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SERVICE DATE—MAY 18, 2005

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34686]

Indiana & Ohio Railway Company — Merger Exemption — Indiana & Ohio Central
Railroad, Inc.

Indiana & Ohio Railway Company (IORY), a Class III rail carrier that operates over approximately 498.23 miles of rail line in Michigan, Ohio, and Indiana, and Indiana & Ohio Central Railroad, Inc. (IOCR), a Class III rail carrier that operates over approximately 261.6 miles of rail line in Ohio, both of which are subsidiaries of RailAmerica, Inc., have filed a verified notice of exemption with respect to a proposed corporate restructuring, through which IOCR will merge into IORY, with IORY as the surviving entity. After the merger, IORY will remain a Class III rail carrier.

The transaction, which was scheduled to be consummated on or shortly after May 1, 2005, is intended to generate greater efficiencies through such actions as a reduction of IORY/IOCR's overhead expenses and their car accounting costs.

This is a transaction within a corporate family of the type specifically exempted from prior review and approval under 49 CFR 1180.2(d)(3). IORY and IOCR state that the transaction will not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside the corporate family.

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Section 11326(c), however, does not provide for labor protection for transactions under sections 11324 and 11325 that involve only Class III rail carriers. Accordingly, the Board may not impose labor protective conditions here, because both of the carriers involved in this transaction are Class III rail carriers.

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 transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34686, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Louis E. Gitomer, Of Counsel, Ball Janik LLP, 1455 F Street, N.W., Suite 225, Washington, DC 20005.

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

Decided: May 9, 2005.

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

Vernon A. Williams

Secretary