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SERVICE DATE – NOVEMBER 9, 2007

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 35093]

Montgomery Short Line LLC–Lease and Operation Exemption–Union Pacific Railroad
Company

Montgomery Short Line LLC (MSL), a noncarrier, has filed a verified notice of exemption under 49 CFR 1150.31 to lease, pursuant to an agreement to be executed prior to consummation with Union Pacific Railroad Company (UP), and to operate approximately 23.5 miles of rail line known as the Montgomery, Minnesota Subdivision from milepost 38.7 near Merriam, to milepost 62.2 at the end of the track near Montgomery, in Scott and Le Sueur Counties, MN.

As a result of this transaction: (1)MSL will become the exclusive operator of rail freight service over the line; (2) UP and MSL will interchange traffic at Merriam; and (3) UP will retain the right to operate passenger trains over the line.

This transaction is related to the concurrently filed notice of exemption in STB Finance Docket No. 35092, Progressive Rail Inc.–Continuance in Control Exemption–Montgomery Short Line LLC, wherein Progressive Rail Inc. seeks to continue in control of MSL upon its becoming a rail carrier.

MSL certifies that its projected annual revenues as a result of this transaction will not result in the creation of a Class II or Class I rail carrier and will not exceed \$5 million.

The transaction is expected to be consummated on or after November 24, 2007, the effective date of the exemption (30 days after the exemption was filed).

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemption. Petitions for stay must be filed no later than November 16, 2007 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 35093, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Michael J. Barron, Jr., Fletcher & Sippel, 29 North Wacker Drive, Suite 920, Chicago, IL 60606-2832.

Board decisions and notices are available on our website at “WWW.STB.DOT.GOV.”

Decided: November 1, 2007.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary