



March 28, 2007

Via E-Filing

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001

**Re: Finance Docket No. 32760, Union Pacific Corporation, et al. -- Control
and Merger -- Southern Pacific Railroad Corporation, et al**

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding is the Reply of Union Pacific Railroad Company to the Initial Response of BNSF Railway Company to Petition of Union Pacific Railroad Company for Reformation of Agreement (UP/SP 400).

Please note that BNSF Railway Company's ("BNSF") legal counsel has authorized me to advise the Surface Transportation Board that BNSF has no objection to the Board's adoption of the procedural schedule that the enclosed Reply requests be adopted.

Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "William G. Barr".

Enclosures

cc: Jessica Chung - STB
Parties on Attached List

William G. Barr
Assistant General Solicitor

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EXPEDITED CONSIDERATION REQUESTED

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY
-- CONTROL AND MERGER --
SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL, CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

REPLY OF UNION PACIFIC RAILROAD COMPANY
TO THE INITIAL RESPONSE OF BNSF RAILWAY COMPANY TO PETITION OF
UNION PACIFIC RAILROAD COMPANY FOR REFORMATION OF AGREEMENT

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Attorneys for Union Pacific Railroad Company

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SURFACE TRANSPORTATION BOARD

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Pursuant to 49 C.F.R. § 1104.13, Union Pacific Railroad Company ("UP") hereby submits its Reply to the Initial Response of BNSF Railway Company ("BNSF") to the Petition of Union Pacific Railroad Company for Reformation of Agreement. By this Reply (1) UP advises that it will respond to BNSF if and when BNSF presents facts that are relevant and responsive to the facts and arguments pertaining to the revision of Section 1(g) that UP discussed in its Petition for Reformation of Agreement, (2) UP advises that UP and BNSF have agreed on a procedural schedule to propose to the Surface Transportation Board ("Board" or "STB") for its adoption in this proceeding,

and (3) UP requests that the Board adopt the procedural schedule agreed upon by UP and BNSF.

I. BNSF'S INITIAL RESPONSE

BNSF's Initial Response is nothing more than a one-sided treatise on abstract principles of contract reformation. It contains no facts pertaining to the specific negotiations for the revision to Section 1(g) made by the Restated and Amended Settlement Agreement. In particular, BNSF does not claim that it consciously intended to expand its rights to operate on UP's lines between Oakland and Stockton via Sacramento, or that it ever discussed that topic with UP. UP must wait until BNSF presents the facts, whatever they may be, before it can reply.

II. THE PROCEDURAL SCHEDULE

In its Initial Response filed March 8, 2007, BNSF proposed that the Board adopt the following procedural schedule:

- Upon the Board's order, 60 days for the parties to conduct discovery, in accordance with 49 C.F.R. § 1114;
- Upon the close of discovery, 45 days for BNSF to file its response to UP's Petition; and
- Upon BNSF's filing, 25 days for UP to file its rebuttal.

On March 14 UP advised BNSF that BNSF's proposed procedural schedule would be acceptable to it if UP were permitted additional discovery on any argument, position, or fact raised by BNSF in its response after the close of discovery (what BNSF in its Initial Response calls the "complete exposition" of its response). On March 19, BNSF (1) advised UP that UP's proposed modification had led it to "further thinking" on

a procedural schedule and (2) proposed a complicated, revised schedule. On March 23, UP advised BNSF that it could not agree to BNSF's revised schedule because it was unnecessarily cumbersome, complex, and expensive.

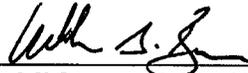
After exchanging additional proposals and counterproposals, the parties have agreed upon the following procedural schedule in this proceeding:

- The parties would have 60 days following the Board's adoption of the procedural schedule to conduct simultaneous written discovery (i.e., document production requests, interrogatories, and requests for admission). Depositions would not be taken, but witness workpapers would be produced on the latter of (a) the date each witness' verified statement is filed or (b) the 10th day following the Board's adoption of the schedule;
- 45 days following the close of the initial discovery period described above, BNSF and UP would simultaneously file briefs, including evidentiary submissions (i.e., verified statements) and legal arguments;
- Upon the filing of briefs as provided in the second bullet above, UP and BNSF would have 30 days to conduct written discovery related to any argument, position, or alleged fact not identified or raised, in the case of UP, in BNSF's March 8, 2007, Initial Response to UP's petition or, in the case of BNSF, in UP's petition; and
- Simultaneous final briefs (which may contain evidence) would be filed by the parties within 45 days of the latter of (a) the date on which briefs were filed pursuant to the second bullet above or (b) the conclusion of any

additional discovery by UP and/or BNSF undertaken pursuant to the third bullet above.

UP hereby requests that the Board adopt for this proceeding the procedural schedule agreed upon by the parties as set forth immediately above.

Respectfully submitted,



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March 28, 2007

CERTIFICATE OF SERVICE

I, William G. Barr, hereby certify that on this 28th day of March, 2007, I served a copy of the foregoing Reply of Union Pacific Railroad Company to the Initial Response of BNSF Railway Company to Petition of Union Pacific Railroad Company for Reformation of Agreement by first-class mail, postage prepaid, or by a more expeditious manner, on the parties listed on Exhibit A, attached hereto.



William G. Barr

EXHIBIT A

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