

LEONARD, STREET AND DEINARD

PROFESSIONAL ASSOCIATION

July 10, 2002

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street N.W.
Washington, D.C. 20423-0001

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



Diane P. Gerth
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ENTERED
Office of Proceedings

JUL 10 2002

Part of
Public Record

Dear Secretary Williams:

Enclosed for filing please find a facsimile original and 10 copies of the letter of the current owners of the I&M Rail Link, LLC, Soo Line Railroad Company, d/b/a Canadian Pacific Railway and I&M Holdings, LLC.

Enclosed with this letter is an extra copy, which we would respectfully request be date-stamped and returned to the messenger. All parties of record are also being served by U.S. Mail.

Very truly yours,

LEONARD, STREET AND DEINARD

Diane P. Gerth
DPG:km

cc: Service List
Francis P. Dicello
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William Brodsky
William Gantous

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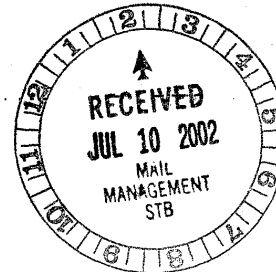
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July 9, 2002

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street N.W.
Washington, DC 20006



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

Dear Secretary Williams:

We are writing on behalf of Soo Line Railroad Company and I&M Holdings, LLC, who are the current owners of I & M Rail Link LLC (IMRL). We respectfully request leave to submit the following comments to (1) the reply filed by Iowa, Chicago & Eastern Railroad Corporation (IC&E Reply) in response to the motions to stay this proceeding and (2) the Verified Statement of Thomas McGraw of the Bank of Montreal filed on July 3, 2002 (Bank of Montreal Filing).

Although the procedural schedule does not contemplate the filing of additional comments at this point, the current owners believe that the IC&E Reply and Bank of Montreal Filing contain a number of statements that are incorrect or misleading. In particular, IC&E's statement that "there is no 'status quo' option for IMRL if this transaction is thwarted by regulatory delay" (IC&E Reply at 2) is not supported by the facts. Because the Surface Transportation Board's decision in this matter will affect the rights and interests of many persons, including the current owners of the IMRL, it is important that the decision be based on a record that is complete and accurate.

Both the IC&E Reply and Bank of Montreal Filing describe IC&E's proposal to purchase the IMRL assets as the IMRL's only alternative to financial ruin and bankruptcy. This is simply not the case. The record in this proceeding should reflect that, *simultaneously with the submission of the IC&E offer*, the IMRL's current owners presented the IMRL's Board of Directors and its senior lenders with a refinancing/equity-infusion offer that would allow the IMRL to continue to operate, without service disruptions and with a greatly reduced debt load. In addition, the current owners have communicated that, in the event the IC&E asset purchase agreement is not realized, they intend to renew their offer.

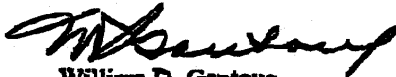
The Honorable Vernon A. Williams
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As the IC&E Reply and Bank of Montreal Filing acknowledge, the IMRL accepted the IC&E proposal under pressure from the senior lenders because IC&E's offer appeared to provide the senior lenders with more cash. Of course, the senior lenders' singular focus on cash available to pay off the IMRL debt did not take into consideration the benefits to shippers and communities on the IMRL lines—such as uninterrupted service—that would have resulted from acceptance of the owners' offer. Additionally, the "financial flexibility" that IC&E hopes to have because of a 50-percent reduction of IMRL's current debt load is the same flexibility that the current owners would have realized had the senior lenders accepted their offer.

In conclusion, IMRL's current owners believe that various statements, such as the one made by IC&E that its proposal is likely the "last opportunity to preserve economically viable, financially stable, competitive rail service to local shippers on the IMRL system" (IC&E Reply at 1), are not supported by the facts. We appreciate the Board's consideration of this effort to correct the record.

Very truly yours,

Seo Line Railroad Company


William D. Gantous

I&M Holdings, LLC


Helen B. Miller

cc: Service List

CERTIFICATE OF SERVICE

I hereby certify that on this 10th day of July, 2002, a copy of the foregoing letter of the current owners of the I&M Rail Link, LLC, Soo Line Railroad Company, d/b/a Canadian Pacific Railway and I&M Holdings, LLC was served by first-class mail, postage prepaid, upon the persons on the attached service list.


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