	2,558	2,593
Flat cars	194	1,564	1,758
Tank cars	6	4	10
Gondolas	5	593	598
Other	11	0	11
TOTAL	525	7,278	7,803

LOCOMOTIVES			
HORSEPOWER/UNIT	OWNED	LEASED	TOTAL
Over 2,000	83	113	196
1,500 to 2,000	159	104	263
Under 1,500	22	9	31
TOTAL	264	226	490

Florida East Coast Railway



EXHIBIT 1-A

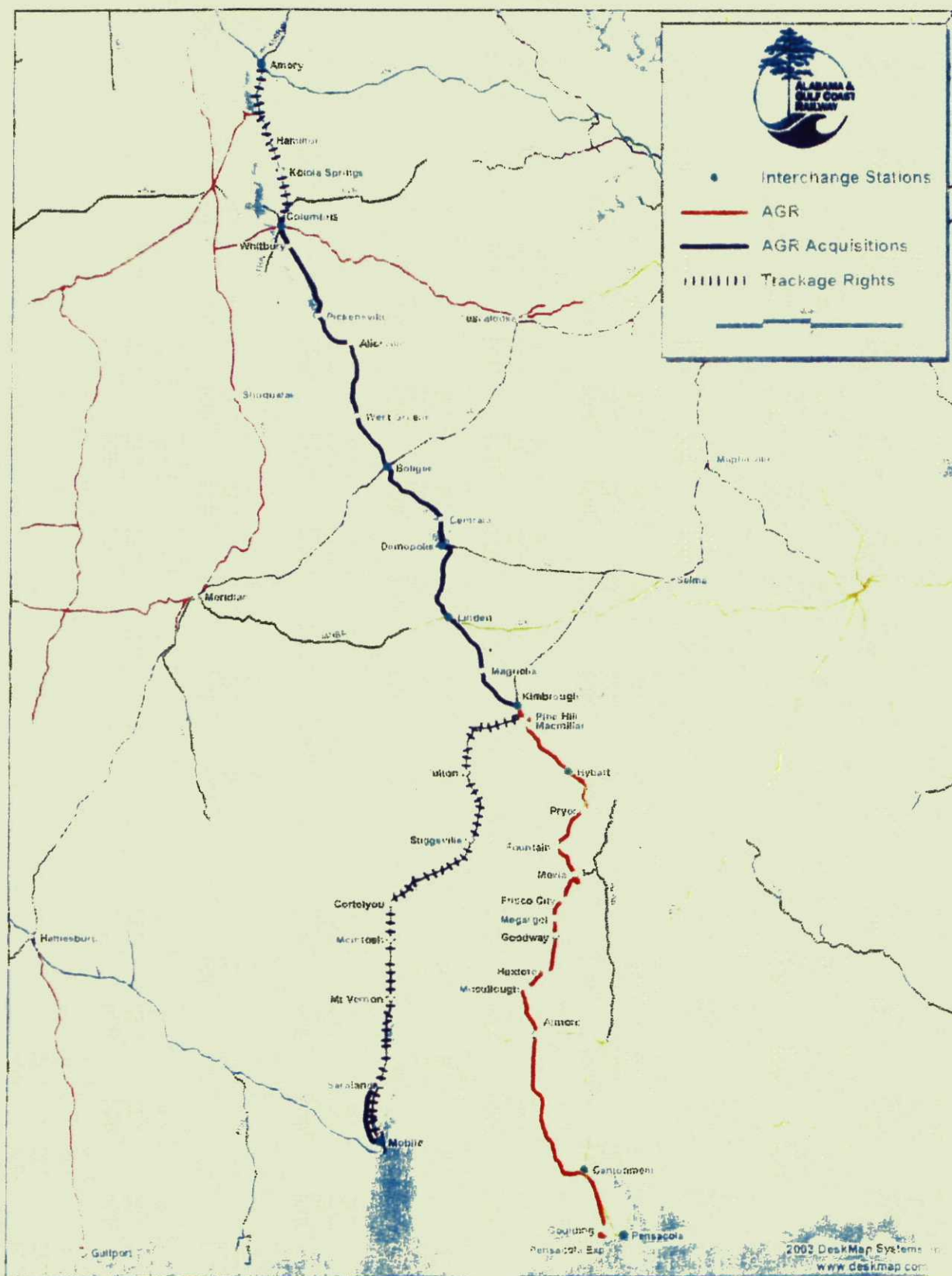


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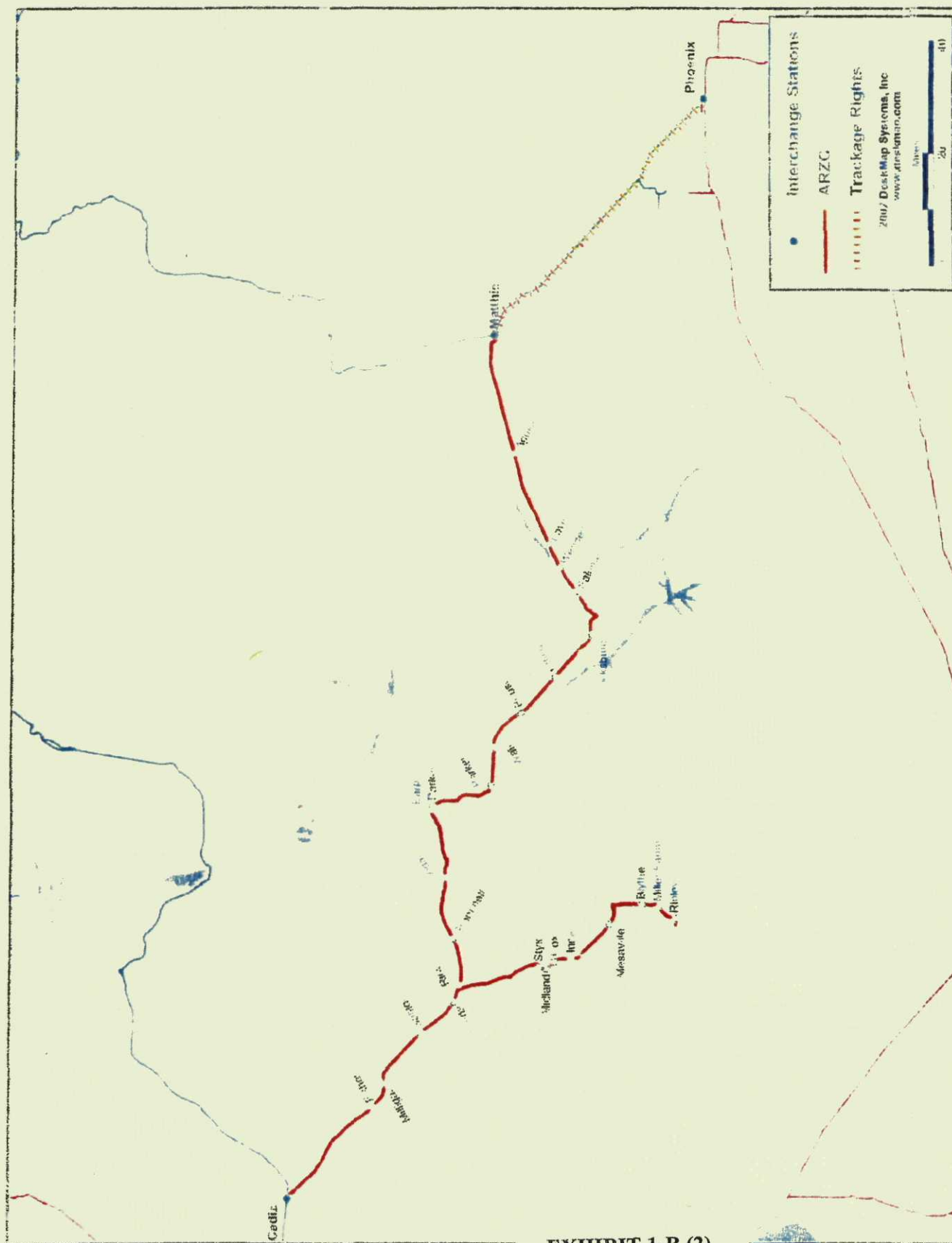


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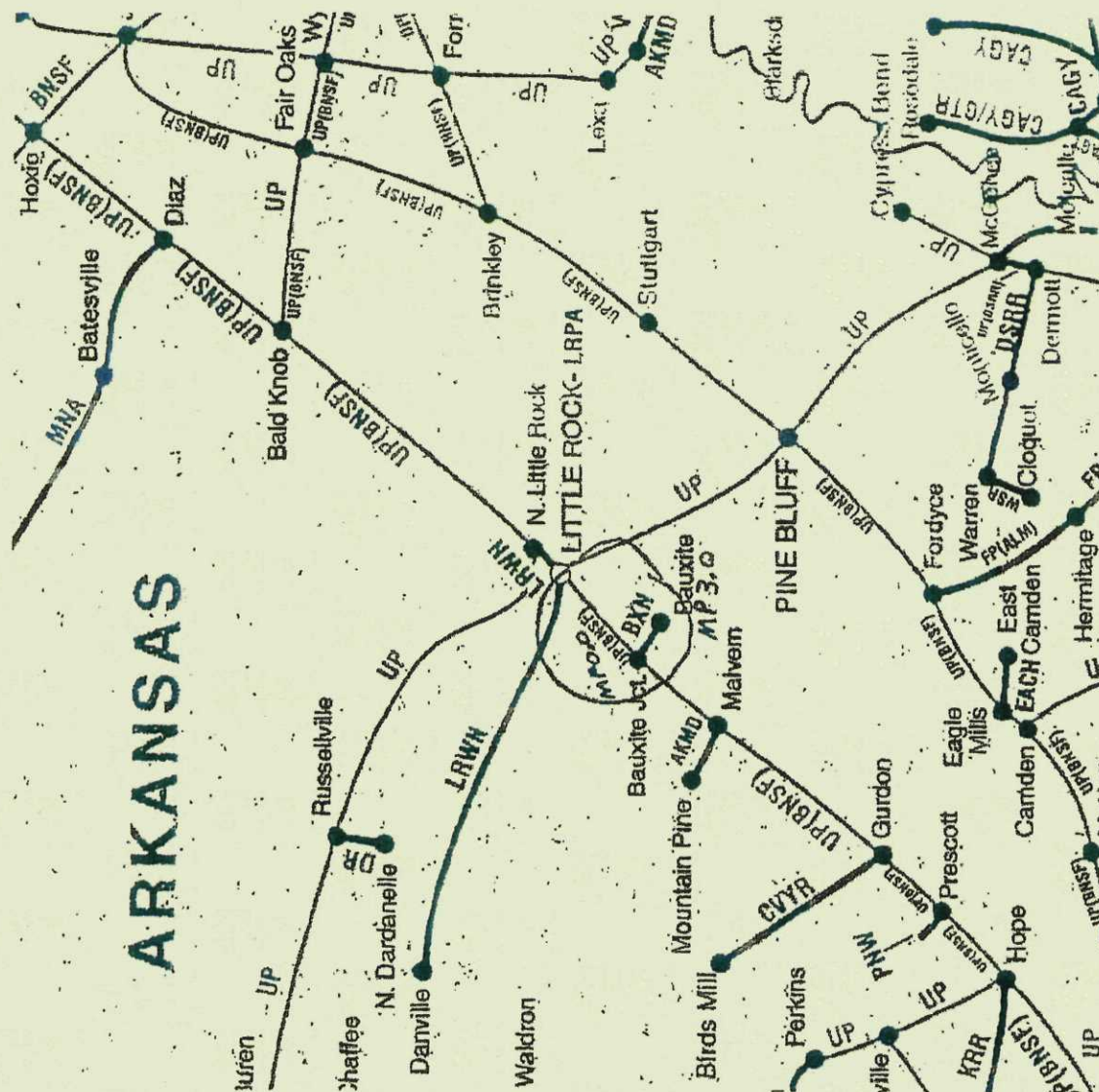




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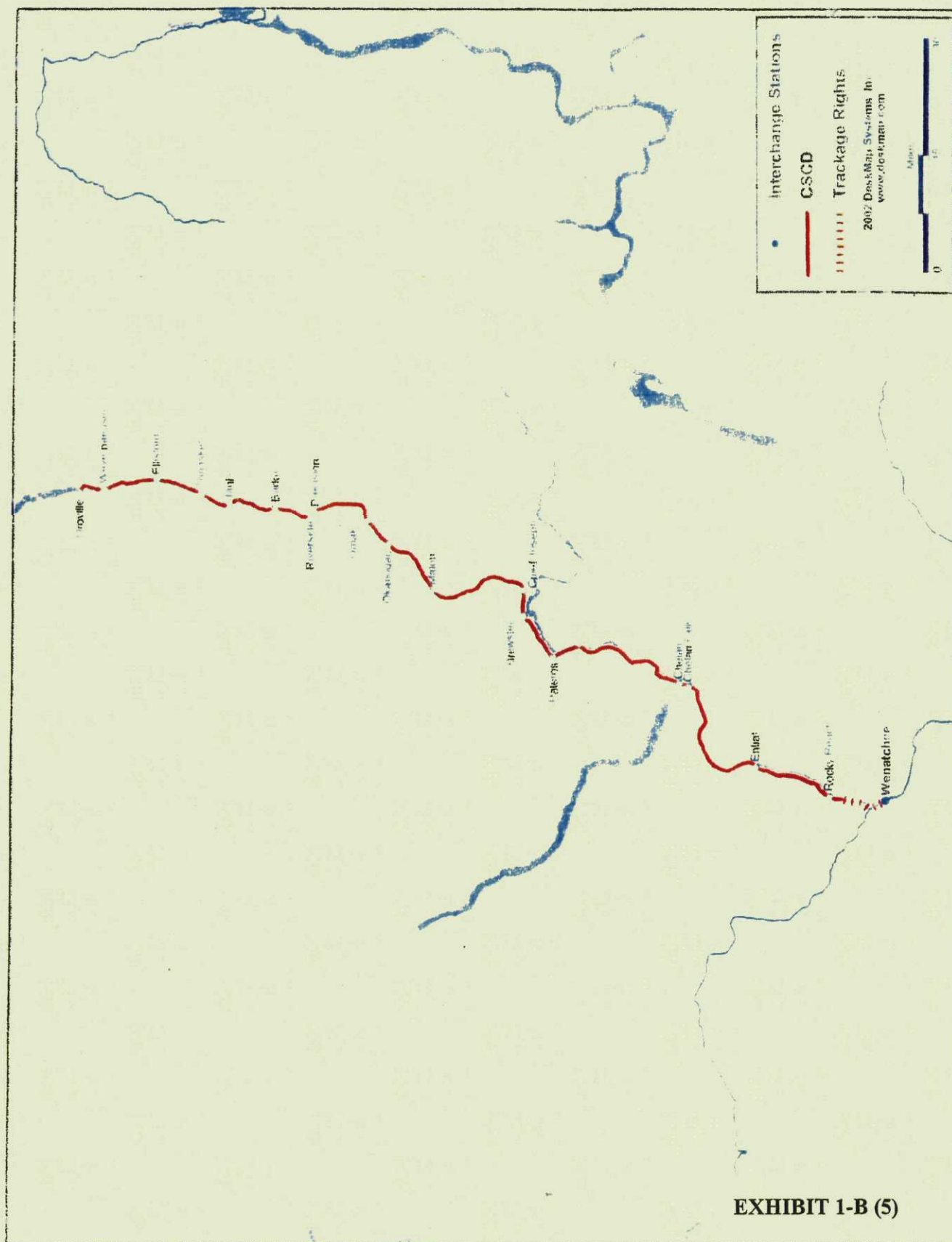


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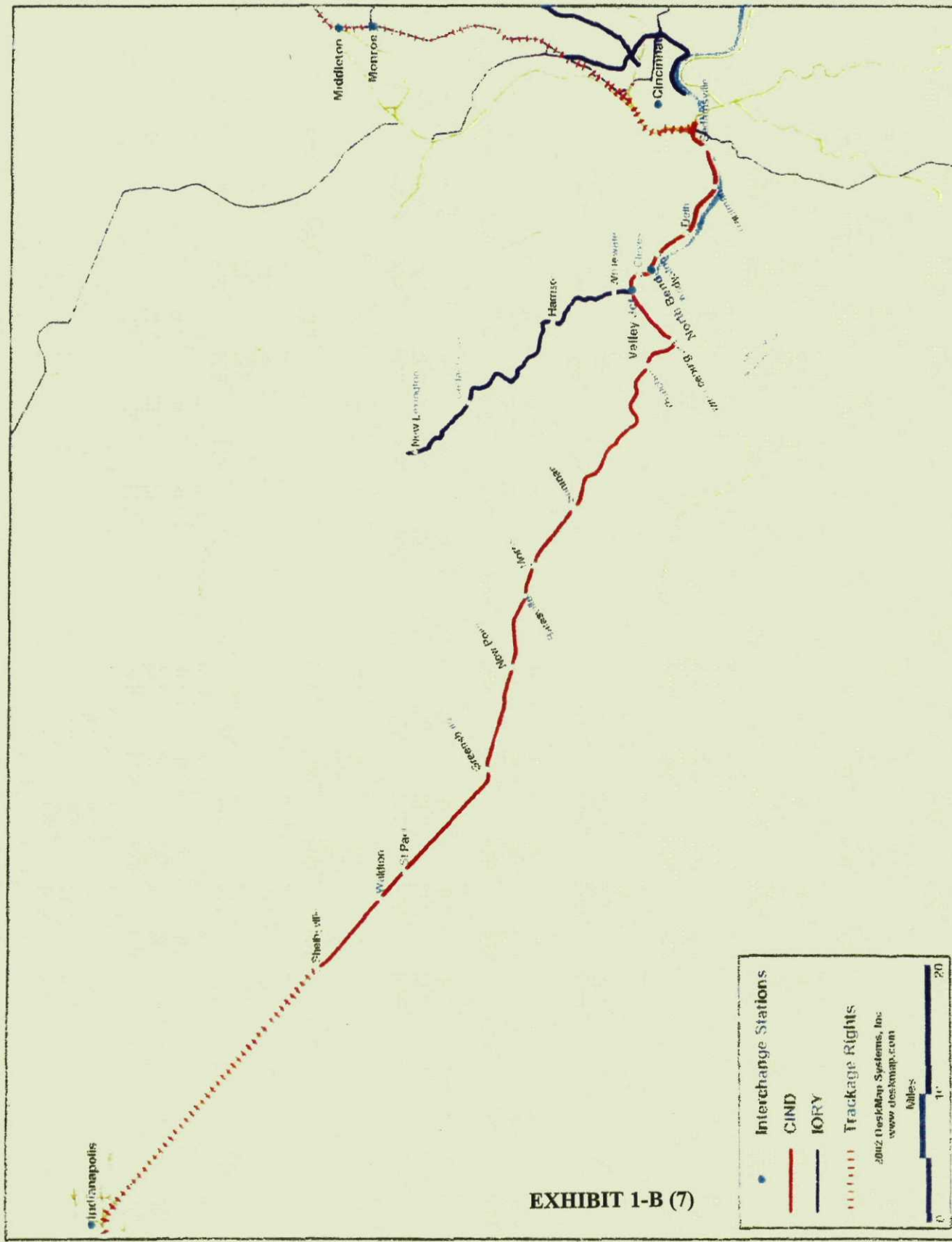


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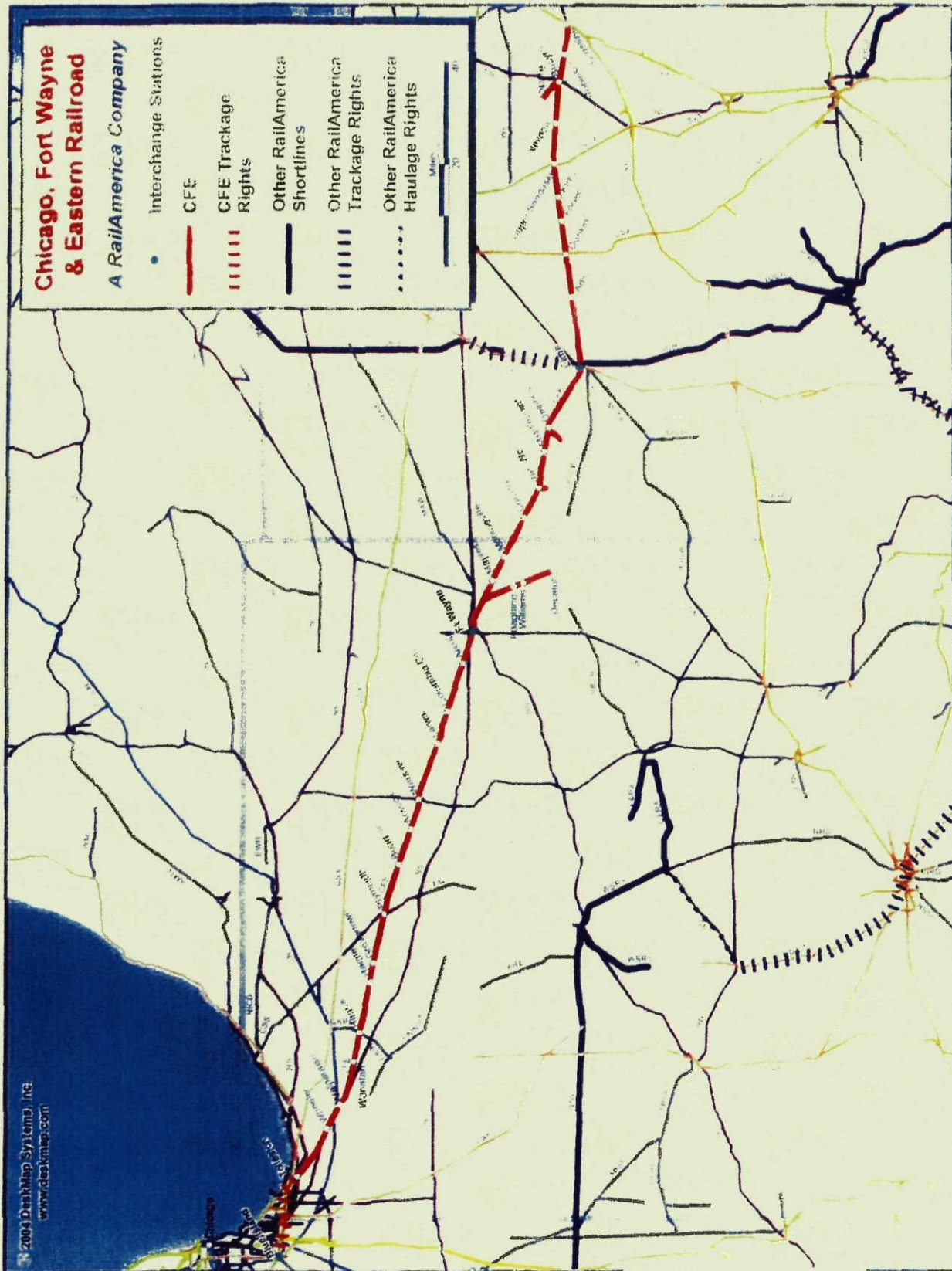
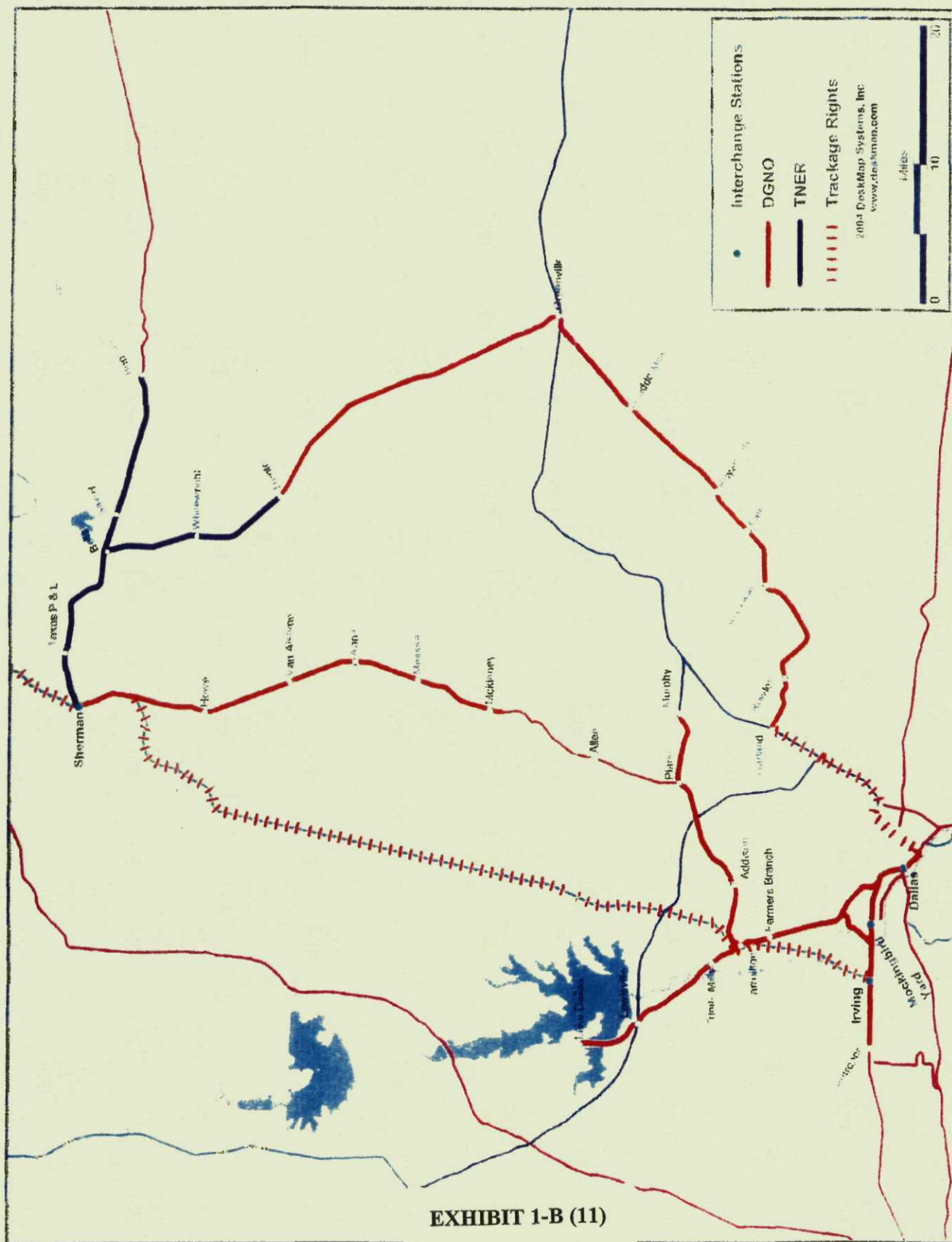


EXHIBIT 1-B (9)



EXHIBIT 1-B (10)



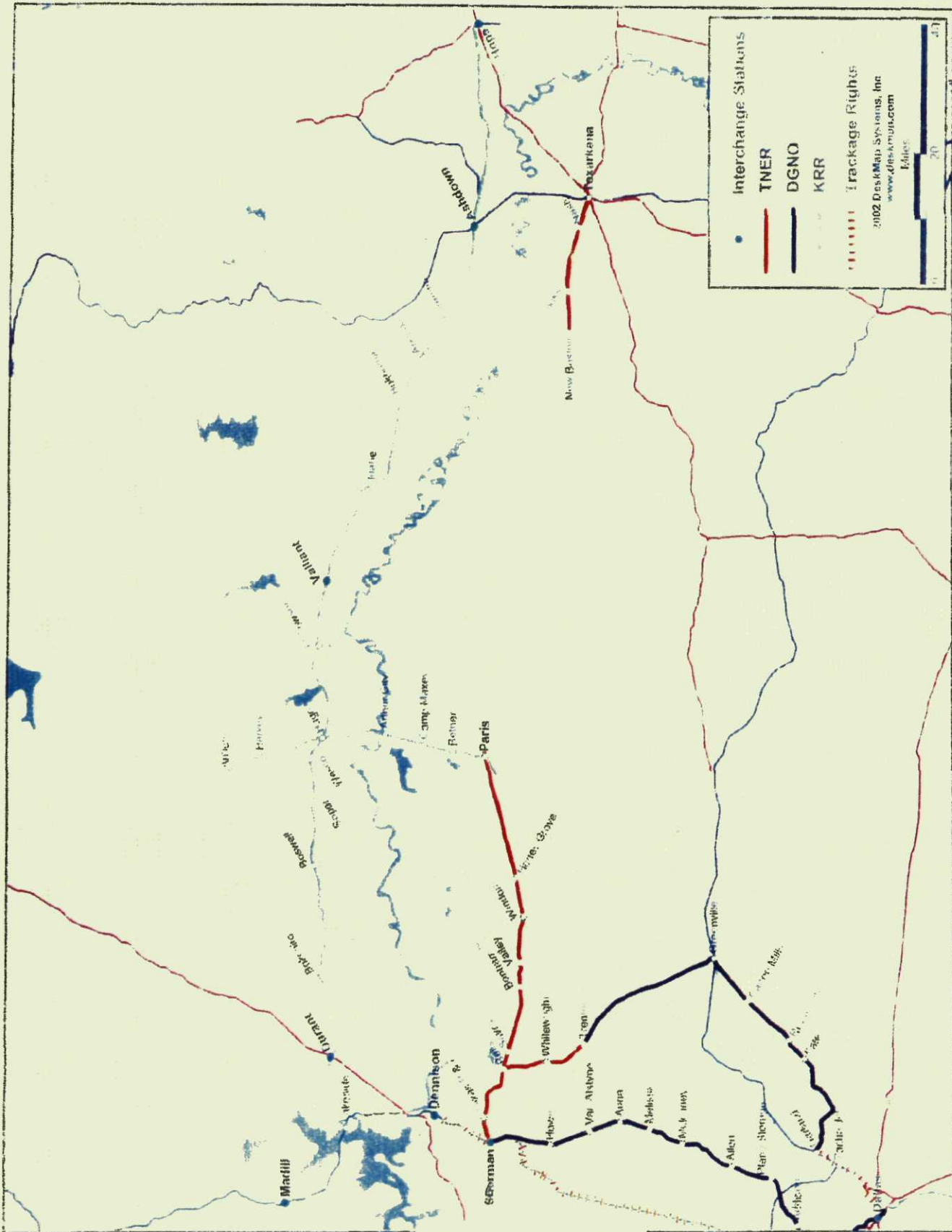


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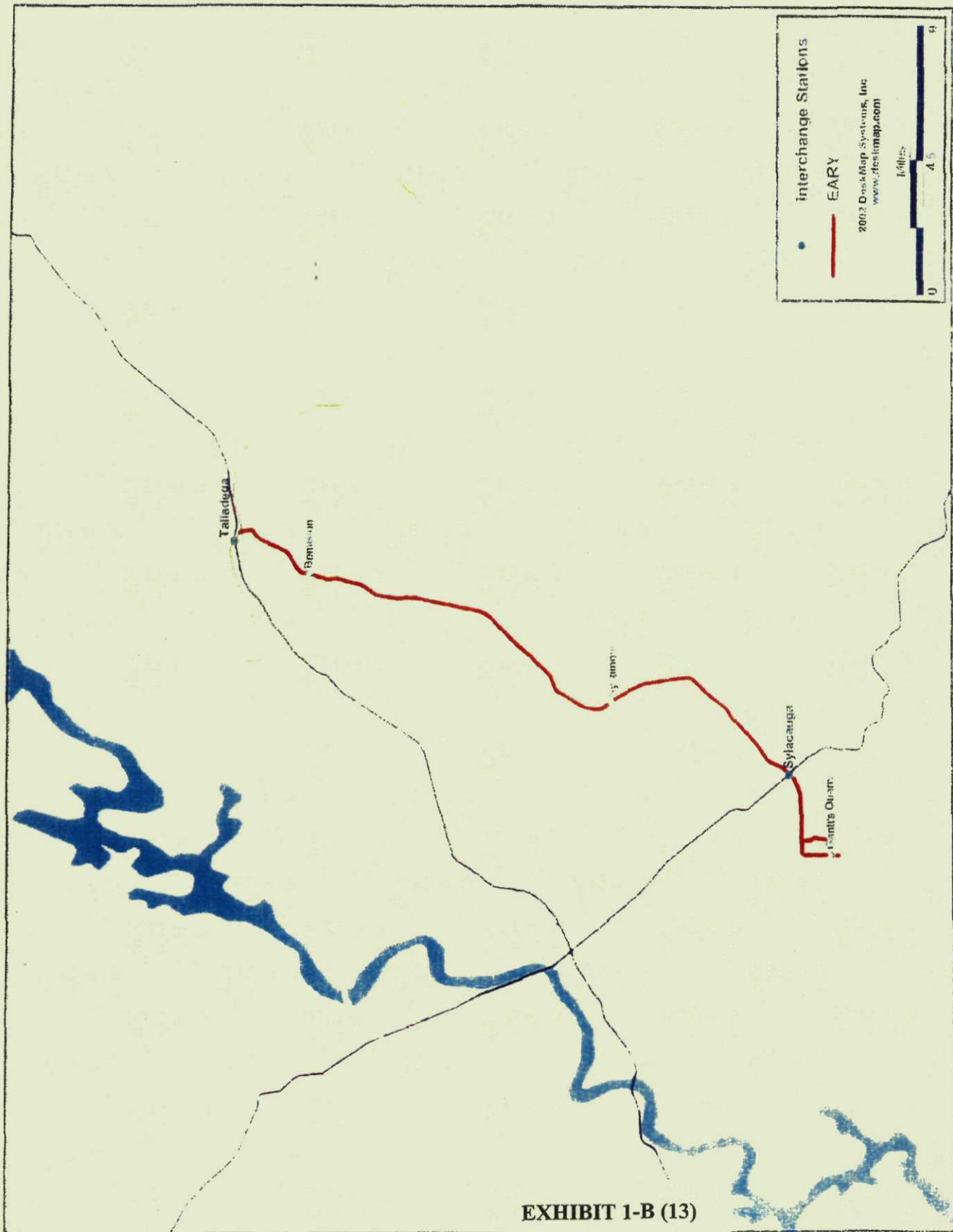


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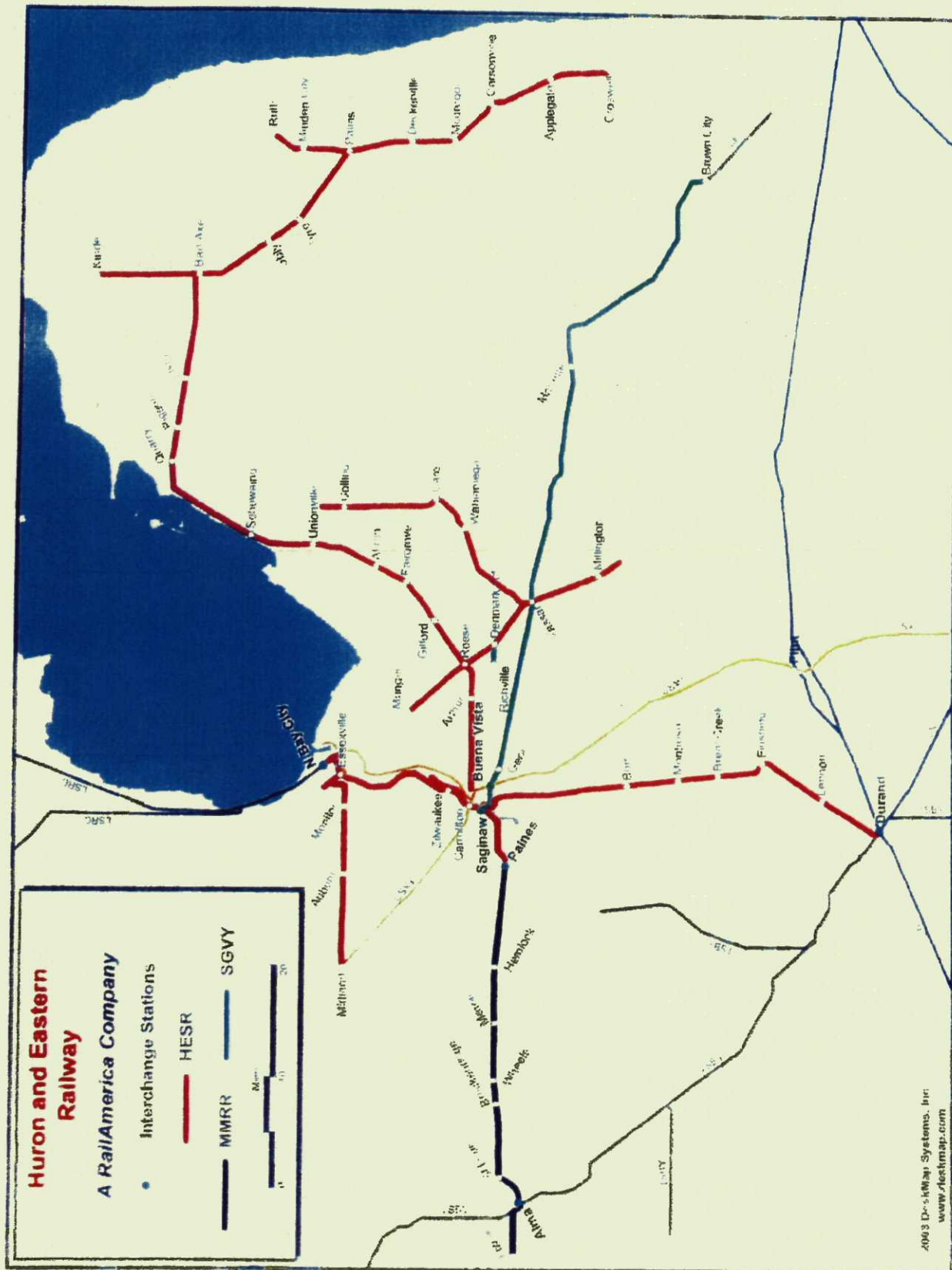


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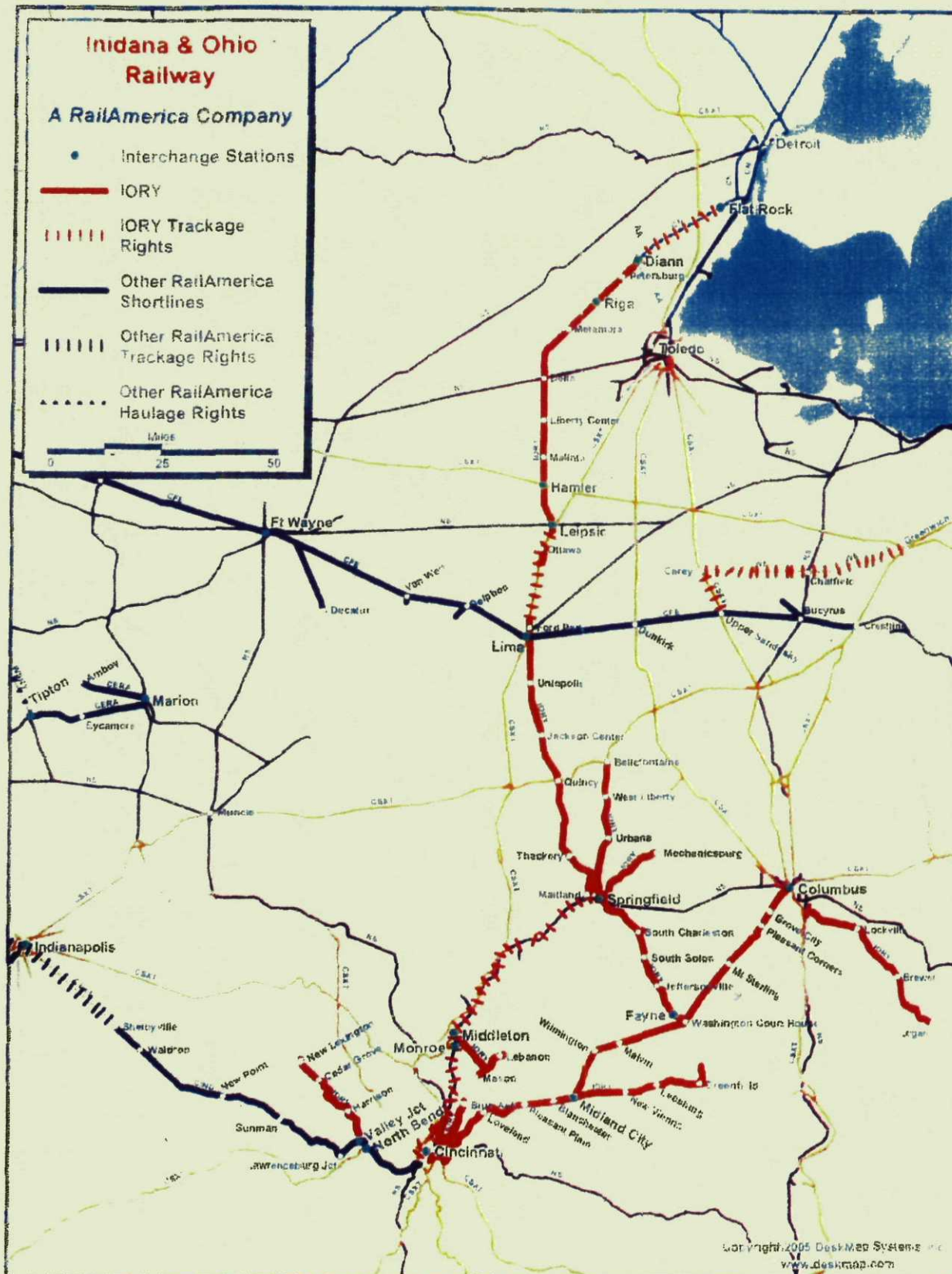


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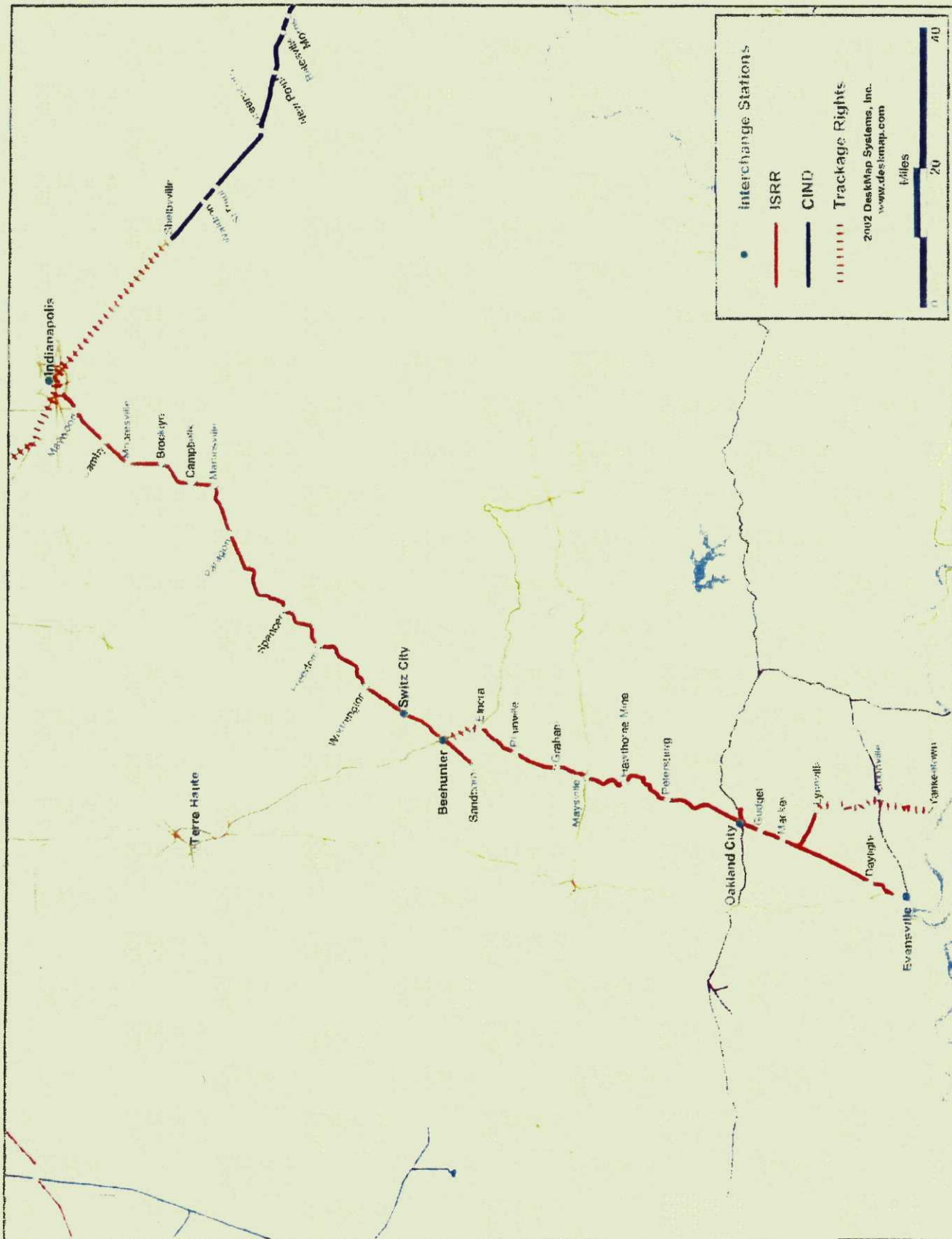


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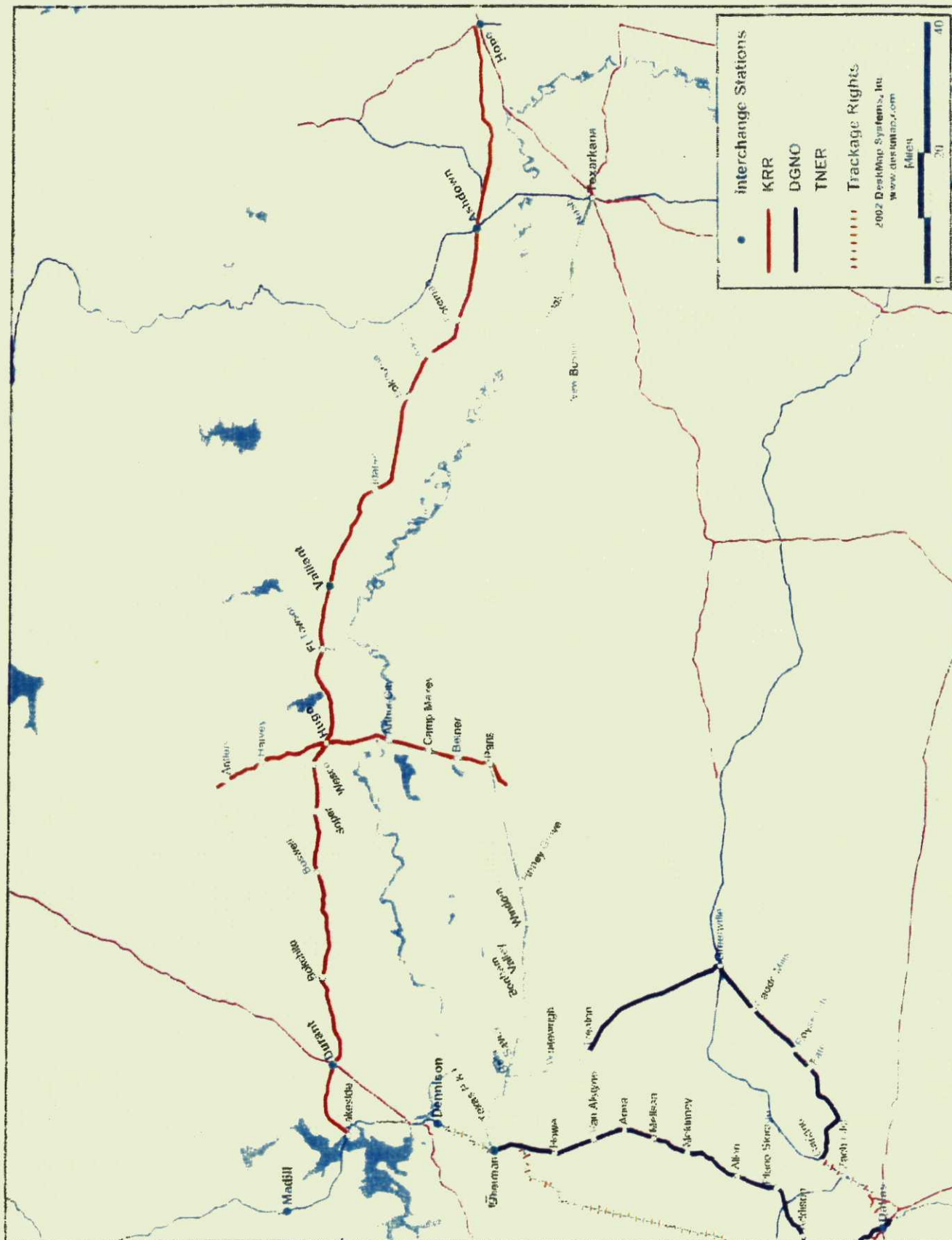


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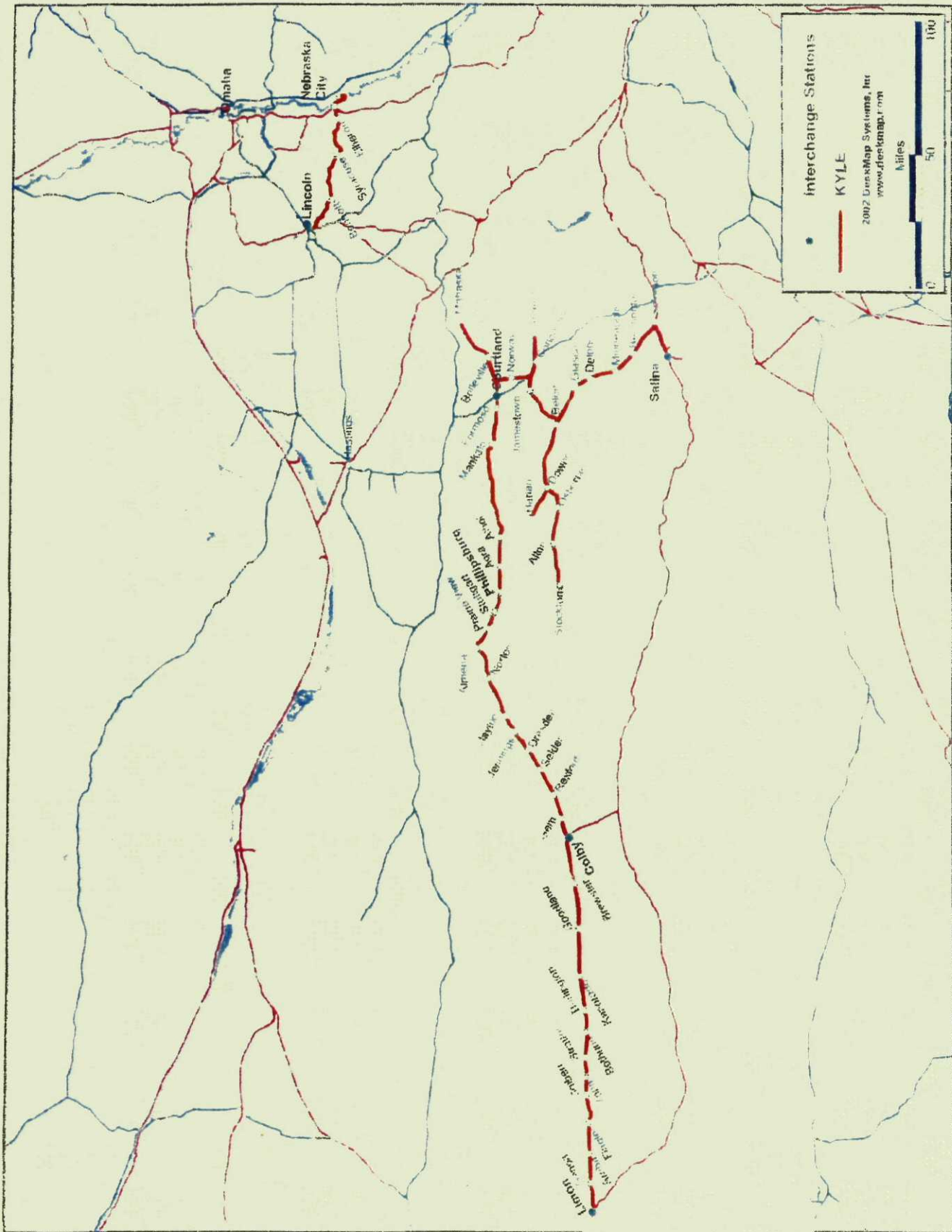


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MASSENA TERMINAL RAILROAD COMPANY

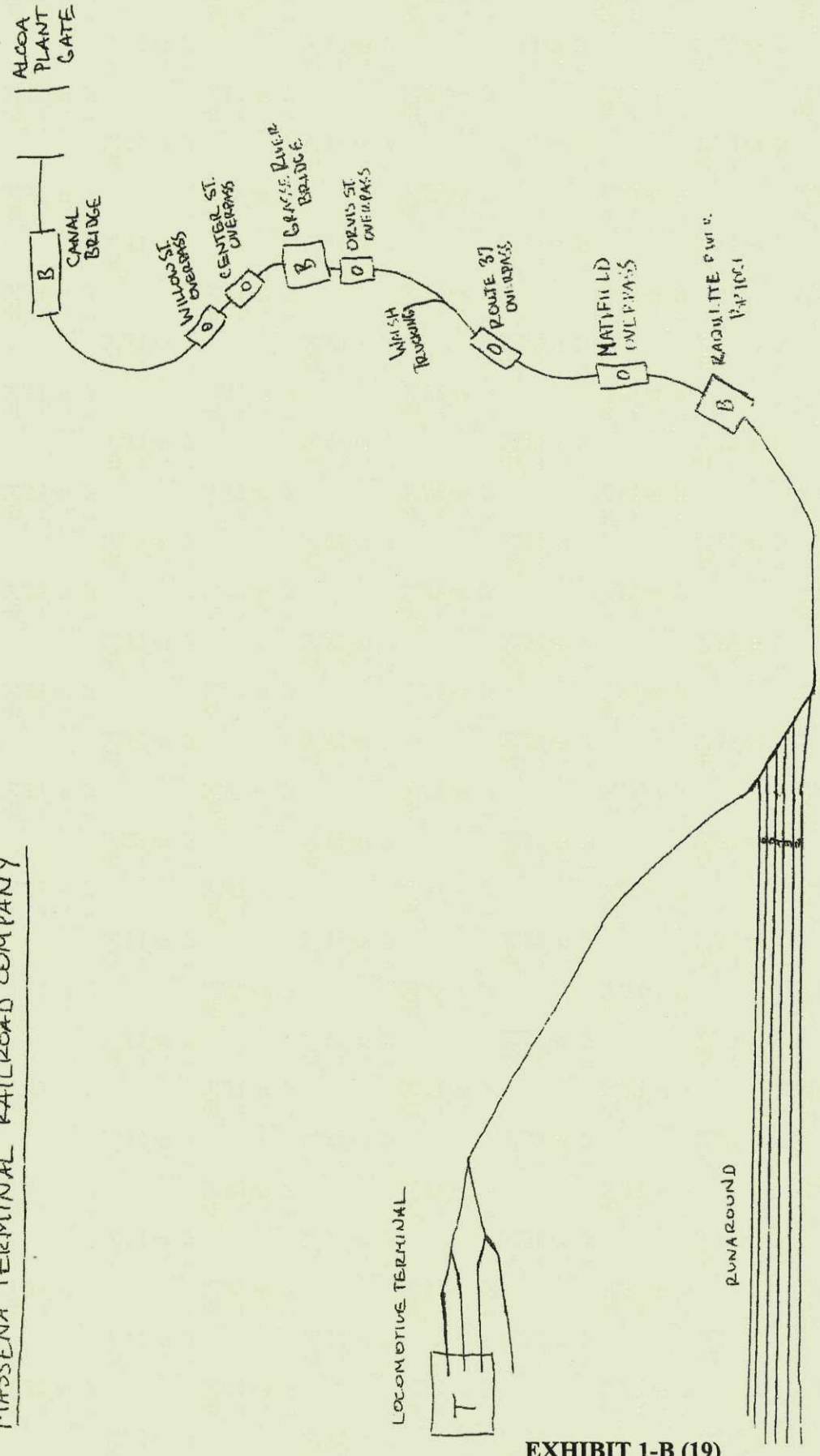


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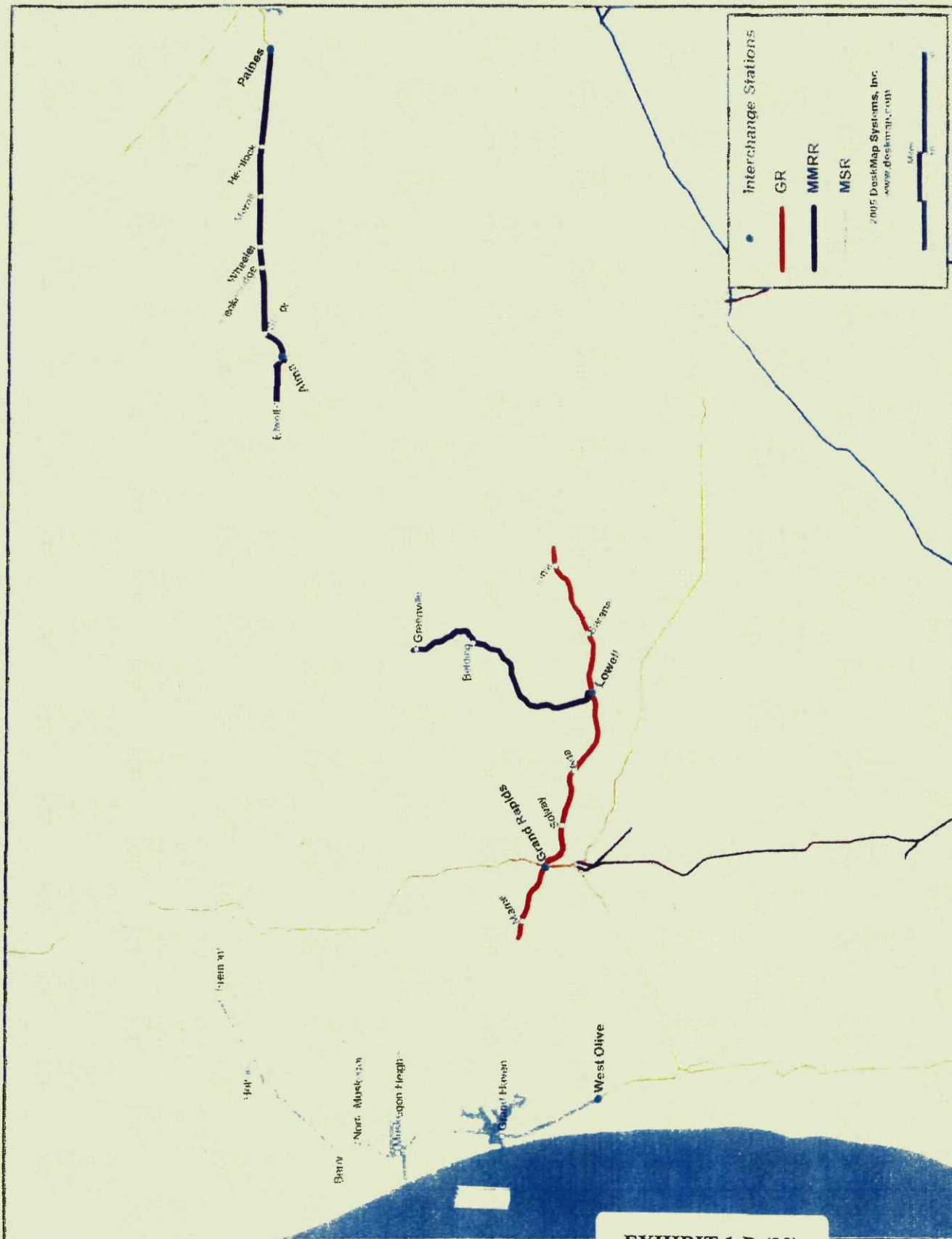


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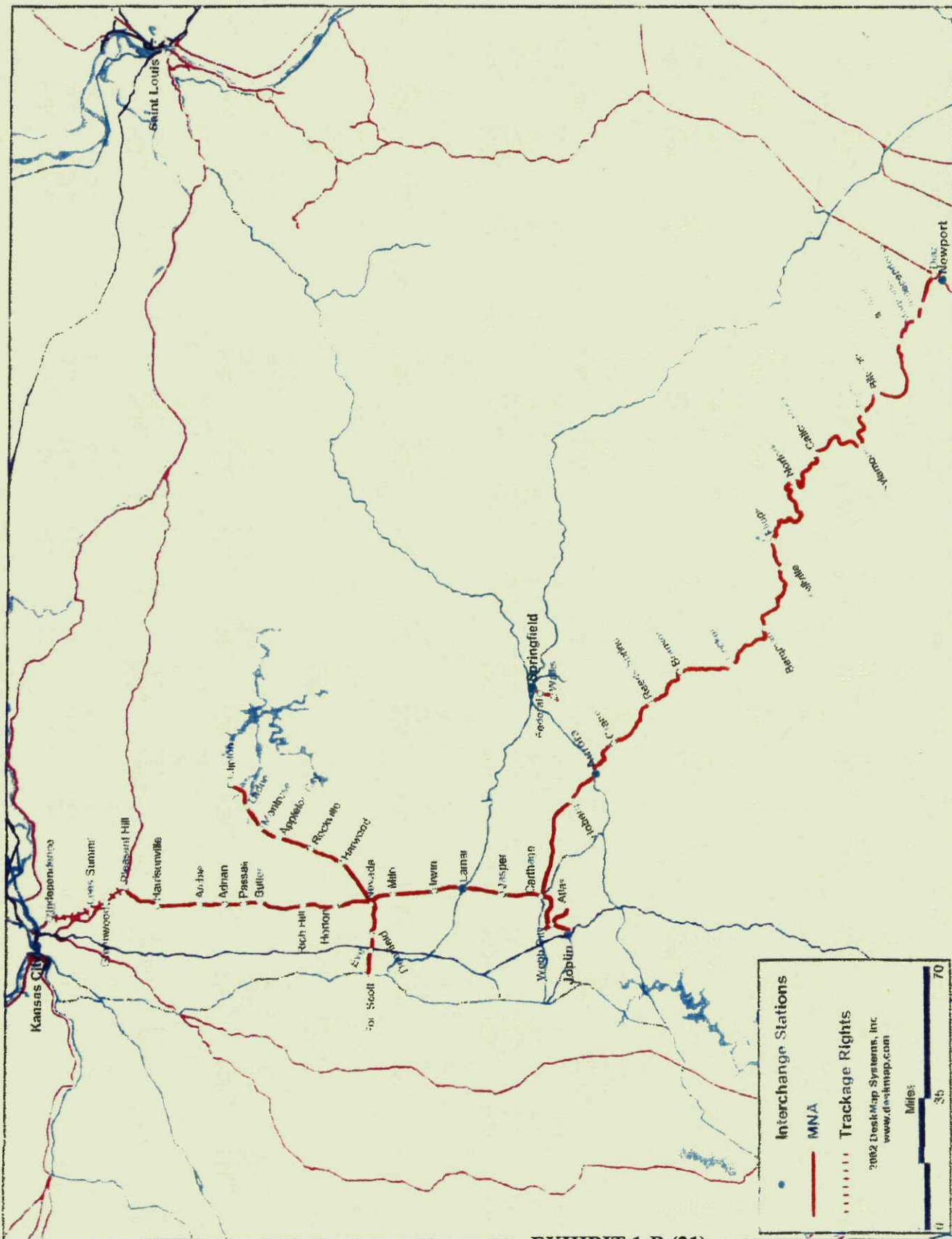


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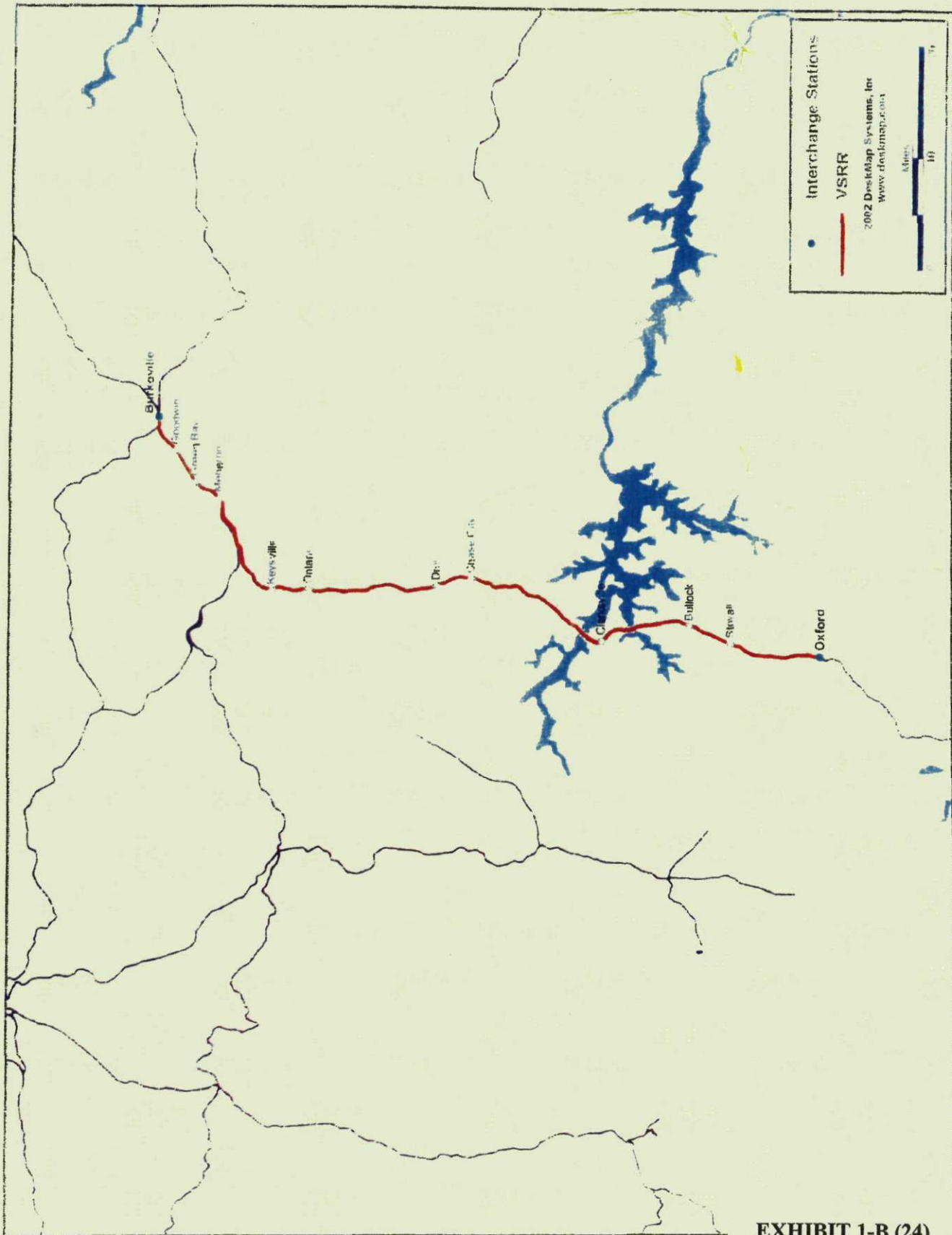


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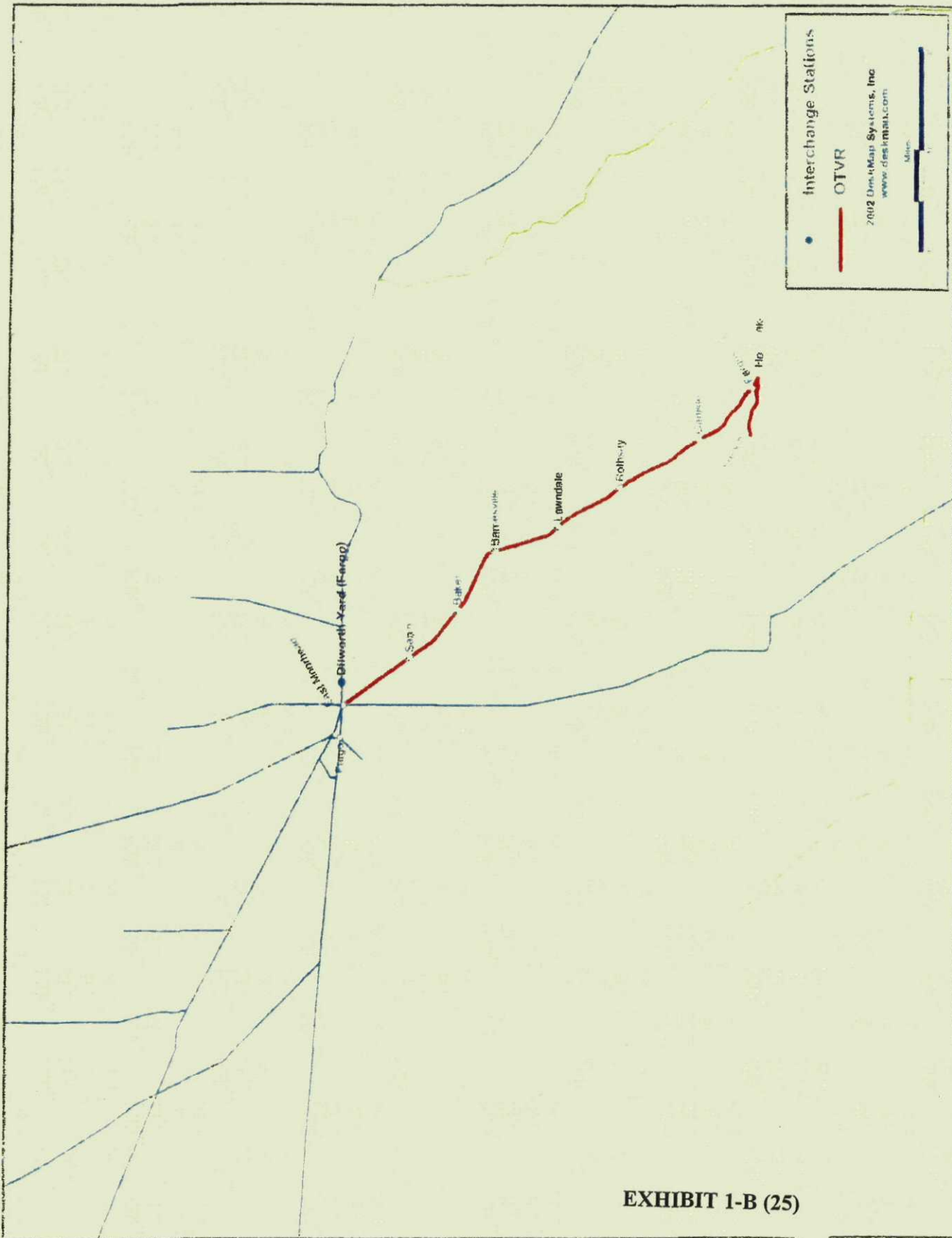
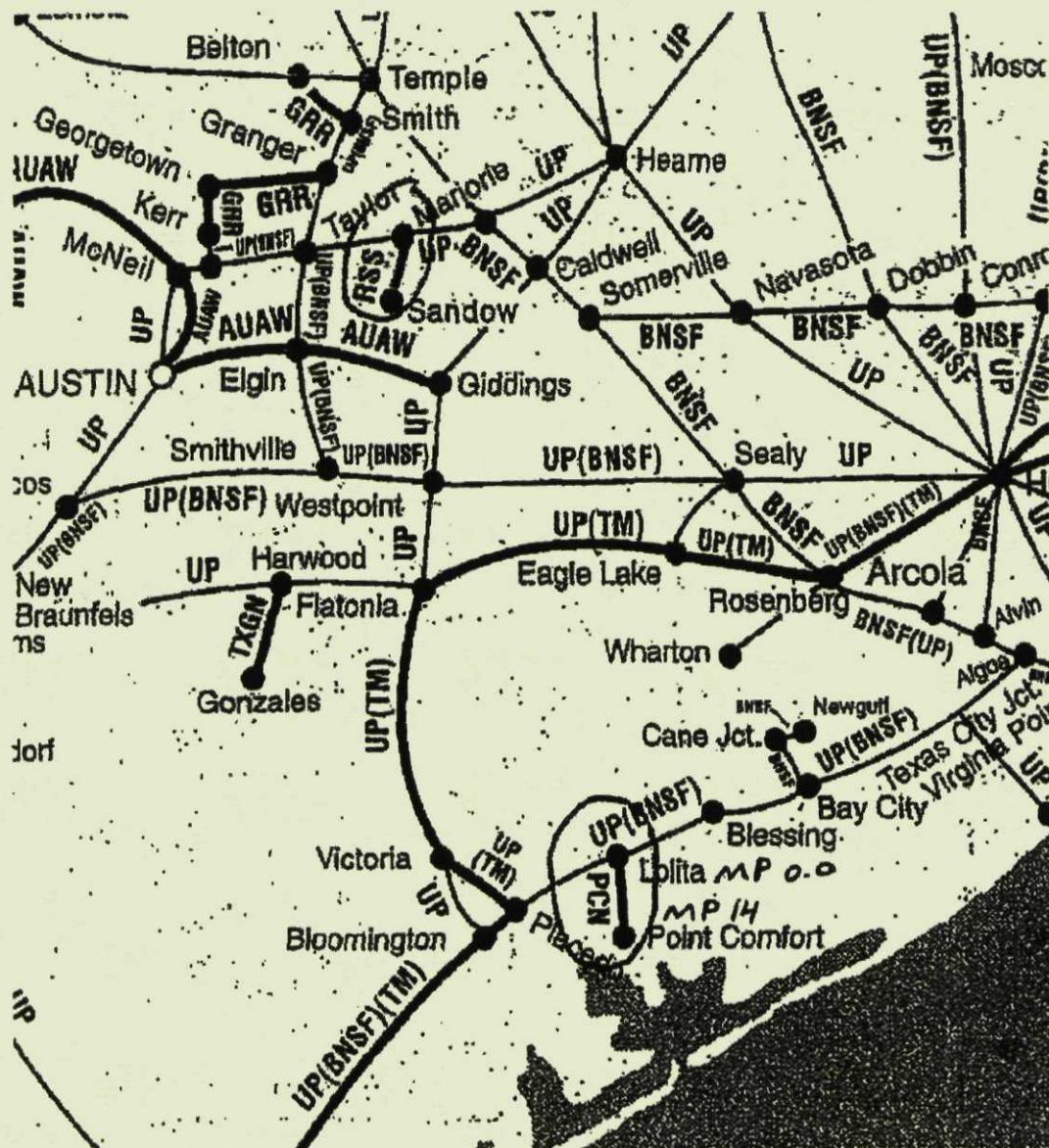
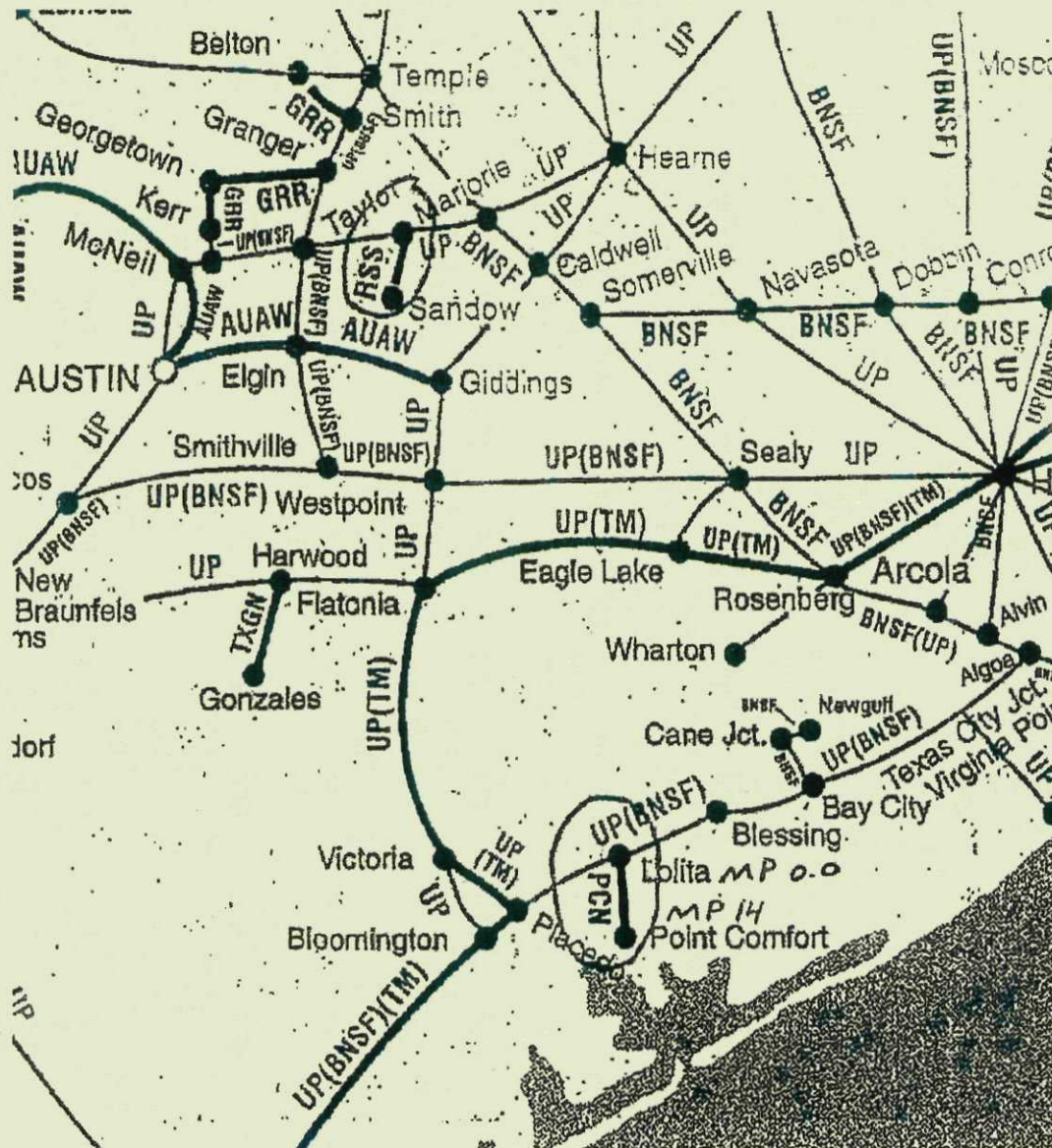
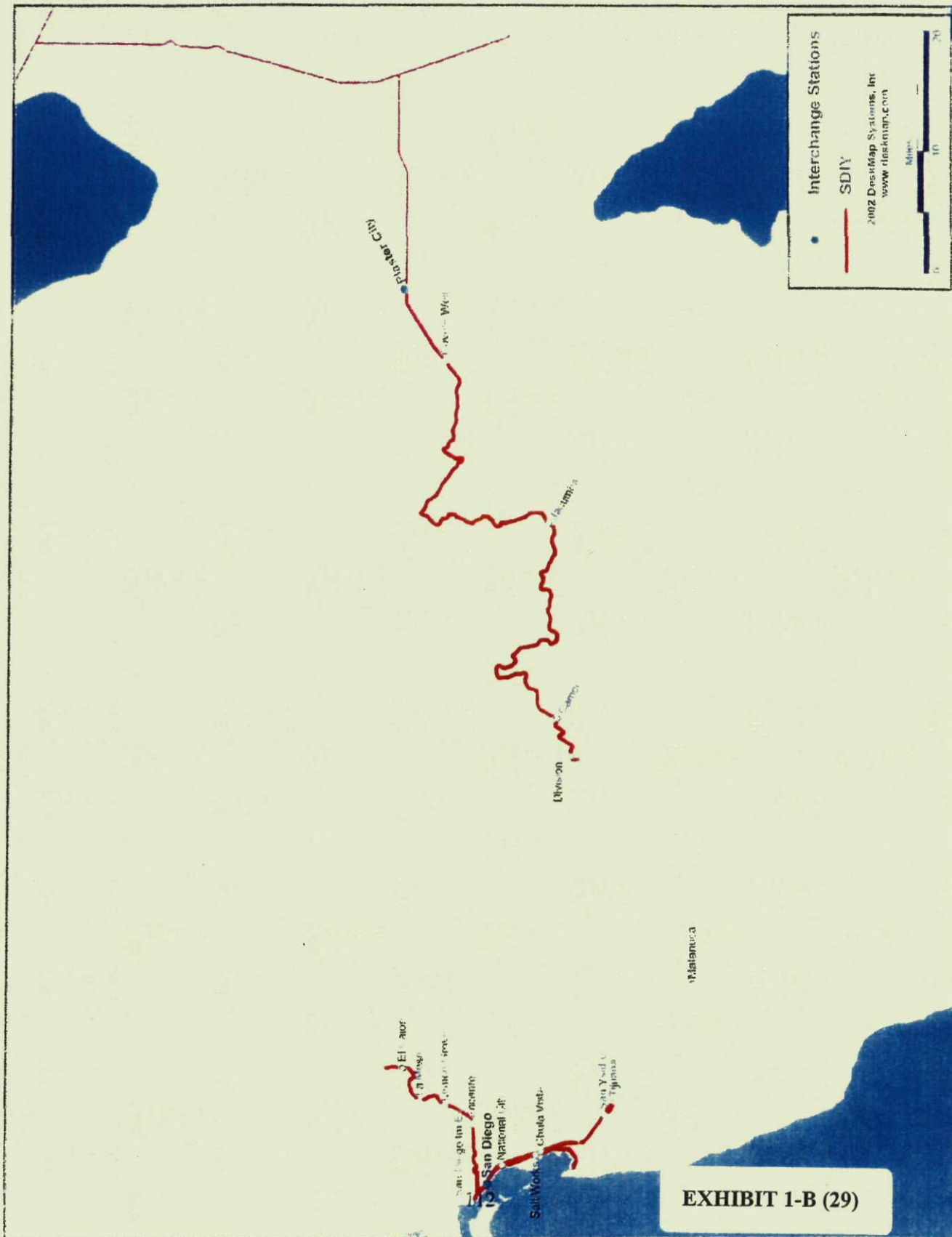


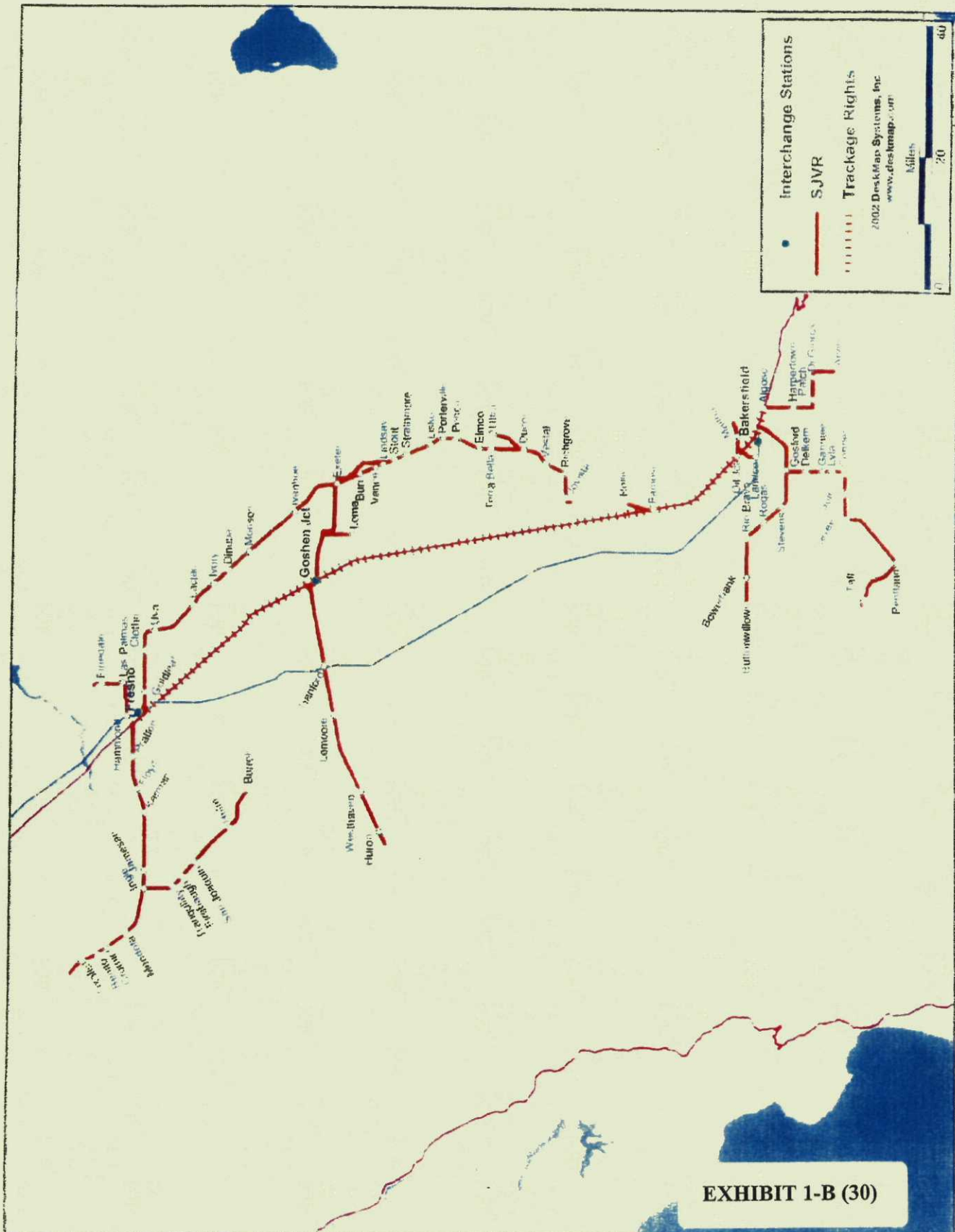
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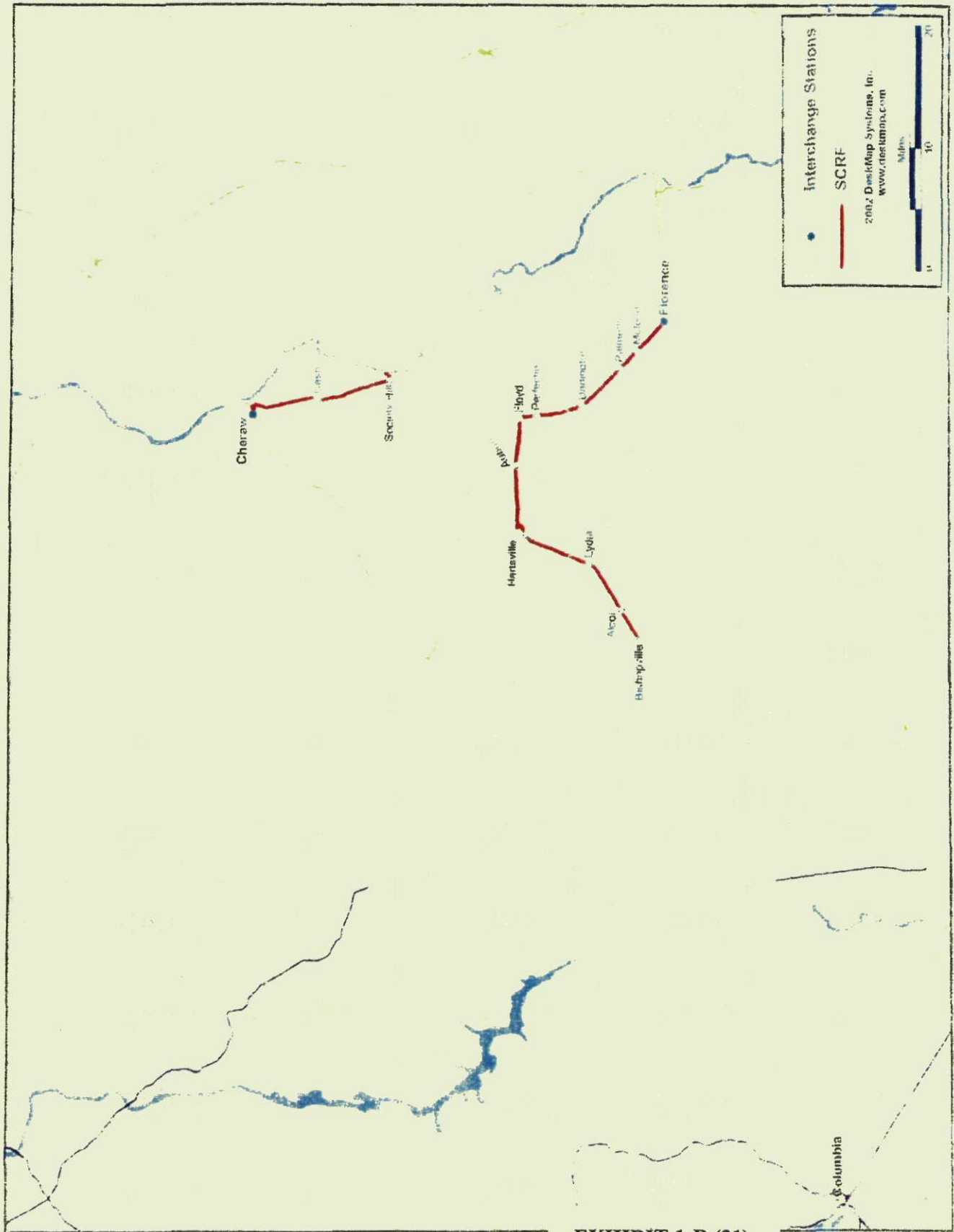


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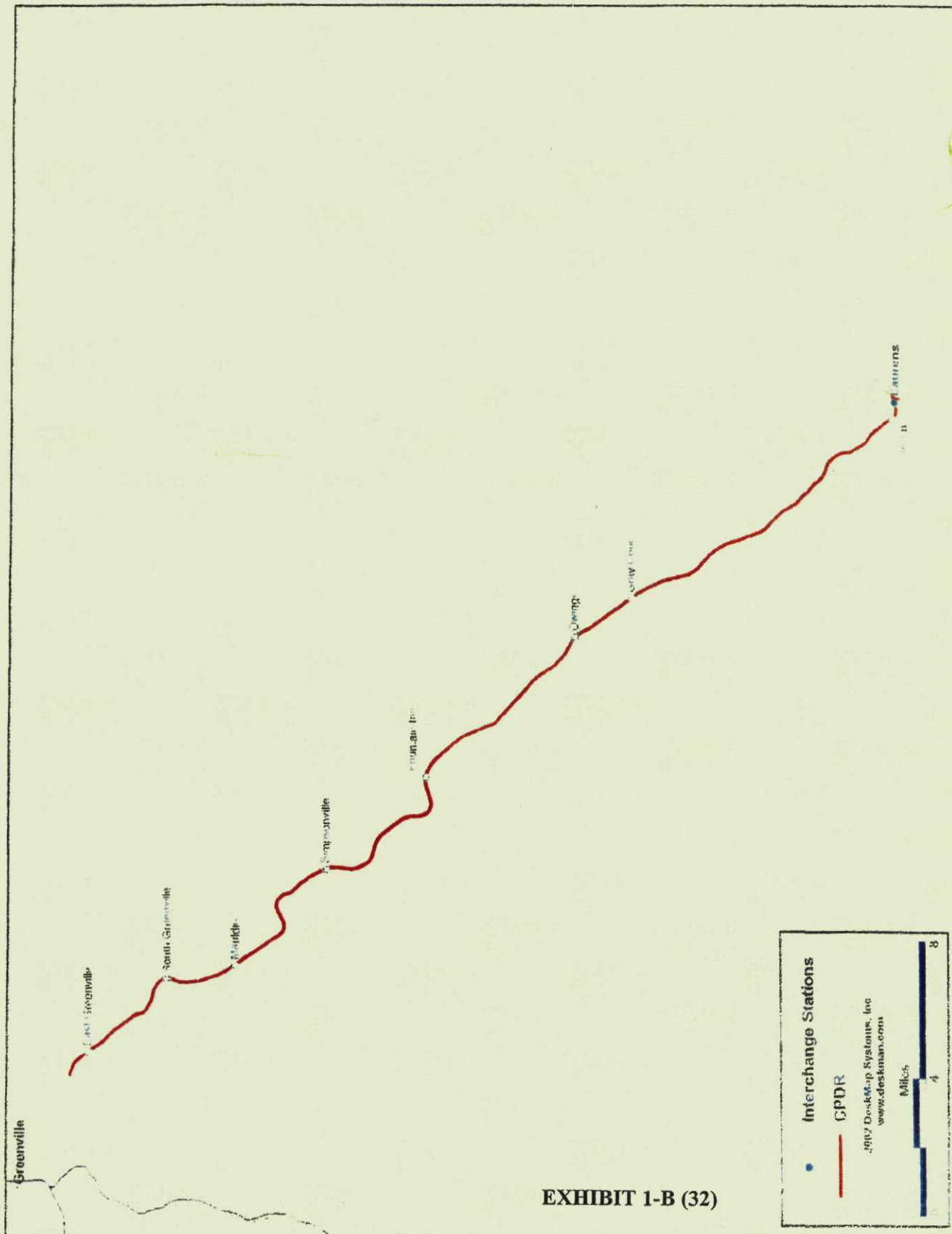


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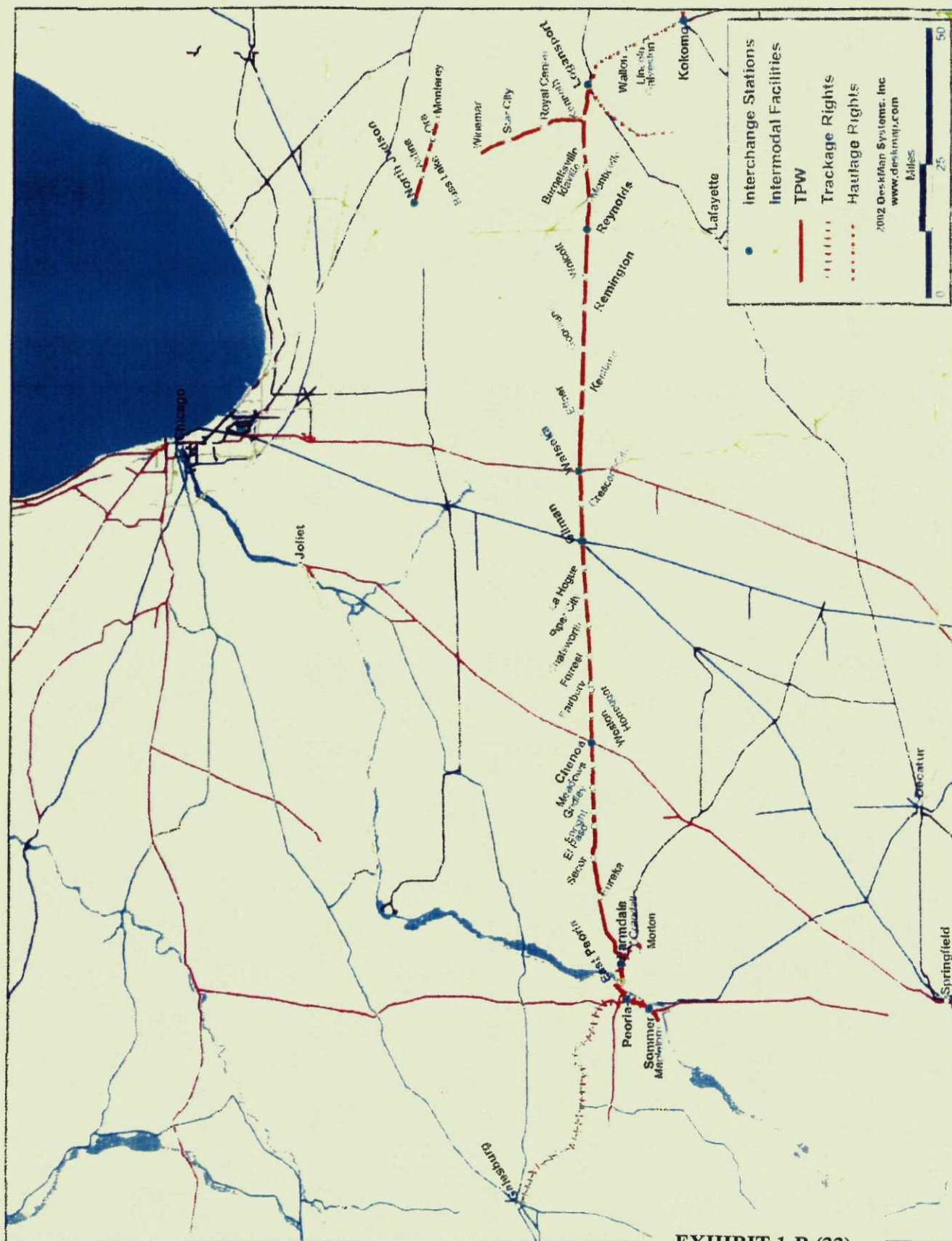
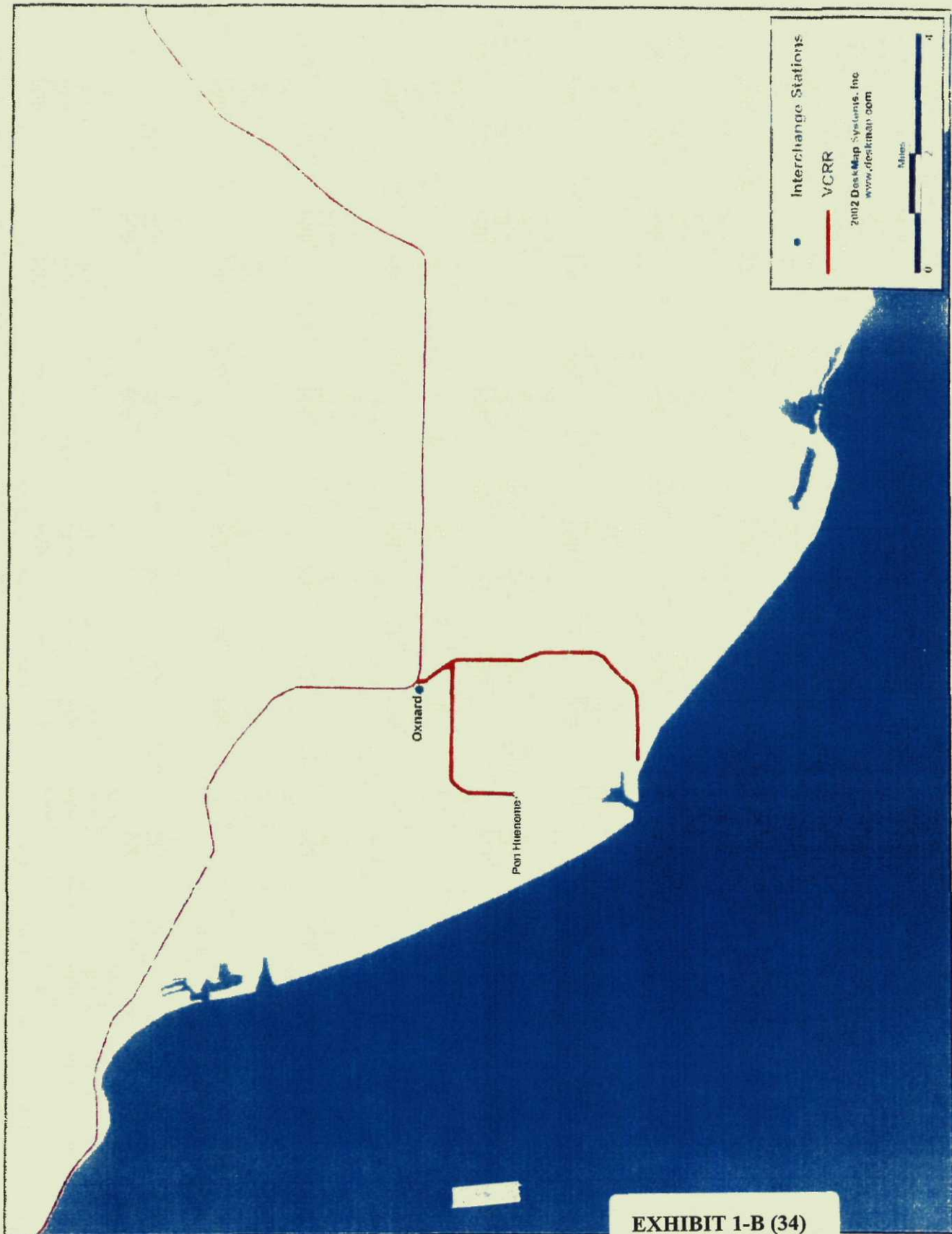
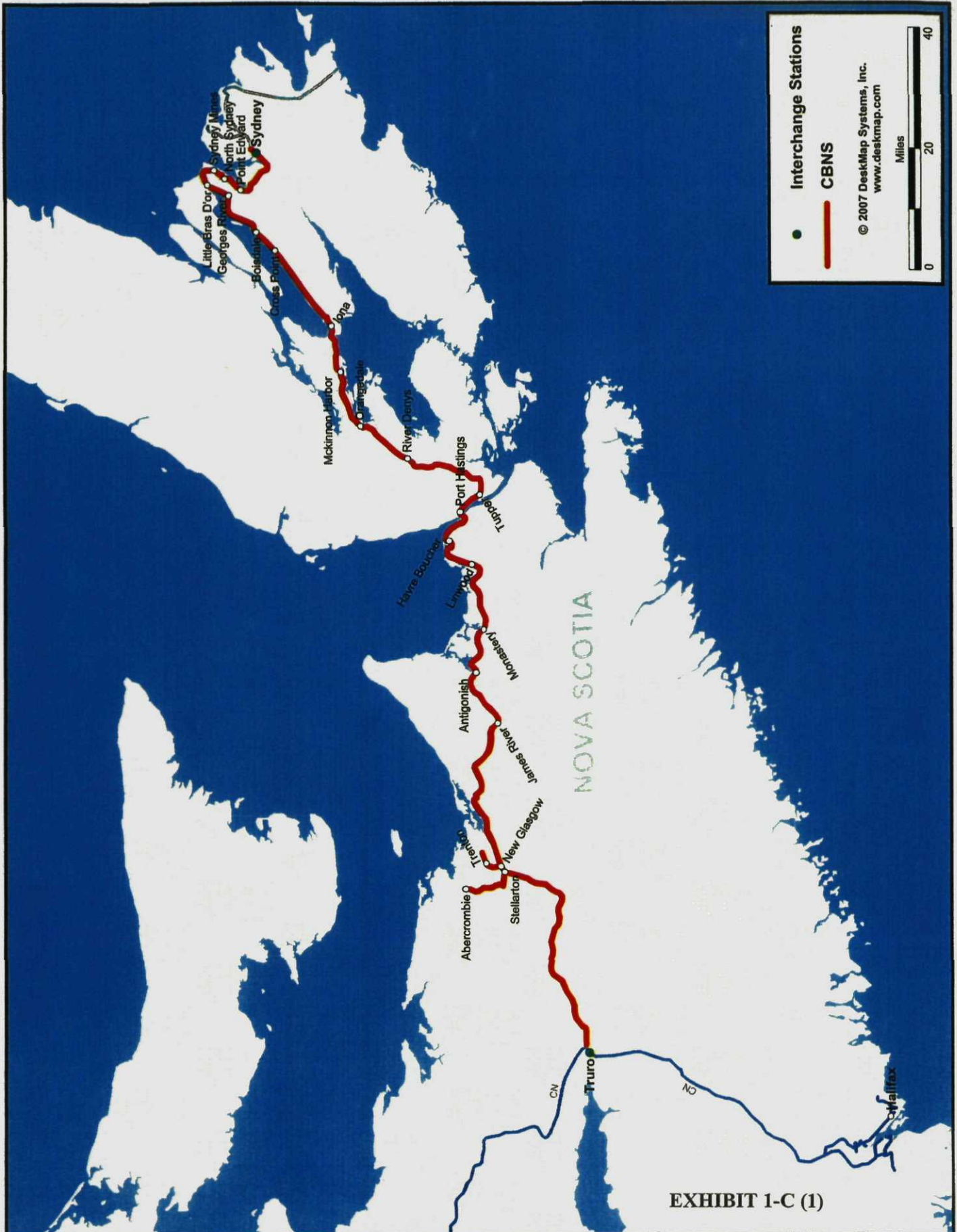


EXHIBIT 1-B (33)





Goderich-Exeter Railway (GEXR)

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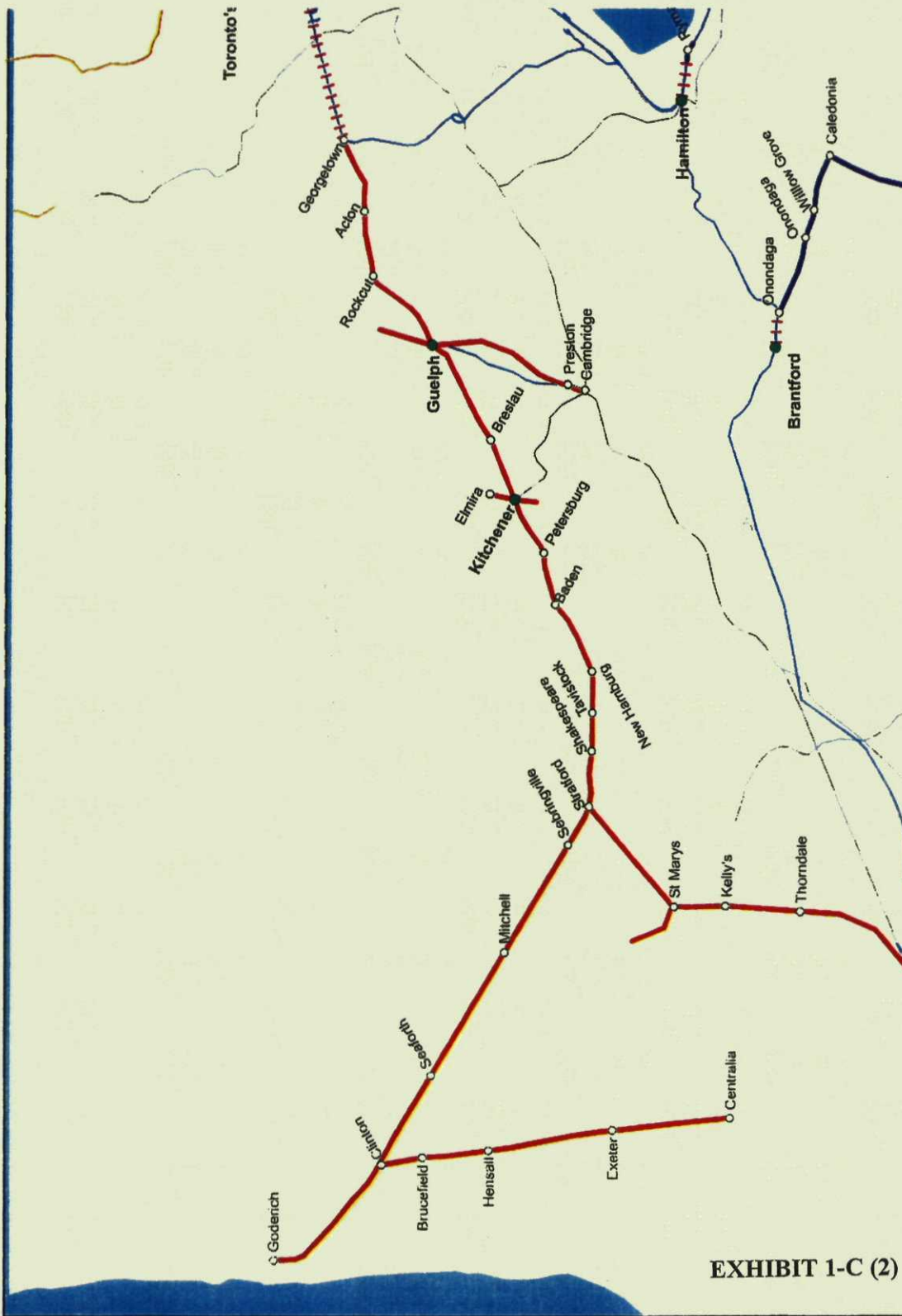
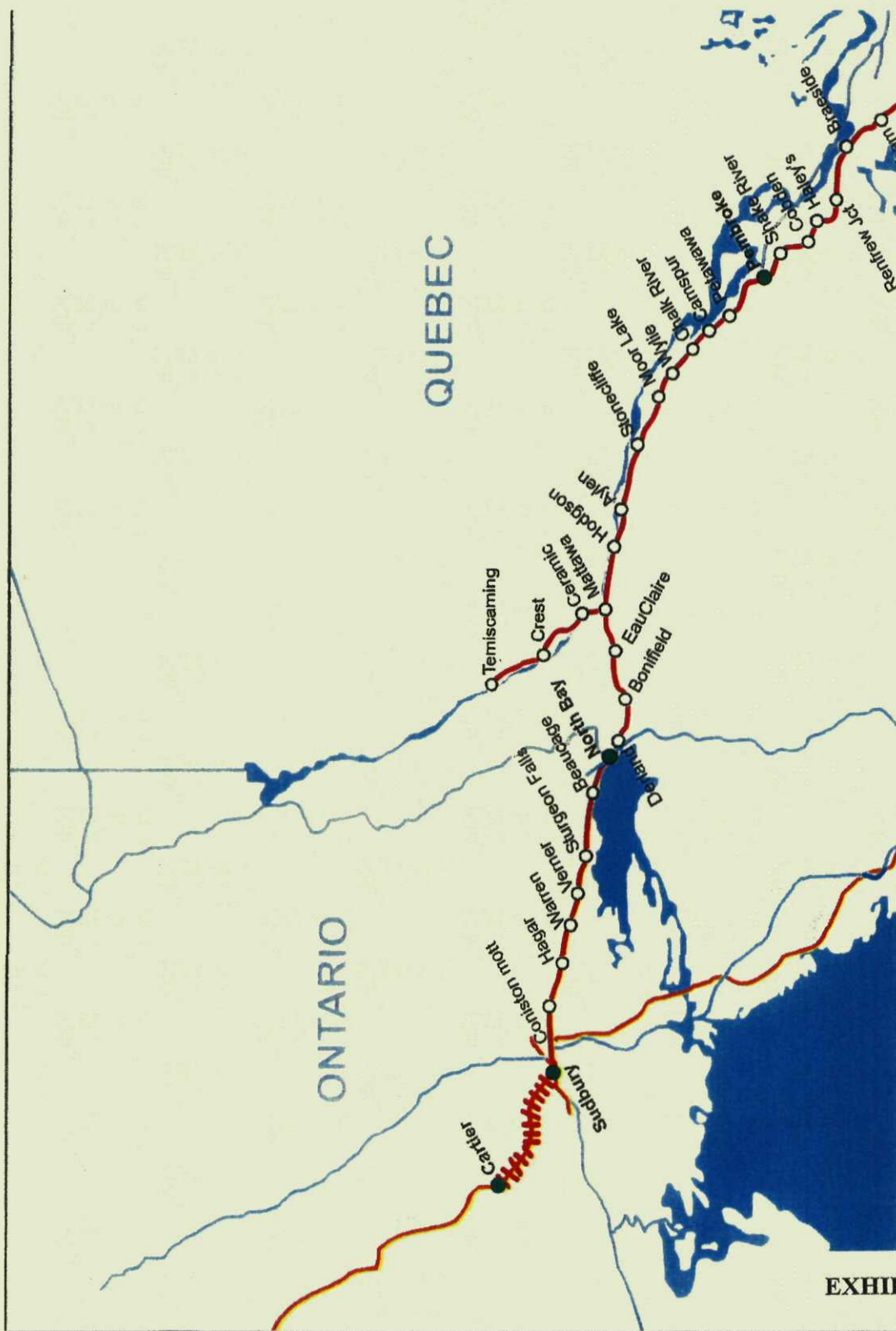
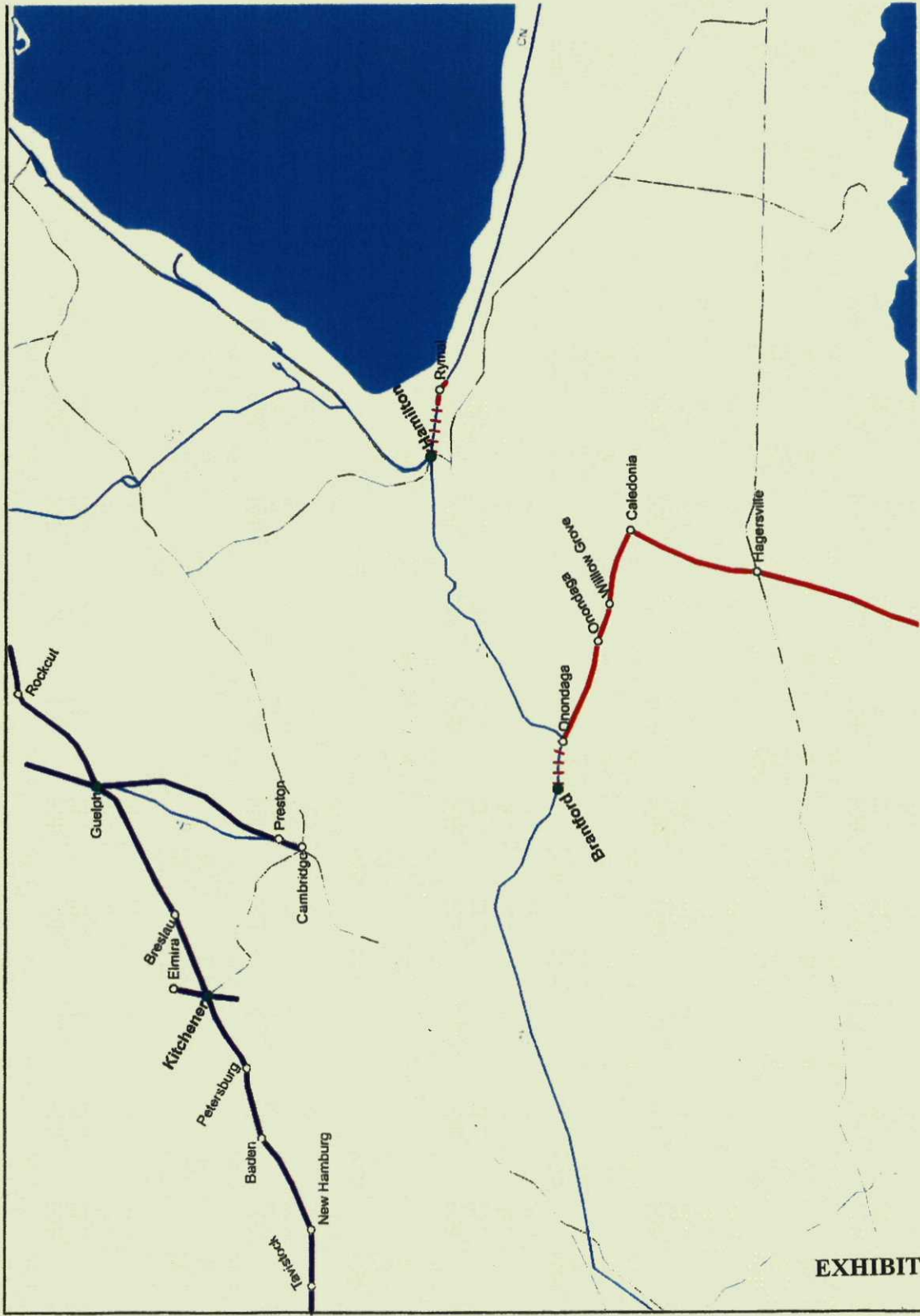


EXHIBIT 1-C (2)

QUEBEC



Southern Ontario Railway (SOR)



AGREEMENT AND PLAN OF MERGER

by and among

RAILAMERICA, INC.,

PALM BEACH RAIL HOLDING, INC.,

and

FECR RAIL CORP.

[•], 2008

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AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER, dated as of [●], 2008 (this "Agreement"), by and among FECR Rail Corp., a Delaware corporation (the "Company"), RailAmerica, Inc., a Delaware corporation ("Parent"), and Palm Beach Rail Holding Inc., a Delaware corporation and wholly-owned subsidiary of Parent ("Sub").

WHEREAS, each of the respective boards of directors of Parent, Sub and the Company have approved, have declared advisable and have determined that it is in the best interests of their respective stockholders to consummate the business combination transaction provided for hereby, including the merger of the Company with and into Sub in accordance with the applicable terms of the DGCI, (the "Merger"), upon the terms and subject to the conditions set forth herein,

WHEREAS, the Company, Parent, and Sub intend that (a) the Merger shall qualify as a "reorganization" within the meaning of section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), (b) each of the Company, Parent, and Sub shall be a party to such reorganization within the meaning of section 368(b) of the Code, and (c) this Agreement shall constitute a plan of reorganization for federal income tax purposes,

WHEREAS, Parent, as sole stockholder of Sub, has approved this Agreement and the Merger;

WHEREAS, the sole stockholder of the Company has approved this Agreement and the Merger; and

WHEREAS, Parent, Sub and the Company desire to make certain representations and warranties in connection with the Merger

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I DEFINITIONS AND TERMS

Section 1.1 Definitions. As used in this Agreement, the following terms have the meanings set forth below

"Affiliate" has the meaning set forth in Rule 12b-2 of the Exchange Act.

"Agreement" has the meaning set forth in the Preamble

"Assumed Stock-Based Award" has the meaning set forth in Section 3.1(d)

“Business Day” means a day other than a Saturday, a Sunday or another day on which commercial banking institutions in New York, New York are authorized or required by Law to be closed

“Certificate of Merger” has the meaning set forth in Section 2.2

“Closing” has the meaning set forth in Section 2.3.

“Closing Date” has the meaning set forth in Section 2.3

“Code” has the meaning set forth in the Preamble.

“Common Exchange Ratio” has the meaning set forth in Section 3.1(b).

“Common Merger Consideration” has the meaning set forth in Section 3.1(b).

“Company” has the meaning set forth in the Preamble.

“Company Common Stock” has the meaning set forth in Section 4.2.

“Company Preferred Stock” has the meaning set forth in Section 4.2.

“Consultant Shareholder Agreement” means the agreement, dated as of January 15, 2008, by and between Fortress Capital Finance (A) LLC, Anestis & Company, L.L.C. Robert W Anestis, the Robert W Anestis 2007 GRAT and Sanibel Island Associates, LLC.

“DGCL” means the General Corporation Law of the State of Delaware, as amended

“Effective Time” has the meaning set forth in Section 2.2

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Governmental Entity” has the meaning set forth in Section 4.8.

“knowledge of Parent” means such facts and other information that as of the date of determination are actually known to one or more executive officers of Parent

“knowledge of the Company” means such facts and other information that as of the date of determination are actually known to one or more executive officers of the Company.

“Law” means any federal, state, local or foreign law, statute, ordinance, regulation, judgment, order, decree, injunction, arbitration award, franchise, license, agency requirement or permit of any Governmental Entity.

“Merger” has the meaning set forth in the Preamble

"Merger Consideration" means, with respect to the Company Common Stock, the Common Merger Consideration and, with respect to the Company Preferred Stock, the Preferred Merger Consideration.

"Parent" has the meaning set forth in the Preamble.

"Parent Common Stock" has the meaning set forth in Section 5.2.

"Parent Preferred Stock" has the meaning set forth in Section 5.2.

"Person" means any natural person or any corporation, partnership, limited liability company, association, trust or other entity or organization, including any Governmental Entity.

"Preferred Exchange Ratio" has the meaning set forth in Section 3.1(c)

"Preferred Merger Consideration" has the meaning set forth in Section 3.1(c)

"Shares" means shares of Company Common Stock and Company Preferred Stock (other than shares to be cancelled in accordance with Section 3.2(e))

"Sub" has the meaning set forth in the Preamble.

"Sub Common Stock" has the meaning set forth in Section 5.2.

"Subsidiary" means, as to any Person, any corporation, partnership, limited liability company, association or other business entity (i) of which such Person directly or indirectly owns securities or other equity interests representing more than fifty percent (50%) of the aggregate voting power, (ii) of which such Person possesses more than fifty percent (50%) of the right to elect directors or Persons holding similar positions, or (iii) that such Person controls directly or indirectly through one or more intermediaries.

"Surviving Corporation" has the meaning set forth in Section 2.1.

"Tax Return" means any report, return, document, declaration or other information or filing required to be supplied to any taxing authority or jurisdiction (foreign or domestic) with respect to Taxes

"Taxes" means any and all taxes, charges, fees, levies or other assessments, including income, gross receipts, excise, real or personal property, sales, withholding, social security, occupation, use, service, service use, value added, license, net worth, payroll, franchise, transfer and recording taxes, fees and charges, imposed by the United States Internal Revenue Service or any taxing authority (whether domestic or foreign including any state, local or foreign government or any subdivision or taxing agency thereof (including a United States possession)), whether computed on a separate, consolidated, unitary, combined or any other basis, and such term shall include any interest, penalties or additional amounts attributable to, or imposed upon, or with respect to, any such taxes, charges, fees, levies or other assessments

"Transfer Taxes" means any sales, use, stock transfer, real property transfer, real property gains, transfer, stamp, registration, documentary, recording or similar duties or taxes together with any interest thereon, penalties, fines, costs, fees, additions to tax or additional amounts with respect thereto incurred in connection with the transactions contemplated hereby

"United States" means the United States of America

Section 1.2 Other Definitional Provisions, Interpretation

(a) The words "hereof," "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement, and references to articles, sections, paragraphs, exhibits and schedules are to the articles, sections and paragraphs of, and exhibits and schedules to, this Agreement, unless otherwise specified

(b) Whenever "include," "includes" or "including" is used in this Agreement, such word shall be deemed to be followed by the phrase "without limitation "

(c) Words describing the singular number shall be deemed to include the plural and vice versa, words denoting any gender shall be deemed to include all genders and words denoting natural persons shall be deemed to include business entities and vice versa

(d) The phrases "the date of this Agreement" and "the date hereof" and terms or phrases of similar import shall be deemed to refer to |●|, 2008, unless the context otherwise requires

(e) Terms defined in the text of this Agreement as having a particular meaning have such meaning throughout this Agreement, except as otherwise indicated in this Agreement

ARTICLE II **THE MERGER**

Section 2.1 The Merger Subject to the terms and conditions of this Agreement and in accordance with the DGCL, at the Effective Time, the Company and Sub shall consummate the Merger pursuant to which (i) the Company shall merge with and into Sub and the separate corporate existence of the Company shall thereupon cease, (ii) Sub shall be the surviving corporation (the "Surviving Corporation") in the Merger and shall continue to be governed by the laws of the State of Delaware and (iii) the separate corporate existence of Sub with all its rights, privileges, immunities, powers and franchises shall continue unaffected by the Merger. The Merger shall have the effects set forth in the DGCL.

Section 2.2 Effective Time Parent, Sub and the Company shall cause a certificate of merger (the "Certificate of Merger") to be filed on the Closing Date (or on such other date as Parent and the Company may agree in writing) with the Secretary of State of the State of Delaware as provided in the DGCL, and shall make all other filings or recordings required by the DGCL in connection with the Merger. The Merger shall become effective at the time at which the Certificate of Merger is duly filed with the Secretary of State of the State of

Delaware or at such later time as is agreed upon by the parties and specified in the Certificate of Merger, and such time at which the Merger becomes effective is hereinafter referred to as the "Effective Time"

Section 2.3 Closing. The closing of the Merger (the "Closing") will take place concurrently with the execution and delivery hereof at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, 333 West Wacker Drive, Chicago, Illinois, and the date of the Closing is referred to herein as the "Closing Date".

Section 2.4 Certificate of Incorporation and Bylaws of the Surviving Corporation The certificate of incorporation of Sub. as in effect immediately prior to the Effective Time shall be the certificate of incorporation of the Surviving Corporation, until duly amended as provided therein or by applicable Law. The bylaws of Sub. as in effect immediately prior to the Effective Time, shall be the bylaws of the Surviving Corporation, until duly amended as provided in the certificate of incorporation, bylaws or applicable Law.

Section 2.5 Directors and Officers of the Surviving Corporation The directors of Sub shall, from and after the Effective Time, be the directors of the Surviving Corporation until their successors shall have been duly elected or appointed or qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation's certificate of incorporation and bylaws. The officers of Sub shall, from and after the Effective Time, be the officers of the Surviving Corporation until their successors shall have been duly elected or appointed or qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation's certificate of incorporation and bylaws.

ARTICLE III **CONVERSION OF SHARES**

Section 3.1 Effect on Capital Stock. Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time, by virtue of the Merger and without any further action on the part of Parent, Sub, the Company, the Surviving Corporation or the holders of any of the following securities (except as set forth herein), the following shall occur:

(a) Conversion of Company Common Stock

(i) Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time shall be cancelled and extinguished and automatically converted into the right to receive [●] (the ratio of [●] to 1 is referred to herein as the "Common Exchange Ratio") fully paid and nonassessable shares of Parent Common Stock (the "Common Merger Consideration") Holders of Company Common Stock shall receive fractional shares of Parent Common Stock as necessary to reflect the Common Merger Consideration.

(ii) Upon such conversion, all such shares of Company Common Stock shall no longer be outstanding and shall automatically be cancelled and extinguished and shall cease to exist, and shall thereafter represent only the right to receive the Common Merger Consideration

(iii) The Common Exchange Ratio shall be appropriately adjusted to reflect fully the effect of any stock split, reverse stock split, stock dividend (including any dividend or distribution of securities convertible into Company Common Stock or Parent Common Stock), reorganization, recapitalization, reclassification or other like change with respect to Company Common Stock or Parent Common Stock having a record date on or after the date hereof and prior to the Effective Time.

(b) Conversion of Company Preferred Stock

(i) Each share of Company Preferred Stock issued and outstanding immediately prior to the Effective Time shall be cancelled and extinguished and automatically converted into the right to receive [•] (the ratio of [•] to 1 is referred to herein as the "Preferred Exchange Ratio") fully paid and nonassessable shares of Parent Preferred Stock (the "Preferred Merger Consideration"). Holders of Company Preferred Stock shall receive fractional shares of Parent Preferred Stock as necessary to reflect the Preferred Merger Consideration.

(ii) Upon such conversion, all such shares of Company Preferred Stock shall no longer be outstanding and shall automatically be cancelled and extinguished and shall cease to exist, and shall thereafter represent only the right to receive the Preferred Merger Consideration.

(iii) The Preferred Exchange Ratio shall be appropriately adjusted to reflect fully the effect of any stock split, reverse stock split, stock dividend (including any dividend or distribution of securities convertible into Company Preferred Stock or Parent Preferred Stock), reorganization, recapitalization, reclassification or other like change with respect to Company Preferred Stock or Parent Preferred Stock having a record date on or after the date hereof and prior to the Effective Time.

(c) Conversion of Company Stock Awards.

(1) At the Effective Time, each right of any kind, contingent or accrued, to receive shares of Company Common Stock or benefits measure by the value of a number of shares of Company Common Stock, and each award of any kind consisting of shares of Company Common Stock (including restricted stock, restricted stock units, performance units, performance shares and other stock-based awards, other than Company Stock Options that is outstanding immediately prior to the Effective Time (each, an "Assumed Stock-Based Award"), shall be converted into a right to receive that number of shares of Parent Common Stock equal to the product obtained by multiplying (x) the number of shares of Company Common Stock subject to such Assumed Stock-Based Award and (y) the Common Exchange Ratio, rounded to the nearest whole share of Parent Common Stock.

(ii) As soon as practicable after the Effective Time, Parent shall deliver to the holders of Assumed Stock-Based Awards any required notices setting forth such holders' rights pursuant to the relevant Company Stock Plans and award documents and stating that such Assumed Stock-Based Awards have been assumed by Parent and shall continue in effect on the same terms and conditions (after giving effect to the Merger and the transactions contemplated hereby)

(iii) At or prior to the Effective Time, Parent shall reserve for future issuance a number of shares of Parent Common Stock at least equal to the number of shares of Parent Common Stock that will be subject to Converted Equity Awards as a result of the actions contemplated by this Section 3.1(d)

(d) Sub Capital Stock. Each share of Sub Common Stock shall remain outstanding as one fully paid and non-assessable share of common stock of the Surviving Corporation

Section 3.2 Exchange of Shares.

(a) Exchange Procedures On the Closing Date, each holder of record of outstanding Shares whose Shares are converted pursuant to Section 3.1 into the right to receive shares of Parent Common Stock or Parent Preferred Stock shall deliver to the Surviving Corporation written consent to such conversion and acknowledgement of the right to receive the consideration set forth in this Agreement

(b) No Further Ownership Rights in Company Stock The Merger Consideration payable in accordance with the terms of this Agreement shall be deemed to have been paid in full satisfaction of all rights pertaining to the Shares represented thereby. From and after the Effective Time, the stock transfer books of the Company shall be closed and there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of the Shares which were outstanding immediately prior to the Effective Time.

(c) Tax Withholding. Each of Parent and the Surviving Corporation shall be entitled to deduct and withhold from the Merger Consideration otherwise payable to any holder of Shares, such amounts as Parent or the Surviving Corporation is required to deduct and withhold with respect to the making of such payment under the Code, or any provision of U.S. federal, state or local tax law or any other non-U.S. tax law or any other applicable legal requirement. To the extent that amounts are so withheld by Parent or the Surviving Corporation, such amounts withheld from the Merger Consideration shall be treated for all purposes of this Agreement as having been received by the holder of the Shares in respect of which such deduction and withholding was made by Parent or the Surviving Corporation

Section 3.3 No Further Rights or Transfers Except for the right to receive the Merger Consideration with respect to each Share, at and after the Effective Time, the holder of Shares shall cease to have any rights as a shareholder of the Company

Section 3.4 Tax Treatment of Merger. Each of Parent, Sub, and the Company shall use reasonable best efforts to (a) cause the Merger to qualify as a "reorganization" under section 368(a) of the Code. Following the Effective Time, neither Parent, Sub, nor and of their Affiliates shall knowingly take any action or cause any action to be taken which would cause the Merger to fail to so qualify as a reorganization under section 368(a) of the Code.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Parent and Sub as follows:

Section 4.1 Organization. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to own, lease and operate its properties and carry on its business as it is now being conducted. The Company is duly qualified or licensed to do business as a corporation and is in good standing in each jurisdiction in which the nature of the business conducted by it makes such qualification or licensing necessary.

Section 4.2 Capitalization. The authorized capital stock of the Company consists of five million (5,000,000) shares of common stock, par value \$0.01 per share (the "Company Common Stock") and one million (1,000,000) shares of Series A Redeemable Preferred Stock, par value \$0.01 per share (the "Company Preferred Stock"). The issued and outstanding shares of capital stock of the Company consist of (i) 250,000 shares of Company Common Stock, issued to FECR Rail LLC and (ii) 37,243 shares of Company Preferred Stock, issued to FECR Rail LLC. All of the outstanding shares of capital stock have been duly authorized and are validly issued, and have not been issued in violation of any preemptive rights, rights of first refusal or similar rights. Other than as contemplated by the Consultant Shareholder Agreement, there are no existing (i) options, warrants, calls, subscriptions or other rights, convertible securities, agreements or commitments of any character obligating the Company to issue, transfer or sell any shares of capital stock or other equity interest in the Company or securities convertible into or exchangeable for such shares of capital stock or equity interests; (ii) contractual obligations of the Company to repurchase, redeem or otherwise acquire any shares of capital stock or (iii) voting trusts or similar agreements to which the Company is a party with respect to the voting of the Common Stock of the Company.

Section 4.3 Subsidiaries. Except for the ownership of its wholly-owned subsidiaries, Florida East Coast Railway, L.L.C. (and its two wholly-owned subsidiaries, Railroad Track Construction, LLC and Florida East Coast Deliveries, L.L.C.) and FEC Highway Services, L.L.C. (and its wholly-owned subsidiary, Florida Express Logistics, L.L.C.), the Company does not own directly or indirectly a greater than 50% ownership interest in any corporation, partnership, joint venture, trust or other entity.

Section 4.4 Adequacy of Assets to Conduct Business. The assets currently owned or leased by the Company constitute, in the aggregate, all of the assets and properties necessary for the conduct of the business of the Company in the manner in which and to the extent to which such business is currently being conducted.

Section 4.5 Authorization, Validity of Agreement The Company has all requisite power and authority to execute, deliver and perform the terms and provisions of this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by the Company of this Agreement, and the consummation of the transactions contemplated hereby, have been duly authorized by the Board of Directors of the Company and the sole stockholder of the Company and no other proceedings on the part of the Company are necessary to authorize the execution and delivery by the Company of this Agreement and the consummation of the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Company and (assuming due and valid authorization, execution and delivery hereof by the Parent and Sub) is a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws, now or hereafter in effect, affecting creditors' rights generally and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

Section 4.6 Consents and Approvals; No Violations Except for matters specifically described in this Agreement, neither the execution, delivery or performance of this Agreement by the Company nor the consummation by the Company of the transactions contemplated hereby will (i) violate any provision of the Company's Certificate of Incorporation or Bylaws or other organizational documents of the Company, (ii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or similar instrument or obligation to which the Company is a party or by which it or any of its properties or assets may be bound, in each case that is material to the Company and its Subsidiaries, taken as a whole, (iii) violate any order, writ, judgment, injunction, decree, law, statute, rule or regulation of any court or legislative, executive or regulatory authority or agency (a "Governmental Entity") applicable to the Company or any of its properties or assets or (iv) require on the part of the Company any filing or registration with, notification to, or authorization, consent or approval of, any Governmental Entity.

Section 4.7 Litigation As of the date hereof, there is no action, suit or proceeding pending or, to the knowledge of the Company, threatened, against the Company by or before any Governmental Entity or by any third party that would adversely effect this Agreement or the transactions contemplated hereby.

Section 4.8 Taxes

(a) **Tax Returns.** The Company and each of its subsidiaries has timely filed or has had timely filed on its behalf all tax returns, including income, payroll, real property, transfer, sales and use, intangibles, and other tax returns, required to be filed by it or on its behalf (after giving effect to any filing extension properly granted by a governmental entity having authority to do so or otherwise permitted by law). Each such tax return was, at the time filed, true, correct and complete in all material respects. The Company and each of its subsidiaries has paid, within the time and in the manner prescribed by law, all material taxes that are due and

payable. There are no liens for material taxes upon the assets of the Company or its subsidiaries except for statutory liens for taxes not yet due

(b) **Tax Withholding.** All material taxes which the Company or its subsidiaries are required by law to withhold or collect, including material taxes required to have been withheld in connection with amounts paid or owing to any employee, independent contractor, creditor, shareholder or other third party and sales, gross receipts and use taxes, have been duly withheld or collected and, to the extent required, have been paid over to the proper governmental entities.

(c) **Tax Deficiencies and Claims** No deficiencies for material taxes have been asserted or assessed in writing by a Governmental Entity against the Company or any of its subsidiaries, and no requests for waivers of the time to assess any such material taxes have been granted and remain in effect or are pending. No claim is pending or proposed by any Governmental Entity in any jurisdiction where the Company or any of its subsidiaries does not file tax returns that the Company or any of its subsidiaries is or may be subject to taxation by such jurisdiction, nor to the knowledge of the Company are there any facts that could reasonably be expected to give rise to such a claim

Section 4.9 **No Other Representations** Except for the representations and warranties contained in this Article IV, the Company makes no representation or warranty, express or implied, as to any matter whatsoever relating to the Company

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF PARENT AND SUB

Each of Parent and Sub represent and warrant to the Company as to themselves only as follows:

Section 5.1 **Organization**. Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to own, lease and operate its properties and carry on its business as it is now being conducted. Parent is duly qualified or licensed to do business as a corporation and is in good standing in each jurisdiction in which the nature of the business conducted by it makes such qualification or licensing necessary. Sub is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to own, lease and operate its properties and carry on its business as it is now being conducted. Sub is duly qualified or licensed to do business as a corporation and is in good standing in each jurisdiction in which the nature of the business conducted by it makes such qualification or licensing necessary.

Section 5.2 **Capitalization**. The authorized capital stock of Parent consists of 520,000 shares of common stock, par value \$0.01 per share ("Parent Common Stock") and [●] shares of preferred stock, par value \$0.01 per share ("Parent Preferred Stock"). The issued and outstanding interests in Parent consists of 469,035 shares of Parent Common Stock and no shares of Parent Preferred Stock. The authorized capital stock of Sub consists of 1,000 shares of common stock, par value \$0.01 per share ("Sub Common Stock"). The issued and outstanding

interests in Sub consists of 1,000 shares of Sub Common Stock, of which all outstanding shares are issued to Parent. All of the outstanding shares of capital stock for each of Parent and Sub have been duly authorized and are validly issued, and have not been issued in violation of any preemptive rights, rights of first refusal or similar rights. There are no existing (i) options, warrants, calls, subscriptions or other rights, convertible securities, agreements or commitments of any character obligating Parent or Sub to issue, transfer or sell any shares of capital stock or other equity interest in Parent or Sub or securities convertible into or exchangeable for such shares of capital stock or equity interests; (ii) contractual obligations of Parent or Sub to repurchase, redeem or otherwise acquire any shares of capital stock of Parent or Sub or (iii) voting trusts or similar agreements to which Parent or Sub is a party with respect to the voting of the Parent Common Stock, Parent Preferred Stock or Sub Common Stock.

Section 5.3 Adequacy of Assets to Conduct Business The assets currently owned or leased by Sub constitute, in the aggregate, all of the assets and properties necessary for the conduct of the business of Sub in the manner in which and to the extent to which such business is currently being conducted.

Section 5.4 Authorization; Validity of Agreement Each of Parent and Sub has all requisite power and authority to execute, deliver and perform the terms and provisions of this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by Parent of this Agreement, and the consummation of the transactions contemplated hereby, have been duly authorized by the Board of Directors of Parent and no other proceedings on the part of Parent are necessary to authorize the execution and delivery by Parent of this Agreement and the consummation of the transactions contemplated hereby. The execution, delivery and performance by Sub of this Agreement, and the consummation of the transactions contemplated hereby, have been duly authorized by the Board of Directors of Sub and the sole stockholder of Sub and no other proceedings on the part of Sub are necessary to authorize the execution and delivery by Sub of this Agreement and the consummation of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Parent and Sub and (assuming due and valid authorization, execution and delivery hereof by the Company) is a valid and binding obligation of Parent and Sub enforceable against Parent and Sub in accordance with its terms, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws, now or hereafter in effect, affecting creditors' rights generally and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

Section 5.5 Consents and Approvals; No Violations Except for matters specifically described in this Agreement, neither the execution, delivery or performance of this Agreement by Parent or Sub nor the consummation by Parent or Sub of the transactions contemplated hereby will (i) violate any provision of the Certificate of Incorporation or Bylaws or other organizational documents of Parent or Sub, (ii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or similar instrument or obligation to which Parent or Sub is a party or by which it or any of its properties or assets may be bound, in each case that is material to Parent and its Subsidiaries or Sub and its Subsidiaries.

as applicable, taken as a whole; (iii) violate any order, writ, judgment, injunction, decree, law, statute, rule or regulation of any Governmental Entity applicable to Parent or Sub or any of its properties or assets or (iv) require on the part of Parent or Sub any filing or registration with, notification to, or authorization, consent or approval of, any Governmental Entity.

Section 5.6 Litigation As of the date hereof, there is no action, suit or proceeding pending or, to the knowledge of Parent or Sub, threatened, against Parent or Sub by or before any Governmental Entity or by any third party that would adversely effect this Agreement or the transactions contemplated hereby

Section 5.7 Taxes.

(a) Tax Returns Parent and its respective subsidiaries has timely filed or has had timely filed on its behalf all tax returns, including income, payroll, real property, transfer, sales and use, intangibles, and other tax returns, required to be filed by it or on its behalf (after giving effect to any filing extension properly granted by a governmental entity having authority to do so or otherwise permitted by law) Sub and each of its subsidiaries has timely filed or has had timely filed on its behalf all tax returns, including income, payroll, real property, transfer, sales and use, intangibles, and other tax returns, required to be filed by it or on its behalf (after giving effect to any filing extension properly granted by a governmental entity having authority to do so or otherwise permitted by law) Each such tax return was, at the time filed, true, correct and complete in all material respects. Parent and Sub and each of its subsidiaries has paid, within the time and in the manner prescribed by law, all material taxes that are due and payable There are no liens for material taxes upon the assets of Parent or Sub or its subsidiaries except for statutory liens for taxes not yet due.

(b) Tax Withholding. All material taxes which Parent or Sub or its subsidiaries are required by law to withhold or collect, including material taxes required to have been withheld in connection with amounts paid or owing to any employee, independent contractor, creditor, shareholder or other third party and sales, gross receipts and use taxes, have been duly withheld or collected and, to the extent required, have been paid over to the proper governmental entities.

(c) Tax Deficiencies and Claims. No deficiencies for material taxes have been asserted or assessed in writing by a Governmental Entity against Parent or Sub or any of its subsidiaries, and no requests for waivers of the time to assess any such material taxes have been granted and remain in effect or are pending. No claim is pending or proposed by any Governmental Entity in any jurisdiction where Parent or Sub or any of its subsidiaries does not file tax returns that Parent or Sub or any of its subsidiaries is or may be subject to taxation by such jurisdiction, nor to the knowledge of Parent or Sub are there any facts that could reasonably be expected to give rise to such a claim.

Section 5.8 No Other Representations. Except for the representations and warranties contained in this Article V, Parent or Sub makes no representation or warranty, express or implied, as to any matter whatsoever relating to Parent or Sub.

ARTICLE VI

GENERAL PROVISIONS

Section 6.1 Non-survival of Representations and Warranties None of the representations, warranties, covenants or agreements of the Company, Parent or Sub contained in this Agreement or in any certificate delivered pursuant hereto shall survive the Closing Date.

Section 6.2 Expenses Each party to this Agreement will bear its respective fees and expenses incurred in connection with the preparation, negotiation, execution and performance of this Agreement and the contemplated transactions, including all fees and expense of its representatives.

Section 6.3 Notices All notices permitted or required under this Agreement shall be in writing and shall be either (a) delivered by personal service, (b) delivered by a recognized overnight courier service, or (c) transmitted by means of facsimile and confirmed electronically, followed by a written copy mailed by registered or certified mail, postage prepaid, return receipt requested, in any case to the parties hereto at their addresses (or facsimile number) set forth below or at such other addresses (or facsimile numbers) which may be designated in writing by the parties

(a) If to the Company

FECR Rail Corp
c/o Fortress Investment Group LLC
1345 Avenue of the Americas, 46th Floor
New York, NY 10105
Attn: Randall A. Nardone
Facsimile (212) 798-6120

(b) If to Parent or Sub

RailAmerica, Inc
c/o Fortress Investment Group LLC
1345 Avenue of the Americas, 46th Floor
New York, NY 10105
Attn: Randall A. Nardone
Facsimile (212) 798-6120

(c) In each case of subsections (a) and (b) above, with a copy to
(which shall not constitute notice to the Company, Parent or Sub)

Skadden, Arps, Slate, Meagher & Flom LLP
4 Times Square
New York, NY 10036
Attn: Joseph A. Coco
Facsimile No (212) 735-2000

Notices shall be deemed received (i) when delivered personally, (ii) one business day after being sent by recognized overnight courier, (iii) when receipt is confirmed if delivered by facsimile.

Section 6.4 Waiver Neither any failure nor any delay by any party in exercising any right, power or privilege under this Agreement or any of the documents referred to in this Agreement will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege.

Section 6.5 Entire Agreement and Modification This Agreement supersedes all prior agreements, whether written or oral, between the parties with respect to its subject matter and constitutes (along with the Exhibits and other documents delivered pursuant to this Agreement) a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This Agreement may not be amended, supplemented, or otherwise modified except by a written agreement executed by the parties.

Section 6.6 Binding Effect; Assignments The rights and obligations of this Agreement shall bind and inure to the benefit of the parties and their respective successors. Nothing expressed or implied herein shall be construed to give any other person any legal or equitable rights hereunder. Except as expressly provided herein, the rights and obligations of this Agreement may not be assigned or delegated by any party without the prior written consent of the other parties

Section 6.7 Severability If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

Section 6.8 Headings The headings of Articles and Sections in this Agreement are provided for convenience only and will not affect its construction or interpretation

Section 6.9 Governing Law This Agreement and any dispute arising in connection therewith will be governed by and construed under the law of the State of New York

Section 6.10 Jurisdiction

(a) The parties agree that any suit, action or proceeding arising out of, or with respect to, this Agreement or any judgment entered by any court in respect thereof shall be brought in the courts of the State of New York or in the U.S. District Courts located in the State of New York and the parties hereto hereby irrevocably accept the exclusive personal jurisdiction of those courts for the purpose of any suit, action or proceeding

(b) In addition, the parties hereto each hereby irrevocably waives, to the fullest extent permitted by law, any objection which it or he may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or

any judgment entered by any court in respect thereof brought in the State of New York or the U.S. District Courts located in the State of New York, and hereby further irrevocably waives any claim that any suit, action or proceedings brought in any such court has been brought in an inconvenient forum

Section 6.11 Counterparts This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile shall be deemed to be their original signatures for all purposes

Section 6.12 Further Assurances Each of the parties hereto shall do and perform or cause to be done and performed all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as any other party hereto may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement.

Section 6.13 Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement

[Signature page follows /

IN WITNESS WHEREOF, the Company, Parent and Sub have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

FECR RAIL CORP.

By _____
Name:
Title:

RAILAMERICA, INC.

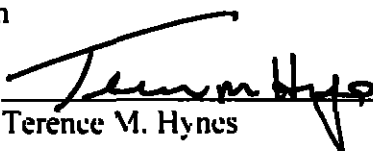
By: _____
Name:
Title:

PALM BEACH RAIL HOLDING, INC

By: _____
Name
Title

CERTIFICATE OF SERVICE

I hereby certify that I have caused the foregoing Verified Notice of Exemption to be served by first class mail, postage pre-paid, this 3rd day of March 2008, on the Secretary of the United States Department of Transportation, the Attorney General of the United States, the Federal Trade Commission and the Governor, Public Service Commission, and Department of Transportation of the States of Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Illinois, Indiana, Kansas, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Hampshire, New York, North Carolina, Ohio, Oklahoma, Oregon, South Carolina, Texas, Vermont, Virginia, and Washington


Terence M. Hynes