

FILED

JUN - 3 2003

**SURFACE
TRANSPORTATION BOARD**

June 2, 2003

Secretary
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423-0001



207961

RE: Notice of Exemption by Sierra Railroad Company and Yolo Shortline Railroad Company, FD 34360 (Related to Finance Docket No. FD 34351)

Dear Sir or Madam:

The following are enclosed:

1. An original and 10 copies of the Notice of Exemption by Sierra Railroad Company and Yolo Shortline Railroad Company;
2. A 3.5 inch floppy disk containing the Notice of Exemption in WordPerfect 5.1 format; and
3. A check in the amount of \$1,300 for the filing fee.

This filing is related to our prior filing known as Finance Docket No. FD 34351. Pursuant to Joseph Dettmar's instructions, this filing does not include any of the documents attached as exhibits to that prior filing, merely referencing and incorporating those documents as needed.

Please contact me if you have any questions regarding this filing.

Thank you.

ENTERED
Office of Proceedings

JUN 3 2003

Public Per

Sincerely,

Torgny Nilsson
Chief Legal Officer
Sierra Railroad Company

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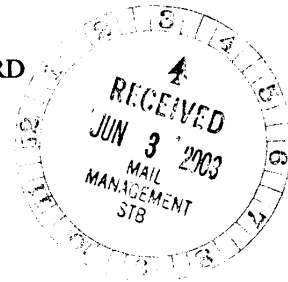
**SURFACE
TRANSPORTATION BOARD**

Sierra Railroad Company
220 South Sierra Avenue
Oakdale, California 95361
PHONE 209-848-2100
FAX 209-849-8595

BEFORE THE SURFACE TRANSPORTATION BOARD

Finance Docket No. FD 34360

Related to Finance Docket No. FD 34351



NOTICE OF EXEMPTION

NOTICE BY SIERRA RAILROAD COMPANY AND YOLO SHORTLINE RAILROAD
COMPANY FOR EXEMPTION UNDER 49 C.F.R. § 1180.2(d)(3) OF MERGER OF SIERRA
RAILROAD COMPANY AND YOLO SHORTLINE RAILROAD COMPANY AND
RELATED INTERCORPORATE TRANSACTION

Michael G. Hart, President
SIERRA RAILROAD COMPANY
220 Sierra Avenue
Oakdale, California 95361
(209) 848-2100

David Magaw, General Manager
YOLO SHORTLINE RAILROAD COMPANY
341 Industrial Way
Woodland, California 95776
(530) 666-9646

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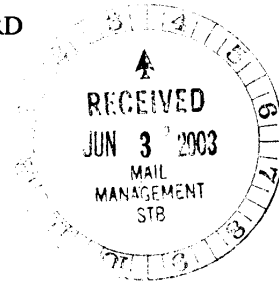
SURFACE
TRANSPORTATION BOARD

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BEFORE THE SURFACE TRANSPORTATION BOARD

Finance Docket No. FD 34360

Related to Finance Docket No. FD 34351



NOTICE OF EXEMPTION

NOTICE BY SIERRA RAILROAD COMPANY AND YOLO SHORTLINE RAILROAD
COMPANY FOR EXEMPTION UNDER 49 C.F.R. § 1180.2(d)(3) OF MERGER OF SIERRA
RAILROAD COMPANY AND YOLO SHORTLINE RAILROAD COMPANY AND
RELATED INTERCORPORATE TRANSACTION

Supporting Information Under 49 C.F.R. § 1180.6

INTRODUCTION

Sierra Railroad Company ("SRC") and Yolo Shortline Railroad Company ("YSL") hereby file this joint application under 49 U.S.C. § 11323 and Railroad Consolidation Procedures of the Surface Transportation Board (the "Board" or "STB"), 49 C.F.R. § 1180, for approval of a proposed merger, and related intercorporate transaction (collectively referred to as the "Merger") by which SRC and YSL would combine their rail operations and as a result of which SRC's common carrier operations will be transferred to YSL within the merged company.

Though SRC and YSL recently filed a joint application under 49 U.S.C. § 11323 and Railroad Consolidation Procedures of the Board, 49 C.F.R. § 1180, for approval of the Merger (filed as Finance Docket No. FD 34351), Board staff have advised SRC and YSL that SRC and YSL are also required to file an additional notice for approval of an exemption under 49 C.F.R. § 1180.2(d)(3) for the consolidation of SRC's common carrier operations in YSL as part of the Merger. SRC and YSL hereby file that additional notice.

The Merger will not connect the two railroads, will not connect any railroads in their corporate families, is not part of a series of anticipated transactions that would connect the two railroads or any railroads in their corporate families, and will not involve any Class I carrier.

SUMMARY OF PROPOSED TRANSACTION (49 C.F.R. § 1180.6(a)(1)(i))

SRC and YSL have for at least five years discussed merging the two railroads. The two railroads are similar in size, relatively close geographically, and have regularly shared crews, equipment, marketing efforts and expertise. SRC and YSL believe that the proposed Merger would produce a single company that is stronger and more diverse, and has better access to business opportunities and capital, than the two separate companies. SRC and YSL also believe that the proposed Merger will generate substantial opportunities for cost savings, particularly in the areas of insurance and equipment. The proposed Merger is anticipated to ensure the continued provision of rail services to the current and prospective customers of SRC and YSL.

The Boards of Directors of SRC and YSL have each unanimously approved a Plan and Agreement of Reorganization (the "Agreement"), a true and correct copy of which is attached as Exhibit 2 to SRC and YSL's Notice filed as Finance Docket No. FD 34351 and which is incorporated by reference as though fully set forth herein. The Agreement provides that if the Merger is approved by the holders of at least ninety percent (90%) of the outstanding shares of SRC and of YSL's parent company, Midland Railroad Enterprises Corporation ("MREC"), SRC will become the owner of all of the stock of YSL and SRC. The shareholders in the formerly separate SRC and YSL will receive new stock in the reorganized SRC.

PROPOSED TIME SCHEDULE (49 C.F.R. § 1180.6(a)(1)(ii))

SRC and YSL intend to complete their Merger as quickly as possible, expecting to complete their Merger by June 30, 2003.

PURPOSE TO BE ACCOMPLISHED (49 C.F.R. § 1180.6(a)(1)(iii))

The Merger is intended to integrate the rail operations of SRC with those of YSL, both Class III carriers. The Merger is intended to allow SRC and YSL to combine their resources, to expand their business opportunities through the formation of new subsidiaries, and to develop other railroad and transportation related businesses such as a track maintenance and repair business. The Merger is also intended to allow SRC and YSL to share employees and equipment while retaining existing employees and management, placing the merged company in a better and more competitive position and ensuring its continued provision of rail services to its current and prospective customers. SRC and YSL understand that a similar organizational structure is currently used by a number of other shortline railroads in the United States to manage their operations.

STATES IN WHICH PROPERTY IS SITUATED (49 C.F.R. § 1180.6(a)(5))

SRC and YSL own rail property in California over which they conduct railroad operations. Neither SRC nor YSL owns any rail property in any other state.

MAP (49 C.F.R. § 1180.6(a)(6))

Exhibit 1 to SRC and YSL's Notice filed as Finance Docket No. FD 34351 consists of two maps: Map "A" is a map of SRC's system; Map "B" is a map of YSL's system, both maps are incorporated by reference as though fully set forth herein.

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

A true and correct copy of the Plan and Agreement of Reorganization approved by each of the Boards of Directors of SRC and YSL is attached as Exhibit 2 to SRC and YSL's Notice filed as Finance Docket No. FD 34351, incorporated by reference as though fully set forth herein.

LABOR PROTECTION TO BE IMPOSED (49 C.F.R. § 1180.4(g)(i))

SRC and YSL do not anticipate that the proposed Merger will result in any lay-offs or other reduction of personnel. SRC and YSL anticipate that their current employees will be unaffected by the proposed Merger. SRC and YSL acknowledge, however, that the Merger would be subject to the employee protective conditions adopted in New York Dock Control, Brooklyn Eastern District Terminal, 360 I.C.C. 60 (1979).

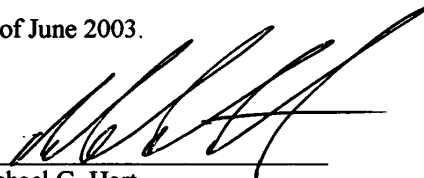
PRAYER FOR RELIEF

Wherefore, Applicants SRC and YSL pray that the Board enter an order under 49 U.S.C. §§ 11323 granting an exemption for the Merger of SRC and YSL.

SIGNATURES, OATHS AND CERTIFICATIONS OF APPLICANTS' EXECUTIVE OFFICERS (49 C.F.R. § 1180.4(g)(1))

SIERRA RAILROAD COMPANY

I, Michael G. Hart, declare under penalty of perjury under the laws of the United States that I am the President of the Sierra Railroad Company, an applicant herein; that I am one of the executive officers duly authorized to sign, to verify, and to file this Application on behalf of the foregoing; that I have knowledge of the matters contained in this Application to the extent that they relate to the foregoing; and that the statements in this Application are true and correct to the best of my knowledge and belief. Executed this 2nd day of June 2003.


Michael G. Hart

I, Angela Hart, hereby certify that I am Corporate Secretary of Sierra Railroad Company, an applicant herein, and that Michael G. Hart, President of Sierra Railroad Company, is duly authorized to sign, to verify, and to file this Application on behalf of Sierra Railroad Company. Executed this 2nd day of June 2003.


Angela Hart
Corporate Secretary
Sierra Railroad Company

YOLO SHORTLINE RAILROAD COMPANY

I, David Magaw, declare under penalty of perjury under the laws of the United States that I am the President of the Yolo Shortline Railroad Company, an applicant herein; that I am one of the executive officers duly authorized to sign, to verify, and to file this Application on behalf of the foregoing; that I have knowledge of the matters contained in this Application to the extent that they relate to the foregoing; and that the statements in this Application are true and correct to the best of my knowledge and belief. Executed on this 2nd day of June 2003.


David Magaw

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

No. 5907

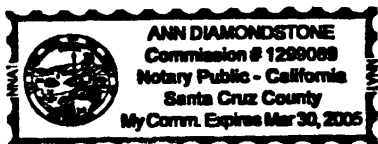
State of California
County of Yolo

On 6-2-03 before me,

Ann Diamondstone
NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared Michael G Hart & Angela Hart & David
NAME(S) OF SIGNER(S)

☒ personally known to me - OR - ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

[Signature]
SIGNATURE OF NOTARY

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- ☐ INDIVIDUAL
☐ CORPORATE OFFICER

TITLE(S)

- ☐ PARTNER(S) ☐ LIMITED
☐ GENERAL
☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR
☐ OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

DESCRIPTION OF ATTACHED DOCUMENT

TITLE OR TYPE OF DOCUMENT

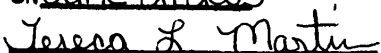
NUMBER OF PAGES

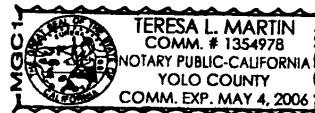
DATE OF DOCUMENT

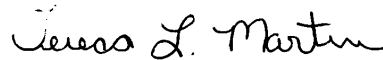
SIGNER(S) OTHER THAN NAMED ABOVE

I, Bruce Eldridge, hereby certify that I am Corporate Secretary of Yolo Shortline Railroad Company, an applicant herein, and that David Magaw, President of Yolo Shortline Railroad Company, is duly authorized to sign, to verify, and to file this Application on behalf of Yolo Shortline Railroad Company. Executed this 2nd day of June 2003.


Bruce Eldridge
Corporate Secretary
Yolo Shortline Railroad Company

SUBSCRIBED AND SWORN TO BEFORE ME
ON June 2, 2003

(NOTARY SIGNATURE)



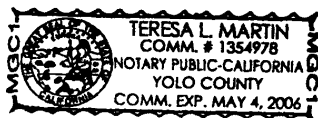

6-2-03

ALL-PURPOSE ACKNOWLEDGMENT

State of California }
County of Yolo }

On June 2, 2003, before me, Teresa L. Martin, Notary Public
(name, title of officer),
personally appeared Bruce Eldridge

☐ personally known to me – OR – ☒ proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in (his/
her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon
behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Teresa L. Martin
Signature

CERTIFICATE OF SERVICE

I certify that I have served a conformed copy of the foregoing Notice in Finance Docket No. FD 34360, and conformed copies of all verified statements, appendices, and exhibits in support of the Notice, by first class mail upon all persons required to be served as set forth in 49 C.F.R. § 1180.4(c)(5), namely:

(i) The Governor (or Executive Officer), the Public Service Commission, and Department of Transportation of each State in which any part of the real properties of Applicant carriers involved in the proposed merger are situated;

(ii) The Secretary of the United States Department of Transportation (Docket Clerk, Office of Chief Counsel, Federal Railroad Administration, Room 5101, 400 Seventh Street, S.W., Washington, D.C. 20590);

(iii) The Attorney General of the United States; and

(iv) The Federal Trade Commission;

Dated at Woodland, California, this 2nd day of June 2003.


Torgny R. Nilsson