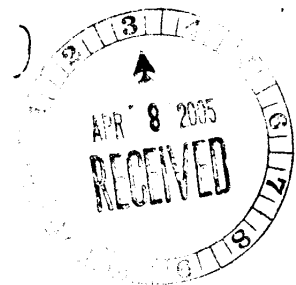


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BEFORE THE
SURFACE TRANSPORTATION BOARD

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APR 8 2005
SURFACE
TRANSPORTATION BOARD

STB Finance Docket No. 34676

ORIGINAL

PENN EASTERN HOLDINGS, INC.
-CONTINUANCE IN CONTROL-EAST PENN RAILWAYS, INC.
AND PENN EASTERN RAIL LINES, INC.

FILED

APR - 8 2005

NOTICE OF EXEMPTION
UNDER 49 CFR 1180.2(d)(2) **SURFACE TRANSPORTATION BOARD**

Respectfully submitted,

ORIGINAL

John D. Heffner
John D. Heffner, PLLC
1920 N Street, N.W.
Suite 800
Washington, D.C. 20036
Tel. (202) 263-4180
Counsel for Petitioner

Dated: April 8, 2005

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 34676

PENN EASTERN HOLDINGS, INC.
-CONTINUANCE IN CONTROL EXEMPTION-EAST PENN RAILWAYS, INC.
AND PENN EASTERN RAIL LINES, INC.

NOTICE OF EXEMPTION
UNDER 49 CFR 1180.2(d)(2)

Comes now Penn Eastern Holdings, Inc. (PEH) and states as follows:

1. Pursuant to the provisions of Section 1180 of the Board's Railroad Consolidation Rules, 49 C.F.R. §1180 et seq., PEH hereby gives notice of a transaction that qualifies for exemption under §1180.2 of those rules.

2. As may be relevant here, PEH is a newly established non-carrier holding company that will acquire control through stock ownership of two active rail carriers--East Penn Railways, Inc. (East Penn) and Penn Eastern Rail Lines, Inc. (Penn Eastern).¹

3. East Penn and Penn Eastern are both class III shortline rail carriers that are subject to the Board's

¹ Currently East Penn and Penn Eastern are controlled by John C. Nolan, an individual. That common control was the subject of an exemption issued by the Board on July 22, 2002, in STB FD. No. 34223, John C. Nolan, -Control Exemption-Penn Eastern Rail Lines, Inc. As a result of this transaction, John C. Nolan and Mark Rosner will control East Penn and Penn Eastern through PEH.

jurisdiction and that presently operate in southeastern Pennsylvania and will, as a result of the related transaction, also service northern Delaware²

4. Under Section 1180.2(d)(2) of the Board's consolidation rules, certain transactions are automatically exempt from the prior approval requirements for common control under 49 U.S.C. §§11323 to 11324. Specifically, §1180.2(d)(2) exempts the continuance-in-control of a non-connecting carrier where (i) the railroads will not connect with each other or any railroad in their corporate family, (ii) the continuance-in-control is not part of a series of anticipated transactions that would connect the railroads with each other or any railroad in their corporate family, and (iii) the transaction does not involve a class I carrier.

5. The properties presently owned, operated, or managed (or to be owned, operated, or managed) by East Penn and Penn Eastern do not physically connect and there are no plans to acquire additional rail lines for the purpose of making a connection. As noted above, each of the companies to be acquired is a class III shortline rail carrier and, as illustrated by the map attached as Exhibit A, each provides rail service in the region of southeastern Pennsylvania.

² See East Penn Railways, Inc.-Acquisition Exemption-Reading Company, STB Finance Docket No. 34679, filed concurrently.

6. In order to claim the §1180.2(d)(2) exemption, §1180.4(g) requires the filing of a verified notice of exemption furnishing the information requested in §§1180.6(a)(1)(i)-(iii); 1180.6(a)(5)-(6); and 1180.6(a)(7)(ii) of those rules and indicating the level of labor protection required:

49 C.F.R. 1180.6(a)(1)(i):

The information for all parties -- the Petitioner and both rail carriers being acquired -- is the same and is as follows:

1973 Wellington Drive
Suite One
Langhorne, PA 19047
Tel. 215-757-4002

Information of counsel to whom to address questions:

John D. Heffner
John D. Heffner, PLLC
1920 N Street, N.W.
Suite 800
Washington, D.C. 20036
(202) 263-4180
Attorney for Petitioner

49 C.F.R. 1180.6(a)(1)(ii):

PEH proposes to consummate the proposed transaction on or about April 20, 2005, more than seven days from the date of filing this notice.

49 C.F.R. 1180.6(a)(1)(iii):

The purpose of the proposed transaction is to put under common ownership a series of inter-related rail lines that the current owners want to sell.

49 C.F.R. 1180.6(a)(5):

The states in which any part of the property being acquired is located include Pennsylvania and Delaware.

49 C.F.R. 1180.6(a)(6):

A map showing the relationship between the lines of East Penn and Penn Eastern is attached hereto as Exhibit A.

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

N.A. No written contract or other written agreement has been entered into, so this requirement does not apply.

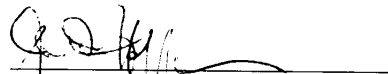
Labor protection required:

None. Under 49 U.S.C. 11326, transactions between class III rail carriers are not subject to labor protection.

7. This continuance-in-control proceeding is exempt from environmental review under 49 CFR 1105.6(c)(2)(i) because the proposed action will not cause any operating changes that exceed the threshold established in 49 C.F.R. 1105.7(e)(4) or (5). In

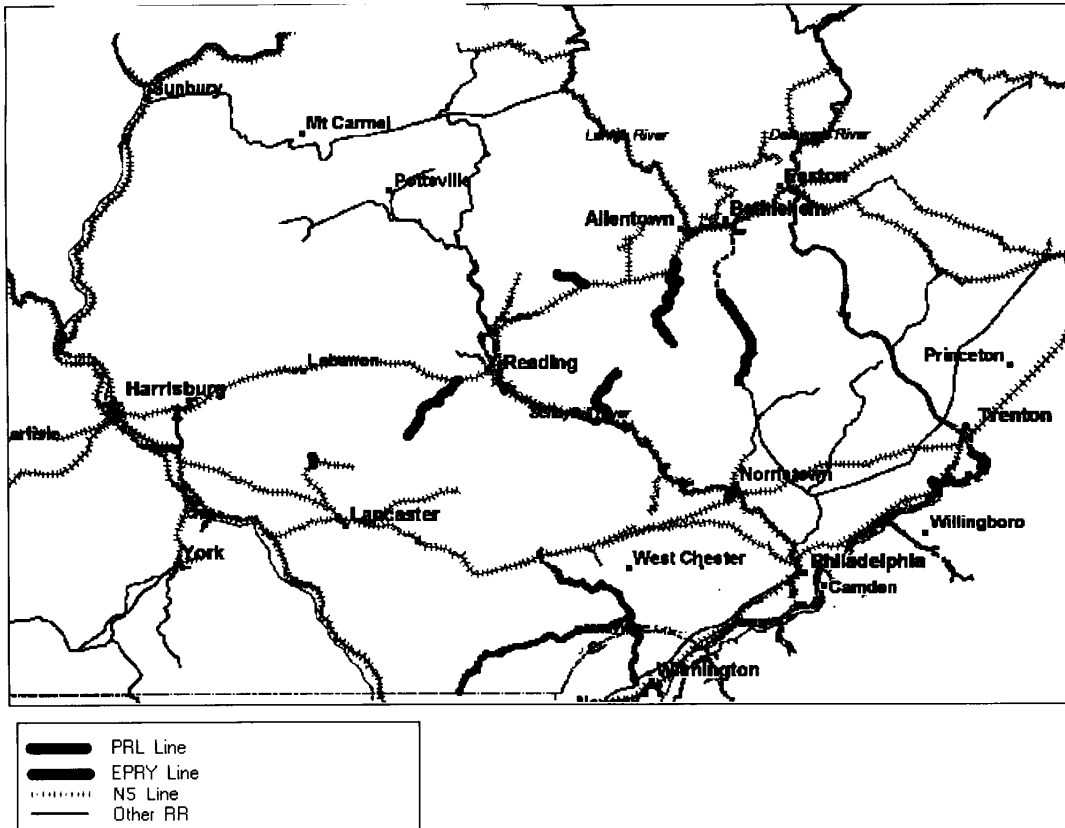
addition, this proceeding is exempt from historic review under 49 C.F.R. 1105.8(b)(i) because there are no plans to dispose of or alter properties subject to the Board's jurisdiction that are 50 years old or older. Accordingly, no historic report is required.

Respectfully submitted,



John D. Heffner
John D. Heffner, PLLC
1920 N Street, N.W.
Suite 800
Washington, D.C. 20036
Tel. (202) 263-4180
Counsel for Petitioner

Dated: April 8, 2005



VERIFICATION

STATE OF

CITY OF

SS

JOHN C NOLAN, being duly sworn according to law,
hereby deposes and states that (s)he is authorized to make the
Verification, has read the foregoing document, and knows the
facts asserted therein are true and accurate as stated, to the
best of (her)his knowledge, information and belief.

John C Nolan
John C. Nolan

Subscribed and sworn to before me, a Notary Public, in and for
the City of Bucks in the State of PA, this 23
day of March

[Signature]
Notary Public

My Commission expires:

