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July 12, 2002



VIA HAND DELIVERY

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., 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

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of the **Motion of Iowa, Chicago & Eastern Railroad Corporation to Lift Housekeeping Stay and Allow Transaction to Proceed**, dated July 12, 2002. Please note that IC&E seeks expedited consideration of this Motion.

One extra copy of the Motion and this letter also are enclosed. I would request that you date-stamp those items to show receipt of this filing and return them to me in the provided envelope.

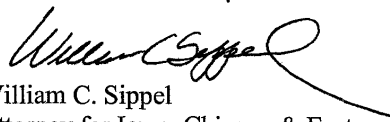
If you have any questions regarding this filing, please feel free to contact me. Thank you for your assistance on this matter.

Respectfully submitted,

ENTERED
Office of Proceedings

JUL 12 2002

Part of
Public Record


William C. Sippel
Attorney for Iowa, Chicago & Eastern
Railroad Corporation

WCS:tjl

Enclosures

cc: Parties on Certificate of Service

ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34177



IOWA, CHICAGO & EASTERN RAILROAD CORPORATION
-- ACQUISITION AND OPERATION EXEMPTION --
LINES OF I&M RAIL LINK, LLC

**MOTION OF IOWA, CHICAGO & EASTERN RAILROAD
CORPORATION TO LIFT HOUSEKEEPING STAY
AND ALLOW TRANSACTION TO PROCEED**

EXPEDITED CONSIDERATION REQUESTED

ENTERED
Office of Proceedings

JUL 12 2002

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Public Record

William C. Sippel
Thomas J. Litwiler
Fletcher & Sippel LLC
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**ATTORNEYS FOR IOWA, CHICAGO &
EASTERN RAILROAD CORPORATION**

Dated: July 12, 2002

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34177

IOWA, CHICAGO & EASTERN RAILROAD CORPORATION
-- ACQUISITION AND OPERATION EXEMPTION --
LINES OF I&M RAIL LINK, LLC

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**MOTION OF IOWA, CHICAGO & EASTERN RAILROAD
CORPORATION TO LIFT HOUSEKEEPING STAY
AND ALLOW TRANSACTION TO PROCEED**



Iowa, Chicago & Eastern Railroad Corporation ("IC&E") hereby requests that the Board lift the housekeeping stay entered in this matter on June 26, 2002 and allow IC&E's proposed acquisition of the rail lines of I&M Rail Link, LLC ("IMRL") to proceed. In its reply dated June 22, 2002, IC&E addressed all issues raised by parties seeking to stay this proceeding except the issue of access to Chicago. Certain parties had raised a question as to whether IC&E would have adequate access to connections in the Chicago gateway. In its prior reply, IC&E noted its belief that it had adequate Chicago gateway access, but suggested that time be allowed for the parties to work out the issues directly. That has been accomplished sufficient to remove any material concern over such access, as demonstrated by this filing and the fully supportive statements from petitioners who formerly sought a stay.

Executive Summary

Since the "housekeeping stay" was entered by the Board, IC&E has entered into separate haulage arrangements with two alternative railroads (Chicago, Central & Pacific Railroad and Iowa Interstate Railroad) that will assure that IC&E's rail traffic can be handled efficiently and transparently into the Chicago terminal. Both of these alternative routes provide

shorter, quicker access for shippers than the primary routing alternative in question via trackage rights over the Commuter Rail Division of the Regional Transportation Authority of Northeast Illinois, d/b/a Metra ("Metra"). As set forth below, IC&E also has had an opportunity to have constructive, substantive discussions with Metra and other parties, and believes that the Metra routing also will become available to IC&E. With effective access to Chicago for IC&E's shippers thus secured, the only significant outstanding issue regarding the proposed transaction has been resolved. IC&E will have effective access to the Chicago gateway via up to *three* different connections. These alternatives provide competitive, redundant access to Chicago. Upon reviewing these alternatives, the shipper and carrier interests who previously sought a stay and revocation of IC&E's exemption herein, based primarily on questions regarding Chicago access, have withdrawn their prior filings. Further, they have expressed their full support for the IC&E acquisition and join IC&E in asking the Board to promptly approve this transaction in order to provide the enhanced transportation service and efficiencies that this transaction brings. See letters of support from Ag Processing Inc. ("AGP") and Iowa Traction Railroad Company ("IATR"), attached hereto as Exhibits A and B.

Chicago Access via Metra

Since the Board entered its housekeeping stay in this case, IC&E has had an opportunity to discuss this case with Metra and its counsel, and to review additional historic agreements. IC&E also is continuing business discussions with Metra. IC&E believes that it will be able to resolve issues with Metra regarding that assignment, although it is not clear that IC&E will be in a position to utilize the Metra trackage rights route into Chicago by the closing of the asset purchase agreement between IMRL and IC&E. Regardless of the outcome of that issue, the alternative haulage arrangements entered into by IC&E assure timely, competitive rail

service for IC&E shippers, allowing IC&E to proceed with consummation of the transaction now and avoiding the extreme difficulties that IMRL and upper Midwestern rail service generally would face if the IC&E transaction is not completed. IC&E strongly urges the Board to issue a decision within three to seven (3-7) days of this petition lifting the current housekeeping stay, denying the remaining petitions to stay and revoke, and allowing the proposed transaction to go forward to a timely closing.

IC&E filed its Notice of Exemption in this matter on June 14, 2002, seeking to acquire from IMRL approximately 1400 miles of rail line and incidental trackage rights extending from Chicago to Kansas City and the Twin Cities and across northern Iowa and southern Minnesota. Included in the incidental trackage rights are IMRL's admittance by CPR to CPR trackage rights on Metra's rail line between Pingree Grove, Illinois and Chicago (Cragin Junction), Illinois, pursuant to which IMRL reaches the Chicago terminal and accesses interchange connections with other railroads. By the terms of the agreements IMRL's rights are assigned to IC&E effective as of closing.

Over the past several weeks, IC&E has had extensive discussions and correspondence with Metra regarding IC&E's admission to Metra upon the sale of substantially all of IMRL's assets. IC&E believes that those efforts should be successful in producing a resolution of the issues between the parties. It is not certain, however, that a mutually satisfactory resolution of that issue could come in time for a July 26th closing. As IC&E has explained previously, failure to close on the acquisition of IMRL's assets by July 30 would likely terminate the transaction, since there is no assurance that an agreement to extend the term of the asset purchase agreement can be reached and the patience of the current IMRL senior lenders has been understandably exhausted. IC&E Stay Reply at 15, Brownell V.S. at 14; Verified

Statement of Thomas E. McGraw, Bank of Montreal, filed July 1, 2002, at 2. Both for transitional planning purposes and to provide protection against unexpected closing delays, IC&E plans to schedule a closing as soon as possible.

Chicago Access via CCP

In order to provide adequate assurance to the Board that an immediate closing of the transaction will not cause any disruption in service for any shippers, and to allow the acquisition transaction to proceed and assure effective rail transportation into the Chicago terminal in the event that the Metra issue is not resolved prior to closing, IC&E has entered into haulage arrangements with two carriers. The first is with Chicago, Central & Pacific Railroad Company ("CC&P"), a member of the Canadian National family, and provides for CC&P to haul IC&E traffic between Dubuque and Rockford, Illinois, and on to Clearing Yard (owned by The Belt Railway Company of Chicago ("BRC")) in Chicago. From Clearing Yard, IC&E traffic would be interchanged with all other rail carriers in the Chicago terminal. IC&E will tender complete trains (including motive power) to CC&P at Dubuque, and CC&P will move the trains to Clearing Yard, stopping to pick up and set out cars at Rockford. BRC will assemble westbound IC&E trains at Clearing Yard for movement by CC&P to Dubuque. The CC&P route would be used primarily for IC&E shippers on the north end of IC&E's lines, providing a route 14 miles shorter than the Metra alternative (see map at Exhibit C). The CC&P route between Dubuque and Chicago is 178 miles long, while the Dubuque to Chicago route via Metra is 192 miles long.

CC&P has excess capacity on its Dubuque-Chicago line (it currently operates one daily through train in each direction on the line), and can easily handle the IC&E haulage traffic. CC&P has committed to a service standard between Dubuque and Clearing Yard which meets or

exceeds expected transit times over IC&E's own lines and the Metra trackage rights between the same two points. The CC&P haulage arrangement would be utilized for traffic to or from IC&E's "Corn Lines" in northern Iowa and southern Minnesota and IC&E's line to Minneapolis/St. Paul. Traffic on IC&E's Janesville, Wisconsin line and its line across northern Illinois would be handled via the Rockford connection with the CC&P haulage trains.

Chicago Access via Iowa Interstate

The second haulage arrangement is with Iowa Interstate Railroad Ltd. ("IAIS"), which would handle IC&E cars between the IAIS-IC&E connection at Davenport, Iowa and Blue Island Yard in Blue Island, Illinois for interchange with the Indiana Harbor Belt Railroad Company. From Blue Island Yard, IC&E traffic will be interchanged with all other rail carriers in the Chicago terminal. The IAIS route would be used primarily for IC&E shippers on IC&E's south end of its line, providing a route 35 miles shorter than the Metra alternative (see map at Exhibit C). The IAIS route between Davenport and Chicago is 166 miles long. The Davenport to Chicago route via Metra is 201 miles long.

Again, IC&E will tender complete trains with locomotives to IAIS, which will haul the trains between Davenport and Blue Island Yard. Scheduled transit times for these trains are consistent with or better than existing IMRL transit times over its own Davenport-Chicago route today. IAIS haulage service would be utilized primarily for traffic on the southern portion of IC&E, including the Kansas City line and traffic in the Quad Cities area.

The haulage arrangements with CC&P and IAIS have been carefully crafted to assure adequate service to and from Chicago for traffic on all parts of the IC&E system. These arrangements will provide seamless, transparent service for IC&E shippers, with consistent transit times, sufficient capacity and coordinated operations. IC&E has reviewed these plans

with AGP and IATR -- the IMRL shipper and connecting rail carrier that sought stay and revocation of IC&E's exemption herein. Their primary concern was Chicago access. As shown in the attachments hereto, those parties recognize that IC&E's alternative access arrangements will fully guarantee shipper transportation and service needs. Both parties have accordingly not only withdrawn their prior petitions, but expressed their full support for the proposed transaction. See Exhibits A and B. There remain no specific transportation issues before the Board in considering the remaining stay petitions.

Petitions to stay and/or revoke IC&E's exemption were initially filed by AGP, IATR, the so-called Cooperating Labor Organizations ("CLO") and the Iowa Department of Transportation.¹ Metra also filed comments, stating its view that Metra's consent was necessary for assignment of the Metra trackage rights to IC&E and indicating that certain issues needed to be resolved to Metra's satisfaction before Metra would grant any required consent. In light of these developments, IC&E agreed to voluntarily postpone consummation of the transaction until July 26, 2002 or earlier if IC&E requested and received a Board decision denying the petitions for stay/revocation. The Board's parallel housekeeping stay followed, staying the effectiveness of IC&E's exemption to July 26, 2002 and noting that IC&E may ask the Board for an earlier decision (i.e., within 3 to 7 days of IC&E's request).

With the Chicago access issues satisfactorily addressed and the announcement of support not only by AGP and IATR, but other shippers and railroads (see, e.g., support statement of IPSCO Steel, Inc. (IMRL's largest shipper today) and Wisconsin & Southern Railway Company, attached hereto as Exhibits D and E), it is crucial that the Board move quickly to lift

¹ CLO raised legal issues regarding the proper treatment of IC&E and its affiliates in this acquisition proceeding. Iowa DOT raised no specific concerns and indeed remains neutral regarding the proposed transaction; it simply sought additional time for parties to participate.

the current housekeeping stay and deny the pending petitions for stay and/or revocation. As the Board knows, IC&E must consummate the IMRL acquisition by July 30, 2002 or the asset purchase agreement between IC&E and IMRL terminates. Given the critical time constraints, it is more important than ever to fully resolve the regulatory uncertainty as quickly as possible to ensure smooth financing of the transaction and to allow transition logistics that can be re-finalized with maximum certainty. Failure to complete the transaction would be devastating for IC&E and its affiliates, which have invested significant resources over the last eighteen months negotiating the asset purchase agreement and more recently planning for the start-up of operations. See IC&E Stay Reply, Brownell V.S. at 13. More importantly, a collapse of the transaction also would significantly harm shippers and employees of IMRL who, as IC&E has previously explained, stand to benefit significantly from IC&E's acquisition of the IMRL rail system through enhanced, more stable service and higher average wages, respectively.

Perhaps most critically, the proposed IC&E transaction represents the best and possibly last chance to assure the preservation of competitive, efficient and vibrant rail service on the IMRL Lines. The evidence of record from a wide range of sources starkly demonstrates the precarious financial situation in which IMRL currently finds itself. In particular, the Verified Statement of the Bank of Montreal (lead bank and administrative agent for IMRL senior lenders) is highly significant. The IMRL has made no principal or interest payments on its large debt load since October, 2000. It suffered a loss of over \$16 million dollars in 2001. One of IMRL's owners sought cancellation of a contract for dispatching IMRL's lines and other services, under which IMRL owed past due amounts in excess of \$4.5 million. IMRL's other owner recently declared IMRL to be in the "zone of insolvency" and raised issues regarding IMRL's continued ability to utilize the Metra trackage rights to reach Chicago. IMRL's senior lenders have clearly

stated that, in the absence of the proposed IC&E acquisition, the "status quo" on IMRL will not continue and the creditors will pursue "alternative legal remedies." See IC&E Stay Reply, Exhibits 3-4 and Brownell V.S., Attachment A; McGraw V.S. at 1-2. The failure of the IC&E transaction would in all likelihood lead to the failure of IMRL as well. Particularly given the successful resolution of the Chicago access question and the statements of support by AGP and IATR, it is imperative to shippers in the upper Midwest and to the overall public interest that IC&E be allowed to complete the acquisition of IMRL's lines.

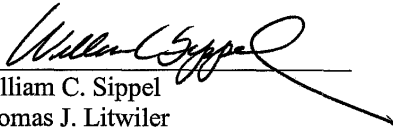
Without evidence to support their claims, some parties previously expressed concerns over IC&E's financial wherewithal. However, the record clearly demonstrates that the existing IMRL shareholders have not and will not commit resources necessary to place IMRL on sound financial footing. And as current IMRL senior lenders have noted, the IC&E transaction is the best alternative available to address creditor interests and will place the IMRL lines on much better financial footing than is the case today.

To allow final transition planning and assure a smooth, well-planned transfer of operations to IC&E, it is important that remaining regulatory issues be resolved quickly and definitively. IC&E expects to be able to close the transaction as early as July 22 or shortly thereafter, and several days of lead time will be necessary for completion of financing documentation and other start-up items. IC&E thus respectfully requests that the Board issue a decision on this motion and on the pending petitions to stay within 3-7 days from the filing of this motion. This is the timetable that IC&E suggested when it notified the Board that it was postponing the closing (see IC&E June 22, 2002 letter at 2), and would assure that start-up can proceed in the most effective and least disruptive manner possible.

WHEREFORE, IC&E respectfully requests that the Board issue a decision by July 15, but in any event not later than July 19, 2002, lifting the current housekeeping stay in this matter, denying the remaining petitions to stay or revoke, and allowing IC&E's acquisition of the rail lines of IMRL to proceed immediately.

Respectfully submitted,

By:


William C. Sippel
Thomas J. Litwiler
Fletcher & Sippel LLC
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180 North Stetson Avenue
Chicago, Illinois 60601-6721
(312) 540-0500

**ATTORNEYS FOR IOWA, CHICAGO &
EASTERN RAILROAD CORPORATION**

Dated: July 12, 2002

EXHIBIT A

LAWRENCE W. BIERLEIN
DOUGLAS M. CANTER
JOHN M. CUTLER, JR.
ANDREW P. GOLDSTEIN
STEVEN J. KALISH
RICHARD D. LIEBERMAN
CHANNING D. STROTHER, JR.

LAW OFFICES
MCCARTHY, SWEENEY & HARKAWAY, P.C.

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July 11, 2002



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OF COUNSEL
KAREN R. O'BRIEN

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., 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

Dear Secretary Williams:

On June 14, 2002, Ag Processing Inc. ("AGP") filed a petition to stay and revoke the exemption of Iowa, Chicago & Eastern Railroad Corporation ("IC&E") in the above-captioned proceeding. Our primary concern was over IC&E access to Chicago. Since that time, IC&E has satisfied us (a) that they have acquired such access rights over a Metra line by virtue of assignment of an agreement with Canadian Pacific Railway ("CPR") and (b) that they have worked out excellent alternative access rights from Canadian National/Illinois Central and Iowa Interstate to all connecting rail carriers in Chicago if for any reason there are problems enforcing the rights under the CPR agreement admitting IC&E to the Metra line. IC&E also has satisfactorily addressed all other concerns raised.

Accordingly, this is to formally notify the Board that we withdraw our "Comments and Petition to Stay Transaction, Revoke Exemption, and for Other Relief," dated June 14, 2002, and hereby fully support both the IC&E acquisition of IMRL's assets (Finance Docket No. 34177) and the forthcoming common control of IC&E and DM&E (Finance Docket No. 34178). In regard to the common control case, it should be noted that such combination will significantly improve competition in our service region by providing a new competitive access route to the Pacific Northwest.

We urge the Board to approve these transactions as soon as possible. Thank you for your consideration.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Andrew P. Goldstein".

Andrew P. Goldstein
Attorney for Ag Processing Inc

cc: All Parties

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THOMAS F. MCFARLAND

July 11, 2002

By UPS overnight mail

Vernon A. Williams, Secretary
Surface Transportation Board
Case Control Unit, Suite 713
1925 K Street, N.W.
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*

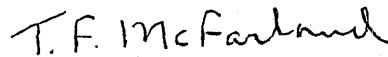
Dear Mr. Williams:

On June 14, 2002, Iowa Traction Railroad Company (IATR) filed a Petition for Stay and Investigation of Proposed Exemption (Petition) in the above proceeding.

The interest of IATR in this matter has now been satisfied. Consequently, IATR hereby withdraws the Petition. IATR hereby supports issuance of an exemption in this matter and for common control in a related docket.

Ten copies accompany the original of this filing. All parties are being served.

Very truly yours,

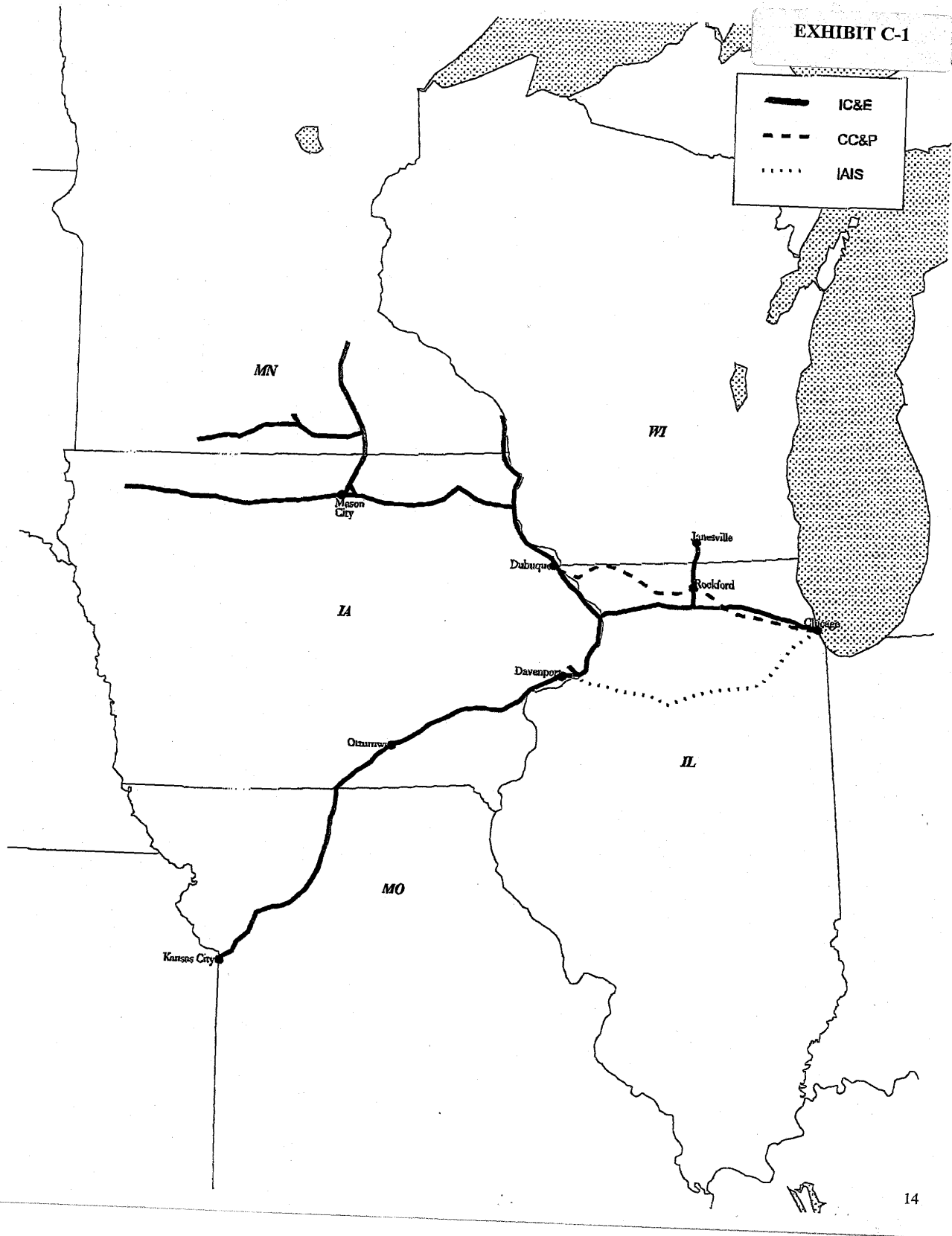


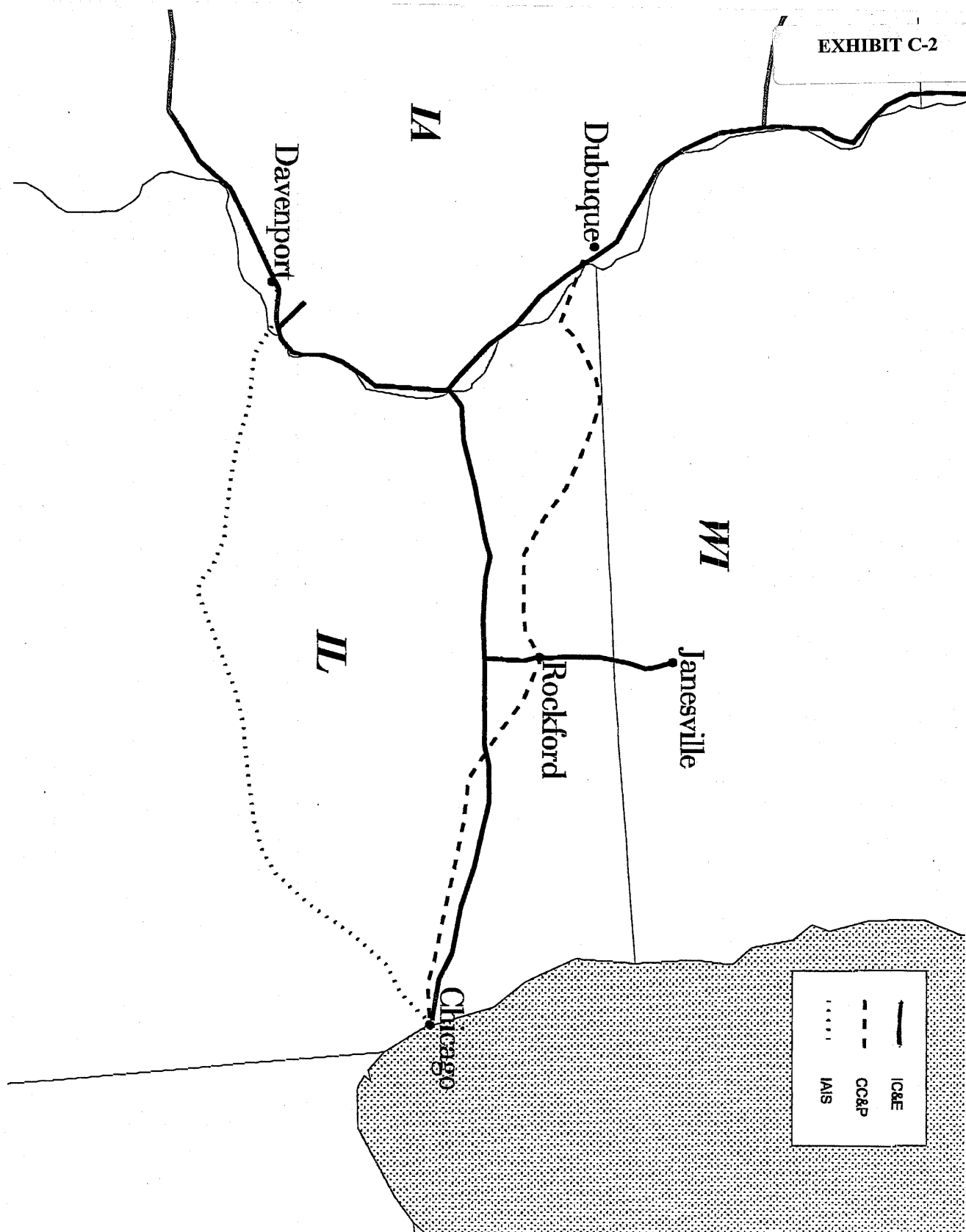
Thomas F. McFarland
*Attorney for Iowa Traction
Railroad Company*

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cc: William C. Sippel, *by fax to (312) 540-9098 & mail*
All parties of record, *by mail*

EXHIBIT C-1





VERIFIED STATEMENT
of
David M. Otte
on behalf of
IPSCO STEEL INC.

My name is David M. Otte, Transportation Manager for IPSCO Steel Inc. in Montpelier, IA. In my position, I am responsible for all transportation related functions for both inbound and outbound movements for this facility including rail, barge and motor carrier. I have held this position with IPSCO Steel Inc. since September of 1995. Prior to my employment at IPSCO Steel Inc., I have held various Operational, Management and Marketing positions with Leaseway Warehousing, the EJ&E Railway, Inland Steel, Alternative Transportation Systems and the Burlington Northern Railroad.

IPSCO Steel Inc. is a manufacturer of hot rolled steel coil and discrete plate. Our facility in Montpelier, IA employs approximately 400 employees and an additional 200 subcontractors. This facility has an annual production capacity of approximately 1,000,000 NT. IPSCO Steel Inc. is currently served by I&M Rail Link (IMRL). We ship approximately 70% of our total production and receive approximately 90% of our inbound raw material (scrap iron) by rail. Much of our finished product is shipped almost exclusively by rail to several other IPSCO divisional facilities throughout the United States and Canada. Reliable, efficient and competitive rail service is critical to IPSCO Steel Inc. in maintaining a competitive edge in our markets.

IPSCO Steel Inc. strongly supports the proposed acquisition of IMRL's Lines by the Iowa, Chicago & Eastern Railroad Corporation (IC&E).

The IMRL rail lines have been controlled by many different parties over the years, including a change in ownership just prior to our start up in May of 1997. We understand that the IMRL has struggled financially since their inception and believe that the proposed acquisition will ensure a financially sound and long term rail provider.

We have met with representatives of IC&E and believe that their plans and resources will ensure the future of these lines.

It is our understanding that the IC&E will retain many of the current employees and managers of the IMRL ensuring continuity in service to our Montpelier facility.

We expect the IC&E to bring additional capital resources and management expertise to ensure continued and improved service over the existing IMRL lines.

IC&E plans to upgrade the existing IMRL locomotive fleet for improved, more consistent service.

IC&E will commit to existing equipment requirements for IPSCO's service and will continue to meet our expanding equipment requirements.

The IC&E has agreed to service parameters previously established by previous owners of this property when we first started operations.

IPSCO Steel Inc. thus urges the Surface Transportation Board to allow IC&E's acquisition of the IMRL lines to proceed as expeditiously as possible. We are looking forward to the new ownership and refocused management of these lines in addition to a mutually beneficial relationship with the IC&E.

We understand that, in connection with the proposed IC&E acquisition, the Dakota, Minnesota & Eastern Railroad Company (DM&E) will seek approval from the STB to be commonly controlled with IC&E. IPSCO Steel Inc. believes this is also a desirable transaction and urges its approval by the STB as well.

The combination of the DM&E and IC&E will offer IPSCO Steel more competitive single line service from various raw material sources and to some customers.

Combining the fleets of both carriers will enhance productivity and reduce costs helping to ensure long term profitability and ultimate success for the combined franchise.

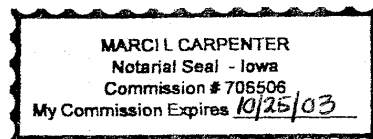
Given the end-to-end nature of the existing DM&E system and the proposed IC&E system, there should be no issues of competitive harm expressed by any shippers arising from the requested common control.

The proposed acquisition and control transactions will, we believe, secure the long-term position of the existing IMRL rail lines as viable and competitive components of the national rail network. IPSCO Steel Inc. encourages the Board's favorable and timely consideration of both proposed transactions.

I, David M. Otte, 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.



Dates: July 3, 2002







Wisconsin & Southern Railroad Co.

P.O. Box 9229

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Milwaukee, Wisconsin 53209-0229

Phone 414-438-8820 Fax 414-438-8826 Web Site www.wsorrailroad.com

FINANCE DOCKET NO. 34177
IOWA, CHICAGO & EASTERN RAILROAD CORPORATION
ACQUISITION AND OPERATION EXEMPTION
LINES OF M RAIL LINL LLC&I

VERIFIED STATEMENT
OF
WILLIAM GARDNER
On behalf of
WISCONSIN AND SOUTHERN RAILROAD CO.

My name is William Gardner, and I am the President and CEO for the Wisconsin & Southern Railroad Company (WSOR). Wisconsin & Southern Railroad corporate office is located in Milwaukee, WI, has 600 plus route miles, a customer base of 175 businesses, services 19 counties in the lower 1/3 of the State of Wisconsin and handles approximately 50,000 carloads annually. We provide direct access for shippers via the Chicago, IL gateway connecting with all major railroads via the Belt Railway of Chicago and connections with other railroads in the State. WSOR currently handles approximately 300 carloads with the IMRL annually. As a part of its efforts, Wisconsin & Southern Railroad takes an active and serious interest in all transportation matters that affect the State and the railroad.

Wisconsin & Southern Railroad understands that Iowa, Chicago & Eastern Railroad Corporation (IC&E") is requesting authority to acquire the IMRL's lines and urges the STB to move forward in an expeditious manner to consummate the transaction. Also the Dakota, Minnesota & Eastern Railroad Company ("DME") will seek approval from the STB to be commonly controlled with IC&E. We strongly support this application, as the combined company will create a rail network that offers significant opportunities for service improvements and efficiencies.

I would also like to respond to an issue raised by the Wisconsin Department of Transportation ("WISDOT") in this proceeding. WSOR operates via trackage rights over certain lines of the IMRL at Janesville, Wisconsin. The trackage rights allow WSOR to operationally tie together several WSOR lines radiating from Janesville. WISDOT in its comments to the Board

expressed concern over whether IC&E would honor WSOR's trackage rights agreements and would continue to interchange traffic with WSOR at Janesville. IC&E has confirmed to WSOR that the agreements between WSOR and IMRL will be assigned to IC&E as part of IC&E's acquisition of IMRL's lines and that WSOR's trackage rights operations and interchange at Janesville will not be adversely affected by the proposed transaction. WSOR is satisfied that this is not an issue and has so advised WISDOT. WSOR fully supports the proposed transaction.

I William Gardner, declare under penalty of perjury under the laws of the United States that foregoing is true and correct to the best of my knowledge. Further I certify that I am qualified and authorized to file this verified statement.

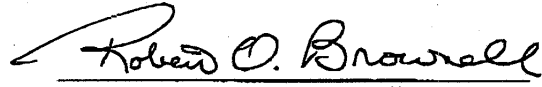
Executed on July 8, 2002.

A handwritten signature in cursive script, reading "William E. Gardner", is written over a horizontal line.

William Gardner
President & CEO

VERIFICATION

Robert O. Brownell, under penalty of perjury, declares and verifies that he is President of Iowa, Chicago & Eastern Railroad Corporation, that he has read the foregoing motion and knows the facts asserted therein, and that the same are true as stated.


Robert O. Brownell

Dated: July 11, 2002

CERTIFICATE OF SERVICE

I hereby certify that on this 12th day of July, 2002, a copy of the foregoing
**Motion of Iowa, Chicago & Eastern Railroad Corporation to Lift Housekeeping Stay and
Allow Transaction to Proceed** was served by overnight delivery upon:

Andrew P. Goldstein, Esq.
McCarthy, Sweeney & Harkaway, P.C.
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Thomas F. McFarland, Esq.
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Michael S. Wolly, Esq.
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Mr. John Hey
Iowa Department of Transportation
Modal Division
800 Lincoln Way
Ames, IA 50010

and by first-class mail, postage prepaid, upon:

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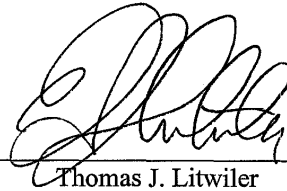
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