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(312) 252-1511
m.barron@fletcher-sippel.com

ENTERED
Office of Proceedings

JUN 19 2007

Part of
Public Record

June 18, 2007

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

VIA FEDERAL EXPRESS

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

219580



Re: **Finance Docket No. 35051**
Progressive Rail Inc. — Acquisition of Control of
Non-Connecting Carrier Exemption—Central Midland Railway Co.

Dear Secretary Williams.

Enclosed for filing in the above-captioned proceeding are an original and ten copies of the **Verified Notice of Exemption of Progressive Rail Inc. pursuant to 49 C.F.R. § 1180.2(d)(2)**, dated June 18, 2007. A check in the amount of \$1,200.00 representing the appropriate fee for this filing is enclosed.

One extra copy of the Notice and this letter also are enclosed. I would request that you date-stamp those items 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.

Respectfully submitted,

FILED

JUN 19 2007

**SURFACE
TRANSPORTATION BOARD**

MJB/pj

Enclosures

cc: Mr. John Broadley

Michael J. Barron, Jr.
Attorney for Progressive Rail Inc.

FEE RECEIVED

JUN 19 2007

**SURFACE
TRANSPORTATION BOARD**

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35051

PROGRESSIVE RAIL INC.
-- ACQUISITION OF CONTROL OF NON-CONNECTING CARRIER EXEMPTION --
CENTRAL MIDLAND RAILWAY COMPANY



ENTERED
Office of Proceedings

JUN 19 2007

Part of
Public Record

VERIFIED NOTICE OF EXEMPTION
OF
PROGRESSIVE RAIL INC.
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)

FILED
JUN 19, 2007
SURFACE
TRANSPORTATION BOARD

FEE RECEIVED

JUN 19, 2007

SURFACE
TRANSPORTATION BOARD

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

ATTORNEYS FOR
PROGRESSIVE RAIL INC.

Dated: June 18, 2007

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35051

PROGRESSIVE RAIL INC.
-- ACQUISITION OF CONTROL OF NON-CONNECTING CARRIER EXEMPTION --
CENTRAL MIDLAND RAILWAY COMPANY

**VERIFIED NOTICE OF EXEMPTION
OF
PROGRESSIVE RAIL INC.
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

Pursuant to 49 C.F.R. § 1180.2(d)(2), Progressive Rail Inc., a Class III carrier, hereby files this Verified Notice of Exemption to acquire all of the stock of Central Midland Railway Company, another Class III carrier.

In accordance with the requirements of 49 C.F.R. § 1180.4(g), Progressive Rail Inc. submits the following information:

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

Progressive Rail Inc. proposes to acquire all of the stock of Central Midland Railway Company pursuant to a Stock Purchase Agreement. Central Midland Railway Company currently leases and operates: a) Missouri Central Railroad Co.'s rail line in the state of Missouri between Milepost 19.0 just west of Vigus, Missouri to Milepost 262.8 at Pleasant Hill, Missouri and b) Union Pacific Railroad Company's rail line in Missouri known as the Lacklund Subdivision, including the Olivette Branch, from Milepost 10.35 at Rock Island Jct. to Milepost 19 just west of Vigus.

The full name and address of the applicant herein is as follows:

Progressive Rail Inc.
21778 Highview Avenue
Lakeville, Minnesota 55044

Any questions concerning this Notice should be sent to counsel for Progressive Rail Inc. 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)

Progressive Rail Inc. intends on consummating the Stock Purchase Agreement thirty days after this Notice herein is filed, which should be on or about July 19, 2007.

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

The requested exemption will allow Progressive Rail Inc. to acquire the stock of Central Midland Railway Company and assume responsibility for Central Midland's operations on the rail lines involved.

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

Progressive Rail Inc. owns rail property interests in the States of Minnesota, Wisconsin and Iowa.

Maps: 49 C.F.R. § 1180.6(a)(6)

The lines owned and operated by Progressive Rail Inc. and the lines operated by Central Midland Railway Company are shown on the maps attached and incorporated herein as Exhibit A.

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

A copy of the Stock Purchase Agreement is attached and incorporated herein as Exhibit B.

Labor Protection Conditions: 49 C.F.R. § 1180.4(g)(2)(i)

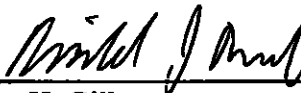
Because the proposed transaction involves only Class III rail carriers, employee protection conditions may not be imposed as a condition of this exemption. See 49 U.S.C. § 11326(c).

Requirement of Historic Preservation Matters: 49 C.F.R. § 1180.4(g)(3)

Under C.F.R. § 1105.6(c)(2), the proposed transaction 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 established in 49 C.F.R. § 1105.7(e)(4) or (5).

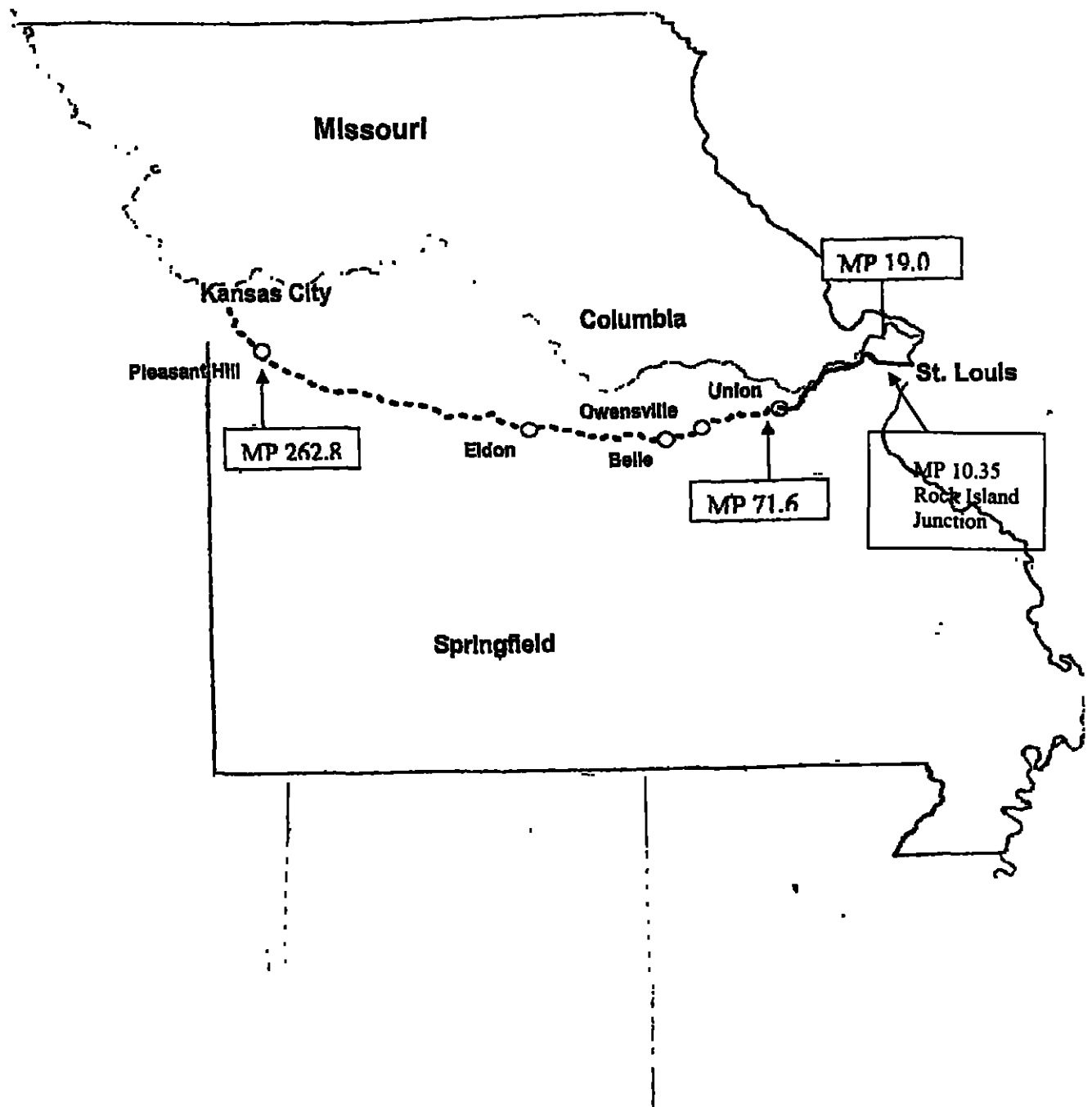
Under 49 C.F.R. § 1105.8(b)(3), the proposed transaction also is exempt from historic preservation reporting requirements. The proposed merger will not change any current rail operations nor substantially change the level of maintenance of rail property. Further, Surface Transportation Board approval is required to discontinue or abandon any service, and there are no plans to dispose of or alter properties subject to Board jurisdiction that are fifty years old or older.

Respectfully submitted,

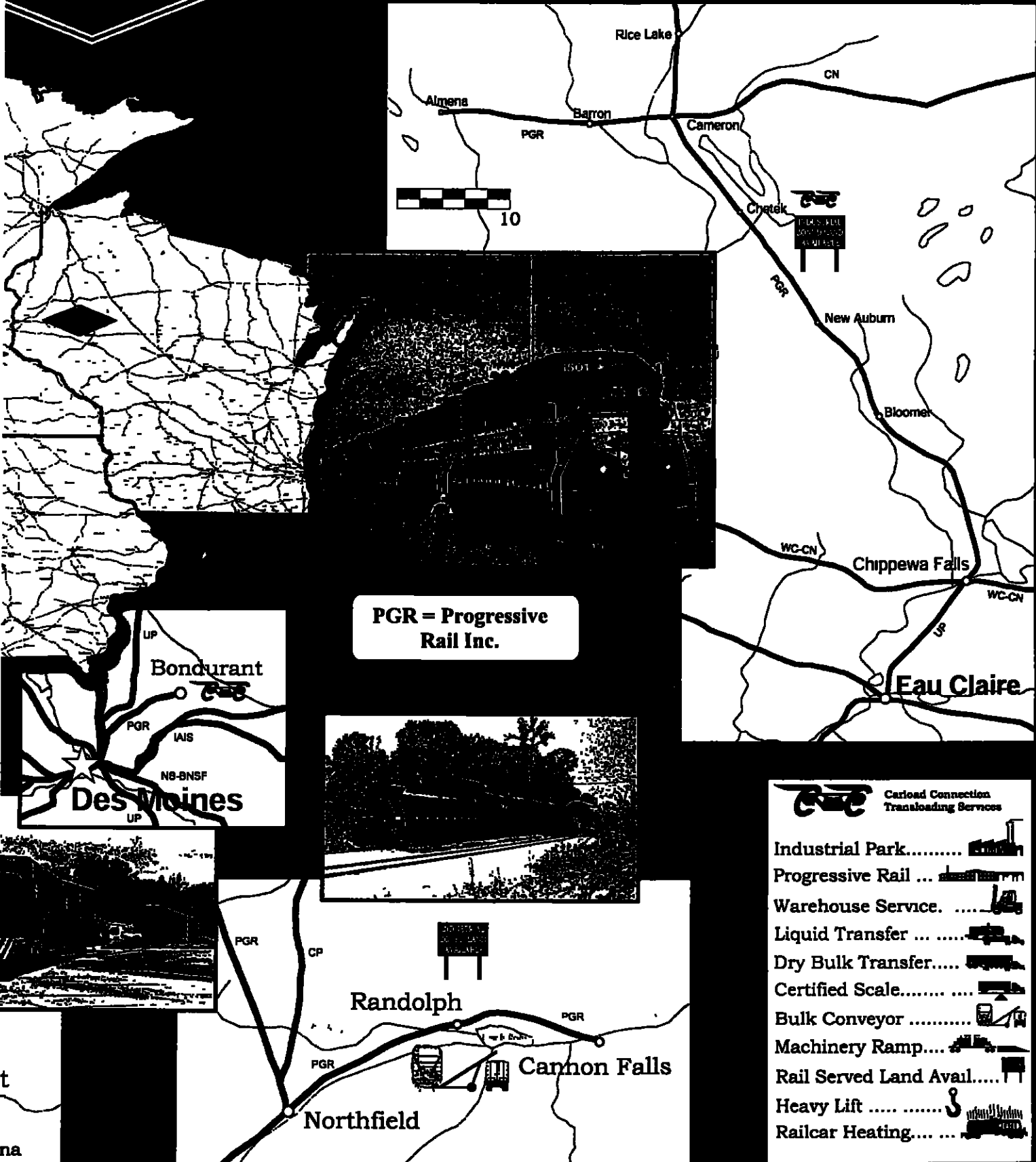
By: 
Janet H. Gilbert
Michael J. Barron, Jr.
Fletcher & Sippel LLC
29 North Wacker Drive, Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

ATTORNEYS FOR PROGRESSIVE RAIL INC.

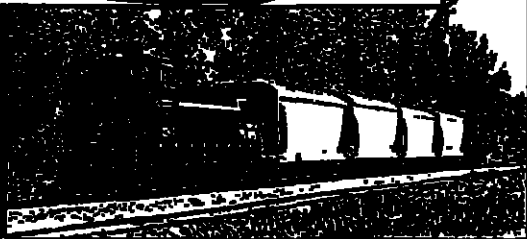
Dated: June 18, 2007



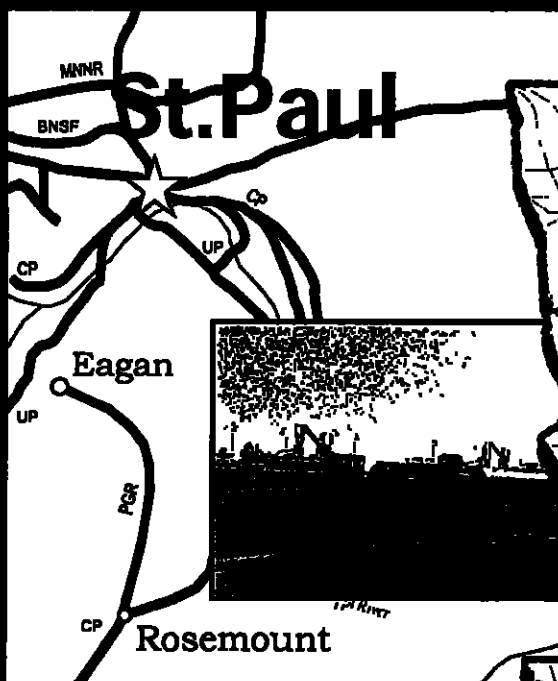
**LINE OPERATED BY
CENTRAL MIDLAND RAILWAY COMPANY**



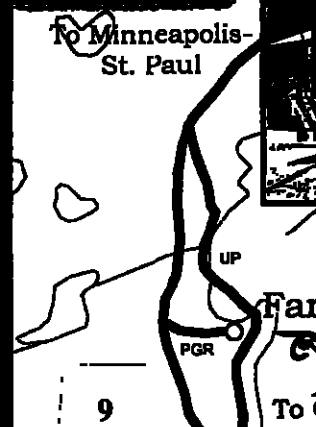
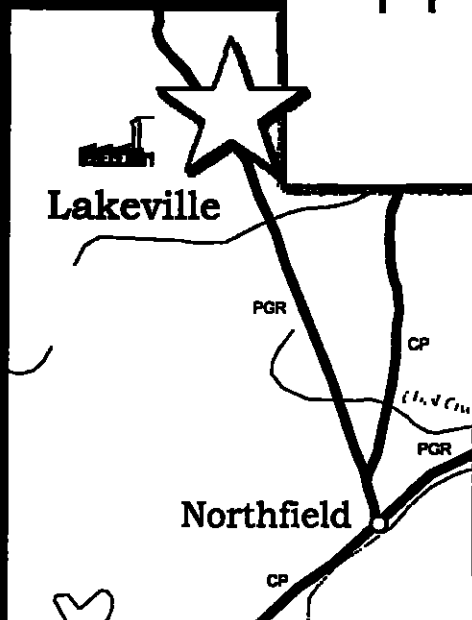
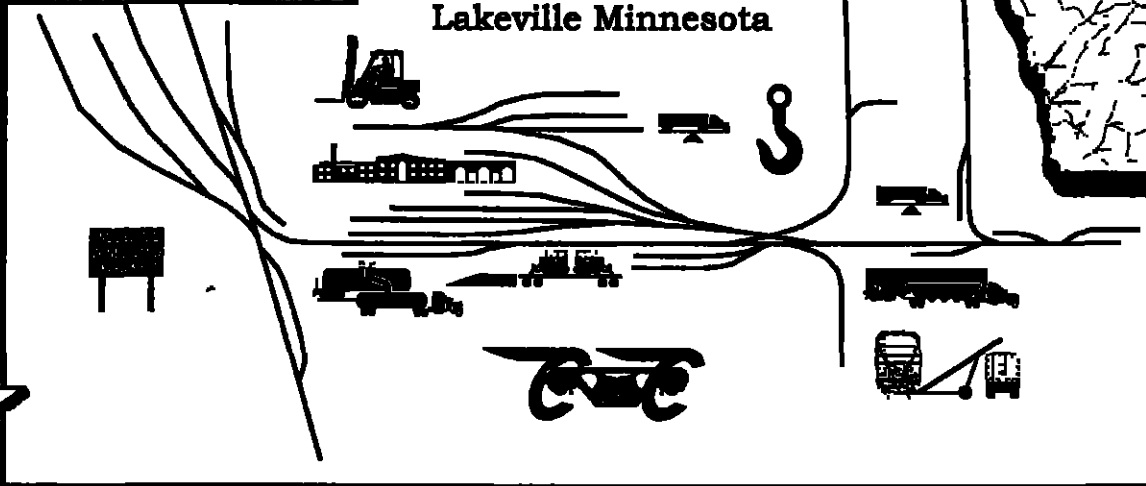
Dan Patch Line



Eagandale Line



Airlake Industrial Park Lakeville Minnesota



- 5. PURCHASER ACCESS PRIOR TO CLOSING:** Seller shall allow Purchaser limited access to customers and property prior to Closing. Such contact and access shall be coordinated with and through the General Manager, Jordan Buck. Seller also agrees that, until consummation hereunder, it will conduct its business in the usual course and in such a manner that it remains in compliance with all applicable local, state and federal laws and regulations, in substantial compliance with all material leases and operating agreements and takes no actions that would materially alter the expectations of the parties hereunder as to the material nature or value of this transaction.
- 6. REPRESENTATIONS AND WARRANTIES OF SELLER:** Seller hereby warrants and represents that:
- (a) Restrictions on Stock.** The Seller is not a party to any agreements that create rights or obligations in the Stock relating to any third party including voting or stockholder agreements. The Seller is the lawful owner of the Stock, free and clear of any encumbrances, security interests or liens of any kind and has full power and authority to sell and transfer the Stock as contemplated in this Agreement and no other authorizations are needed.
 - (b) Organization and Standing.** The Company is duly organized, validly existing and in good standing under the laws of the State of Indiana and in each other jurisdiction where qualification is required and has full power and authority to own and operate its property and assets and to carry on its business as presently conducted.
 - (c) The Seller has obtained all necessary approvals under applicable leases, licenses or other agreements for Buyer to assume the obligations and duties hereunder and there are no limitations under such agreements that would substantially alter the reasonably anticipated benefits of this transaction to Buyer or the value of the consideration to be paid hereunder.**
 - (d) There are no undisclosed material liabilities or existing condition known to the Seller that could reasonably be expected to result in a material liability or condition, including pending or threatened lawsuits, actual or threatened violations of environmental, FRA, OSHA or similar regulations, or actual or threatened employee or customer disputes.**
 - (e) Assets, Liabilities, and Business Activities. SELLER MAKES NO OTHER WARRANTIES OR REPRESENTATIONS REGARDING THE ASSETS OR LIABILITIES OF THE COMPANY OR REGARDING ITS PRESENT OR FUTURE BUSINESS ACTIVITIES OR PROSPECTS.**

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement ("Agreement") is entered into as of June 14, 2007 by and between Thomas G. Hoback ("Seller") and Progressive Rail Inc. ("Purchaser"). Purchaser and Seller may collectively be referred to as the "Parties."

WHEREAS, Seller is the record owner and holder of shares of the capital stock of Central Midland Railway Company (the "Company"), an Indiana Corporation; and

WHEREAS, the Parties desire to enter into this Agreement pursuant to which Purchaser will purchase from Seller shares of common stock of the Company.

NOW, THEREFORE, in consideration for the promises set forth in this Agreement, the Parties agree as follows:

1. **PURCHASE AND SALE:** Subject to the terms and conditions set forth in this Agreement, Purchaser hereby agrees to purchase from Seller, and Seller hereby agrees to sell, transfer and convey to the Purchaser one thousand (1,000) shares of common stock of the Company (the "Stock"). This represents all of the issued and outstanding shares of common stock of the Company.

2. **PURCHASE PRICE:** The purchase price for each share of stock shall be [REDACTED] (the "Purchase Price"), to be paid to the Seller in cash at the closing.

3. **PURCHASE DEPOSIT:** Concurrently with the execution and delivery of this Agreement, Purchaser has provided an earnest money deposit of [REDACTED] (the "Deposit"). At the Closing, Purchaser and Seller shall direct the Deposit to be applied to payment of the Purchase Price.

4. **CLOSING:** The closing contemplated by this Agreement for the transfer of the Stock and the payment of the Purchase Price shall take place at 101 West Ohio Street, Suite 1600, Indianapolis, Indiana, on the later of: (i) July 18, 2007 at 9:00 a.m. EDT or (ii) the day following the date when all requisite procedures for filing this transaction with the U.S. Surface Transportation Board have been completed, all waiting periods have run and no stays of such proceedings have been entered (the "Closing Date"). The certificates representing the Stock shall be duly endorsed for transfer or accompanied by an appropriate stock transfer. Further, Seller will assure that, upon consummation of the transaction, Buyer has been provided with all corporate records related to this transaction, including, but not limited to, official organizational documents, leases, licenses, contracts, tariffs, employee records and tax and financial records.

7. **SEVERABILITY:** If any part or parts of this Agreement shall be held unenforceable for any reason, the remainder of this Agreement shall continue in full force and effect. If any provision of this Agreement is deemed invalid or unenforceable by any court of competent jurisdiction, and if limiting such provision would make the provision valid, then such provision shall be deemed to be construed as so limited.
8. **BINDING EFFECT:** The covenants and conditions contained in this Agreement shall apply to and bind the parties and the heirs, legal representatives, successors and permitted assigns of the Parties.
9. **BROKER'S FEES:** The Parties represent that there has been no act in connection with the transactions contemplated in this Agreement that would give rise to a valid claim against either party for a broker's fee, finder's fee or other similar payment.
10. **ENTIRE AGREEMENT:** This Agreement constitutes the entire agreement between the Parties and supersedes any prior understanding or representation of any kind preceding the date of this Agreement. There are no other promises, conditions, understandings or other agreements, whether oral or written, relating to the subject matter of this Agreement. This Agreement may be modified in writing and must be signed by both the Seller and Purchaser.
11. **GOVERNING LAW:** This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana.
12. **NOTICE:** Any notice required or otherwise given pursuant to this Agreement shall be in writing and mailed certified return receipt requested, postage prepaid, or delivered by overnight delivery service:

(a) If to Purchaser:

Progressive Rail Inc.
21778 Highview Avenue
Lakeville, Minnesota 55044
Attn: Dave Fellon

(b) If to Seller:

Thomas G. Hoback
101 West Ohio Street, Suite 1600
Indianapolis, Indiana 46204

13. WAIVER: The failure of either party to enforce any provisions of this Agreement shall not be deemed a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed the day and year first above written.

PURCHASER:



Dave Fellor

(Name)

President

(Position)

SELLER:

(Name)

(Position)

13. WAIVER: The failure of either party to enforce any provisions of this Agreement shall not be deemed a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed the day and year first above written.

PURCHASER:

(Name)

(Position)

SELLER:

Thomas S Hoback

Thomas G Hoback
(Name)

President and CEO
(Position)

Ex. B Page 5 of 5

VERIFICATION

State of Minnesota)
)
County of Dakota) ss:

Douglas Whiteley, being duly sworn, deposes and says that he is Chief Financial Officer of Progressive Rail Inc. and that he has read the foregoing Notice of Exemption and knows the facts asserted therein, and that the same are true as stated.

VERIFICATION

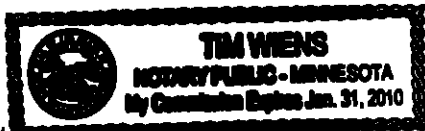
State of Minnesota)
)
County of Dakota) ss:

Douglas G. Whiteley
Douglas Whiteley

SUBSCRIBED AND SWORN TO
before me this 14th day

of June 12 2007, Douglas Whiteley, being duly sworn, deposes and says that he is Chief Financial Officer of Progressive Rail Inc. and that he has read the foregoing Notice of Exemption and knows the Notary Public herein, and that the same are true as stated

My Commission expires:



State of Minnesota)
)
County of Dakota) ss:

VERIFICATION

Douglas Whiteley

SUBSCRIBED AND SWORN TO
before me this ____ day

of _____, 2007, Douglas Whiteley, being duly sworn, deposes and says that he is Chief Financial Officer of Progressive Rail Inc. and that he has read the foregoing Notice of Exemption and knows the Notary Public herein, and that the same are true as stated

My Commission expires:

VERIFICATION

State of Minnesota)

Douglas Whiteley