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Michael J. Barron, Jr.
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Legal Department
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455 North Cityfront Plaza Drive
Chicago, Illinois 60611-5317
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October 25, 2002

Via Overnight Delivery

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



ENTERED
Office of Proceedings

OCT 28 2002

Part of
Public Record

Re: Finance Docket No. 34274

Illinois Central Railroad Company – Trackage Rights
Exemption – Union Pacific Railroad Company

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of the **Verified Notice of Exemption Pursuant to 49 C.F.R. § 1180.2(d)(7)** of Illinois Central Railroad Company dated October 25, 2002. A disk containing the Caption Summary is enclosed. A check in the amount of \$900.00 representing the appropriate fee for this filing is also enclosed.

I have included an extra copy of this transmittal letter and would request that you date-stamp this to show receipt of this filing and return it to me in the envelope provided.

Please feel free to contact me should any questions arise regarding this filing. Thank you for your assistance on this matter.

Respectfully submitted,

FEE RECEIVED

OCT 28 2002

FILED

Michael J. Barron, Jr.

Michael J. Barron, Jr.
Counsel for Illinois Central Railroad Company

SURFACE
TRANSPORTATION BOARD
OCT 28 2002

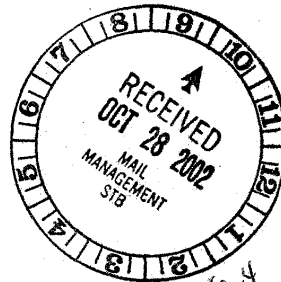
Encls.

SURFACE
TRANSPORTATION BOARD

cc: George Sturm, Union Pacific Railroad Company

DID 021028004 206501

BEFORE THE
SURFACE TRANSPORTATION BOARD



FINANCE DOCKET NO. 34274

ILLINOIS CENTRAL RAILROAD COMPANY
— TRACKAGE RIGHTS EXEMPTION —
UNION PACIFIC RAILROAD COMPANY

FILED

OCT 28 2002

VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1180.2(d)(7)

SURFACE
TRANSPORTATION BOARD

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Michael J. Barron, Jr.
Counsel
Canadian National/Illinois Central Railroad
455 North Cityfront Plaza Drive
Chicago, IL 60611-5317
(312) 755-7954

ATTORNEY FOR
ILLINOIS CENTRAL RAILROAD COMPANY

Dated: October 25, 2002

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34274

ILLINOIS CENTRAL RAILROAD COMPANY
— TRACKAGE RIGHTS EXEMPTION —
UNION PACIFIC RAILROAD COMPANY

VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1180.2(d)(7)

Pursuant to an agreement to be executed between Illinois Central Railroad Company, a wholly-owned subsidiary of Canadian National Railway Company (hereinafter collectively referred to as "User") and the Union Pacific Railroad Company (hereinafter referred to as "Owner"), User files this Verified Notice of Exemption under 49 C.F.R. § 1180.2(d)(7) for the acquisition of trackage rights over a line of railroad on Owner's Salem Subdivision extending from Milepost 242.85 at Kinmundy, Illinois to Milepost 252.96 at Salem, Illinois.

Pursuant to 49 C.F.R. § 1180.4(g), IC submits the following information:

SECTION 1180.6(a)(1)(i)

DESCRIPTION OF THE PROPOSED TRANSACTION

Pursuant to an agreement ("Agreement") to be executed by Owner and User (copy attached herein), User proposes to acquire non-exclusive overhead trackage rights over Owner's line of railroad from Milepost 242.85 at Kinmundy,

Illinois to Milepost 252.96 at Salem, Illinois ("Joint Trackage"), a distance of approximately 10.11 miles.

The full name and address of the applicant carrier is:

Illinois Central Railroad Company
455 North Cityfront Plaza Drive
Chicago, IL 60611-5317

Any questions concerning this Notice should be sent to the applicant's representative at the following address:

Michael J. Barron, Jr.
Counsel for Illinois Central Railroad Company
Canadian National/Illinois Central Railroad
455 North Cityfront Plaza Drive
Chicago, IL 60611-5317
(312) 755-7954

SECTION 1180.6(a)(1)(ii)
PROPOSED TIME SCHEDULE FOR CONSUMMATION

The applicant intends on consummating this transaction no sooner than November 4, 2002.

SECTION 1180.6(a)(1)(iii)
PURPOSE SOUGHT TO BE ACCOMPLISHED

Subject to the terms and conditions herein contained, Owner grants to User the right to use the Joint Trackage for the overhead operation of freight trains between Kinmundy and Salem and the interchange of carload traffic with Owner at Salem.

STATES IN WHICH APPLICANT'S PROPERTY IS LOCATED

User owns rail property located in the States of Illinois, Kentucky, Tennessee, Mississippi, Alabama and Louisiana.

SECTION 1180.6(a)(6)
MAP - EXHIBIT 1

A map of the rail line over which the applicant proposes to acquire trackage rights is attached hereto as Exhibit 1.

SECTION 1180.6(a)(7)(ii)
AGREEMENT - EXHIBIT 2

A copy of the Agreement to be executed between Owner and User is attached hereto as Exhibit 2.

SECTION 1180.4(g)(1)(i)
LABOR PROTECTIVE CONDITIONS

As a condition of this exemption, the applicant agrees to imposition of the employee protective conditions established in Norfolk and Western Ry. Co. – Trackage Rights – Burlington Northern, Inc., 354 I.C.C. 605 (1978), as modified in Mendocino Coast Ry. Inc. – Lease and Operate, 360 I.C.C. 653 (1980).

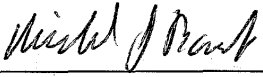
SECTION 1180.4(g)(2)(i)
CAPTION SUMMARY

A caption summary of this transaction suitable for publication in the Federal Register is attached hereto.

SECTION 1180.4(g)(3)
ENVIRONMENTAL AND HISTORIC PRESERVATION MATTERS

Under 49 C.F.R. § 1105.6(c)(4), the proposed acquisition of trackage rights is exempt from environmental reporting requirements. Under 49 C.F.R. § 1105.8(b)(3), the proposed acquisition of trackage rights also is exempt from historic preservation reporting requirements. The proposed trackage rights will not substantially change the level of maintenance of any railroad property.

Respectfully submitted,

By 
Michael J. Barron, Jr.
Counsel
Canadian National/Illinois Central Railroad
455 North Cityfront Plaza Drive
Chicago, IL 60611-5317
(312) 755-7954

ATTORNEY FOR
ILLINOIS CENTRAL RAILROAD COMPANY

Dated: October 25, 2002

VERIFICATION

State of Illinois)
) SS:
County of Cook)

Cynthia A. Bergmann, being duly sworn, deposes and says that she is Assistant Secretary of Illinois Central Railroad Company, that she has read the foregoing Notice of Exemption and knows the facts asserted therein, and that the same are true as stated.

Cynthia A. Bergmann

Subscribed and Sworn to
before me this 28th day of
October, 2002.

Marietta D. Sullivan
Notary Public

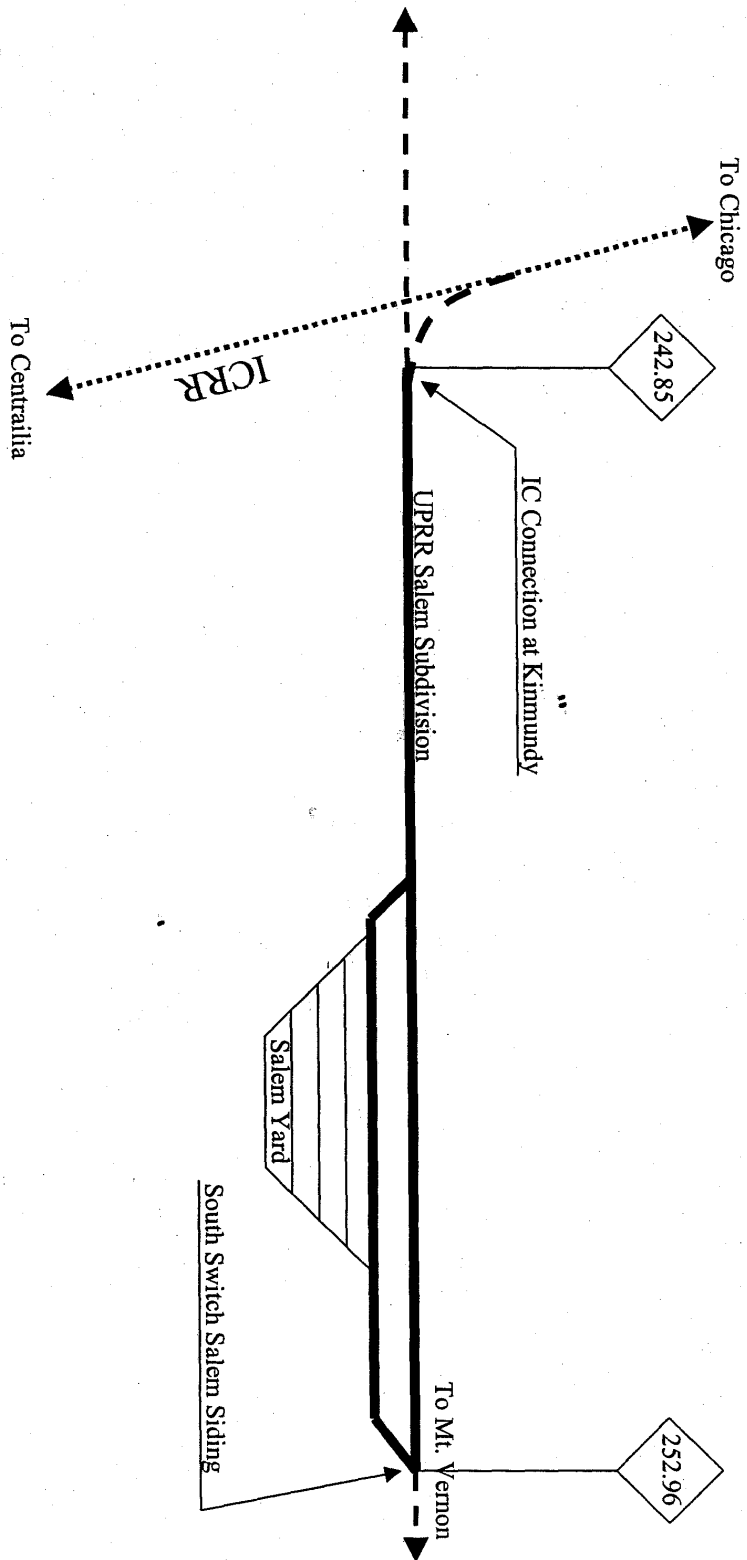


My Commission Expires: Aug. 28, 2006

Exhibit 1

Trackage Rights on UPRR

October 1, 2002



Trackage Rights limits designated by heavy solid line.

Exhibit 2

TRACKAGE RIGHTS AGREEMENT
Between KINMUNDY, IL and SALEM, IL

THIS AGREEMENT, made as of this 14 day of October 2002, between UNION PACIFIC RAILROAD COMPANY, a Delaware corporation ("UP", or "Owner") and ILLINOIS CENTRAL RAILROAD COMPANY a wholly owned subsidiary of Canadian National Railway Company (hereinafter collectively referred to as "CN", or "User").

RECITALS:

WHEREAS, UP owns a line of railway known as the Salem Subdivision, extending between Milepost 242.85 and Milepost 252.96, located between Kinmundy, Illinois and Salem, Illinois, as is shown on Exhibit "A", attached hereto and made a part hereof, which lines of railway, including sidetracks, for the purpose of meeting and passing trains, shall be referred to herein as the "Joint Trackage" (as defined in Exhibit "B" of this Agreement); and

WHEREAS, CN and UP have agreed to interchange carload traffic at Salem by constructing a connection at Kinmundy, Illinois; and

WHEREAS, CN and UP have additionally agreed to enter into a haulage agreement whereby CN will haul rail traffic between Chicago, IL and Salem, IL via Kinmundy, IL; and

WHEREAS, UP and CN are willing to enter into a trackage rights arrangement whereby UP will grant CN permission to use the Joint Trackage under the terms and conditions as agreed below;

NOW THEREFORE, it is mutually agreed by and between the parties:

Section 1. The General Conditions as set forth in Exhibit "B" attached hereto are made a part of this Agreement. If any conflict between the General Conditions and this Agreement shall arise, the provisions of this Agreement shall prevail.

Section 2. Subject to the terms and conditions contained herein, UP grants to CN the nonexclusive right to use the Joint Trackage for the sole purpose of transporting between Kinmundy and Salem, IL, Equipment with its own employees over the Joint Trackage in common with UP.

It is understood that user shall not have the right to:

a. set out, pick up, store or switch upon the joint trackage, or any part hereof, except as necessary for handling locomotives or cars bad ordered en route, and except to set out cars and locomotives at Salem yard for interchange with UP;

b. serve any industry, team or house track, intermodal or automobile facility now existing or hereinafter located along the Joint Trackage;

c. permit any third party to the use of all or any portion of the Joint Trackage, nor have the right to detour trains of any other carrier or upon the Joint Trackage, nor use the guise of doing its own business to contract or make any agreement to handle as its own Equipment over or upon the Joint Trackage, or any portion thereof, the Equipment of such third party which in the normal course of doing business would not be considered the Equipment of CN; provided, however, that the foregoing shall not prevent CN pursuant to a run-through agreement with any railroad from using locomotives of another railroad as its own under this Agreement; or

d. use of the Joint Trackage for any other purpose other than exchanging Equipment with UP at Salem, IL, with such restrictions expressly precluding the right to interchange with other railroads in the Salem, IL area.

Section 3. Any liability for loss, damage, injury or death which arises from the operation under this Agreement shall be assumed, settled and paid as provided by Exhibit "B", General Conditions. Traffic carried under haulage agreements shall be governed under language contained in the specific haulage agreement. Any conflict between this Agreement and any such haulage agreement(s) shall be governed by the terms of the haulage agreement.

Section 4. All notices, demands, requests, submissions and other communications which are required or permitted to be given pursuant to this Agreement shall be given by either party to the other in writing and shall be deemed properly served if delivered by hand to the party to whose attention it is directed, or same shall be deemed to have been properly served and delivered when mailed by registered or certified mail, return receipt requested, with postage prepaid and addressed as follows:

If intended for UP:

With a copy to:

George Sturm, General Manager Joint Facilities
The Union Pacific Railroad Company
1416 Dodge Street, Room 1200
Omaha, Nebraska 68179
Telephone: (402) 271-2292
Facsimile: (402) 271-6971

Myrle Giersch, Director Joint Facilities
The Union Pacific Railroad Company
1416 Dodge Street, Room 1200
Omaha, Nebraska 68179
Telephone: (402) 271-6012
Facsimile: (402) 271-6971

If intended for CN:

With a copy to:

Vice President Midwest Division,
Illinois Central Railroad Company
17641 So. Ashland Avenue
Homewood, IL 60430

Director Contracts
Illinois Central Railroad Company
17641 So. Ashland Avenue
Homewood, IL 60430

or such other address as may be designated by any party.

Section 5. The initial term of this Agreement shall commence on October 1, 2002, and shall continue in full force and effect for a period of 25 years. Additional terms shall be granted upon mutual agreement of the parties. CN shall have the right to terminate this Agreement upon giving six (6) months advance written notice to UP.

Section 6. Redacted; deals with compensation.

Section 7. This Agreement shall be construed in accordance with and governed by the local laws of the State of Illinois.

Section 8. These rights apply only to freight operations and do not include passenger operations of any kind whether revenue or non-revenue. Only employees of CN may ride trains operating under these rights.

Section 9. CN agrees that these rights will be used solely to interchange rail traffic with UP and that CN will not interchange with any other railroads or freight carriers without UP's express written consent.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate the day and year first above written.

THE UNION PACIFIC RAILROAD COMPANY

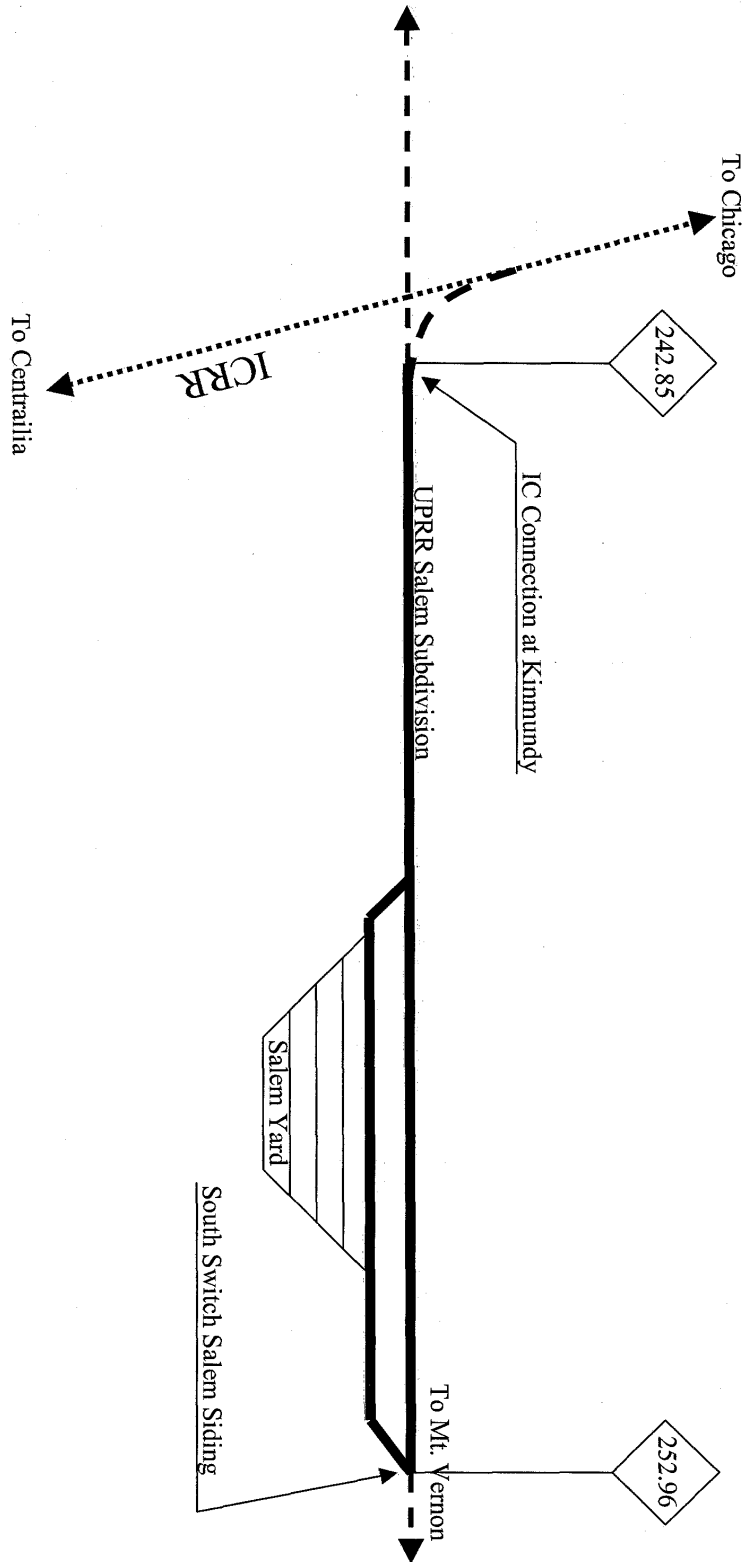
By: _____
(Print Name)
(Print Title)

ILLINOIS CENTRAL RAILROAD COMPANY

By: _____
(Print Name)
(Print Title)

Exhibit "A" - CNIC Trackage Rights on UPRR

October 1, 2002



Trackage Rights limits designated by heavy solid line.

EXHIBIT "B"

GENERAL CONDITIONS

Section 1. DEFINITIONS

1.1 "Agreement" shall mean that certain agreement to which this Exhibit B is appended.

1.2 "Owner" shall mean the party granting the right to use the Joint Trackage (as that term is hereinafter defined).

1.3 "User" shall mean the party granted by the Agreement the right to use the Joint Trackage.

1.4 "Joint Trackage" shall mean track structure of Owner as described in the Agreement including necessary right-of-way and appurtenances and support facilities thereof, including but not limited to signals, signal systems, communications, rail and fastenings, switches and frogs complete, bumpers, ties, ballast, roadbed, embankments, bridges, trestles, culverts and other structures or things necessary for support of and entering into construction thereof, and if any portion thereof is located in a thoroughfare, the terms shall include pavement, crossing planks and other similar materials or facilities used in lieu of pavement or other street surfacing material at vehicular crossings of tracks, culverts, drainage facilities, crossing warning facilities, and all Changes in and / or Additions to (as that term is hereinafter defined), thereto now or in the future located as are required or desirable for the operation of the trains of the parties hereto.

1.5 "Equipment" shall mean trains, locomotives, rail cars (loaded or empty), cabooses, vehicles, and machinery which are capable of being operated on railroad tracks, or operated on right-of-way for purpose of the maintenance or repair thereof.

1.6 "Light Engines" shall mean one or more locomotive units not coupled to cars.

1.7 "Changes in and/or Additions to" and "Additions" (including retirements) shall mean work projects, the cost of which is chargeable in whole or in part to Property Accounts as defined by Uniform System of Accounts for Railroad companies as prescribed by the Surface Transportation Board ("Surf Board") as of the effective date of the Agreement.

Section 2. MAINTENANCE, ADDITIONS, OPERATION, AND CONTROL

2.1 The construction, maintenance, repair and renewal of the Joint Trackage shall be under the exclusive direction and control of Owner. Owner shall make any Changes in and/or Additions to the Joint Trackage which may be required by law, and which Owner deems necessary or desirable for the safe, efficient, and economical use of the Joint Trackage by the parties, and these shall progressively during construction become part of the Joint Trackage. User may request Changes in and/ or Additions to the Joint Trackage which User shall deem necessary or desirable for safe, efficient, and

economical use of the Joint Trackage, and Owner shall, if it concurs, construct the same upon such terms and conditions as may be agreed upon and they shall become part of the Joint Trackage.

2.2 The management and operation of the Joint Trackage shall be under the exclusive direction and control of Owner. Owner shall have the unrestricted power to change the management and operations on and over the Joint Trackage as in its judgment may be necessary, expedient, or proper for the operations thereof herein intended.

2.3 Owner shall employ all persons necessary to construct, operate, maintain, repair, and renew the Joint Trackage. Owner shall be bound to use reasonable and customary care, skill, and diligence in the construction, operation, maintenance, repair and renewal of the Joint Trackage and in managing same, and UP shall keep and maintain the Joint Trackage in reasonably good condition for the use herein contemplated.

2.4 All officers, agents and employees of Owner engaged in the management, operation, and maintenance of the Joint Trackage shall perform their duties in a fair, impartial, and just manner. All operating, dispatching and maintenance decisions by UP affecting the movement of rail cars over the Joint Trackage shall be made on a nondiscriminatory basis, without reference to ownership, and customary priorities shall be accorded differing classes of traffic (i.e. bulk commodities, manifest, automotive, intermodal, etc.) irrespective of whether the traffic is that of CN or UP. The foregoing shall include, without limitation, decisions as to terminal departure times, destination terminal receiving times, enroute delays, track maintenance and the scheduling of maintenance windows.

2.5 User, at its sole cost and expense, shall install and maintain upon its Equipment such equipment, radios, or devices as may now or in the future be necessary or appropriate, in the reasonable judgement of Owner, for operation of trains upon the Joint Trackage. User will not however, be required to install any equipment or devices not in use generally on Equipment of Owner.

2.6 If the use of the Joint Trackage shall at any time be interrupted or traffic thereon or thereover be delayed for any cause, neither party shall have or make any claim against the other for loss, damage or expense of any kind, caused by or resulting from such interruption or delay

2.7 Owner may from time to time provide any track or tracks on the Joint Trackage other than those delineated in the Agreement for use by User. When such tracks which are not part of the Joint Trackage are used as provided herein, the Agreement shall govern for purposes of direction and control and liability as if all movement had been made over the Joint Trackage.

2.8 Except as provided in certain haulage agreement(s), each party shall be responsible for furnishing, at its own expense, all labor, fuel, and train supplies

necessary for the operation of its own trains over the Joint Trackage. In the event a party hereto does furnish such labor, fuel, or supplies to another party hereto, the party receiving same shall promptly, upon receipt of billing therefor, reimburse the party furnishing same for its reasonable costs thereof.

2.9 The operation by User on or along the Joint Trackage shall at all times be in accordance with the rules, instructions and restrictions of Owner, but such rules, instructions and restrictions shall be reasonable, just and fair between all parties using the Joint Trackage and shall not unjustly discriminate against any of them.

2.10 With respect to the operation of Equipment on and over the Joint Trackage, each party shall comply with all applicable laws, rules, regulations and orders promulgated by any municipality, board, commission or governmental agency having jurisdiction thereover, and if any failure on the part of either party to so comply shall result in a fine, penalty, cost or charge being imposed or assessed on or against the other party, such other party shall give prompt notice to the failing party and the failing party shall promptly reimburse and indemnify the other party for such fine, penalty, cost or charge and all expenses and attorneys' fees incurred in connection therewith, and shall upon request of the other party, defend such action free of costs, charge and expense to the other party.

2.11 All employees of User engaged in or connected with the operations of User on or along the Joint Trackage shall be required to pass periodic examinations on the rules of Owner related to the Joint Trackage, provided, with respect to such examinations that, upon request of User, Owner shall qualify one or more of User's supervisory officers on said rules and such supervisory officer or officers so qualified shall examine all employees of User engaged in or connected with user's operations on or along the Joint Trackage. Pending qualification of train and engine crews of User, Owner shall furnish a pilot or pilots, at the expense of Owner, as deemed necessary by Owner to assist in operating trains of User over the Joint Trackage.

2.12 If any employee of User shall neglect, refuse, or fail to abide by Owner's rules, instructions, and restrictions governing the operation on or along the Joint Trackage, such employee shall, upon written request of Owner, be prohibited by User from working on the Joint Trackage. If either party shall deem it necessary to hold a formal investigation to establish such neglect, refusal, or failure on the part of any employee of User, then upon such notice presented in writing, Owner and User shall promptly hold a joint investigation in which all parties concerned shall participate and bear the expense for its officers, counsel, witnesses and employees. Notice of such investigations to employees of User shall be given by User's officers, and such investigation shall be conducted in accordance with the terms and conditions of collective bargaining agreements, if applicable, between User and its employees. If, in the judgement of Owner, the result of such investigation warrants, such employee shall, upon written request of Owner, be withdrawn by User from service on the Joint Trackage, and User shall release and indemnify Owner from and against any and all claims and expenses.

If the disciplinary action is appealed by an employee of User to the National Railroad Adjustment Board or other tribunal lawfully created to adjudicate such cases, and if the decision of such board or tribunal sustains the employee's position, such employee shall not thereafter be barred from service on the Joint Trackage by reason of such occurrence.

2.13 If any Equipment of User is bad ordered en route on the Joint Trackage and it is necessary that it be set out, such Equipment shall, after being promptly repaired, be promptly picked up by User. Unless otherwise agreed, Owner may, upon request of User and at User's expense, furnish the required labor and material and perform light repairs to make such bad ordered Equipment safe for movement. The employees and equipment of Owner while in any manner so engaged or while en route to or returning to Owner's terminal from such an assignment shall be considered Sole Employees (as hereinafter defined) of User and Sole Property (as hereinafter defined) of User. However, should Owner after repairing such Equipment for User, move directly to perform service for Owner's benefit rather than return to Owner's terminal, then User's exclusive time and liability will end when Owner's employees depart for work to be performed for Owner's benefit.

2.14 If Equipment of User shall become derailed, wrecked, or otherwise disabled while upon the Joint Trackage, it shall be rerailed or cleared by Owner, except that employees of User may rerail User's derailed Equipment on the Joint Trackage whenever, (i) use of motorized on or off track equipment is not required; (ii) whenever User obtains permission from Owner to rerail and/or clear derailed Equipment on the Joint Trackage. The costs and expenses of clearing such derailments and wrecks shall be at User's expense unless otherwise provided for in allocation of liability in Section 5 of these General Conditions.

2.15 In the event Equipment of User shall be forced to stop on Joint Trackage, and such stoppage is due to insufficient hours of service remaining among User's employees, or due to mechanical failure of User's Equipment, or any other cause not resulting from an accident or derailment, and such Equipment is unable to proceed, or if a train of User fails to maintain the speed required by Owner on the Joint Trackage, or if in emergencies, crippled or otherwise defective freight cars are set out of User's trains on the Joint Trackage, Owner shall have the option to furnish motive power or such other assistance (including but not limited to the right to re-crew User's train) as may be necessary to haul, help or push such Equipment, or to properly move the disabled Equipment off the Joint Trackage. With the exclusion of Haulage Trains, any other trains arriving at Kimmundy with more than one hour of on-duty time remaining, the costs and expenses of rendering such assistance shall be at User's expense except to the extent such stoppage is attributable to actions by the Owner.

2.16 User shall be responsible for reporting monthly, to Owner, the statistical data called for in the Agreement, which may include, but is not limited to, number of cars, trains, car miles, and train miles operated on the Joint Trackage.

Section 3. BILLING

3.1 Billing shall be accomplished on the basis of data contained in a billing form mutually agreed to between the parties. Such billing forms shall contain sufficient detail to permit computation of payments to be made hereunder. Billing shall be prepared according to the rules, additives, and equipment rental rates as published by Owner. User shall pay to Owner at the Office of the Treasurer of Owner or at such other location as Owner may from time to time designate, all the compensation and charges of every name and nature which in and by Agreement User is required to pay in lawful money of the United States within sixty (60) days after the rendition of bills therefor. Bills shall contain a statement of the amount due on account of the expenses incurred and services rendered during the billing period.

3.2 Errors or disputed items in any bill shall not be deemed a valid excuse for delaying payment of billed amounts not disputed, and any bill paid is subject to subsequent adjustment; provided no exception to any bill shall be honored, recognized, or considered if filed after the expiration of three (3) years from the last day of the calendar month during which the bill is rendered and no bill shall be rendered later than three (3) years (i) after the last day of the calendar month in which the expense covered thereby is incurred, or (ii) if in connection with a project for which a Roadway Completion Report is required, after the last day of the calendar month in which the Roadway Completion Report is made covering such project, except that omitted retirements and Additions will still be reflected as appropriate adjustment to valuation base retroactive no more than three (3) years from date of billing, or (iii) in the case of claims disputed as to amount or liability, after the amount is settled and/or the liability is established. This provision shall not limit the retroactive adjustment of billing made pursuant to exception taken to original accounting by or under authority of the Surf Board or retroactive adjustment of wage rates and settlement of wage claims.

3.3 So much of the books, accounts, and records of each party hereto as are related to the subject matter of the Agreement shall at all times be open to inspection by the authorized representatives and agents of the parties hereto.

All books, accounts, and records shall be maintained to furnish readily full information for each item in accordance with 49 U.S.C. Section 11161 et seq. and the related regulations of the Surf Board in 49 C.F. R. Part 1201, 1-3, et seq.

3.4 Should any payment become payable by Owner to User under the Agreement, the provisions of Section 3.1 through 3.3 of these General Conditions shall apply with User as the billing party and Owner as the paying party.

Section 4. COMPLIANCE WITH LAWS

4.1 User shall not on the Joint Trackage, treat, store or dispose of petroleum products or hazardous waste or hazardous substances, as defined in (i) the Resource conservation and Recovery Act, as amended or (ii) the Comprehensive Environmental Response Compensation and Liability Act, as amended, or (iii) subsequent legislation regulating discharges into the environment.

Pages 9, 10, 11 and
most of 12 have been
redacted; they deal with
the allocation of
liability.

Section 6. ARBITRATION

6.1 If at any time a question or controversy shall arise between the parties hereto in connection with the Agreement upon which the parties cannot agree, such question or controversy shall be submitted to and settled by a single arbitrator agreed upon by the parties within twenty (20) days after written notice by one party of its desire for

arbitration to the other party or parties. The arbitrator so selected shall be a person with at least five years of exposure to the concepts of administration, interpretation, and application of joint facility contracts or agreements. If the parties cannot agree on a single arbitrator, the party demanding such arbitration (the "Demanding Party") shall notify the other party or parties (the "Noticed Parties") in writing of such demand, stating the question or questions to be submitted for decision and nominating one similarly qualified arbitrator. Within twenty (20) days after receipt of said notice, the Noticed parties shall each appoint a similarly qualified arbitrator and notify the Demanding Party in writing of such appointment. Should any Noticed Party fail within twenty (20) days after receipt of such notice to name its similarly qualified arbitrator, the arbitrator for the Demanding Party and the arbitrators for the other Noticed Parties, if any, shall select on for the Noticed Party so failing and, if they cannot agree, said arbitrator may be appointed by the Chief Judge (or acting Chief Judge) of the United States District Court for the District in which the headquarters office of the Demanding party is located upon application by any party after ten (10) days' written notice to all other parties. The arbitrators so chosen, if an even number, shall select one similarly qualified additional arbitrator, to complete the board. If they fail to agree upon an additional arbitrator, the same shall, upon application of any party, be appointed by said judge in the manner heretofore stated.

Upon selection of the arbitrator(s), said arbitrator(s) shall with reasonable diligence determine the questions as disclosed in said notice of demand for arbitration, shall give all parties reasonable notice of the time and place (of which the arbitrator(s) shall be the judge) of hearing evidence and argument, may take such evidence as they deem reasonable or as either party may submit with witnesses required to be sworn, and may hear arguments of counsel or others. If any arbitrator declines or fails to act, the party (or parties in the case of a single arbitrator) by whom he was chosen or said judge shall appoint another to act in his place. After considering all evidence, testimony, and arguments, said single arbitrator or the majority of said board of arbitrators shall promptly state such decision or award in writing which shall be final, binding, and conclusive on all parties to the arbitration when delivered to them. Until the arbitrator(s) shall issue the first decision or award upon any question submitted for arbitration, performance under the Agreement shall continue in the manner and form existing prior to the rise of such question. After delivery of said first decision or award, each party shall forthwith comply with said first decision or award immediately after receiving it.

Each party to the arbitration shall pay the compensation, costs, and expenses of the arbitrator appointed in its behalf and all fees and expenses of its own witnesses, exhibits, and counsel. The compensation, cost, and expenses of the single arbitrator or the additional arbitrator in the board of arbitrators shall be paid in equal shares by all parties to the arbitration.

6.2 The books and papers of all parties, as far as they relate to any matter submitted for arbitration, shall be open to the examination of the arbitrator(s).

Section 7. GOVERNMENTAL APPROVAL, ABANDONMENT

7.1 User shall, at its own cost and expense, initiate by appropriate application or petition and thereafter diligently prosecute proceeding for the procurement of all necessary consent, approval, or authority from any governmental agency for the sanction of the Agreement and the operations to be carried on by User thereunder. Owner, at its expense, shall assist and support said application or petition and will furnish such information and execute, deliver, and file such instrument or instruments in writing as may be necessary or appropriate to obtain such governmental consent, approval, or authority. User and Owner agree to cooperate fully to procure all such necessary consent, approval or authority. Upon the procurement of all consents, approvals, permits and authority, User shall maintain throughout the term of this Agreement all such consents, approvals, permits and authority which are necessary and appropriate for the operations of the User on the Joint Trackage.

7.2 In the event owner shall be involuntarily dispossessed or under threat of condemnation by competent public authority of the right to operate upon and maintain any portion of its Joint Trackage, Owner shall have no obligation hereunder to provide tracks for User's use, and User shall have and shall make no claim of any kind, legal or otherwise, against Owner for failure to provide such Joint Trackage for User's use.

7.3 Under the terms hereinafter stated, and to the extent that Owner may lawfully do so, Owner reserves to itself the exclusive right, exercisable at any time during the life of the Agreement without concurrence of User, to elect to abandon all or any part of the Joint Trackage by giving six (6) months' prior written notice to User of its intention so to do.

User agrees that at such time it will concurrently make application for all necessary governmental authority for abandonment of its right to operate over the Joint Trackage. The Agreement shall terminate as to the section of Joint Trackage so abandoned upon the effective date of such approval by governmental authority.

7.4 Each party shall be responsible for any labor claims of, and shall bear the cost of employee protection payable to, its own employees, and the employees of companies affiliated with it, to the extent resulting from the entry into or operation of this Agreement.

Section 8. OTHER CONSIDERATIONS

8.1 Nothing in the Agreement contained shall limit the right of Owner to admit other companies to the use of the Joint Trackage or any part thereof on such terms and conditions as are satisfactory to Owner and, provided, such admittance shall not materially hinder or obstruct the fair and reasonable exercise of the rights granted in the Agreement. User shall have no right to admit any company, person, firm, or corporation to the use of the Joint Trackage.

8.2 The Agreement shall be binding upon and inure to the benefit of the parties

hereto, their respective successors, lessees, and assigns, but no sale, assignment, mortgage, or lease by user of any interest or right given it under the Agreement, except to an affiliate of User, shall be valid or binding without the prior written consent of Owner.

8.3 The Agreement and each and every provision hereof is for the exclusive benefit of the parties hereto and not for the benefit of any third party. Nothing herein contained shall be taken as creating or increasing any right in any third person to recover by way of damages or otherwise against any of the parties hereto.

8.4 All notices, demands, requests, or submissions which are required or permitted to be given pursuant to the Agreement shall be given by either party to the other in writing by serving the same upon the Vice President of Operations of each company.

8.5 If any covenant or provision of the Agreement not material to the right of User to use the Joint Trackage shall be adjudged void, such adjudication shall not affect the validity, obligation, or performance of any other covenant or provision which is in itself valid. No controversy concerning any covenant or provision shall delay the performance of any other covenant or provision. Should any covenant or provision of the Agreement be adjudged void, the parties will make such other arrangements as, under the advice of counsel, will effect the purposes and intent of the Agreement.

8.6 In the event there shall be any conflict between the provisions of this Exhibit "B" and the Agreement, the provisions of the Agreement shall prevail.

8.7 All Section headings are inserted for convenience only and shall not affect any consideration or interpretation of the Agreement.

8.8 Each party shall assume and hold the other party harmless from all labor claims by its employees predicated on loss of, or adverse impact on, compensation, benefits or working conditions arising from this Agreement or the activities of the parties hereunder, whether such claims are based on conditions imposed by the STB or predicated on the Railway Labor Act or labor agreements.

End of Exhibit "B"

Caption Summary

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34274

ILLINOIS CENTRAL RAILROAD COMPANY
— TRACKAGE RIGHTS EXEMPTION —
UNION PACIFIC RAILROAD COMPANY

Pursuant to an agreement to be executed between Illinois Central Railroad Company, a wholly-owned subsidiary of Canadian National Railway Company (hereinafter collectively referred to as "User"), and Union Pacific Railroad Company (referred to as "Owner"), Owner will agree to grant to User overhead trackage rights over Owner's line of railroad between Milepost 242.85 at Kinmundy, Illinois and Milepost 252.96 at Salem Illinois, a distance of approximately 10.11 miles. The trackage rights are anticipated to become effective November 4, 2002.

This Notice is filed under 49 C.F.R. § 1180.2(d)(7). Petitions to revoke the exemption under 49 U.S.C. § 10502(d) may be filed at any time. The filing of a petition to revoke will not stay the transaction.

Dated: _____

By the Board.

Vernon A. Williams

Secretary