

DM&E



**Cedar American
Rail Holdings, Inc.**

IC&E



RICK MILLS

Serving the Heartland of America

**CEDAR AMERICAN RAIL HOLDINGS, INC.
DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION
IOWA, CHICAGO & EASTERN RAILROAD CORPORATION**

**140 North Phillips Avenue
Sioux Falls, SD 57104
(605) 782-1200**

Serving the Heartland of America

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In 1986, the Dakota, Minnesota & Eastern was established to serve shippers in southern Minnesota and South Dakota along lines formerly owned by Chicago and North Western. In 2002, DM&E was joined by the Iowa, Chicago & Eastern, which took over operations of I & M Rail Link in Iowa, Illinois, Minnesota, Missouri and Wisconsin. A new company, Cedar American Rail Holdings, Inc. was established to bridge the operations and administration of the two railroads. Together, DM&E and IC&E serve eight states in the heartland of America. The management team of DM&E and IC&E have extensive experience with both Class I and regional railroads.

Largest regional railroad system

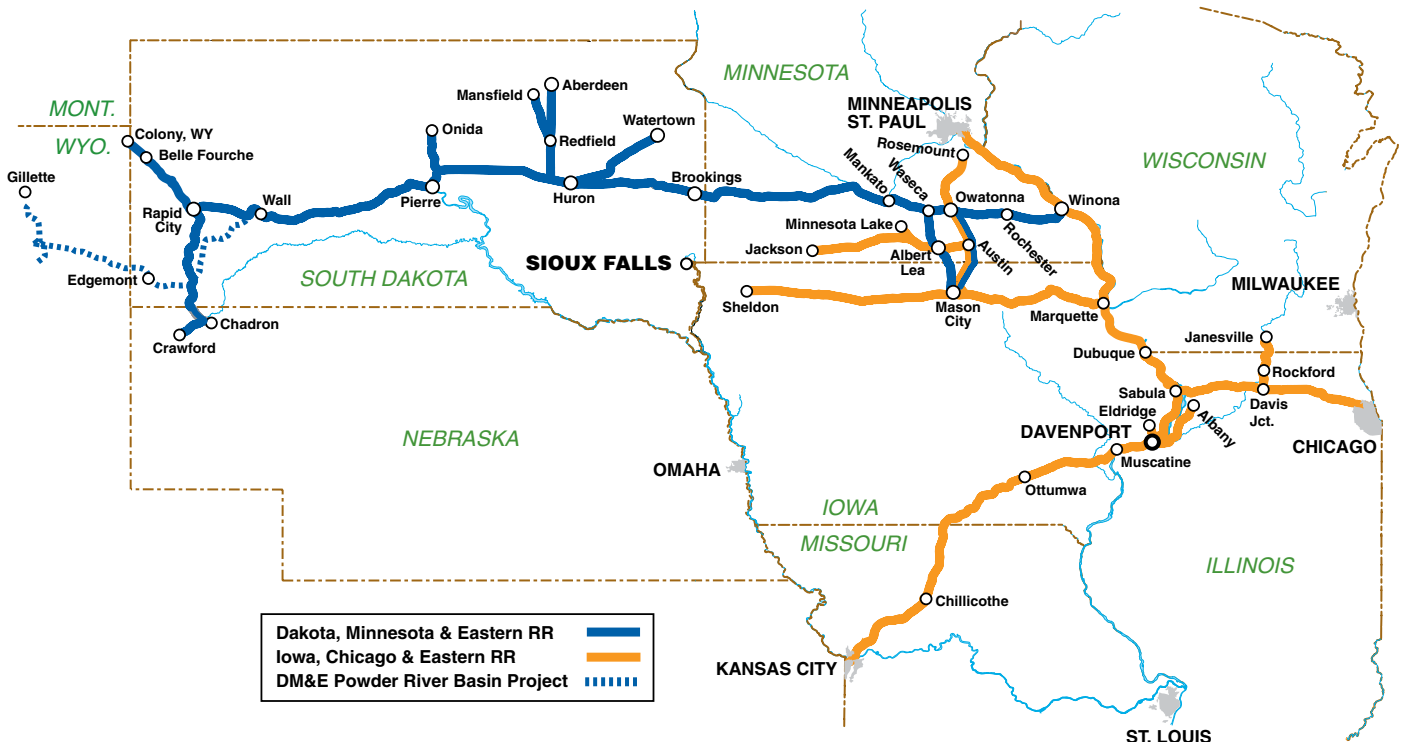
With more than 2,500 miles of track, the combined DM&E and IC&E is the largest contiguous Class II regional railroad system in the United States and the only regional railroad with connections to all major North American Class I railroads. In the past four years, total

traffic volume on the two railroads has increased approximately 22 percent from 230,000 carloads in 2003 to nearly 286,000 in 2007. On October 4, 2007, the Canadian Pacific Railway acquired the DM&E/IC&E railroads. Regulatory approval is currently pending before the Federal Surface Transportation Board and a final decision is anticipated by October 30, 2008.

Service-oriented companies

Our approach to service is simple: provide customers with rail transportation that is reliable, responsive, personalized and cost effective. In the months and years ahead, we will be working very hard to increase business by opening up new markets for our customers, expanding operations, and improving the quality and consistency of our service.

To help you get to know us, on the following pages you'll find useful information about the company, our equipment and services, and the addresses and phone numbers of key contacts.



DM&E and IC&E – reliable, responsive, personalized and cost effective

History

DM&E began operations on September 5, 1986 and today operates on approximately 1,100 miles of track located principally in Minnesota and South Dakota. It extends from the Mississippi River at Winona, MN to Rapid City, SD, and from Rapid City north to Colony, WY and south to Crawford, NE.

The Iowa, Chicago & Eastern began operations on July 31, 2002 when it took over operations on approximately 1,400 miles of track formerly operated by I & M Rail Link, LLC. The IC&E operates in Illinois, Iowa, Minnesota, Missouri and Wisconsin and connects with all major railroads in Chicago, Kansas City and St. Paul, MN.

Flexible, cost-effective rail transportation

DM&E and IC&E have many years of experience with a diversified customer and commodity base, providing shippers with flexible, cost-effective transportation options. We really get to know our customers and can offer individualized, responsive service. Plus, we can work directly with our larger railroad partners so you don't have to. Small shippers are big shippers to us.

Reliable service, excellent equipment

DM&E and IC&E offer regular main-line service to and from Chicago, Kansas City, Rapid City, St. Paul and Winona, MN. Branch line stations are served as needed to meet the needs of customers. A wide range of freight equipment is available. DM&E and IC&E have a fleet of approximately 7,400 freight cars to meet customer needs including 200 new covered hoppers acquired in 2007. Mechanics at key locations assure that railroad and customer-leased cars are repaired quickly and efficiently.

Both DM&E and IC&E have assembled a fleet of 150 newer, more reliable, more fuel-efficient locomotives, which have significantly reduced costs. Locomotives and freight cars are interchanged between the two railroads to meet traffic requirements.

Pricing

DM&E and IC&E maintain competitive local and interline tariff rates, contract rates, and deregulated price quotes. It is the railroad's policy to work closely with customers to provide the necessary pricing, service and equipment packages to meet their requirements. DM&E and IC&E maintain a cost-effective operating structure, free from traditional railroad industry work rules. For more information, go to our Web sites: www.dmerail.com and www.icerail.com.

Customer Service

IC&E-DM&E Customer Service Centers are located in Sioux Falls, SD with experienced representatives from both railroads. It is operated round-the-clock, seven days a week. CSC is responsible for a range of transportation activities including shipment tracking, release of empty freight cars, switching, weighing and demurrage.

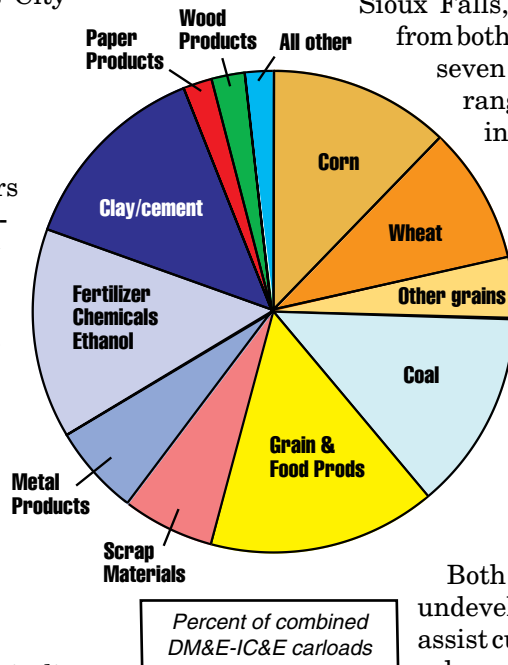
Railcar Management, Inc. of Atlanta, GA, is responsible for transportation data for both IC&E and DM&E. RMI has E-Commerce capability including billing and tracing of shipments. For more information, contact Customer Service.

Industrial Development

Both DM&E and IC&E have a wide range of undeveloped industrial property available. To assist customers looking for industrial sites, our sales and marketing team can provide information about locations across the two railroads—offering "one call" site location service. We work closely with civic and business organizations to attract and expand business along our lines.

Transfer and storage

Both railroads have numerous transload and storage facilities available that are capable of handling a variety of shipments including agricultural products, building materials, food products, and steel.



Track improvements – good news for shippers

DM&E and IC&E plan to spend approximately \$56 million in 2008 to upgrade track and bridges. Work includes replacing 40 miles of track with heavy 136-lb. continuous-welded rail and 15 miles of lighter continuous-welded rail, installing 230,000 new cross ties, applying 150,000 tons of crushed granite ballast, surfacing (smoothing) 800 miles of track, and repairing and upgrading two major bridges, as well as strengthening more than 75 bridges.

Installing heavier rail and stronger bridges will, in the future, permit DM&E to handle today's 286,000 lb. gross weight cars and bigger unit trains over more of the railroad, which will mean cost savings for customers along the line. Plans for 2008 include upgrading bridges between Owatonna and Winona, Minn., which will raise maximum loadings from 263,000 lbs. to 286,000 lbs.

In the past four years, DM&E and IC&E installed 340 route miles of welded rail, replaced 880,000 cross ties, constructed or extended six passing sidings up to 10,000 feet, installed a new connection with BNSF at Florence, MN, applied 875,000 tons of ballast, surfaced more than 3,500 miles of track, and repaired and upgraded more than 300 bridges.

Powder River Basin Project

DM&E continues to move forward with plans to build 262 miles of new track to tap Wyoming's Powder River Basin—one of the world's largest deposits of clean-burning, low-sulfur coal. The PRB Project should help lower energy costs for electric rate payers, reduce power plant emissions, and upgrade track for existing and future customers along the line.

Work includes installing continuous-welded rail, new cross ties, and state of the art electronics for train dispatching and signaling on main line track in Minnesota and South Dakota. For shippers, this will transform DM&E into a safer, faster railroad offering more reliable service with reduced transit times.

Key contacts

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Customer Service

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