

FLETCHER & SIPPEL LLC

ATTORNEYS AT LAW

29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832

Phone: (312) 252-1500
Fax: (312) 252-2400
www.fletcher-sippel.com

MICHAEL J. BARRON, JR.
(312) 252-1511
mbarron@fletcher-sippel.com

April 17, 2012

VIA FEDERAL EXPRESS

Ms. Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20024



232207

Re: **Finance Docket No. 35616**
**Central Midland Railway Company and Progressive Rail Inc. -- Intra-
Corporate Family Transaction Exemption**

Dear Ms. Brown:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of a **Verified Notice of Exemption Pursuant to 49 C.F.R. § 1180.2(d)(3), and 49 C.F.R. § 1180.2(d)(6)** dated April 17, 2012. A check in the amount of \$1,400.00, representing the appropriate fee for this filing, is attached.

One extra copy of this transmittal letter and the Notice also are enclosed. I would request that you date-stamp those copies to show receipt of this filing and return them to me in the provided envelope.

If you have any questions regarding this filing, please feel free to contact me. Thank you for your assistance on this matter. Kind regards.

Respectfully submitted,

FEE RECEIVED

APR 18 2012

**SURFACE
TRANSPORTATION BOARD**

MJB/ekf
Enclosures

A handwritten signature in cursive script that reads "Michael J. Barron, Jr.".

Michael J. Barron, Jr.
Attorney for Progressive Rail Inc. and Central
Midland Railway Company

ENTERED
Office of Proceedings

APR 18 2012

**Part of
Public Record**

FILED

APR 18 2012

**SURFACE
TRANSPORTATION BOARD**

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35616

CENTRAL MIDLAND RAILWAY COMPANY
AND PROGRESSIVE RAIL INC. --
INTRA-CORPORATE FAMILY TRANSACTION EXEMPTION

232207



ENTERED
Office of Proceedings

APR 18 2012

Part of
Public Record

VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1180.2(d)(3) AND (6)

FEE RECEIVED

APR 18 2012

**SURFACE
TRANSPORTATION BOARD**

FILED

APR 18 2012

**SURFACE
TRANSPORTATION BOARD**

Michael J. Barron, Jr.
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

**ATTORNEY FOR CENTRAL MIDLAND
RAILWAY COMPANY AND
PROGRESSIVE RAIL INC.**

Dated: April 17, 2012

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35616

CENTRAL MIDLAND RAILWAY COMPANY
AND PROGRESSIVE RAIL INC. --
INTRA-CORPORATE FAMILY TRANSACTION EXEMPTION



**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1180.2(d)(3) AND (6)**

Central Midland Railway Company (“CMR”) and Progressive Rail Inc. (“PGR”), both Class III common carriers by rail, hereby file this verified notice of exemption under 49 C.F.R. § 1180.2(d)(3) and 49 C.F.R. § 1180.2(d)(6) for CMR to change from an Indiana to a Minnesota corporation and for PGR to remain in control of CMR after its reincorporation in Minnesota.

In accordance with the requirements of 49 C.F.R. § 1180.4(g), CMR and PGR submit the following information:

Description of the Proposed Transaction: 49 C.F.R. § 1180.6(a)(1)(i)

CMR is a Class III common carrier by rail which leases and operates rail lines in the State of Missouri. See Central Midland Railway Company -- Lease and Operation Exemption -- Missouri Central Railroad Co., Finance Docket No. 34363 (STB served February 11, 2004); Central Midland Railway Company -- Lease and Operation Exemption -- Union Pacific Railroad Company, Finance Docket No. 34308 (STB served January 27, 2003). PGR is a Class III common carrier which operates rail lines in Minnesota and Wisconsin. See, e.g., Progressive Rail, Incorporated -- Lease and Operation Exemption -- Rail Lines of Wisconsin Central Ltd., Finance Docket No. 34600 (STB served November 12, 2004). PGR acquired

control of CMR in 2007. Progressive Rail Inc. -- Acquisition of Control Exemption -- Central Midland Railway Company, Finance Docket No. 35051 (STB served July 5, 2007). PGR also controls Airlake Terminal Railway Company, LLC (“ATRC”), which operates approximately 2.35 miles of track in Lakeville, Minnesota. Progressive Rail Inc. -- Intra-Corporate Family Transaction -- Airlake Terminal Railway Company, LLC, Finance Docket No. 35168 (STB served November 28, 2008).¹

CMR is incorporated in Indiana but is currently in administrative dissolution. CMR desires to become a Minnesota corporation in lieu of continuing as an Indiana corporation and PGR desires to remain in control of CMR after it becomes a Minnesota corporation. This will be done by transferring all the assets and liabilities of the Indiana corporation known as Central Midland Railway Company to a Minnesota corporation of the same name, which corporation will also be wholly-owned by PGR.

The reincorporation of CMR in Minnesota and the exercise by PGR of control over the Minnesota entity will not result in adverse changes in service levels, will not result in any significant operational changes, and will not result in a change in the competitive balance with carriers outside the PGR corporate family. These transactions within a corporate family are accordingly exempt as a class under 49 C.F.R. § 1180.2(d)(3). The reincorporation of CMR in Minnesota also is subject to the class exemption of 49 C.F.R. § 1180.2(d)(6).

The full name and address of the applicants herein are as follows:

Progressive Rail Inc.
21778 Highview Avenue

Central Midland Railway Company
21778 Highview Avenue

¹ PGR obtained exemption authority to continue in control of another Class III subsidiary once that subsidiary became a rail carrier. Progressive Rail Inc. -- Continuance in Control Exemption -- Montgomery Short Line LLC, Finance Docket No. 35092 (STB served November 9, 2007). The proposed transaction in Finance Docket No. 35092 has not been consummated.

Lakeville, MN 55044

Lakeville, MN 35044

Any questions concerning this Notice should be sent to the representative of PGR and CMR at the following address:

Michael J. Barron, Jr.
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

Proposed Time Schedule for Consummation: 49 C.F.R. § 1180.6(a)(1)(ii)

CMR and PGR anticipate consummating the proposed reincorporation and related control on or after May 18, 2012 (30 days after filing of this notice).

Purpose Sought to be Accomplished: 49 C.F.R. § 1180.6(a)(1)(iii)

The exemption will allow CMR to reincorporate in Minnesota and PGR to remain in control of CMR. This will facilitate CMR's return to good corporate standing and the efficient administration of these railroads, as the headquarters for both railroads is in Minnesota.

States in Which Applicant's Property is Located: 49 C.F.R. § 1180.6(a)(5)

PGR owns rail property interests in Minnesota and Wisconsin, and controls CMR, a rail carrier which leases and operates rail property in Missouri, and ATRC, a rail carrier which leases and operates rail property in Minnesota.

Maps: 49 C.F.R. § 1180.6(a)(6)

Maps of the lines owned, operated or controlled by PGR and those lines leased and/or operated by CMR and ATRC are maps attached and incorporated herein as Exhibit A.

Agreement: 49 C.F.R. § 1180.6(a)(7)(ii)

PGR already controls CMR. No additional agreement is necessary or contemplated for PGR to remain in control of CMR or for CMR to reincorporate once this exemption becomes effective.

Labor Protective Conditions: 49 C.F.R. § 1180.4(g)(1)(i)

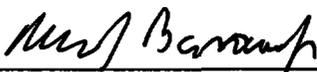
Because the proposed transaction involves only Class III rail carriers, employee protective conditions may not be imposed as a condition to this exemption. See 49 U.S.C. § 11326(c).

Environmental and Historic Preservation Matters: 49 C.F.R. § 1180.4(g)(3)

Under 49 C.F.R. § 1105.6(c)(2), the proposed reincorporation of CMR in Minnesota and control of that entity by PGR is exempt from environmental reporting requirements. The proposed transaction will not result in significant changes in carrier operations, i.e., changes that exceed the thresholds of 49 C.F.R. § 1105.7(e)(4) or (5).

Under 49 C.F.R. § 1105.8(b)(3), the proposed transaction also is exempt from historic preservation reporting requirements. This is simply a reincorporation and a continuance in control exemption where the purpose is continued rail operations and there will be no change in the level of maintenance of any rail properties.

Respectfully submitted,

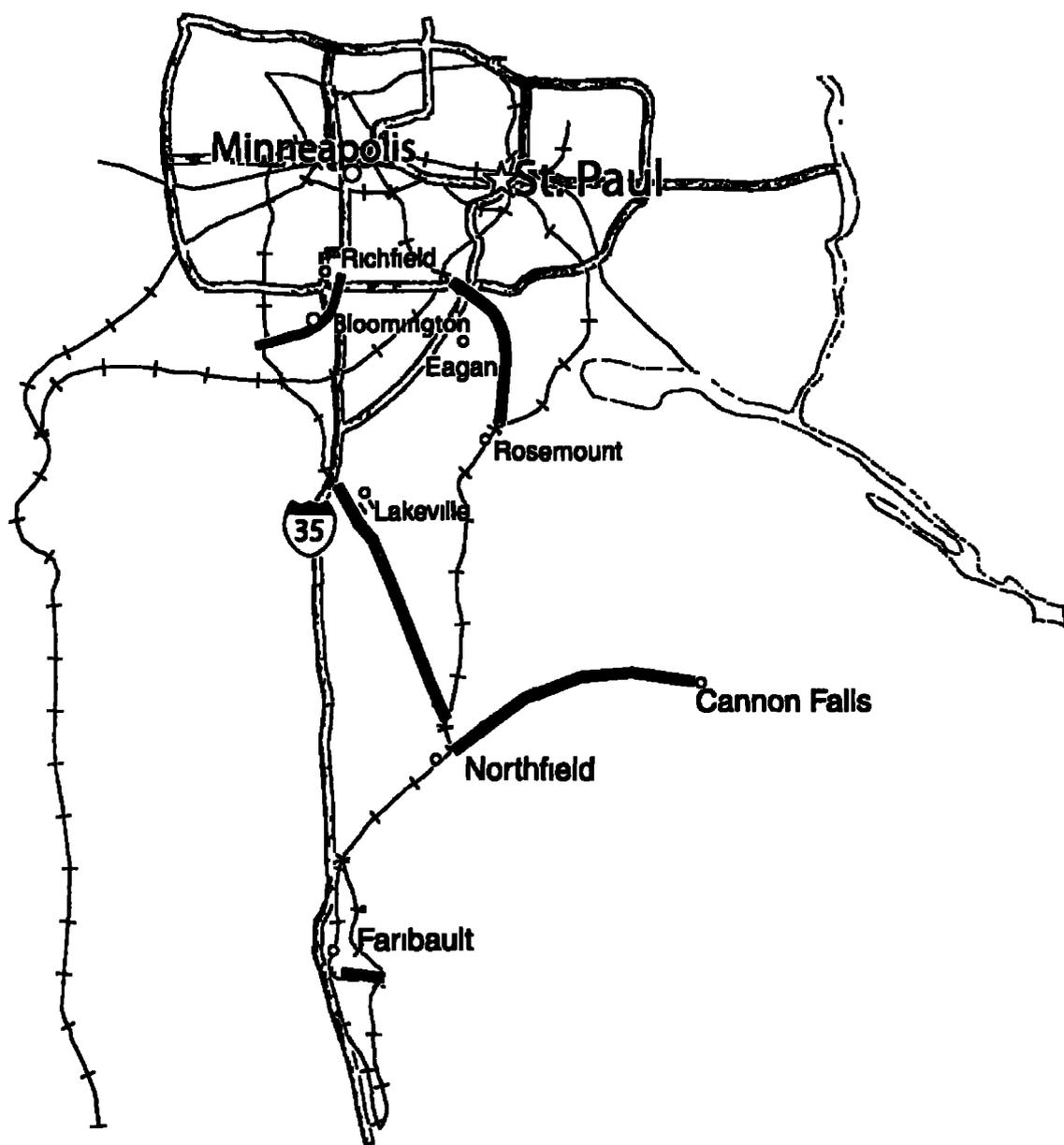
By:  _____

Michael J. Barron, Jr.
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

**ATTORNEY FOR CENTRAL MIDLAND
RAILWAY COMPANY AND
PROGRESSIVE RAIL INC.**

Dated: April 17, 2012

PROGRESSIVE RAIL INCORPORATED



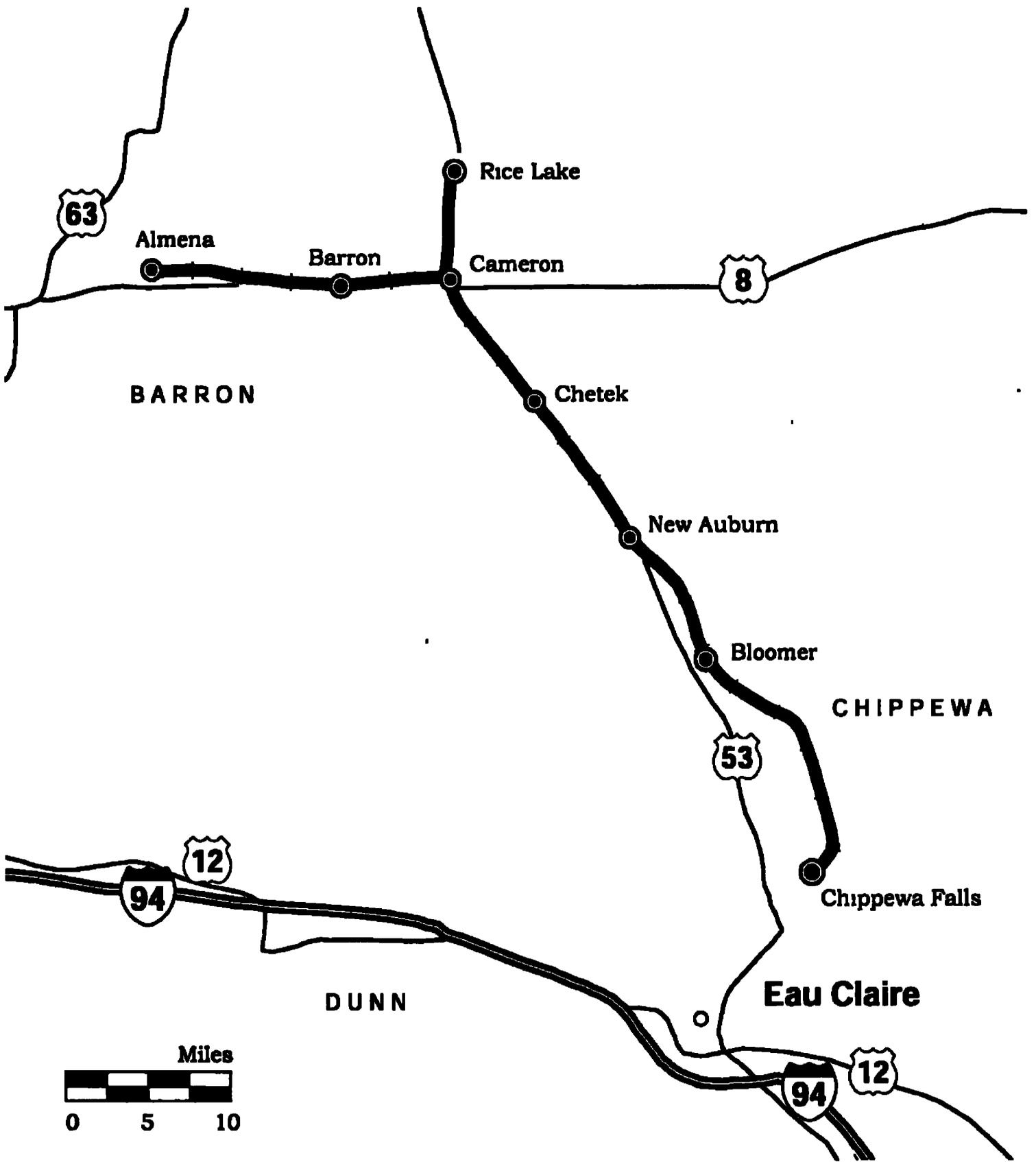
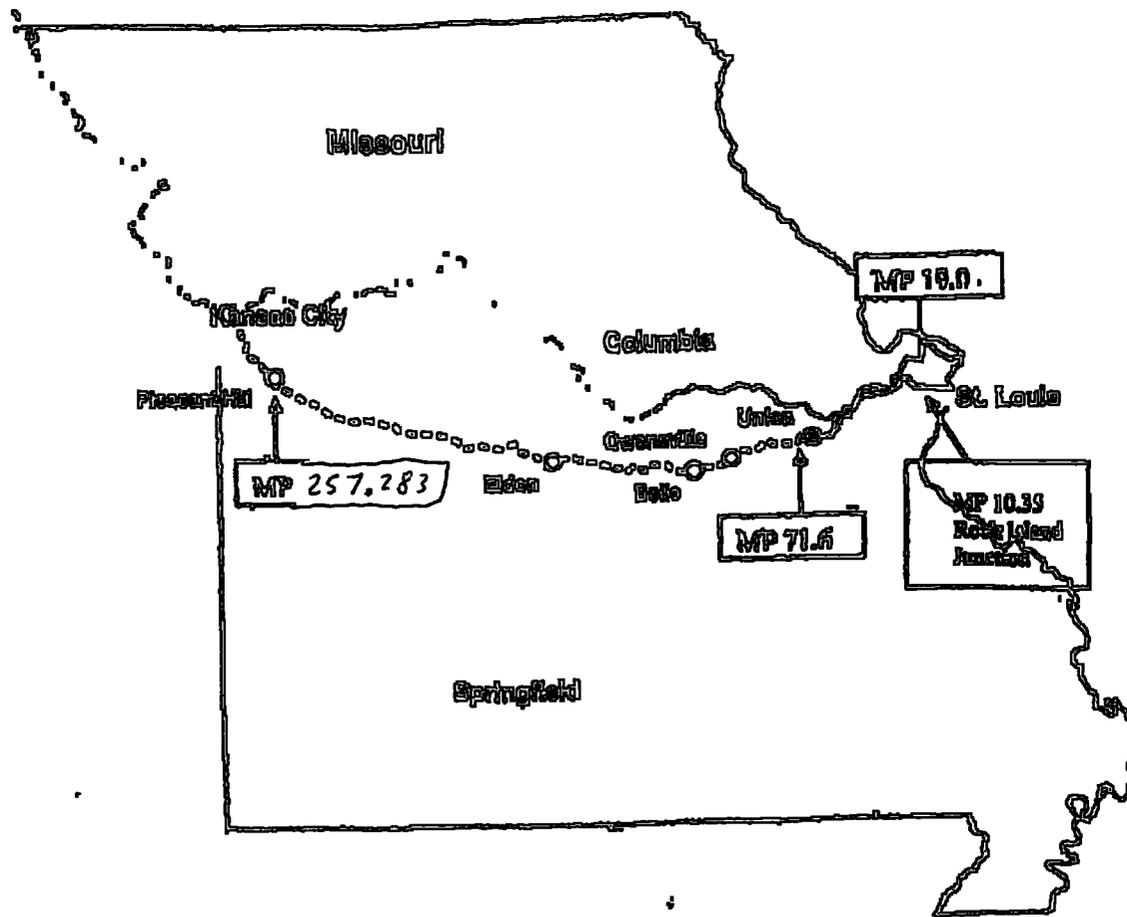


EXHIBIT A



**LINES OPERATED BY
CENTRAL MIDLAND RAILWAY COMPANY**

EXHIBIT A

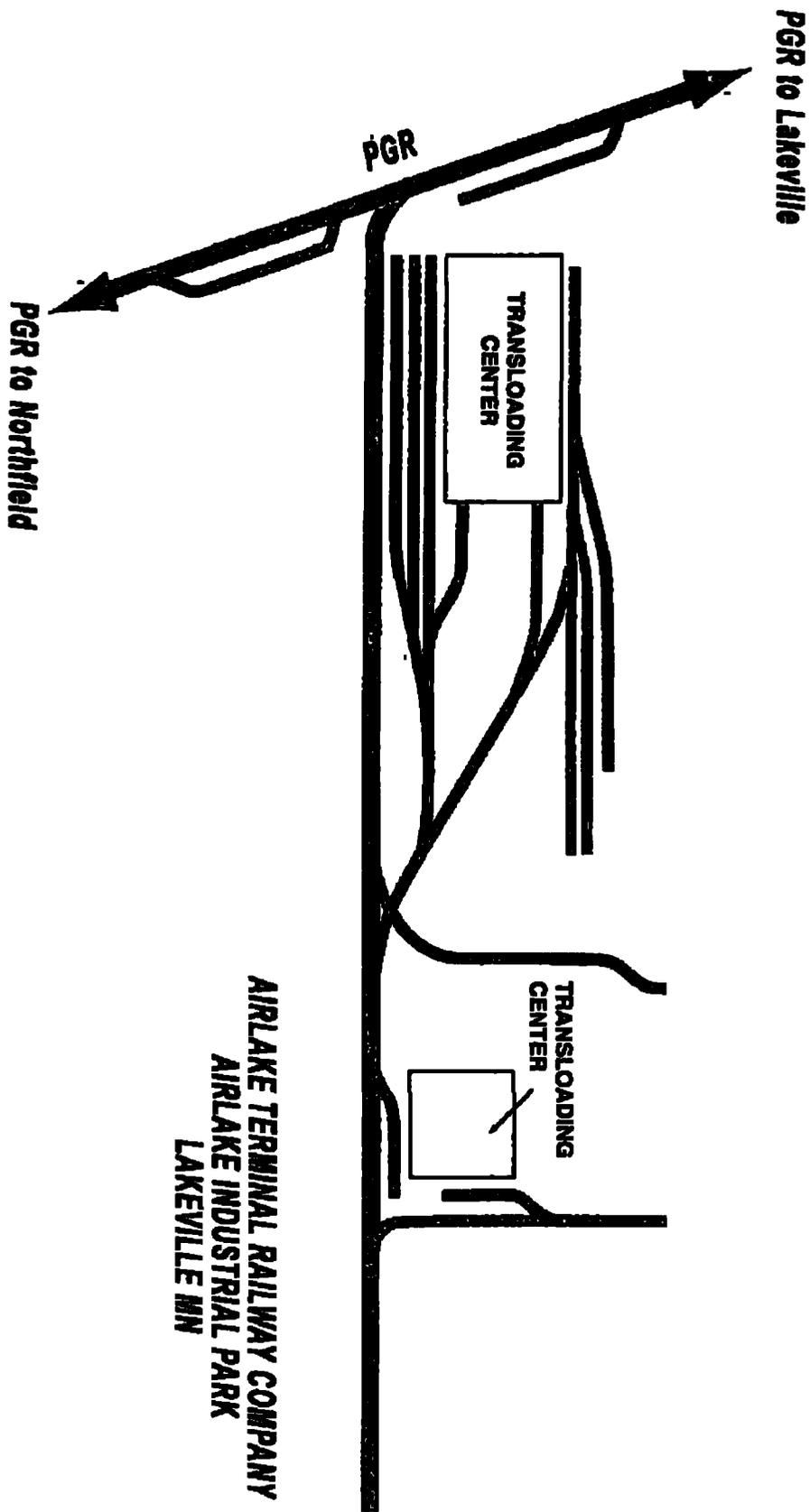


EXHIBIT A

VERIFICATION

State of Minnesota)
)
County of Dakota) ss:

Douglas Whiteley, being duly sworn, on behalf of Progressive Rail Inc. and Central Midland Railway Company, deposes and says that he is duly authorized to sign this verification, that he has read the foregoing Notice of Exemption and knows the facts asserted therein, and that the same are true as stated to the best of his knowledge and belief.

Douglas B. Whiteley
CEO

SUBSCRIBED AND SWORN TO
before me this 13th day
of April, 2012

Teresa Sanders
Notary Public

My Commission expires: 1/31/2016

