



# INDIANA HARBOR BELT RAILROAD COMPANY

2721 - 161ST STREET, HAMMOND, IN 46323-1099

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September 14, 2007

Mr. Richard F. Timmons, President  
American Short Line & Regional Railroad Association  
50 F Street, N.W. Suite 7020  
Washington, D.C. 20001-3442

Dear Mr. Timmons:

Kindly refer to your letter to Mr. Alan Blumenfeld, President Indiana Harbor Belt Railroad Company regarding railroad preparations for the remainder of the 2007 shipping season. Let me first apologize for our delayed response. Secondly, please be advised that the Presidency of the IHB is occupied on a rotating basis between two of our three owners, Norfolk Southern and CSX. The highest ranking officer on the IHB property is our General Manager. All correspondence between your office and the IHB is best handled through the IHB's General Manager. Our current General Manager is Mr. Jim Roots.

#### Operational Plans:

The IHB remains confident that we can meet the needs of our customers as long as our class one partners continues to move their freight off of the IHB in a timely manner. It is when one or more class ones fail to pull its freight traffic from the IHB that we see our first signs of congestion. The IHB believes that we are adequately staffed to handle our traffic. IHB Locomotive Engineer and Conductor training programs have kept ahead of our attrition rates and we believe we have the right sized rosters for the fall of 2007 and winter of 2008. Our 2008 training programs will continue to provide additional qualified personnel necessary to meet the needs of our service requirements. Our operating plan is complete and up to date. We have a morning conference call daily for the purpose of reviewing yesterday's problems and plan for the next 36 hours. Our operations center management communicates at least once every twelve-hour shift with all of our connections in the Chicago area. We also participate in a twice daily on a Chicago Terminal Coordination Office conference call with other railroads operating in the Chicago Terminal as part of our operating plan.

#### Capital Related Information:

The 2007 Capital Plan for the IHB included a budget of nearly \$11,000,000. Some \$ 5.4 million is being spent in 2007 on replacement rail, ties and ballast. An additional \$1.5 million is being spent on main line bridge replacements and \$2.8 million is being spent update the IHB's main classification yard at Blue Island.

**Customers:**

The IHB has shared our operating plans with our customers. Our Customer Service center maintains daily dialog with our active customers and will continue to do so going forward. A large portion of IHB's intermediate business is found in our handling of our automotive business. Within the last two months we have met individually with all of our connecting carriers to discuss volumes and IHB handling of their traffic. We are also meeting with all of the car manufacturers to help understanding volumes and traffic flows for this year as well as five years into the future. With the information we have gathered we are in a position to better plan and manage this business which ultimately impacts all of our business.

Here at the IHB we look forward to the challenges fall and winter bring upon our industry and we believe we are in excellent shape as we go forward. If anyone has any other questions please contact me via email at: [dave.nelson@ihbr.com](mailto:dave.nelson@ihbr.com) or via telephone which is: 708-334-9600.

Yours, truly,

A handwritten signature in black ink, appearing to read 'Dave', with a long horizontal flourish extending to the right.

**D. H. Nelson**  
**General Superintendent - Operations**