

GARY RAILWAY COMPANY

GRW Conditions of Carriage No. 1

Rules and Related Provisions -
On
Rail Transportation of Commodities
Moving in Interstate and Intrastate Commerce
Via
Gary Railway Company

Effective on or after February 1, 2009, for those publications applicable to traffic handled by Gary Railway that make reference to EJE Conditions of Carriage No. 1 (including but not limited to the application of the fuel surcharge), it will be understood such reference means GRW Conditions of Carriage No. 1.

EFFECTIVE: February 1, 2009

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SECTION 1 - GENERAL RULES

SECTION 1 - APPLICABLE TO ALL TRAFFIC TYPES

The rules in this Section are applicable to both Regulated and Exempt (Non-Regulated) Traffic except as otherwise provided on Exempt Traffic in Section 2 herein. The rules in Section 2 on Exempt Traffic take precedence over the rules in this Section 1.

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RULE 100 -- GENERAL APPLICATION

The provisions of this document apply to transportation when such transportation originates on GRW and moves under single line or single factor, joint line through rates offered by GRW itself or in conjunction with a connecting railroad as an exempt rate or as a regulated common carrier rate and to the GRW portion of through movements under AAR Accounting Rule 11 or other combination or proportional exempt or common carrier rates. In the absence of a separate contract specifically covering the transportation, the terms and conditions of this document constitute a unilateral offering of such terms and conditions of a bilateral contract between GRW and its connecting lines on the one hand, and the user of the transportation service on the other, upon acceptance by such user. Tender of shipments to the originating carrier shall constitute acceptance of the terms of service in this document, as well as the exempt or common carrier rate.

When GRW is not the originating carrier, but does participate in a movement under single factor, joint through rates, the Conditions of Carriage or comparable offering of the originating carrier shall, along with the exempt or common carrier rates, apply to such transportation performed by GRW unless specified otherwise in the terms of a rate quotation, circular, or separate contract specifically covering the transportation involved. When such originating carrier does not issue or have in effect such an offering, the terms of service contained herein shall apply. See exceptions on Exempt Traffic contained in Section 2 herein.

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RULE 110 -- APPLICATION OF REFERENCED PUBLICATIONS

Except where inconsistent with a provision of this document or other contractual terms specifically agreed to by GRW and users of transportation services or otherwise inapplicable under their own terms, the rules, regulations, charges, and allowances of the following named publications shall, along with the terms of service specified herein, apply to all rail transportation undertakings of GRW as specified in Rule 100 herein.

- Open and Prepay Station List OPSL 6000 Series
- Standard Transportation Commodity Code STCC 6001 Series
- Directory of Hazardous Materials Shipping Descriptions (49-Series STCC numbers)
- Official Railway Equipment Register RER 6413 Series
- Uniform Freight Classification UFC 6000 Series
- Bureau of Explosives Rules BOE 6000 Series
- Mileage Allowance and Rules RIC 6007 Series
- Demurrage Rules and Charges RIC 6004 Series

RULE 120 -- BILL OF LADING

Services provided by carrier(s) subject to the conditions of this offering shall also be subject to the terms of the Uniform Bill of Lading as contained in the Uniform Freight Classification Tariff UFC 6000 Series referred to here in Rule 110, subject to such modifications as may from time to time be established under separate agreement and irrespective of whether a Bill of Lading is actually executed pursuant to Rule 140. Where provisions specifically provided in this offering conflict with Bill of Lading provisions themselves as contained in the said Uniform Freight Classification, provisions of this offering shall apply.

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RULE 130 -- ABSORPTION OF CONNECTING LINE SWITCHING

Rates making reference to this document will not include absorption of connecting line reciprocal switching, unless otherwise specifically provided in separate contracts, tariffs, circulars, or quotations.

RULE 140 -- TRANSPORTATION SERVICES

Shipper will notify GRW when loading of equipment is completed. Unless otherwise mutually agreed upon by Shipper and GRW, Shipper shall prepare and both parties shall execute bill of lading specified in Rule 120 herein, to cover the linehaul transportation service requested by Shipper. GRW will arrange for transportation and delivery in accordance with instructions shown on the bill of lading and other conditions mutually agreed upon by the parties.

Shipper will arrange separately with GRW independent of the bill of lading for weighing, switching, or other services to be performed by GRW, or by or on the lines of a carrier other than GRW. Unless specifically agreed to by GRW, GRW will not be liable for any loss, damage, cost, or expense arising in connection with services performed by others.

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RULE 150 -- UNLOADING AND RELEASE OF EQUIPMENT AT DESTINATION

Upon arrival and placement of equipment for unloading at destination, consignee will be responsible for unloading equipment in a manner that does not damage equipment and for releasing equipment in a condition suitable for reloading by another shipper. If consignee refuses or fails to remove all lading, dunnage blocking, bracing, strapping, debris, or other material that was part of the inbound shipment, secure interior loading devices, and close doors, the railroad which discovers such failure may undertake to remedy such failure, and the consignee will be responsible for reimbursing the railroad which performs such work for the cost thereof, including without limitation the cost of any switching associated with such work. Otherwise, applicable demurrage, detention, and storage charges shall continue to apply until equipment is released to delivering carrier in clean condition or upon completion of any action by the delivering carrier to remedy the consignee's failure.

In order for cars to be considered released, consignee must advise the agent of the delivering railroad by telephone, fax, or on such form mutually agreed upon by the delivering railroad and consignee that equipment is unloaded and available for release. Information provided by consignee must include identity of consignee, name of person furnishing data, and car initial and number. Delivering carrier will maintain the record of such information and shall also note on said record the date and time of receipt and identity of the person receiving the information. Equipment will be considered released on the date and time advice is received from the consignee.

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RULE 160 -- TRANSPORTATION CHARGES TO APPLY

The charges applicable to the transportation from origin to destination will be those agreed upon by contract, circular, or quotation, or contained in existing tariff in effect on the date the loaded car is tendered to the railroad and the bill of lading issued. Any alteration, addition, or erasure in the bill of lading made without special notation thereof of a GRW agent shall be without effect, and the rate agreed upon by contract, circular, or quotation, or contained in existing tariff as originally reflected in the bill of lading shall be the applicable rate.

If upon inspection it is ascertained that the commodity shipped is not as described on the bill of lading or other shipping document, GRW at its option may return such shipment to shipper at origin at a charge equal to the charge that would have applied had the commodity been properly described and transported to the destination named in the bill of lading; or GRW may choose to move said shipment to the destination named in the bill of lading or other shipping document at the transportation rate applicable to the commodity actually shipped.

RULE 170 -- TRANSIT, DIVERSION, RECONSIGNMENT

Unless specifically provided for in individual rate publications, GRW will not provide transit, diversion, or reconsignment.

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RULE 180 -- PAYMENT OF TRANSPORTATION CHARGES/CREDIT

Shipper or consignee shall be liable for payment of the transportation charges accruing on a shipment, and nothing herein shall limit the right of GRW to require at time of shipment the prepayment or guarantee of charges.

If transportation charges have not been prepaid, or shipper or consignee has not entered into an agreement for credit with GRW, GRW shall not make delivery of the shipment without payment or guarantee by shipper or consignee of all charges. Placement of equipment by GRW under credit agreement for unloading shall be deemed acceptance of shipment.

Acceptance of shipment by consignee or beneficial owner shall be deemed acceptance of responsibility for payment of all charges accruing on the shipment, including detention and switching services performed at destination.

A. Prepaid Shipments

On prepaid shipments, the originating carrier may require that tender of a shipment be accompanied by full payment of charges, unless consignor has established credit to the satisfaction of the originating carrier. For purposes of this item, "prepaid" shipments shall mean shipments for which the originating carrier bears the billing and collection responsibilities.

B. Collect Shipments

On collect shipments, the delivering carrier may require full payment of all charges prior to delivery of shipments, unless consignee has established credit to the satisfaction of the delivering carrier. For purposes of this item, "collect" shipments shall mean shipments for which the delivering carrier bears the billing and collection responsibilities.

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RULE 180 -- PAYMENT OF TRANSPORTATION CHARGES / CREDIT

(Continued)

C. Payment

All credit patrons must pay charges in accordance with the terms established by the billing carrier. Where GRW is the billing carrier, the credit period is fifteen (15) days, including Saturdays, Sundays, and legal holidays, and shall begin on the day following presentation of the freight bill. The term "freight bill" as used in this item includes paper documents, billing by electronic data interchange (EDI), and invoiceless procedures. Presentation of the freight bill shall be deemed to have been made: (a) upon mailing when mailed, (b) upon sending by carrier of a transmission when EDI billing is used, and (c) unless otherwise agreed, upon waybill date when invoiceless procedures are utilized. Payment shall be deemed to have been made: (a) upon mailing of an acceptance check, draft, or money order when paying by mail, and (b) upon receipt of funds in the carrier's bank account when paying via electronic transmission.

D. Finance Charges

The GRW may assess a finance charge of 1.5% per month on unpaid bills for freight and miscellaneous charges, including demurrage, switching, and weighing, which are past our credit terms. Any invoice not paid within ten (10) calendar days after its respective due date will be considered late, and the party responsible for payment shall pay a finance charge as described herein.

E. Offset Prohibit

In no event shall any amount(s) claimed against GRW, including without limitation claims for freight loss or damage or overpayment of freight or other charges, be deducted from or offset against freight or other charges due hereunder. Freight charges due must be paid in full, and any claim against GRW must be asserted separately in accordance with the applicable procedure.

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RULE 180 -- PAYMENT OF TRANSPORTATION CHARGES/CREDIT

(Concluded)

F. Errors

Errors discovered in bills by customers should be corrected by them and paid accordingly. Payment of all bills, including those corrected by customers, must be made within the credit period. Payment of bills alleged to be incorrect will not prejudice patron's claims, filed within the statutory period, for refund of overcharges. If customers receive bills that they feel they are not responsible for paying, they must notify the carrier within the credit terms that they are not responsible for paying the bills.

Payment of an amount less than stated on an GRW invoice will be considered as payment on account and not as payment in full, notwithstanding any notation to the contrary as payment on the payor's remittance. Acceptance by GRW of the lesser amount will not constitute an accord and satisfaction. The payor will be advised of any remaining balance deemed due after application of the remitted funds.

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RULE 190 -- OVERCHARGE, OVER COLLECTION, OR DUPLICATE PAYMENT CLAIM PROVISIONS

A. Claim Requirements, Time Limits

GRW will accept a whole or partial claim for overcharge, over collection, or duplicate payment, only if the claim is in writing and contains sufficient information for GRW to conduct an investigation, including the name of the claimant which must be the payor, his claim number, the amount of the claim, the original freight bill, freight bill payment information, and supporting documents which show, among other things, that GRW collected all of the charges at issue, and, in the case of overcharges, the rate, weight, commodity, description and supporting authority (quotation, etc.) claimed to be applicable. The claim must be filed within three (3) years of the date of delivery or tender of delivery by GRW or delivering rail carrier of the subject shipment.

B. Time Limits for Through Movements

Where movements over GRW form a segment of a through movement involving other carriers and time limitations for filing overcharge claims differ among the carriers involved in the through movement, the time limitation contained in the comparable offering of the origin carrier will apply for overcharge claims against GRW.

RULE 200 -- CARRIER LIABILITY - LOSS AND DAMAGE TO LADING

Carriers will assume liability for loss and damage under the terms of 49 USC 11706 and the terms of the Uniform Bill of Lading as specified in Rule 120 herein. Where provisions maintained by other railroad parties to the through route differ from those provided herein, the liability assumed by the origin carrier will apply.

Except where inconsistent with the liability assumed by the origin rail carrier on a through route as provided for in the first paragraph of this Rule 200, no party shall file with GRW, and GRW shall have no responsibility for any claim for loss or damage to lading having a value of less than Two Hundred and Fifty dollars (\$250.00) per claim.

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RULE 210 -- CHARGES PAYABLE IN UNITED STATES FUNDS

Except as otherwise provided, rates and charges in this document, and those making reference to this document, are stated in money of the United States and are payable in United States' dollars or its equivalent.

RULE 220 -- RETURN OF REFUSED OR REJECTED SHIPMENTS

When a shipment has reached destination but is refused or rejected and not unloaded and is returned to the origin point, the return movement will be subject to: (a) the rate applicable to the weight of the shipment, but not less than the minimum weight, and route from the origin point in effect on date shipment is tendered for return, or (b) the rate, minimum weight, and route applicable for such return movement, if lower.

RULE 230 -- ALTERNATION OF RATES WITH VARYING MINIMUM WEIGHTS

Where a rate authority contains more than one carload rate at varying minimum weights for the same movement, the rate at the actual or minimum weight, whichever is higher, that produces the lowest charges for that authority will apply.

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RULE 260 -- PRIVATE EQUIPMENT

If equipment used for transportation is owned or leased and provided by or on behalf of User ("Private Equipment"), such equipment shall comply with all applicable laws, rules and regulations, including, but not limited to, applicable hazardous materials regulations of the United States Department of Transportation as published in Title 49 of the Code of Federal Regulations, as amended, supplemented and revised from time to time, provided that such compliance shall not relieve User of other obligations and duties under this provision. Such Private Equipment shall be in serviceable condition for the safe transportation of Commodity over rail lines.

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RULE 270 -- FUEL SURCHARGE

Shipments made under pricing documents referring hereto may be subject to a fuel surcharge, if applicable. When the U. S. Average Price of Retail On-Highway Diesel Fuel (HDF) for the month (Time Period) equals or exceeds \$1.25 per gallon a surcharge may be applied to the total freight charges for each shipment waybill dated on or after the 1st of the second following month. Such fuel surcharge shall be included on the bill for freight charges for each shipment. Miscellaneous and accessorial charges shall not be subject to the fuel surcharge.

Fuel Surcharge Rates (shown on the table below) will be adjusted monthly. The Fuel Surcharge Table will be subject to periodic review.

The source for the price of HDF will be the U. S. Department of Energy's EIA Retail On-Highway Diesel Prices Report, whose weekly average price is available on their Web Pages at: "<http://www.eia.doe.gov>". Select "Gasoline and Diesel Fuel Update." Then select "On Highway Diesel Prices" and the HDF prices are displayed.

FUEL SURCHARGE TABLE

Prior Time Periods' U. S. Average Price of On-Highway Diesel Fuel	Applicable Fuel Surcharge
\$1.25 to \$1.299	0.5%
\$1.30 to \$1.349	1.0%
\$1.35 to \$1.399	1.5%
\$1.40 to \$1.449	2.0%
\$1.45 to \$1.499	2.5%
\$1.50 to \$1.549	3.0%
\$1.55 to \$1.599	3.5%
\$1.60 to \$1.649	4.0%
\$1.65 to \$1.699	4.5%
\$1.70 to \$1.749	5.0%
\$1.75 to \$1.799	5.5%
\$1.80 to \$1.849	6.0%
\$1.85 to \$1.899	6.5%
\$1.90 to \$1.949	7.0%
Above \$1.90	See Note

Note: Each \$0.05 per gallon increase thereafter, apply an additional 0.5%.

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RULE 270 -- FUEL SURCHARGE (concluded)

Example:

For the fuel surcharge applied on shipments in the month of February 2009: the prior Time Periods' (December 2008) Average monthly price of HDF was \$2.449 per gallon, therefore the Fuel Surcharge will be 12.0%.

The Fuel Surcharge percentage rate will be recalculated for each subsequent calendar month, as outlined above.

Any Fuel Surcharge to be applied under this authority will be removed or reduced when the U.S. Average Price of On-Highway Diesel Fuel remains below the price which triggers a specific Surcharge amount for the prior Time Period. In no case will the freight charge(s) be reduced below the Base Freight Charge(s) (the freight charge in effect on the date the Fuel Surcharge is applied), nor will the application or removal of the Fuel Surcharge be retroactive.

Application:

This Fuel Surcharge will apply on the following traffic:

1. All GRW local traffic, including switching and locomotive service rates.
2. On GRW joint-line traffic where the pricing document containing the applicable rate(s) makes specific reference to the application of GRW's Fuel Surcharge. (See Exception below.)

Exception:

Shipments subject to these provisions will only be subject to one carrier's fuel surcharge. If a pricing document referring hereto is specifically subject to the Fuel Surcharge Provisions of another carrier, the provisions of this GRW Fuel Surcharge will not apply.

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SECTION 2 - SPECIFIC RULES

SECTION 2 - APPLICABLE ONLY ON EXEMPT TRAFFIC

The rules in this Section are applicable only on Exempt (Non-Regulated) Traffic. The Rules in Section 1 also apply on Exempt Traffic, except where in conflict with the rules in this Section.

Where a conflict exists between the rules in Section 1 herein and the rules in Section 2, the rules in Section 2 take precedence.

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RULE 500 -- JOINT LINE TRAFFIC

As specified in Rule 120 herein, the exempt circular or rules document of the originating carrier for movements under joint single factor through rates applies. When the originating carrier does not issue or have in effect an exempt circular or rules document, the rules of this document shall apply, except: Rule 530 of this Section will apply in all cases to joint line traffic.

RULE 510 -- SHIPPING DOCUMENT

A. Except as otherwise provided in applicable exempt circulars, contracts, or exempt quotations, shipments shall be subject to terms and conditions of the Uniform Bill of Lading published in Uniform Freight Classification UFC 6000 Series, and shipments shall be tendered to GRW with such a bill of lading or such shipping documents as GRW customarily employs. Notwithstanding the use of an alternate shipping document, the provisions of Uniform Straight Bill of Lading shall apply in their entirety.

B. Nothing in the bills of lading shall be construed to obligate GRW to verify the rates specified on such bills of lading, to notify shippers of inaccuracies in those rates, or to reject bills of lading tendered by shippers containing inaccurate rates, including rates which have application but not via routing shown on the bill of lading. GRW reserves the right at all times to apply the published rate then in effect with respect to the route designated. Should no route be designated by the bill of lading, GRW shall be under no obligation to obtain more specific routing instructions from the shipper. In such case, GRW will transport the traffic via available route at its discretion between origin and destination.

RULE 520 -- CONTRACT CARRIAGE

Carrier(s) are not common carriers of exempt commodities hereunder and do not hold themselves out as such. Carrier(s) provide transportation under this Section 2 as contract carrier(s) only.

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RULE 530 -- CARRIER LIABILITY TO SHIPPER

No claim or suit for physical loss of or damage to any shipment transported pursuant to this Section 2 shall be made or filed by customer for amounts of \$250.00 or less per car -- minimum claim amount.

Claims shall be settled in accordance with 49 U.S.C. Section 11706, except liability is limited to a maximum of \$10,000 per car for the account of GRW.

The End