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For Immediate Release

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*Surface Transportation Board Approves DM&E Request
Railroad Upgrade Plan Takes Step Forward*

Sioux Falls, South Dakota – The U.S. Surface Transportation Board (STB) has again rejected arguments of DM&E project opponents, and approved DM&E's application to utilize a separate subsidiary to build and operate a new 280-mile rail line into the Powder River Basin.

"We're pleased with this latest victory," said Kevin V. Schieffer, DM&E president and CEO. "It's another step closer to our goal of creating the best, safest, most efficient and most modern railroad in the United States."

The STB's decision, released late yesterday, will help expand the market for financing the \$6 billion project. "We have to attract a lot of private financing regardless of the outcome of the roughly \$2 billion FRA loan," Schieffer noted. "Yesterday's victory will expand the universe of investors, and will provide more flexibility in structuring some of that \$4 billion in private capital investment."

The STB ruling gave final approval to the creation of the Wyoming, Dakota Railroad Properties, Inc. (WDRPI) as a subsidiary of DM&E. By creating WDRPI, the railroad has greater flexibility in financing options for the new construction portion of the project, without impacting the existing railroad's finances.

The City of Rochester, MN, and other opponents entered into litigation in an attempt to block the creation of WDRPI, citing a variety of arguments. All of them were squarely rejected by the STB, as have been past Rochester claims. Based on objective legal and factual findings, the STB ruled against each Rochester argument and concluded its ruling would facilitate PRB project development. WDRPI.

The STB's decision is available at:

<http://www.stb.dot.gov/decisions/readingroom.nsf/51d7c65c6f78e79385256541007f0580/5f04d387797fc098852571ca006f9d3d?OpenDocument>

Project Background

The DM&E Railroad's upgrade project will rebuild 600 miles of DM&E track and add 260 new miles of main line construction to clean, low-sulfur coal mines in the Powder River Basin of Wyoming. DM&E will privately fund two-thirds of the project, and has applied for a loan from the Federal Railroad Administration – fully backed by the railroad's assets – to finance the remaining portion, or \$2.4 billion. The \$6 billion project would create an estimated 10,000 direct and indirect jobs. The DM&E plans to begin construction in 2007 and to be operational by 2010.

The loan will be used to modernize DM&E's track by replacing 80-year-old tracks with a new continuous welded rail that is quieter and will greatly reduce the risk of train accidents. The loan also will help DM&E pay for a new signaling system that will enable train operators to quickly identify broken rails or misaligned switches.

The Federal Surface Transportation Board (STB) granted DM&E regulatory approval to proceed with the upgrade and expansion process. The eight-year Environmental Impact Statement process concluded that the upgrade would improve safety across the line, including in Rochester.

To help alleviate concerns of communities along the route, DM&E has agreed to 147 compliance regulations including reducing train and whistle noise, implementing emergency response plans, adhering to strict environmental protections, and helping farmers address any track issues that affect their land. Fifty-five of 56 cities along the route – every city except Rochester – have made agreements with the DM&E to address community-specific needs. Each of the 55 communities supports the DM&E project.

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