



**NATIONAL
FARMERS
UNION**

205776



June 28, 2002

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

Re: Finance Docket No. 34177
Iowa, Chicago & Eastern Railroad Corporation –Acquisition and Operation
Exemption
Lines of I & M Rail Link, LLC

Finance Docket No. 34178 – 205777
Dakota, Minnesota & Eastern Railroad Corporation
and Cedar American Rail Holdings, Inc. – Control—
Iowa, Chicago & Eastern Railroad Corporation

Dear Mr. Williams:

Enclosed are the original and ten copies of my verified statement on behalf of the National Farmers Union concerning the above referenced proceedings before the Surface Transportation Board. Please include this statement in the appropriate records of the Board.

Sincerely,

David J. Frederickson
President

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VERIFIED STATEMENT

of
David J. Frederickson
On behalf of
National Farmers Union



My name is David Frederickson, and I am the president of the National Farmer Union, a general farm organization representing the interests of approximately 300,000 family farmers and ranchers in the United States. A significant percentage of our members operated farms and ranches in the geographic area served by the I & M Rail Link (IMRL) in southern Minnesota and northern Iowa.

For farmers in this part of the Midwest, rail transportation availability and cost are critical elements in determining the farm-gate prices received by grain producers and the total level of income derived from their farming operations.

On behalf of our members, the National Farmers Union supports the proposed acquisition of the Iowa & Minnesota Rail Link lines by the Iowa, Chicago & Eastern Railroad Corporation (IC&E).

The lack of financial success experienced by the current and prior IMRL owners raises serious doubts among our members as to the long-term viability of this rail line. If the IMRL should fail, producers, local warehousemen and merchandisers will experience both a loss of service as well as a reduction in effective market competition in the area. Similar experiences in recent years strongly suggest that producers will bear a disproportionate burden in the market rationalization of the remaining transportation alternatives through higher total transportation costs and reduced timeliness in meeting shipping schedules and market needs.

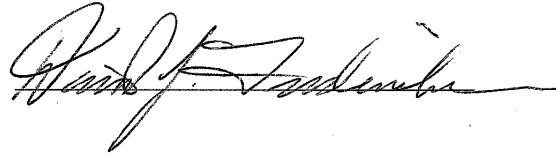
It is our understanding that the IC&E plans to establish a consistent capital investment program for the railroad that will enhance its reliability and efficiency. We believe the successful completion of the acquisition of the IMRL by the IC&E will provide the capital resources and commitment necessary to ensure the viability of this important part of the grain transportation system.

We are also aware that in addition to the proposed acquisition identified above, the Dakota, Minnesota & Eastern Railroad Company (DM&E) will seek approval from the Surface Transportation Board to be commonly controlled by the IC&E.

The coordination of activities and resources that can be obtained by common IC&E control of the two regional rail lines should further improve the levels of service provided throughout their service area. We do not foresee any disadvantages to our members from this arrangement and believe this will also result in increased market competition among all available carriers resulting in a general improvement in commodity transportation efficiency and reduced costs to producers.

In conclusion, the National Farmers Union encourages a positive and timely response by the Surface Transportation Board to both transactions.

I, David J. Frederickson, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct, and that I am qualified and authorized to file this statement.

A handwritten signature in dark ink, appearing to read "David J. Frederickson", written over a horizontal line.

Dated: June 28, 2002