

DM&E



**Cedar American
Rail Holdings, Inc.**

IC&E



STEVE GLISCHINSKI

***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

A bold new railroad network

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

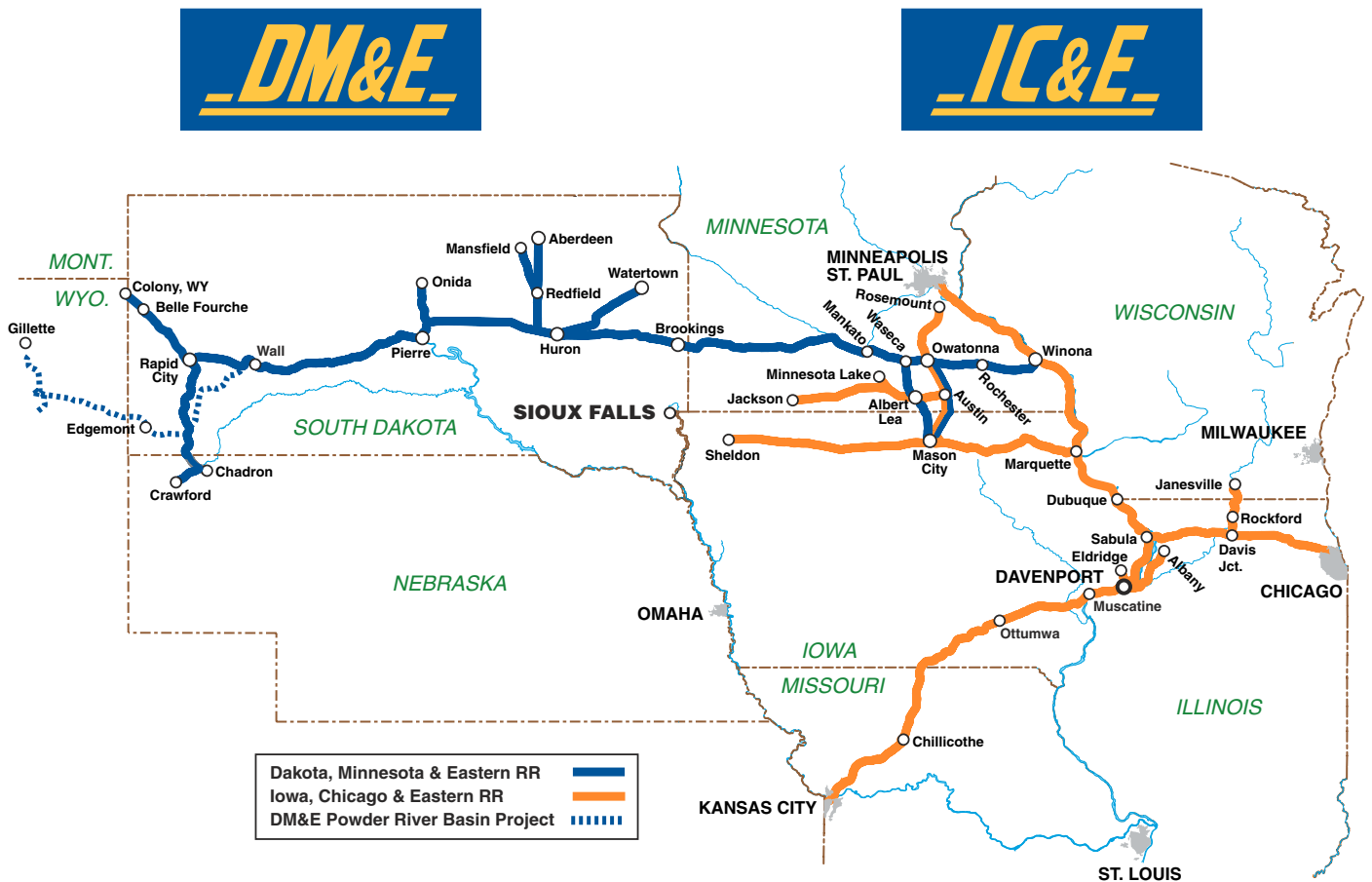
With more than 2,500 miles of track, the combined DM&E and IC&E is the largest contiguous Class II regional railroad system in the United States and the only regional railroad with connections to all major North American Class I railroads.

Service-oriented companies

Our approach to service is simple: provide customers with rail transportation that is reliable, responsive, personalized and cost effective.

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.

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. All of us at the Dakota, Minnesota & Eastern and Iowa, Chicago & Eastern and Cedar American Rail Holdings look forward to serving you.



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 more than 8,000 freight cars to meet customer needs. 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 more than 140 newer, more reliable, more fuel-efficient locomotives, which have significantly reduced costs. Locomotives are interchanged between the two railroads to meet traffic requirements.

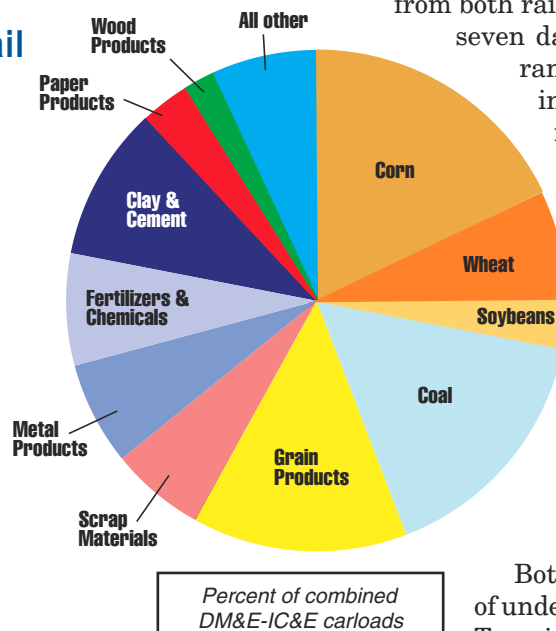
Pricing

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 \$65 million in 2004 to upgrade track and bridges in South Dakota, Minnesota and Iowa. This is about four times the normal level of expenditures for track improvements. Most of the funding comes from a \$233 million loan from the Federal Railroad Administration in December 2003. The loan is being used to refinance existing debt and allow more cash for an expanded capital trackwork program. In subsequent years, the FRA loan will allow a doubling of normal capital expenditures for track improvements.

Work in 2004 includes replacing 97 miles of track with new 136-lb. continuous-welded rail, installing 206,000 new cross ties, constructing or extending five passing sidings up to 10,000 feet to expedite train traffic, applying 200,000 tons of crushed granite ballast and surfacing (smoothing) 800 miles of track, and repairing and upgrading 146 bridges.

Heavier rail and stronger bridges will permit DM&E to handle today's 286,000 lb. gross weight cars and bigger unit trains along more of the railroad, which will mean cost savings for customers along the line.

Track between Owatonna and Austin, MN has been upgraded to facilitate trains moving between the DM&E and IC&E. At Florence, MN, a new siding and a connection with the Burlington Northern and Santa Fe is expected to be ready during the fourth quarter of 2004.

Powder River Basin Project

DM&E is moving 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 crossties, 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.

Economic impact studies have determined that the Powder River Basin Project will have a positive effect in Minnesota, South Dakota and Wyoming by creating approximately 5,000 construction and related jobs over the three-year construction period and 500 new railroad jobs initially. When the line is fully operational, the number of rail jobs will increase to more than 1,500. For shippers and communities along the line, the PRB Project means more opportunities for industrial development and economic growth.

Key contacts

General Office

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Web Sites

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Customer Service

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