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December 31, 2002

Chairman Roger Nober  
Office of Chairman  
Surface Transportation Board  
1925 K Street, N.W., Suite 820  
Washington, D.C. 20423-0001

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Re: Docket Nos. 38302S and 38376S; - 206968  
Investigation and Suspension Docket No. 9205 - 206969

Dear Chairman Nober:

In a letter dated January 29, 1999, Chairman Morgan asked the parties to report on the status of settlement discussions in these proceedings. Since then, we have provided periodic updates.

In our letter of February 28, 2002, we informed Chairman Morgan that, subject to final approvals, Union Pacific and the government parties had reached agreement to settle the above-captioned cases and dismiss Union Pacific as a defendant. On June 28, and again on September 30, we reported that the approval process was underway. The approval process continues. We hope to submit the settlement between Union Pacific and the government parties or report further by March 31, 2003.

Sincerely,

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cc: Vice Chairman Wayne O. Burkes  
Commissioner Linda J. Morgan  
Nancy Wilson, AAR