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Senior General Attorney, Law Department

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Via Electronic Filing

The Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423

**RE: STB Docket No. AB-33 (Sub-No. 261), Union Pacific Railroad Company -
Abandonment - In New Madrid, Scott, and Stoddard Counties, Missouri
(Essex to Miner Line)**

Dear Secretary Quinlan:

In response to the Revised Offer of Financial Assistance ("ROFA") filed on behalf of the Mississippi Central Railroad Company ("MSCI") on August 4, 2009, Union Pacific Railroad Company ("Union Pacific") hereby responds as follows:

1. The subject matter is an Abandonment Application. As such, Offers of Financial Assistance ("OFAs") are due 120 days after the Application is filed or ten (10) days after decision granting the Application is served, whichever occurs sooner. (See 49 C.F.R. 1152.27(b).) MSCI asked for an extension of this time period which Union Pacific concurred with and an OFA was eventually filed by MSCI on July 27, 2009. After reviewing the OFA, Gabriel S. Meyer, Assistant General Attorney for the Union Pacific, filed a short response on July 31, 2009 indicating that on June 23, 2009, Union Pacific provided information to MSCI documenting that the Net Liquidation Value of the 4.85 miles of line (the "Line") subject to the OFA based on Union Pacific's valuation was approximately \$549,353.

The Board rejected MSCI's OFA for the Line with the conclusion that MSCI had not adequately buttressed its OFA with evidence of MSCI's financial responsibility and that MSCI had not sufficiently explained the calculation of its offer of \$302,990 for the Line. The use by MSCI of Union Pacific's Net Liquidation Value at \$446,461, rather than \$549,353, in the ROFA is incorrect.

Regardless of whether or not MSCI concurs with the Net Liquidation Value calculation submitted by Union Pacific, which clearly shows a total Net Liquidation Value of the Line at \$549,353 consisting of a Net Liquidation for the track structure of \$446,461 and a real estate appraisal for the fee parcels on the Line at \$102,892, these valuations, and not the \$446,461 attributed to Union Pacific by MSCI in the ROFA should be presented to the Board as Union Pacific's position.

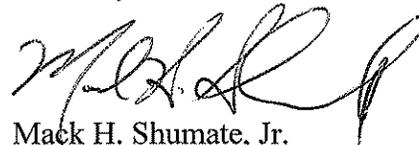
2. In that the timeframe for filing an OFA has come and gone, and in light of the fact that the Board has unconditionally rejected the OFA, the appropriate procedure, as found at 49 C.F.R. 1152.27(e), would be for MSCI to file an appeal of the initial decision as to whether the OFA satisfied the standards of 49 U.S.C. 10904(d), not a ROFA.

3. The Verified Statement of J. Michael Carr, President and Chief Executive Officer of Pioneer Rail Corp., Inc. ("Pioneer") which serves as the substantive basis for the ROFA, does not indicate that MSCI has sufficient financing to acquire the Line under the OFA at the Net Liquidation Value determination presented to the Board by the Union Pacific of \$549,353. It merely commits Pioneer to providing MSCI with a no interest loan in the amount of at least \$302,990. It does not provide a commitment to purchase the Line at the Union Pacific valuation of \$549,353.

For the reasons outlined above, Union Pacific is of the reasoned opinion that the ROFA should be rejected as not being in compliance with the Financial Assistance Procedures provided under 49 C.F.R. 1152.27.

Union Pacific continues to be willing to negotiate an arms' length transaction with MSCI for the acquisition of the Line independent of the OFA process.

Sincerely,



Mack H. Shumate, Jr.
Senior General Attorney

cc: Daniel A LaKemper, Mississippi Central Railroad Co.
William A. Mullins, Esq., Baker & Miller, PLLC
John H. Leseur, Esq.
Donald G. Avery, Esq.