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BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 34738 (Sub-No. 2)

AUG 3 2005
RECEIVED

FOUR RIVERS TRANSPORTATION, INC. AND
PADUCAH & LOUISVILLE RAILWAY, INC.
— CONTINUANCE IN CONTROL EXEMPTION —
EVANSVILLE WESTERN RAILWAY, INC.

VERIFIED NOTICE OF EXEMPTION

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AUG 03 2005

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Public Record

FILED

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SURFACE
TRANSPORTATION BOARD

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SURFACE
TRANSPORTATION BOARD

J. Thomas Garrett
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Paducah & Louisville Railway, Inc.
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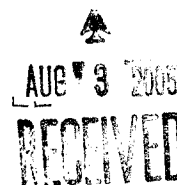
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Attorneys for: Four Rivers Transportation,
Inc. and Paducah & Louisville Railway, Inc.

Dated: August 3, 2005

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 34738 (Sub-No. 2)



FOUR RIVERS TRANSPORTATION, INC. AND
PADUCAH & LOUISVILLE RAILWAY, INC.
—CONTINUANCE IN CONTROL EXEMPTION—
EVANSVILLE WESTERN RAILWAY, INC.

VERIFIED NOTICE OF EXEMPTION

Pursuant to 49 C.F.R. §§ 1180.2(d)(2) and 1180.4(g), Four Rivers Transportation, Inc. ("Four Rivers"), a non-carrier corporation that currently controls Paducah & Louisville Railway, Inc. ("PAL"), a Class 2 carrier, and PAL jointly file with the Surface Transportation Board (the "Board") this Verified Notice of Exemption from the prior approval requirements of 49 U.S.C. § 11323. This Verified Notice of Exemption is being filed to permit PAL to continue in control of Evansville Western Railway, Inc. ("EVWR") and for Four Rivers to continue in control of PAL and indirectly EVWR once EVWR becomes a rail carrier upon the purchase from PAL of approximately 124.5 miles of PAL's line running between Evansville, IN, milepost OOH-324.0, and Okawville, IL, milepost OOH-445.7, including the Mt. Vernon Branch between milepost OZJ-300 and milepost OZJ-302.8 (the "Line").

a. **1180.6(a)(1)(i).** A brief summary of the proposed transaction, the name of applicants, their business address, telephone number, and the name of the counsel to whom questions regarding the transaction can be addressed.

In an application concurrently filed herewith, PAL, whose address and phone number are 1500 Kentucky Avenue, Paducah, KY 42003-2893, 270-444-4430, seeks authority to purchase the track, ties, and other track material, including the common carrier obligation, and to lease the

real property of approximately 124.5 miles of a rail line currently owned and operated by CSX Transportation, Inc. ("CSXT"), between Evansville, IN, milepost OOH-324.0, and Okawville, IL, milepost OOH-445.7, including the Mt. Vernon Branch between milepost OZJ-300 and milepost OZJ-302.8. See STB Finance Docket No. 34738, *Paducah & Louisville Railway, Inc.* — *Acquisition—CSX Transportation, Inc.*, filed August 3, 2005 ("Application").

EVWR, whose address is The Nemours Building, Suite 1414, 1007 Orange Street, Wilmington, DE, 19801, a newly created non-carrier subsidiary of PAL, has filed a concurrent notice of exemption under 49 C.F.R. § 1150.31, *et seq.*, to acquire and operate the Line immediately upon consummation of PAL's purchase and lease of the Line. See Finance Docket No. 34738 (Sub-No. 1), *Evansville Western Railway, Inc.—Acquisition and Operation Exemption—Paducah & Louisville Railway, Inc.* EVWR's acquisition and operation of the Line is being undertaken so that PAL can retain certain tax advantages available to it as a Kentucky railroad that PAL would lose if it were to operate the Line itself and to protect the independence of PAL from other potential liabilities and risks associated with operating a railroad outside of Kentucky. Upon purchasing the Line, EVWR will become a Class 3 rail carrier. While at first EVWR will share certain common officers and management with PAL, it is intended for EVWR to be an independent operator of the Line. EVWR also plans to establish a headquarters at a location on the Line.

Four Rivers is a non-carrier holding company that controls PAL through stock ownership. As noted, PAL is a Class 2 railroad that owns a 100 percent interest in EVWR. As a result of EVWR becoming a rail carrier, PAL will control a rail carrier and Four Rivers will, through its ownership of PAL, control two rail carriers. PAL's control of a rail carrier requires Board

approval under 49 U.S.C. § 11323(a)(3). Adding indirect control of EVWR to Four Rivers' existing control of PAL requires Board approval under 49 U.S.C. § 11323(a)(5).

The transaction qualifies for treatment under 49 C.F.R. § 1180.2(d)(2) because PAL and EVWR do not physically connect, the acquisition of the Line by PAL and purchase and operation by EVWR is not part of a series of anticipated transactions that would connect PAL and EVWR, and a Class 1 railroad is not involved. PAL is a Class 2 railroad and EVWR will be a Class 3 railroad.¹

Counsel to whom questions concerning the transaction can be addressed are: J. Thomas Garrett, Executive Vice President and General Counsel, Four Rivers Transportation, Inc. and Paducah & Louisville Railway, Inc., 1500 Kentucky Avenue, Paducah, KY 42003-2893, (270) 444-4430, and William A. Mullins, Baker & Miller PLLC, 2401 Pennsylvania Avenue, NW, Suite 300, Washington, DC 20037, (202) 663-7820.

b. **1180.6(a)(1)(ii).** The proposed time schedule for consummation of the proposed transaction.

The transaction is scheduled to be consummated on the latter of December 30, 2005, or the date when PAL acquires the Line from CSXT.

c. **1180.6(a)(1)(iii).** The purpose sought to be accomplished by the proposed transaction, e.g., operating economies, eliminating excess facilities, improving service, or improving the financial viability of the applicants.

The transaction is intended to permit PAL to retain certain substantial tax advantages available to it as a Kentucky railroad that PAL would lose if it were to operate a railroad outside of the Commonwealth of Kentucky and to protect the independence of PAL from other potential

¹ As Four Rivers, PAL, and EVWR are all part of the same corporate family and there will be no significant operational changes or changes in the competitive balance with carriers outside of the corporate family, the transaction likewise qualifies for treatment under 49 C.F.R. § 1180.2(d)(3).

liabilities and risks associated with operating a railroad outside of Kentucky. EVWR will have its own employees, its own management, and its own financial arrangements. It will publish tariffs, interline, and otherwise operate as a railroad independent of PAL. Although intended to operate independently of PAL, EVWR and PAL will share common management until such time as EVWR can hire its own management team.

As set forth in the Application, EVWR expects to have its own employees. EVWR plans to utilize three management and 19 non-management employees. EVWR plans to have five locomotive engineers, five trainmen, five maintenance- of -way employees, two signal and communication employees, and two mechanical employees. PAL may provide administrative support for EVWR with PAL employees pursuant to the Management and Administrative Services Agreement between PAL and EVWR.

PAL has a largely unionized work force. Eight national unions represent PAL's contract employees. EVWR contemplates that, to the extent that EVWR has employees that perform the same or similar functions as the crafts or classes of PAL employees, EVWR's employees will also be represented by these labor organizations, and EVWR will be party to collective bargaining agreements to be negotiated with such organizations.

To the extent that EVWR does not have employees at the time it plans to commence operations over the Line, it may contract with PAL, pursuant to the Management and Administrative Services Agreement, to provide such employees until such time that EVWR has its own employees.

d. **1180.6(a)(5).** A list of the State(s) in which any part of the property of each applicant carrier is situated.

EVWR will operate in the States of Illinois and Indiana. PAL operates in the Commonwealth of Kentucky.

e. **1180.6(a)(6). Map (Exhibit 1).** Submit a general or key map indicating clearly, in separate colors or otherwise, the line(s) of applicant carriers in their true relations to each other, short line connections, other rail lines in the territory, and the principal geographic points in the region traversed. If a geographically limited transaction is proposed, a map detailing the transaction should also be included. In addition to the map accompanying each application, 20 unbound copies of the map shall be filed with the Board.

See Exhibit 1. Exhibit 1 contains color maps. To comply with the Board's rules, it has been placed at the back of this pleading.

f. **1180.6(a)(7)(ii). Agreement (Exhibit 2).** Submit a copy of any contract or other written instrument entered into, or proposed to be entered into, pertaining to the proposed transaction.

Four Rivers and PAL already control EVWR. No agreement is contemplated or necessary for PAL to continue in control of EVWR once EVWR becomes a railroad or for Four Rivers to continue in control of PAL and EVWR once EVWR becomes a carrier. Therefore, there is no Exhibit 2 attached to this notice.

g. **Labor Protection.**

As the transaction involves continuance in control of EVWR, a Class 3 carrier, by PAL, a Class 2 carrier, and the continuance in control of PAL and EVWR by Four Rivers, the appropriate level of labor protection is set forth in 49 U.S.C. § 11326(b).

h. **Environmental and Historical documentation.**

This transaction qualifies for classification under 49 C.F.R. §1105.6(c)(2)(i and ii) as a transaction involving corporate changes that will not effect changes in operations, and thus neither an Environmental Assessment nor a Historic Report is required to be filed.

Respectfully submitted,



J. Thomas Garrett
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Four Rivers Transportation, Inc. and
Paducah & Louisville Railway, Inc.
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Attorneys for Four Rivers Transportation, Inc.
and Paducah & Louisville Railway, Inc.

Dated: August 3, 2005

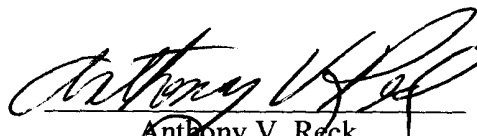
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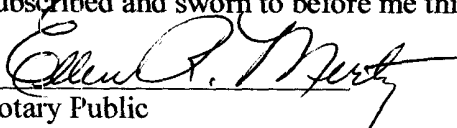
FOUR RIVERS TRANSPORTATION, INC. AND
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—CONTINUANCE IN CONTROL EXEMPTION—
EVANSVILLE WESTERN RAILWAY, INC.

VERIFICATION

Anthony V. Reck, being duly sworn, deposes and says that he is President and Chief Executive Officer of Four Rivers Transportation, Inc. and that he has read the foregoing, knows the contents thereof, and that the same are true as stated to the best of his knowledge, information, and belief.


Anthony V. Reck

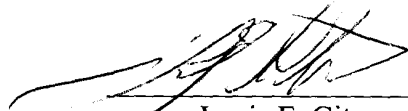
Subscribed and sworn to before me this 1st day of August, 2005.


Notary Public

My Commission expires: 05-31-2007

CERTIFICATE OF SERVICE

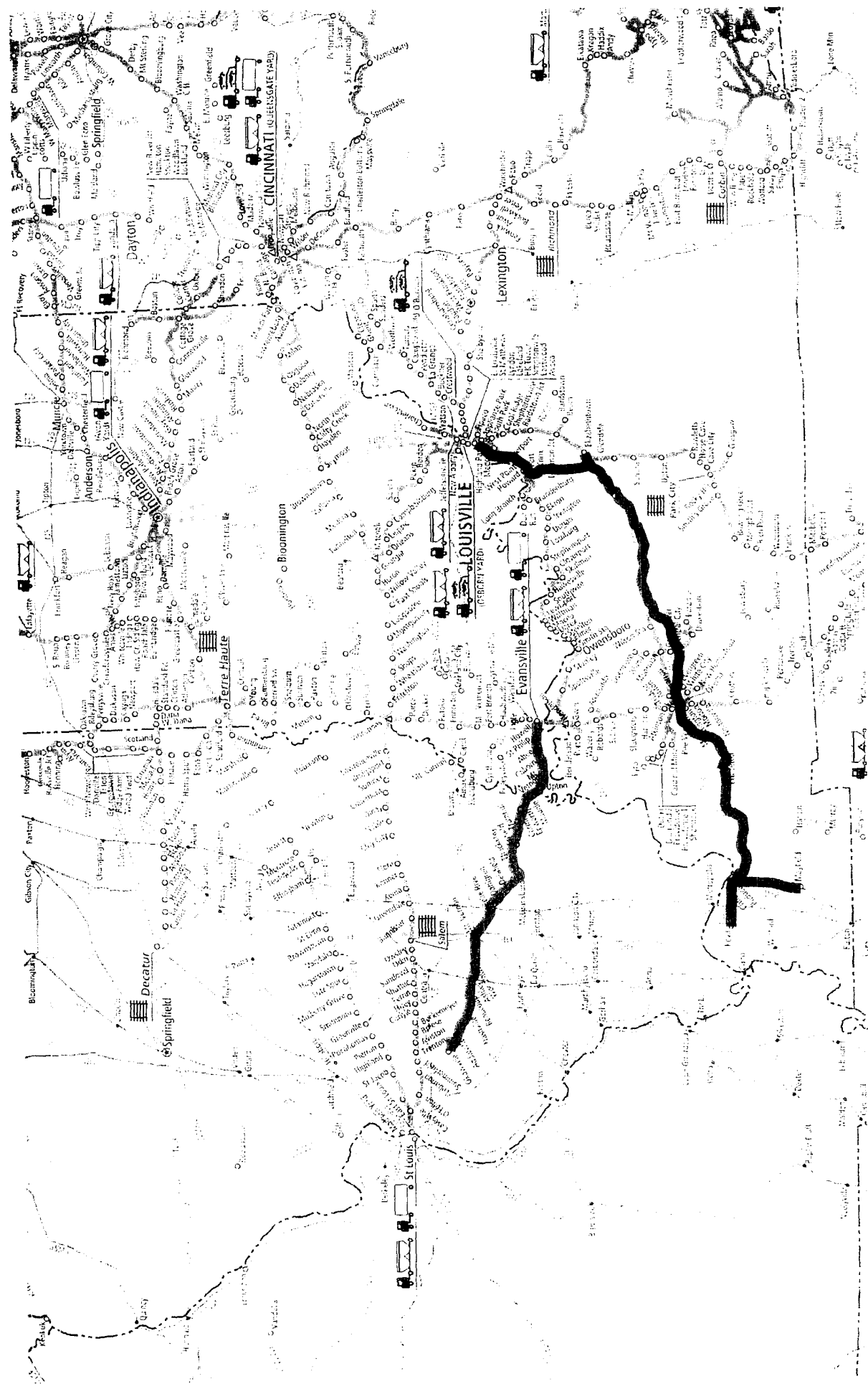
I hereby certify that I have caused the Verified Notice of Exemption in Finance Docket 34738 (Sub-No. 2) *Four Rivers Transportation, Inc., and Paducah & Louisville Railway, Inc.—Continuance in Control Exemption—Evansville Western Railway, Inc.*, to be served by first class mail, postage pre-paid on the Secretary of the United States Department of Transportation, the Attorney General of the United States, the Federal Trade Commission and the Governors, Public Service Commissions, and Departments of Transportation of the States of Kentucky, Illinois, and Indiana.

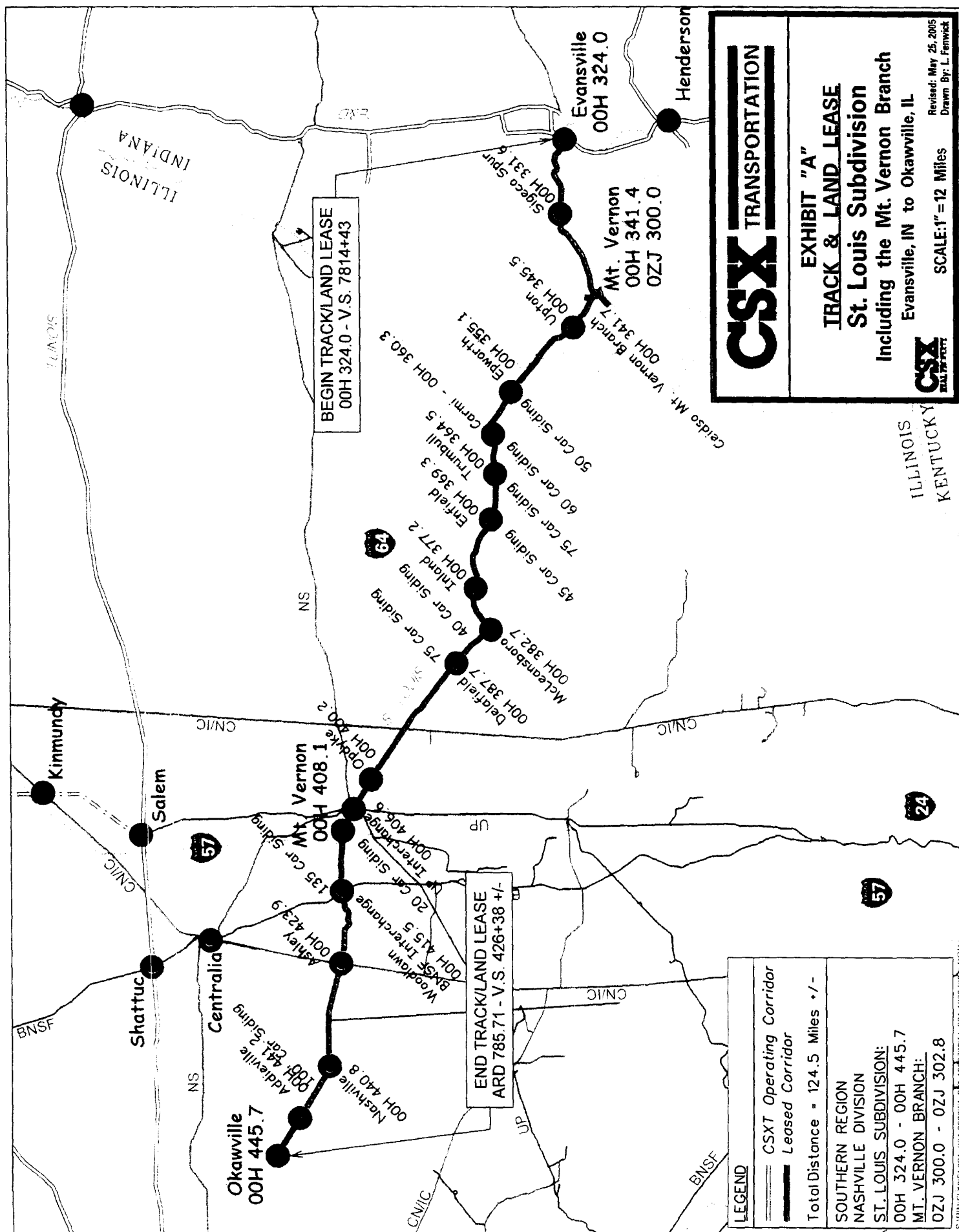


Louis E. Gitomer
August 3, 2005

EXHIBIT 1—MAPS

1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26





TRANSPORTATION

EXHIBIT "A"

TRACK & LAND LEASE

St. Louis Subdivision

Including the Mt. Vernon Branch

Evansville, IN to Okawville, IL

Revised: May 25, 2005
Drawn By: L. Fenwick

ILLINOIS
KENTUCKY

SCALE: 1" = 12 Miles