Before the
INTERSTATE COMMERCE COMMISSION

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

RAILROAD MERGER APPLICATION

VOLUME 4, PART 1
STATEMENTS OF SHIPPERS, PUBLIC
OFFICIALS: AND OTHERS IN SUPPORT

November 30, 1995

CARL W. VON BERNUTH
RICHARD J. RESSSLER
Union Pacific Corporation
Martin Tower
Eighth and Eaton Avenues
Bethlehem, Pennsylvania 18018
(610) 861-3290

JAMES V. DOLAN
PAUL A. CONLEY, JR.
LOUISE A. RINN
LAWRENCE E. WZOREK
Union Pacific Railroad Company
Missouri Pacific Railroad Company
1416 Dodge Street
Omaha, Nebraska 68179
(402) 271-5000

ARVID E. ROACH II
J. MICHAEL HEMMER
MICHAEL L. ROSENTHAL
Covington & Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044-7566
(202) 662-5388

Attorneys for Union Pacific
Corporation, Union Pacific
Railroad Company and Missouri
Pacific Railroad Company

November 30, 1995
October 3, 1995

VERIFIED STATEMENT OF STAN CARTER
ON BEHALF OF LEVI'S IRON & METAL

My name is Stan Carter and I am General Manager of Levi's Iron and Metal, 2727 South Chestnut Avenue, Fresno, California 93725. I have been General Manager of this facility for one (1) year, and previously worked as an Operation Manager. In my position with Levi's, I am familiar with our transportation and logistics requirements, not only of this facility, but of Schnitzer Steel in general. Levi's Iron and Metal is a subsidiary of Schnitzer Steel Industries and is a scrap recycling and processing facility located in Fresno. We are currently served by the Santa Fe on an open basis.

Presently, Levi's ships approximately 6,000 tons of cut stock material per month to Cascade Steel Rolling Mills (a Schnitzer subsidiary company) located in McMinnville, Oregon, a facility served by Southern Pacific and Willamette Pacific, a short-line. McMinnville is approximately 35 miles southwest of Portland, Oregon.

Our business at Levi's is primarily the sale and shipment of scrap steel to our Cascade Steel facility, as well as other buyers on the open market. The scrap steel comes from sorting and processing material obtained from take-down and demolition jobs which we bid on. In 1994, we shipped 629 cars.

We enthusiastically support the proposed merge of Union Pacific and Southern Pacific railroads. Along with other subsidiaries of Schnitzer Steel, we are major users of rail transportation. We believe that the merge of Union Pacific and Southern Pacific will provide necessary competition and balance to the recently created Burlington Northern Santa Fe.

In addition, we expect an improved gondola supply resulting from the combined UP/SP fleet of high-cube gondolas. These cars
have always been in short supply on the SP system. Furthermore, the combined mini mill at Cascade Steel and scrap origins on the two systems (UP/SP) will increase opportunities for back hauls in the gondolas, providing more efficient use of steel hauling fleet.

Levi's is currently bidding on a large take-down job in Las Vegas, Nevada. Not only will the merger give Levi's direct single-line access to Las Vegas, but will more importantly provide single-line service from Las Vegas to the mini mill at McMinnville, Oregon.

We are certain that these, as well as many other benefits will result from the proposed Union Pacific/Southern Pacific rail merger. However, we feel that the most significant benefit will be the maintenance of a competitive balance between UP/SP and Burlington Northern Santa Fe. That, plus the establishment of single-line service where joint-line service presently exists are some of the reasons why we believe that the UP/SP merger is definitely in the public interest.

We enthusiastically support this merger.

I Stan Carter, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on October 3, 1995.

Stan Carter, General Manager

Thank you,

Stan Carter
GENERAL MANAGER
I, Maurice E. Oelker, Jr. am currently the Traffic Team Leader for Logan Aluminum, Inc. located in Russellville, KY. I have been employed by Logan Aluminum for approximately three years and prior to joining Logan I was employed by Kaiser Aluminum and Chemical Corp. for 11 years. I hold a bachelor's degree in business from Indiana University and have several professional credentials including AST&L certification along with an ICC Practitioner's license. I am currently responsible for a team of 4 people including myself that is responsible for a total transportation budget in excess of $35 million dollars.

Logan Aluminum, Inc. is a joint ownership venture between ARCO Aluminum and Alcan Aluminum. We are a fully integrated rolling mill that has a capacity of approximately 1.2 billion pounds annually of aluminum can sheet. Our associates primary customers include American National Can, Crown Cork & Seal, and Anheuser Busch-Metal Container Corp. We are located on the R.J. Corman Railroad's Memphis Line with direct service to CSX interchanges. Our current outbound modal distribution is approximately 20% rail (boxcar) and 80% truck/intermodal. Our current geographic distribution is 30% Midwest, 20% Southeast, 20% Southwest, 20% West, and the balance Export including Mexico. In 1995 we expect to ship approximately 1200 carloads primarily to the California, Texas and Mexico markets.

We understand that the Union Pacific and Southern Pacific are requesting authority to merge and we believe that the proposed merger would be in our company's best interest for the following reasons:

- The proposed merger would offer a more direct route to our markets in the Los Angeles basin by eliminating circuitous routes and taking advantage of combined operating efficiencies. We also believe that improved service reliability and reduced transit time will be provided by the merged companies.

- The merged companies will provide an equitable competitive challenge to the recently approved merger of the Burlington Northern and the Atchison Topeka and Sante Fe Railroads. We feel strongly that a level playing field would be established by the proposed merger.
In conclusion, we support the merger and feel that it will provide a long term viability to the national rail transportation infrastructure. We feel that it will benefit all rail shippers, not just those located on the Union Pacific and Southern Pacific.

I, Maurice E. Oelker, Jr. declare under the penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on November 3, 1995.

[Signature]

Subscribed and sworn before me this 3rd day of November, 1995

[Notary Signature]

Notary Public

My Commission Expires: [February 1996]

State of Kentucky

County of Logan
VERIFIED STATEMENT

This verified statement is provided by Dana Fontaine of Los Angeles Chemical Company. We are located at 4545 Ardine Street in South Gate, California. My position is Terminal Manager.

In addition to other several other business activities, Los Angeles Chemical Company acts as a terminal location for rail cars of liquid chemicals. Shippers throughout the western United States send their rail cars to our facility, thereby establishing a remote terminal for the movement of their product. We provide a transloading service in which we transfer chemicals from rail cars to tank trucks. The tank trucks are then sent out for delivery to consignees located throughout Southern California and Arizona. The products we handle include a variety of acids, hydrogen peroxide, ferric chloride and latex. We currently receive approximately 30 rail cars per month.

As Terminal Manager, my responsibilities are varied. One of my primary functions, however, is overseeing and directing all rail traffic entering and exiting our facility. This task includes monitoring the progress of all inbound rail cars after leaving the shipping location; providing the railroad with the track and spot number for all inbound cars; releasing empty cars; and addressing any problems that may occur on a daily basis. Because we are served by both the Union Pacific (UP) and Southern Pacific (SP) Railroads, this job requires my daily interaction with the Customer Service personnel of both entities.

I believe the proposed merger between UP and SP will provide a number of benefits to our company. First, shippers will access our location more directly and efficiently, thereby resulting in a quicker transit time for our inbound rail cars. The additional track available to UP as a result of this merger will be instrumental in eliminating the bottlenecks that currently exist in several switching yards within the UP system. This will allow us to better service our shippers by offering their chemicals in a more timely manner.

Second, these direct routes and the better freight rates that should result will allow us to compete more effectively with other modes of transportation, particularly truck traffic. This is extremely important given the highly competitive nature of the chemical industry.

Lastly, I believe this merger will provide our shippers that currently use SP with a more efficient way to ship their products to Southern California. Many of the problems currently faced by these shippers, including slow service and numerous system bottlenecks, will be eliminated. This will provide these firms
to service areas, provide equipment, and expedite cargo delivery as well as offering competitive rates.

This merger would provide shippers with a cost competitive means of transportation. It would strengthen marketing by allowing shippers to utilize a full range of rail services, equipment, and greater access to a variety of regions currently unavailable at competitive rates.

We strongly believe that a merger between Southern Pacific and Union Pacific would not only be in our company's best interest, but also in the best interest of other shippers. This proposed merger will provide significant benefits to shippers, ultimately creating an increase in rail cargo shipments. Our company supports the application and feels this is a long overdue and necessary move within the shipping industry.

Sincerely,

[Signature]
Debra A. Lyons
Marketing Director

I, DEBRA A. LYONS, declare under penalty or perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on OCTOBER 16, 1995.

[Signature] Debra A. Lyons
with an additional selling point when further penetrating their existing accounts and/or soliciting new business. This additional business for our shippers directly translates into more business for our company.

In summary, Los Angeles Chemical Company firmly supports the proposed UP/SP merger. We believe this merger would have a positive impact on us in terms of profitability and in our ability to acquire new business.

Sincerely,

Dana W. Fontaine
Terminal Manager
I, Dana W. Fontaine, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on October 13, 1995.

[Signature]
VERIFIED STATEMENT OF MICHAEL BYRNE
on behalf of
LUND'S FISHERIES, INC.

November 9, 1995

I am, Michael Byrne, Vice President of Lund's Fisheries, Inc., with offices in Cape May, NJ. I have been in the international seafood product business for fifteen (15) years. I am familiar with the transportation needs of our Company.

Lund's Fisheries, Inc. is a primary producer, processor and shipper of various seafood products. We import, export and ship from coast to coast. Our primary facilities are located in Cape May, NJ and Oxnard, California. Our major rail shipments are from New Jersey to Seattle, WA, Oxnard to the East Coast and Oxnard to Seattle. Southern Pacific serves our Oxnard facility.

We are in favor of the proposed merger of Union Pacific and Southern Pacific. The efficiencies from consolidation of the two systems will accrue to the benefit of transcontinental shippers, like our company. The rationalized route structure, improved and consolidated facilities, and integrated and efficient management and operation will result in reduced transit time, reduced intermediate handling, reduced congestion and more frequent and reliable service. These improvements will enhance equipment utilization and supply. Shippers can expect a reduction in the number of bad orders. These benefits are real and will help us to remain competitive in our business.

In addition to expected improvements over the central corridor, we are also very pleased with the prospect of having an enhanced single line route through the I-5 corridor for our traffic from Oxnard to Seattle. We expect improved transit time on this traffic as well.

Because of its precarious financial position, we believe that Southern Pacific has not been able to price its service aggressively with a view to gaining market share over the long term. The addition of Union Pacific's financial resources should enable the merged company to price its service more competitively with BNSF and with motor carriers. The increased competition in the western transportation market will be to the benefit of shippers and the public.
We urge the ICC to approve the application.

I, Michael Byrne, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed this 9th day of November, 1995.

MICHAEL BYRNE

MB/sdb
Copy: File
Verified Statement

of

Ronald C. MacDonald
on behalf of
Manufacturers Consolidation Service, Inc.

I am Sr. V.P., Pricing-Marketing for Manufacturers Consolidation Service, Inc. (M.C.S., Inc.), 618 Oakleaf Office Lane, Memphis, TN, 38117. I have been with M.C.S., Inc. since 1987, and I have been involved in the marketing of rail transportation since 1967.

M.C.S., Inc. is a transportation marketing company. We specialize in intermodal transportation; we also provide rail carload service and truck brokerage. We have 15 operations offices scattered throughout the USA, as well as numerous additional sales offices. Since any shipper in the USA is a potential customer, our only restriction of commodity is that which is not permissible by law. Intermodal traffic comprises about 85% of our overall volume with the railroads. The majority of this traffic is between northeastern and southern points on the one hand, and the west coast points on the other. This past year we paid Union Pacific Railroad (UP) and Southern Pacific Transportation Company (SP) over $17 million for transportation on which we issued bill of lading. While we do not own the commodities, we have control of the transportation of those products.

We believe that the proposed merger would be in our Company's best interests. We strongly support this as a means of improving service and strengthening competition. With the approval of the merger, UP and SP will be able to combine the strengths of their respective systems. M.C.S., Inc. has import traffic through Long Beach/Los Angeles Harbor into Mexico interior. It is currently a costly, slow and cumbersome move that would greatly be improved through the more direct, single-line routing from Southern California directly into Laredo for furtherance into Mexico. With the elimination of long interchange delays at San Antonio between the UP and SP, this should allow us to capture more time sensitive shipments.
The proposed merger will also provide a truck competitive service between California and Seattle/Tacoma. This single-line, direct route will allow us opportunities to capture large volumes of traffic moving adverse to rail. Present joint-line, intermodal service is not competitive.

The increased volumes will allow operating efficiencies. By separating traffic by category, into different routes, improvement in transit times will be realized. Utilization of the shorter routes will also reduce transit times.

The agreement between UP/SP and BN/ATSF concerning trackage rights and line sales will also increase and strengthen competition. For instance, the agreement provides BN/ATSF with new single-line service in the Seattle/California corridor, which will compete with the new single-line service of UP/SP in this corridor.

We have been concerned about the long term viability of the Southern Pacific Transportation Company, as it is apparent that the SP does not have the resources to stand alone against the combined Burlington Northern Santa Fe Corporation.

M.C.S., Inc. strongly supports the UP/SP merged system and trusts the ICC will approve their merger application without undue delays.
VERIFICATION

STATE OF TENNESSEE )
COUNTY OF SHELBY ) ss.

Ronald C. MacDonald, being first duly sworn, deposes and says
that he has read the foregoing document, knows the facts asserted therein, and that the
same are true as stated.

Ronald C. MacDonald

Subscribed and sworn to before me this 13th day

Notary Public

I am Tom Franconi and I am a part owner of Mazzei-Franconi Company. Our mailing address is P.O. Box 98, Edison, California 93220. Our telephone number is (805) 366-5721. Our facsimile number is (805) 366-0471.

I have been using rail transportation since 1958 when I worked for Mazzei Farms and shipped potatoes. In 1972, I partnered with Livio Mazzei and formed my current company, Mazzei-Franconi Co. We sell, market, and arrange transportation for King-Pak Farms, Inc. We originate shipments from Edison, California on the Southern Pacific to Stockton, California, where the shipments connect to the Union Pacific for transport to the East Coast and other destinations. In 1994, we shipped 61 carloads on the Southern Pacific.

We believe that the merger of Southern Pacific and Union Pacific will provide many improvements in our rail service, which will allow us to provide better service to our customers. We strongly support approval of the application that Union Pacific and Southern Pacific have filed for authority to merge.

The combination of Southern Pacific and Union Pacific has obvious implications for our rail movements. At the present time, we use Southern Pacific only to Stockton, then interchange with the Union Pacific for the transcontinental movement because of the better service we receive from Union Pacific. With the merger, we can use the combined UP/SP for the entire transcontinental shipment. In addition, UP/SP will be able to separate more intermodal and carload traffic, as well as realign traffic in the Ogden/Salt Lake City area to provide more efficient and easier transit through the Central Corridor. The improved availability of single railroad movements, using more efficient and shorter routes, will improve our carload service and reduce transit times. These are significant improvements that will be very beneficial to our business.

The combination of Union Pacific and Southern Pacific will also provide substantial benefits for our shipments in terms of improved supply of equipment for transportation. We will now have Union Pacific equipment available to us at our origin in Edison, rather than waiting for the interchange at Stockton. In addition, as the combined railroad runs faster unit trains between the West Coast and Midwestern interconnection points, it will be able to cycle its equipment more efficiently. UP/SP will not only have more than 5,200 refrigerated freight cars, but by moving them through the system faster, it will seem as if the fleet is much larger.
We support the merger because it is necessary in order to preserve service to Southern Pacific served shippers, and to preserve and maintain competition in the Western rail industry. Shipments on Southern Pacific through the Central Corridor inevitably get bogged down in Roseville and in the Armourdale Yard in Kansas City, and then delayed again in Chicago due to Southern Pacific’s inadequate facilities. Southern Pacific has had some tough times financially for the past few years, and that shows in the deterioration of its facilities and its service. It seems as if Southern Pacific has never recovered from the aborted merger with the Santa Fe.

If our rail service is to continue, Southern Pacific must be permitted to combine with financially solid Union Pacific. Union Pacific will be able to manage the routes better, and can invest in needed improvements. The merged UP/SP will provide viable competition to BN-Santa Fe, and to other modes of transport such as trucks. With the merger, we will be assured of having quality rail service that will be competitive with truck service, and will provide the type of service we require for King-Pak Farms.

I, Tom Franconi, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on October 18, 1995.

Tom Franconi
VERIFIED STATEMENT  
OF  
ELIZABETH L. DAWSON  
on behalf of  
MFP of OREGON INC.

My name is Elizabeth L. Dawson, I have been the Traffic Manager at MFP OF OREGON INC.- a Wholesale lumber company, since its formation 4 years ago. I have been in the transportation field for the past 13 years, handling similar jobs at several other lumber companies. MFP of OREGON, based in Lake Oswego, OR, is a subsidiary of Merritt Lumber Co., in Athol, ID. We handle an average of 2000 carloads of lumber a year. Our shipments originate in the Pacific Northwest- (CA, OR, WA, ID, MT, and CANADA), shipping to various points throughout the United States. Our biggest markets are in PHOENIX, AZ/SALT LAKE CITY/DENVER/NO. ARKANSAS/TEXAS/and ATLANTA, GA. We are in the business of buying and selling of softwoods.

I am writing in support of the Union Pacific and Southern Pacific merger. We trade primarily in carload quantities. We depend on having this traffic moving on railroads that can offer dependable service and competitive rates. With the financial health of the Southern Pacific a constant issue- we have experienced neither. We have customers, who due to the poor service, now refuse to buy wood originating on the 'SP'. This has pushed our business in other directions, limiting our sphere of purchasing. And with the current emphasis on "Just in Time" purchasing- it makes it next to impossible to even consider moving over the Southern Pacific. Additional time in transit, also increases the turn around time of inventory at destination, delaying further purchasing and the ability of our traders to offset market adjustments.

Attempts to work on being more competitive
have been futile in this environment—ironically, more competitive rates would give the 'SP' more revenue, but with the inability to handle the business, they already have, the 'SP' has been unwilling and probably cannot afford to look at rate adjustments—a CATCH 22, we hope will be resolved by a merger with the Union Pacific—a railroad, we think has a clear and well organized handle on their future and more importantly, the necessary capital to help the struggling Southern Pacific. We also believe that they will not pursue the same course of action now going on at the 'BNSF'—a chopping frenzy, resulting in a loss of experienced personnel, that is designed more to satisfy their shorter term constituencies—the shareholders, than the longer term constituencies—the shippers. The 'UP' has set a precedent with the 'CNW' merger that gives us hope they will take a different approach. The 'UP' increased their marketing staff, incorporating personnel from the 'CNW', making it less disruptive for our business. And the 'UP' has been taking a more market orientated approach to their business, which is in keeping with the current trends of our business.

The Southern Pacific has been struggling and hampered by financial problems. We feel that their survival depends on what the 'UP' can offer—the stabilizing support of a better organized and healthier rail system. Already, our customers and suppliers, especially those captive on the Southern Pacific, are looking forward with hope. And since the 'SP' is not in a financial position to be competitive, the potential loss of competition from a proposed merger, we feel is not an issue for our business.

We have hope and faith, that the efficiencies through track and other utilizations can be passed on in savings that will allow us to be more competitive in this global market. For this and the other reasons expressed, we support the 'UP/SP' merger.
I, ELIZABETH L. DAWSON, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on 11-09-95.

Elizabeth L. Dawson

STATE OF Oregon
COUNTY OF Clackamas

Misti D. Graham, being first duly sworn, deposes and says that he/she has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

__________________________________________________________
Subscribed and sworn to before me this qth day of November, 1995.

Misti D. Graham

My commission Expires: August 28, 1999

[Official Seal]
MISTI D. GRAHAM
NOTARY PUBLIC - OREGON
COMMISSION NO.048884
MY COMMISSION EXPIRES AUG. 28, 1999
My name is Allen P. Bebee. I am President and controlling shareholder of River Development Corporation d/b/a Mid-South Transload Company in Tennessee located at 1171 Channel Avenue, Presidents Island, Memphis, Tennessee 38113.

My business experience in transportation began May 1, 1994 when I was employed as a trainee by St. Louis Terminal Warehouse Company's subsidiary, St. Louis Terminal Distributing Company, later renamed St. Louis Terminals Corporation et al. St. Louis Terminals was a barge (marine) terminal operation controlling the main barge terminals at St. Louis, Granite City, IL, Memphis and Kansas City. I rose to the position of President in 1969.

Among the several companies we/I started was River Development Corporation at Memphis which was primarily formed to acquire additional land there to build and operate a carbon electrodes distribution facility for Union Carbide Corporation's Carbon Products Division. I acquired controlling stock in that company.

My main efforts and experience have always been in the selling, marketing and development of new business for these various companies. As such I have been in close working relationships with barge lines, trucking companies and railroads, gaining valuable and broad experience along the way.

In 1988 River Development Corporation had its long term (and successful) contract terminated by Union Carbide when it closed its electrodes plant in Puerto Rico, thus eliminating its need for our facilities and services.

As the facility at Memphis was ideally constructed and situated for the storage and distribution of lumber I sought to lease this facility to a major lumber company. We did so for some 15-18 months with Tricon Forest Products. During this period I became familiar with the lumber "reloading" business. Upon termination of the Tricon lease I then leased our facility to a local (Memphis) "reloader". This relationship lasted some 17 months until we terminated their lease because of severe damage(s) to our building and trackage.

With experience gained to that point we/I decided to directly enter the lumber "reloading" business ourselves. The name was changed locally to Mid-South Transload to more accurately show and promote the services we were offering.

Mid-South Transload leases its underlying land from the Memphis & Shelby County Port Commission on Lot 2, Presidents Island, Memphis. This location is unusual in that...
it is provided with a reciprocal switching agreement; thus we are served jointly by
the Illinois Central, the Burlington Northern, the Union Pacific and the Southern
Pacific Railroads. The Illinois Central provides the actual switching services for
both itself and the other three rail carriers.

The primary activity of our company is to receive full carloads of lumber to be un-
loaded by us, placed into controlled inventory storage (both inside our 98,000 s.f
of building space and on paved or stabilized outside areas). Upon proper (FAX con-
formed) instructions the lumber is loaded onto flatbed trucks for delivery to local
distribution points and well beyond (up to 1000 miles). A very small amount (per-
haps 1%) of lumber will come in by truck or piggyback van for filling out certain
inventory deficiencies.

A collateral activity is the receipt of regionally produced lumber by trucks for
accumulation and subsequent reload to rail cars for outbound movement.

Additionally we handle a limited amount of other commodities, including aluminum
and steel, wallboard and insulation board, etc. which primarily arrives by rail
for distribution to regional manufacturers and distributors.

We understand that the Union Pacific and Southern Pacific Railroads are requesting
permission to merge. This means that we will lose one of our competing carriers
at our Memphis facility. Nonetheless we are not concerned about a reduction in com-
petition. We will continue to receive service from three carriers, including what
will be the two largest and most powerful systems in the West (BNSF and the newly
merged UP/SP). Furthermore we believe the added benifits of the merger, and the
increase in competitiveness for both the UP and SP, will more than make up for the
loss of a separate carrier option. A counter-balance to the newly approved combi-
nation of the Burlington Northern and the Atchison, Topeka and Santa Fe is needed
in the West, and this proposed merger will provide it. Thus, although the merger
means one less carrier serving our Memphis facility we strongly support the propos­
ed merger and believe it will result in more competition, not less, for the follow­
ing reasons:

1. The financial and operational strength of the Union Pacific should certainly im-
prove service to our customers dependent upon the Southern Pacific for their move­
ments to our facility. Transit time should greatly improve.

2. Single line service from the west coast and the Pacific northwest (from where we
receive the majority of our inbound business) should not only improve but also make
car tracing and other information easier/faster to receive.

3. Our competitive position (and that of many of our customers/shippers) should be
greatly improved in that while the majority of our inbound traffic comes in by the
Burlington Northern - Santa Fe this new combination (BNSF) is actually a major
competitor of ours in that they offer what appears to be a subsidized (below market
value) BNSF owned facility to a major competitor of ours in Memphis. Additionally
the BNSF has the preponderance of local lumber wholesalers/yards on their track/e
in the Memphis area — and we strongly suspect that the various contract rates the
BNSF offers our local competitors are below what they provide to shippers coming
through our facility. The merger of the UP and SP should allow us and our shipper
customers more economies and thus rate competition, or at least rate parity.

4. Better equipment utilization should also be possible, meaning better and faster
service for our shippers/customers. Also, as noted above, equipment tracing should
greatly improve.
5. We hope that with the merger of the sales and marketing staffs of the UP and SP we would gain better coordinated assistance and cooperation from this newly energized combination staff to assist us in developing our own distribution business. It should be competitively better for all of us.

6. We have received excellent cooperation from the SP but their service capabilities have at times been disappointing. The merger should develop great improvement.

In conclusion we believe this proposed merger of the Union Pacific and the Southern Pacific Railroads will provide important benefits to both our shipper customers and ourselves for the many reasons provided above.

We strongly support this application for merger by the Union Pacific and the Southern Pacific Railroads and we urge that 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, et. al. be favorably reviewed and accomplished at the earliest possible moment allowable.

Respectfully submitted by

Allen P. Bebee, President
Mid-South Transload Company
River Development Corporation

I, Allen P. Bebee, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement being executed on November 10, 1995.

Allen P. Bebee, President

Subscribed and sworn to before me this /C th/ day of November, 1995

Notary Public

My Commission Expires:

DAWN M. RENWICK
NOTARY PUBLIC, STATE OF MISSOURI
MY COMMISSION EXPIRES 2/26/97
JEFFERSON COUNTY
My name is Floyd Wilson. I am Vice President for Sales for Mid-State Construction Company. I have been with Mid-State Construction for 20 years, and have held every position from purchasing agent to sales manager. Currently, I am responsible for all crushed stone and asphalt material sales. In addition, I arrange transportation for shipments to our customers, including all contract negotiations for transportation rates and services. I am writing this statement on behalf of Mid-State Construction to urge the ICC to approve the Union Pacific/Southern Pacific merger.

Mid-State Construction is headquartered in Jones Mill, Arkansas. A major segment of our business is supplying asphalt material and crushed stone. We also contract asphalt paving and road and street construction. From our UP-served quarry at Little Rock, Arkansas, we send crushed stone to Monroe, Shreveport, and Alexandria, Louisiana. Crushed stone originates at our Jones Mill facility on the AKMD for shipment to Alexandria and Natchitoches, Louisiana via UP. During 1995, we will spend approximately $4.5 million on rail transportation.

The UP/SP merged system will offer important benefits for our crushed stone shipments into Louisiana, including valuable new single-line service. The most direct route between Little Rock and Shreveport utilizes both UP and SP lines. Today, a two-line haul on this movement in not feasible because the intense competition and low mark-up on stone would make it cost-prohibitive.
The UP/SP system will be able to use the shortest combination of UP's and SP's lines, decreasing our transit times into Shreveport. The availability of alternate routings will alleviate congestion in this lane, speeding transport. In addition, access to more points on a single-line basis will mean more competitive rates, allowing us to penetrate new markets for our stone.

We also expect to see competitive benefits as a result of new service between Little Rock and Shreveport provided by the BN/Santa Fe. BN/SF, UP, and SP have entered into an agreement giving BN/SF trackage rights in a number of corridors, including this Arkansas and Louisiana route. Although BN/SF will not serve our Little Rock facility directly, the BN/SF's presence in the marketplace will provide important competition for UP/SP. It could also provide us with an alternate rail option through the use of a transload.

A UP/SP merger will give us access to more comprehensive rail coverage in Arkansas and Louisiana. This is particularly important in the construction industry, where delivery must be close to construction sites. Moreover, the merger will allow us to be more competitive with stone shipments that move into the Louisiana marketplace by barge.

The availability of an accessible, specialized supply of equipment is one of our primary concerns. UP/SP as a unit will have a larger pool of gondolas to meet peak demands than either rail carrier alone has today. The merged system will also be able to take advantage of the operating efficiencies offered by an extensive route structure that permits movements over alternate lines.
Utilizing backhaul and triangulation opportunities will allow UP/SP to reposition gondola cars more effectively, ensuring an improved supply during peak seasons. The merged system will also have a larger fleet of locomotives on which to draw for busy periods.

The UP/SP merger will provide a number of benefits, particularly for our crushed stone business. We wholeheartedly support the application.

VERIFICATION

I, Floyd Wilson, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on October 31, 1995.

[Signature]
Floyd E. Wilson

I hereby certify that the above is true signature of Floyd E. Wilson, to me well known.

Signed this 31st day of October, 1995

[Signature]
Notary Public

Comm. Expires 2-13-2000
BEFORE THE
INTERSTATE COMMERCE COMMISSION

FINANCE DOCKET NO. 32760

UNION PACIFIC RAILROAD COMPANY
CONTROL AND MERGER
SOUTHERN PACIFIC TRANSPORTATION COMPANY

VERIFIED STATEMENT
OF
Kent L. Peacock
on behalf of
Millard Refrigerated Services, Inc.

My name is Kent Peacock and I am the Director of Transportation and Logistics for Millard Refrigerated Services. Our address is 4715 South 132nd Street, Omaha, Nebraska 68137. My telephone number is (402) 896-6600. My fax number is (402) 896-6700. I have been employed by Millard for 3 years, all in my current capacity. Overall, I have been in transportation related roles for almost 10 years and am qualified and authorized to make this statement. I am currently exposed to multiple facets of rail and truck issues including freight rates, equipment quality and supply, and service.

Millard provides refrigerated warehousing and transportation services to the temperature controlled food industry and is involved in the rail movements of cheese, frozen poultry and beef, etc. throughout the U.S. for both domestic consumption and export. A competitively priced high quality service product and equipment supply are the most critical components of rail business to my firm and my clients. The railroads have played an important role in the transportation of our business.

Millard Refrigerated Services supports the proposed merger between the Southern Pacific and the Union Pacific rail systems as a way to realize improvements in service, better asset utilization, a larger pool of mechanical reefer cars, and quicker turn times, which should all translate into a more competitive service. We are supportive also of the accord reached between the UP and the BN to
resolve 2:1 competitive concern that would have otherwise resulted from UP/SP merger. Under this proposed plan we can look forward to having at least two aggressive rail competitors in much of the west.

Of the numerous potential benefits that we see coming out of this merger, the opportunity to gain direct, single-line rail service for our citrus concentrates movements out of our UP closed facility in McAllen, Texas to SP served markets in California as well as for our frozen foods movements from the Pacific Northwest into our new UP closed freezer warehouse in Mira Loma, California.

In conclusion I strongly request that this merger be approved by the Interstate Commerce Commission or its successor as soon as possible.

I, Kent Peacock, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Executed on November 10, 1995.

[Signature]

Kent L. Peacock
Director of Transportation and Logistics
Millard Refrigerated Services, Inc.
My name is Brent Evans. I am the Controller and General Administrative Manager for Miller Brands, Inc. My company is located at 6030 So. 196th Street, Kent, WA. 98032. As controller, I have broad responsibilities within my company.

Miller Brands, Inc. distributes beer locally. Our facility is located in Kent, Washington. We receive beer inbound from Los Angeles by rail.

I am aware that Union Pacific and Southern Pacific will be seeking authority from the ICC to merge. We support them.

We are excited at the prospect of the merger creating new single line service from Los Angeles to our plant in Kent, Washington. Single line service should lead to a reduction in transit times because of the lack of intermediate handling. In addition, we understand that Union Pacific intends to upgrade and expand SP yards, such as Roseville and Eugene, in order to reduce congestion. They are also expected to increase their pre-blocking of traffic in order to expedite shipments. The result will be improved transit times and more cost effective rail service.

We also expect the merger to help solve our long running problems with Southern Pacific's lack of adequate rail cars. With the merger, UP's and SP's car fleets would be combined, helping to alleviate this problem. The various operational improvements that would be made should also help to reduce car turn-around time and make more rail cars available for our shipments. With an adequate supply of rail cars, our company will be able to plan its shipments more effectively and reduce costs.

Finally, we support this merger because we feel it is important that there be strong competition for our transportation business. Southern Pacific simply does not have the financial resources necessary to make capital investments in equipment and in improving customer service. They will not be able to compete effectively with BN/Santa Fe. We believe the UP/SP will be a financially viable carrier which will be able to compete effectively with the newly merged BN/Santa Fe and, as a result, we expect to see lower rates and improved service.
We enthusiastically support the merger of Union Pacific and Southern Pacific.

I, S. Brent Evans, declare under penalty of perjury, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Executed on October 27, 1995.

[Signature]

S. BRENT EVANS
BEFORE THE
INTERSTATE COMMERCE COMMISSION

FINANCE DOCKET NO. 32760 (8/4/95)

Union Pacific Railroad Company - Control and Merger
Southern Pacific Lines

Verified Statement of
Minnesota Mining & Manufacturing Co., Inc. (3M)

Submitted by:
Roger W. Wigen
Manager, Transportation
Policy and Industry Affairs
3M
3M Center, Building 225-5N-07
St. Paul, MN 55144-1000

September 22, 1995
I. **Identification of Witness:**

My name is Roger W. Wigen. I have been employed by 3M for 31 years, currently as Manager, Transportation Policy and Industry Affairs. My business address is 3M Center, Building 225-5N-07, St. Paul, MN 55144-1000.

I am authorized to submit testimony on behalf of 3M.

II. **General Description of Company**

3M is a highly diversified manufacturer of over fifty (50) different product lines and more than 60,000 individual product items. Some of the markets we serve include:

- Communication Arts
- Construction and Maintenance
- Consumer
- Electronics
- Health Care
- Industrial Production
- Office Training and Business
- Safety and Security
- Transportation Equipment
- Manufacturing and Maintenance
- Voice, Video and Data Communications

In 1993, 3M had worldwide sales of over $14 billion and employed over 48,000 in 38 United States states.

III. **Position of 3M**

It is our understanding that Union Pacific Railroad Company (UP) and Southern Pacific Lines (SP) have proposed merger of the two rail systems, and the joint application for approval from the Interstate Commerce Commission.

3M supports the proposed merger and expedited handling under new procedures under Ex Parte No. 282 (Sub 19) served January 26, 1995.

IV. **Justification for Support**

A general overview of the current separate and proposed merged systems indicates that the combination would provide a new seamless railroad service between the Midwest and Southwest on one hand and the Pacific Northwest/Southwest on the other hand without unduly penalizing competitive access.

In our opinion the proposed combined system will enable the continuance and development of the separate strengths of each applicant. And, the combination should provide the potential for more efficient utilization of equipment, plan and personnel resulting in improved availability of equipment and broader service for users.
We have had some difficulty obtaining competitive rail service at our Little Rock, Ark. roofing granule plant. The reciprocal switching arrangement has simply not been adequate.

We have been assured by the UP - Southern Pacific Rail System officials that our Little Rock Plant would continue to be served by the proposed system and/or through reciprocal switching agreements with a new carrier gaining access to Little Rock, AR.

V. Conclusion and Recommendation

Our growth has been very dependent on suitable carload and TOFC/COFC service provided by competitive and financially sound rail carriers. Both the UP and SP have played significant roles in our ability to obtain adequate raw materials and supplies for manufacture and the outbound distribution of our products to United States and foreign customers.

From our viewpoint, the merger of UP and SP rail systems should have a positive impact on the proponents and users.

Again, 3M urges speedy approval of the application as requested by the applicants and authorized by Ex Parte No. 282 (Sub No. 19).

Roger W. Wigen
Manager, Transportation Policy & Industry Affairs

September 22, 1995
VERIFICATION

STATE OF MINNESOTA )
COUNTY OF WASHINGTON) ) SS

ROGER W. WIGEN, BEING FIRST DULY SWORN, DEPOSES AND SAYS
THAT HE HAS READ THE FOREGOING STATEMENT, KNOWS THE FACTS
ASSERTED THEREIN, AND THAT THE SAME ARE TRUE AS STATED.

SUBSCRIBED AND SWORN TO
BEFORE ME THIS ___ DAY
OF ___, 1995.

NOTARY PUBLIC

DAWN B. HOSSRAWSER
NOTARY PUBLIC - MINNESOTA
WASHINGTON COUNTY
October 26, 1995

The Honorable Vernon A. Williams
Secretary
Interstate Commerce Commission
Twelfth Street and Constitution Avenue, N.W.
Room 2215
Washington, D.C. 20423

Re: Finance Docket No. 32760, Union Pacific Corporation, et al
Control & Merger - Southern Pacific Rail Corporation, et al

Dear Mr. Williams:

Moore Development For Big Spring, Inc. is a not for profit corporation funded by state sales tax. Our purpose is to promote economic development for Big Spring, Texas. Moore Development supports the proposed merger of the Union Pacific and Southern Pacific railroads, now before the Interstate Commerce Commission.

We believe the Union Pacific-Southern Pacific merger will produce important economic benefits for the citizens and businesses of Big Spring and Howard County, Texas. This merger should help us attract more industries to our region as it will provide faster and more cost effective rail service, improved service to many destinations, and stronger rail competition in Texas.

We are particularly interested in the fact that our local business will benefit from significant service improvements resulting from this merger. In particular, shippers served by Union Pacific will have access to new single-line service across Southern Pacific’s Southern Corridor to California. This new single-line route will give them highly efficient service to California, gateways to Western Mexico, and markets in Arizona and New Mexico.
Moreover, Union Pacific and Southern Pacific have announced plans to upgrade the lines between Fort Worth and southern California.

Transportation is very important to Big Spring as we are in the process of proving to distribution companies that we are the ideal location for distribution. The new single-line service to other locations served by Southern Pacific, including points in Louisiana, Arkansas, Colorado, Utah and Oregon may be the determining factor for a company to locate in Big Spring. Traffic moving north to Memphis, St. Louis and Chicago and for connections to the Northeast, should also enjoy improved service, due to the ability to coordinate terminals, use alternative routes, and build run-through trains that can avoid terminal delay. In addition, I understand that Union Pacific-Southern Pacific plans to add new service between Fort Worth and Denver following the merger.

Shippers should also benefit from better equipment supply after the merger. The merged Union Pacific-Southern Pacific will be able to reposition equipment more efficiently, thus offering greater equipment availability to shippers. In addition, yard consolidation will create new storage-in-transit opportunities.

As one of Moore Development’s main objectives is job creation for Big Spring citizens, the improvements described above should lead to increase in traffic and greater employment opportunities for rail workers. I expect that the improved service will also help to stimulate service growth in Big Spring.

The Union Pacific-Southern Pacific merger should also strengthen rail competition in the region. Currently, the only efficient way to move goods from West Texas to California is along Burlington Northern-Santa Fe’s Southern Corridor route. Southern Pacific’s competing route has been plagued by capacity constraints and service problems. The merger between Union Pacific and Southern Pacific would create a railroad that could offer strong competition to Burlington Northern-Santa Fe along this important route. Competition should also increase for traffic moving to the east and south as a result of new operating rights Burlington Northern-Santa Fe will receive in East Texas and Louisiana and access it will receive to certain Mexican gateways.

More generally, the recent merger of the Burlington Northern and Santa Fe railroads created a large and efficient route system, with unmatched assets. Other railroads are not large enough to provide real competition to the Burlington Northern-Santa Fe. However, Union Pacific and Southern Pacific together would be large enough and efficient enough to provide effective competition. The Union Pacific-Southern Pacific merger is needed to
maintain and strengthen competition and to give our Union Pacific served shippers the ability to compete successfully with businesses served by the Burlington Northern-Santa Fe.

In conclusion, Moore Development believes that this merger will improve rail service in West Texas and that it will strengthen rail competition, all to the economic benefit of Big Spring and Howard County, Texas and its businesses. Moore Development For Big Spring, Inc. strongly supports this merger.

Sincerely,

Scott McLaughlin
VERIFIED STATEMENT
of
HAL CRAMER
on behalf of
MOUNTAIN RIVER PRODUCE

My name is Hal Cramer, and I am the Sales Manager for Mountain River Produce, P.O. Box 51217, Idaho Falls, ID 83405. I am writing in support of the merger of the Union Pacific and the Southern Pacific.

Mountain River is a packer and shipper of potatoes located on the Eastern Idaho Railroad line at Ririe, Idaho. We use Union Pacific to ship potatoes to Chicago, St. Louis, or Kansas City for connections to markets in Michigan, Ohio, and Florida. We also transport some potatoes to Los Angeles via Union Pacific, but we usually ship there by truck. We had revenues of over $225,000 in 1994 and are anticipating increases of more than 30% for 1995.

I have been in the transportation business for 32 years, during which I have worked as a warehouse foreman and a general manager. In my current position as Sales Manager, I have marketing duties and am responsible for making traffic decisions to ensure a steady flow of our products to end markets.

The main benefit of the merger of the Union Pacific and the Southern Pacific for Mountain River will be improved access to railcars. We have had problems with equipment shortages in the past, and I believe the merger will alleviate these problems. The combined railroad will be able to reposition its equipment more efficiently, taking advantage of backhaul and triangulation opportunities. In addition, seasonal variations between products handled by the Union Pacific and Southern Pacific should result in greater equipment availability. Overall improvements in service, which should reduce transit times on a number of routes, should also lead to greater equipment availability.

We should benefit further from reduced transit times for our shipments to Chicago, Kansas City, and St. Louis along Union Pacific’s Central Corridor. Due to route specialization, east-west intermodal traffic will run on Southern Pacific’s Tucumcari and Southern Corridor routes. This should lead to greater capacity on the Central Corridor route and better service.
Transit times to Los Angeles may also be improved due to reduced congestion in the Salt Lake City area, which should result from the merger. Better equipment supply and decreased transit times may lead us to switch from truck to rail for our shipment to Los Angeles.

Overall, I believe that the proposed merger of the Union Pacific and Southern Pacific will improve Mountain River's rail service. I urge the ICC to approve the merger.

VERIFICATION

I, Hal Cramer, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.
Executed on October 27, 1995.

[Signature]
Robert W. Oringdulph is Vice President of Sales and Marketing for Mountain West Products. The address is 4212 South Highway 191, Rexburg, Idaho 83440. Mr. Oringdulph is responsible for all sales. He has been involved in the rail shipment of volcanic stone for 18 years and is President of the Southern San Luis Valley Railroad. Which is a shortline that connects with the S.P., but the shortline is not currently operating.

Mountain West Products ship volcanic stone, decorative bark, and mulches. The heaviest shipping season is from March to July. The type of equipment used are open top hoppers and are shipped from Parker, Idaho; Shoshone, Idaho; and Talmage, Idaho. The volume is 120 cars which go to Michigan. We also ship from Superior, Montana, which is on the BN, but delivery is on the UP in Denver, Colorado. We ship 50 chip cars in Montana, but we feel with the merging of the two railroads we could expand our business in California. We are also investigating shipping railcars of mulch from our Piedmont, South Dakota plant to Denver. This plant has access to a siding on the CNW, but we have not established volumes.

We believe that the proposed merger would be in our companies best interest as well as the interest of other shippers. We heartily endorse the UP/SP application.

Specifically, this will benefit us, by improved service i.e. railcars. Also, as we look to expand our markets in California, the SP has attractive destinations that we would like to move product into.

Again we feel this is a positive move for Mountain West Products as a shipper and fully support the UP/SP application.

I, Robert W. Oringdulph, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Executed on Oct 16, 1997

[Signature]
October 27, 1995

VERIFIED STATEMENT
OF
MICHAEL J. BUTCHERT
ON BEHALF OF MURPHY WAREHOUSE COMPANY

Michael J. Butchert is Senior Vice President-Sales of Murphy Warehouse Company, 701 - 24th Avenue SE, Minneapolis, MN 55414. My 15 year tenure at Murphy has included responsibilities in finance/administration, operations and currently sales and marketing functions. I have prior experience as the controller of a construction equipment company and 7 years as a CPA with a Big Six accounting firm.

Murphy Warehouse Company is a public warehouse company and operates 450,000 square feet of warehouse facilities serviced by the Union Pacific Railroad Company. Murphy is a general merchandise warehouse company with an emphasis in the areas of food, tobacco, liquor, packaging materials and paper and forest products. During the early eighties after de-regulation of truck transportation, a significant drop was noted in our rail in-bound traffic. Within the last three years, there has been increased interest in the movement via rail by our customers to our facilities. Origins of traffic vary from areas of the southeast, Texas, Mexico, California, and the northwest. Outbound rail activity from our facilities include California and eastward movements from Chicago.

We understand the Union Pacific Railroad and Southern Pacific are requesting authority to merge their operations. We strongly support this merger as a means of improving service and providing competition via rail to our marketplace. As a public warehouse, we provide the conduit between the major modes of transportation. We see the marketing capabilities of the railroad and ourselves as complementary, allowing an increased movement of freight via rail in competition with truck movements.

Approval of the merger of Union Pacific and Southern Pacific will improve service significantly to areas in California that have had service failures in the past. In addition, the merger would provide competition in a lane that is now served by the BN/Santa Fe— the Chicago Transcontinental lane. Competition between UP/SP and BN/SF will provide the service and cost competitiveness required by the marketplace. Additionally, the rail movement of freight in the United States provides a more environmentally sound mode of transportation than truck movement.
VERIFICATION

I, Michael J. Butchert, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on October 27, 1995.

MURPHY WAREHOUSE COMPANY

Michael J. Butchert
Senior Vice President
BEFORE THE INTERSTATE COMMERCE COMMISSION

IN THE MATTER OF
} UNION PACIFIC CORPORATION,
THE APPLICATION OF
} UNION PACIFIC RAILROAD COMPANY
FINANCE DOCKET NO.
} AND MISSOURI PACIFIC RAILROAD
32760
} COMPANY - CONTROL AND MERGER -
} SOUTHERN PACIFIC RAIL CORPORATION
} SOUTHERN PACIFIC COMPANY, ET AL.

VERIFIED STATEMENT OF JOSEPH C. NASO
MANAGER OF TRANSPORTATION
NALCO CHEMICAL COMPANY
IN SUPPORT OF THIS MERGER.

NALCO CHEMICAL COMPANY
ONE NALCO CENTER
NAPERVILLE, ILLINOIS 60566

SEPTEMBER 8, 1995
My name is Joseph C. Naso and I am Manager of Transportation for Nalco Chemical Company located at One Nalco Center, Naperville, Illinois 60563-1198. I am authorized to represent Nalco in supporting this application and have been with the Company for over 25 years in various transportation management functions. I am responsible for overseeing the transportation movements, including rail movements for the Company, from and to, various Nalco shipping locations throughout the country.

Nalco is an international producer of specialty chemicals and services used in water treatment, waste treatment, pollution control, papermaking, petroleum production and refining, metal working, mining, mineral processes, and other industrial processes.

Nalco operates a number of plants and an extensive warehouse network in the United States, as well as plant locations throughout the world. Sales volume in 1994 was $1.346 billion dollars. Nalco paid approximately $60 million dollars in freight charges in 1994.

It is our understanding that the Union Pacific (UP) and Southern Pacific (SP) have filed a request seeking authority to merge. We strongly support this merger for reasons of service improvements and strengthening competition on transcontinental traffic. This merger would represent an excellent counterbalance to the BN/ATSF merger which establishes one huge western railroad. The linking of the UP/SP systems will meet this competitive challenge which is sorely required.
Nalco Chemical Company maintains rail shipping locations on the Union Pacific and western receiving locations on the Southern Pacific. As a shipper/receiver, we view this merger as a means of ensuring quality single-line rail service from a financially sound carrier with access to our shipping and receiving locations.

The UP/SP will be in a position to offer faster and more reliable intermodal service in key corridors such as Chicago and Houston to California and the Pacific Northwest. This will provide service improvements on our intermodal traffic from Chicago to California and the Pacific Northwest as well as from Houston to the Pacific Northwest on traffic destined to Alaska. Additionally, traffic moving intermodally in ISO bulk containers originating at our Gulf locations would enjoy direct line service to the west coast. Also, on the same type of traffic to Mexico the UP/SP will be able to provide single line service to all major Mexican border crossings via shorter, more efficient routings. The combined railroad will be in a position to offer more expedited pre-blocked and pre-cleared trains to interior points in Mexico.

As an SP customer we have long been concerned about SP’s service and continued viability. This merger will establish a financially strong system capable of making the necessary capital investments for equipment and upgrading of infrastructure. We, therefore, believe that the proposed merger will provide significant benefits to shippers and the nation’s rail industry in general, consequently, we offer our support of this merger.

I, Joseph C. Naso, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on September 8, 1995.

Joseph C. Naso
Manager of Transportation
STATE OF ILLINOIS  
COUNTY OF DUPAGE  

Joseph C. Naso, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

Joseph C. Naso  
Manager of Transportation

Subscribed and sworn to me before this 8th day of September, 1995.

Pamela Berns  
Notary Public

My Commission Expires: 11/4/96
VERIFIED STATEMENT
of
NICHOLAS J. SANSERVINO
on behalf of
NATIONAL INTERMODAL SERVICES

Interstate Commerce Commission
Finance Docket No. 3270

Union Pacific Railroad, et al. -Control Merger-Southern Pacific Rail corp. et al.

My name is Nicholas J. Sanservino. I am the President of National Intermodal Services, located at 150 River Road, Suite M3, Montville, NJ 07045. I have had 25 years of experience in the transportation industry. I was the Director of Intermodal for Transamerica between 1982 and 1986 and Vice-President in charge of sales for Metro Shippers, Inc. for five years before that. In my current position as President of National Intermodal, I am responsible for the overall operations of the company.

National Intermodal is an intermodal carrier with 4000 TOFC and COFC shipments annually between the Northeast and the West Coast. An important source of our container traffic is our ISO reload program with Mitsui, where by containers coming from Asia to West Coast ports (Los Angeles, Oakland, Seattle, Tacoma) are shipped by rail through Chicago to the New York metropolitan area, emptied, and filled with freight for the return journey to the West Coast, again through Chicago. We use both conventional and double-stack for these shipments. We use a number of different railroads in the West, including Union Pacific, Southern Pacific, and Burlington Northern/Santa Fe; our traffic in the East is carried mostly by Conrail and CSX.

National Intermodal is strongly in favor of the proposed merger of the UP and the SP. The merger will significantly improve east-west intermodal service on UP and SP and create an equally matched competitor to BN/Santa Fe for intermodal traffic between Chicago and the West Coast.
The UP/SP will offer new third-morning service between Oakland and Chicago and more reliable third-morning service between Los Angeles and Chicago. Placing Los Angeles-bound intermodal traffic on UP's Tucumcari and Southern Corridor routes and concentrating slower manifest traffic on UP's Overland route will speed traffic between Chicago and California. The ability to run more frequent trains will enable the UP/SP to build more run-through trains, which will improve the speed and reliability of shipments and ease terminal congestion. Terminal congestion will be further eased by coordinating the operations of the UP and SP terminals in Chicago and Los Angeles.

We also expect that the merger will result in greater equipment availability. New single-line service on the I-5 Corridor between Seattle and Southern California will greatly enhance the ability of UP/SP to reposition equipment between West Coast ports. More generally, the increased opportunities for triangulation and backhaul will increase equipment availability to intermodal companies like National Intermodal.

The merger will create a railroad that has the ability to compete on an equal basis with BN/Santa Fe, which is the clear leader in the east-west intermodal traffic today. The improved UP/SP intermodal service between California and Chicago will challenge BN/Santa Fe to maintain and improve its service and will give us a competitive option for our business.

The proposed merger will allow the SP to remain competitive in the rail industry. SP customers have been concerned about service problems and the financial position of the railroad. The merger will bring needed investment to SP lines, such as improvements to SP's line through the Donner Pass that will create double-stack capability on the route, and will assure SP customers of quality service from a healthy railroad.

The merger of the UP and the SP will improve intermodal service and create a railroad with the assets needed to be a strong competitor with the BN/Santa Fe. On behalf of National Intermodal Service, I urge you to approve this merger.

I, Nicholas J. Sanservino, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on October 31, 1995.

Nicholas J. Sanservino
President

NJS/jac
October 11, 1995

VERIFIED STATEMENT
OF
LELAND S. BRAKE
ON BEHALF OF
NAVAJO WESTERN ASPHALT COMPANY

To Whom It May Concern:


I am the Chief Operating Officer for Navajo Western Asphalt Company, a subsidiary of Navajo Refining, located in Phoenix, Arizona. I presently lease approximately 200 rail cars for shipping hot liquid asphalt from our two refineries in Artesia, New Mexico, and Lovington, New Mexico, as well as other refineries located on the West Coast, the Midwest and Montana regions.

I currently ship approximately 200,000 tons of hot liquid asphalt from these refineries by rail car to our storage terminal located in Phoenix, Arizona, and in Tucson, Arizona. I have been shipping rail cars of asphalt since the late 1960’s and have had the opportunity to work with both the Union Pacific (UP) and Southern Pacific (SP) as well as several other railroads over the last 25 years.

My company brings in 90-ton rail cars of hot liquid asphalt where we unload for storage and then ship by truck and trailer throughout the State of Arizona. These shipments are made to aggregate plants where our asphalt is mixed with sand, rock and gravel to make asphaltic concrete for road surfacing.
Our facility in Phoenix is served by the Santa Fe Railroad and the facility in Tucson is served by the SP Railroad. Many of our suppliers are either on the UP or SP railroad so we are greatly affected by the operations of both the UP and SP. Our product comes in insulated rail cars in order to maintain heat. If there are delays in rail shipments or any delay between the shipping point and our location, the asphalt cools from a liquid to a solid and becomes very difficult and expensive to re-heat to a liquid state so we can remove it from the tank cars. Hence, rail service is a major cost and concern to our operation.

My company and I support the merger of the UP and SP very strongly. We have had hundreds of thousands of dollars in additional costs as a result of service problems on the SP railroad in the past three years. It became necessary for us to move from a plant location serviced by the SP to another location in Phoenix being served by the Santa Fe railroad in order to remain competitive in our industry and give the service that our customers expect from us.

Unfortunately, the situation is not the same in Tucson where we have no alternative but to remain on SP tracks. It has been my experience working with the SP personnel that they are bright, hard working, energetic people who are simply not able to maintain the railroad they operate to the standards they themselves would like to be able to achieve. The frustration I have felt with these poor individuals who are responsible for maintaining this railroad is genuine. I know they would like to fix the problems if they had the equipment and finances available. It is obvious they do not have this because their railroad would not be in the shape it is in presently.

It is evident to me that the SP does not have the finances to make these repairs and I am under the impression if this merger is approved, the UP will do an excellent job as they have on their railroad. Those of us in Arizona desperately need the finances and expertise
of the Union Pacific in order to bring the Southern Pacific up to UP standards. Without this possibility, I am afraid my business and many others will be in serious jeopardy if things continue as they are.

Sincerely,

[Leland S. Brake]

VERIFICATION

STATE OF ARIZONA) ss.
COUNTY OF MARICOPA ) ss.

LELAND S. BRAKE, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

[Leland S. Brake]

Subscribed and sworn to before me this 23 day of October, 1995.

[Notary Public]
Verified Statement
of
Dale R. Overmann
of
Newport Steel Corporation

I am Dale Overmann, Manager of Traffic with Newport Steel Corporation, P.O. Box 1670, Ninth & Lowell Streets, Newport, Kentucky, 41072. I have been in this position with Newport Steel since 1981. My responsibilities are primarily coordinating both inbound and outbound materials shipments.

Newport Steel is a manufacturer of welded tubular steel products. The Newport, Ky. location has been in business under a number of predecessor names for over 100 years producing pipe and casing for the oil and gas industries.

Under parent NS Group, in addition to Newport Steel, are Erlanger Tubular, a Catoosa, Ok. process plant where pipe is heat treated and threaded. A third subsidiary is Koppel Steel at Ambridge, Pa. This mill manufactures seamless steel pipe.

Newport Steel Corporation is located on the CSXT Railroad. We are able to benefit by competition among three modes: barge, rail and truck. Transportation costs are lowest via barge and highest via truck. Service levels, i.e. transit times, are lowest via barge and highest via truck. Although we have shipped our products to each of the contiguous 48 states, our largest repetitive market currently is the Houston area where our product moves via both barge and rail. The cost to move rail is currently $5.00 per ton higher than barge, a reasonable premium when lead times do not enable us to ship barge. Annually, our transportation budget is $3 million, of which approximately one-third is for rail shipments.

Our rail routing to Houston is CSXT-Memphis-SSW-SP. Service is quite acceptable once the train departs Cincinnati and until it arrives Houston. Yard delays are common at both origin and destination, the result of congestion due to not enough power and too much business. This has been common in the three years from the start of our rail contract. Despite locomotive purchases and train scheduling, SP and CSXT have not overcome delays seemingly with yard handling of our cars.
The Union Pacific Rail has applied, per Finance Docket Number 32760, to merge with the Southern Pacific Railroad. In light of the recent Burlington Northern/Santa Fe merger, and the apparent inability of the Southern Pacific to compete effectively with BN/ATSF and UP, it appears the combination of UP and SP would be necessary to form a worthy adversary for the BN/Santa Fe. Newport Steel would benefit by a more efficient rail carrier, particularly where terminal improvements are needed. SP has not had the cash flow to make the improvements necessary to become a service focused rail carrier.

Newport Steel is in favor of the merger of Southern Pacific and Union Pacific and we ask that the Interstate Commerce Commission approve the application.

I, Dale R. Overmann, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on October 11, 1995.

Dale R. Overmann
October 4, 1995

VERIFIED STATEMENT
OF

CHRIS STEVENS

on behalf of
NGL SUPPLY CO. LTD.

My name is Chris Stevens and I am the Operations Manager for NGL Supply Co. Ltd. located at 1420, 540 - 5th Avenue S.W. Calgary, Alberta, Canada T2P 0M2. I have been in this position for one and a half years and prior to that I was the Transportation Coordinator of Enron Gas Liquids Canada Ltd., for three and half years. NGL Supply Co. Ltd. is a Marketer of propane and butane in Canada and the United States.

I am responsible for the transportation and negotiation of freight rates on our tank cars of propane and butane. We have approximately 450 tank cars in our private fleet and ship over 4,000 carloads of propane and butane annually. We ship from most of the refineries and gas plants in Alberta and Ontario to points in Canada, the Midwest, Pacific Northwest and California. We utilize the CN, CP, UP, SP, ATSF and BN railroads plus the Cochin Pipeline.

NGL Supply Co. Ltd. strongly supports the proposed merger of the Union Pacific and Southern Pacific Railroads. It is our view that the cost of transportation is reduced when the number of carriers involved in a route is reduced as there are economies of scale to having single line service or reducing the number of carriers involved in a route. If this merger is approved we should be in a better position to ship propane and butane into California via CP-Eastport-UP, whereas, today we are frequently not price or service competitive in this market when routing via CP-Eastport-UP-Portland-SP. The more efficient merged UP/SP system will reduce our tank car lease costs.

I understand that UP/SP have reached an agreement with BN/ATSF as a condition of this merger which would result in BN/ATSF having a single-line route from the Pacific Northwest and the Canadian gateways to California and Arizona. I understand also that UP/SP will get proportional rates from Vancouver and other BN/ATSF points in the Northwest to California and the Southwest. This will bring new rail competition into these markets. As a result, I believe that the UP/SP merger with the condition of the BN/SP agreement added to it will clearly strengthen rail competition, not diminish it.

Also, today the SP is a financially weak carrier and we are concerned about the safety of shipping hazardous commodities over a system that may not be able to maintain its roadbed at proper levels. A weak SP cannot survive against a strong BN/ATSF merged railroad, whereas, a UP/SP merged system will afford more competition for the BN/ATSF.
We believe that the UP/SP merger will provide significant benefits to us, our customers, and the communities we serve and support the merger as being in our best interest.

VERIFICATION

I, Chris Stevens, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on October 4, 1995.

Chris Stevens
NGL Supply Co. Ltd.
October 19, 1995

Mr. Vernon A. Williams
Acting Secretary
Interstate Commerce Commission
12th St. & Constitution Ave., NW
Washington, D.C. 20423

Dear Mr. Williams:


My name is Robert Frinier. I am employed by Nissan North America, Inc. and my office is at 990 West 190th Street, Torrance, California 90502. I am Vice President, Logistics and have held this position with Nissan North America, Inc. since 1990.

In my present capacity, it is my duty to evaluate the various distribution options and arrange for the most cost efficient logistics systems for automotive parts and motor vehicles (domestic, import and export) in North America.

I have evaluated the Union Pacific and Southern Pacific proposed merger plan and believe the merger would be in our organization's best interest as well as the interests of other rail shippers.

With approval of the application, the merged railroad will be able to offer service benefits that are not currently available via the two current independent companies. For Nissan, those benefits will consist of more efficient routes, better terminal coordination and improved equipment utilization as follows:

More efficient Routes: The route between Dallas and Los Angeles (which is a very critical route for Nissan) will be shortened and save approximately 275 rail miles (a savings in both cost and time).

Terminal Coordination: Pre-blocking at Los Angeles, and possibly other locations, can potentially save us time for both outbound and
Inbound vehicle and parts shipments. Getting parts and/or vehicles to market or the manufacturing/assembly location is critical to remain competitive in the automotive industry.

**Equipment Utilization:** As I understand it, the UP/SP will be able to reposition both cars and locomotives more efficiently which will translate into better overall service. Under the current system, vehicle shipments in multi-level railcars are pooled and distributed by TTX Company. With a UP/SP operation, I believe the number of multi-levels required to handle specific locations and routes (for example our Smyrna, TN manufacturing plant) will be reduced. This will have a positive impact on the whole industry.

In addition, I believe that the combined strengths of the UP/SP will create a competitor that can meet the competitive challenge of the recently merged BN/Santa Fe. Although the UP is financially strong, it lacks efficient routes to many southwest markets while the SP has many excellent routes but lacks the volume and capital to take advantage of its opportunities. I believe that the merged system will be able to overcome many current problems and apply capital dollars where they will accomplish the most. This should result in stronger rail competition in the west. The merger will also provide us with another rail system that can serve all western ports and our inland facilities.

Finally, we are pleased with the settlement reached between UPSP and BNSF. In particular, that settlement appears to remove any concerns we may have had regarding movements to and from Memphis (serving our Smyrna facility via CSX) that have enjoyed competition between UP and SP. Just prior to the announcement of the proposed merger, for example, we had concluded negotiations for the transportation of significant new volumes of traffic between Mexican gateways and the Memphis gateway. UP had competed for this traffic, but, through aggressive marketing, SP has now won the contract. This competition will obviously be eliminated with the merger of UP and SP. As a result of the settlement agreement, however, competition for our traffic through Memphis will be retained. The agreement provides BNSF with a new, much improved route for traffic between Houston and Memphis, and new and improved access to the major Mexican gateways of Laredo, Brownsville, and Eagle Pass. As a result, we will have two strong carriers with broad access to Mexican gateways bidding for our traffic.
Therefore, based upon my current information, I believe the proposed merger will provide significant benefits to our organization and the rail shipping community in general. Our organization supports the application.

Respectfully submitted,

[signature]

Robert A. Friniar
Vice President, Logistics
VERIFICATION

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

I, Robert Frinier, being duly sworn, deposes and says that I have read the foregoing statements, know the contents thereof, and that the same are true as stated.

ROBERT A. FRINIER

Subscribed and sworn to before me this 19th day of October, 1995.

KEVIN R. KILGORE
COM. # 1050974
Notary Public in California
My Commission Expires: Feb. 5, 1999
To Whom This May Concern

My name is Roger Krause, and I am the sales manager for Noble Lumber Inc. My office is located at 2190 Willamette Street, Eugene, Oregon 97405. I have worked in the lumber industry for the past 30 years. I have been a plant manager of a laminating plant for over 20 years. After that I worked for 5 years as Vice President of a manufacturing plant, and for the past 4 years I have been the sales manager at Noble Lumber Inc.

Noble Lumber is engaged in the wholesale distribution of lumber products. Our products are shipped from British Columbia, Canada, and the Pacific Northwest to markets in California and Salt Lake City, Utah.

I have become aware that the Union Pacific and Southern Pacific will be the improvement of service along SP's Oregon to California I-5 corridor. In the past, SP's service has been somewhat poor and Noble Lumber has experienced a low transit and car turn-around times. This has not allowed us to use rail exclusively for our shipments, but rather we have had to rely upon truck transportation. As a result of the merger, I am confident that the Union Pacific will be able to expand greater resources toward improving service on the I-5 corridor. This should result in faster transit and turn-around times, and will allow Noble Lumber to make greater use of rail traffic for our shipments into California. Faster turn-around times should also help us in the area of lumber car supply. In addition, the combination of the SP and UP fleets will create a larger and more versatile lumber car fleet to service our lumber needs. Southern Pacific employs traditional lumber cars while Union Pacific has a larger inventory of center-beam flat cars.

I am also aware of the settlement reached between UP/SP and the newly merged BN/Santa Fe. As a result of this settlement, BN/Santa Fe will gain new access into the I-5 corridor. This will create greater competition among the railroads which will ultimately result in improved service and better rates along that line. I also understand that as a result of the settlement UP/SP has gained new pricing authority into the Pacific Northwest that will create efficient routes and faster more responsive rate quotations. The settlement also creates new BN/Santa Fe service directly into the Salt Lake City area. This will result in an increase in competition into that market and will benefit shippers with lower rates and improved service.
In general, we see the merger creating a new strong Western carrier. While some points will have a decrease in the number of carriers serving them from three to only two, this will be more than compensated for by creation of a competitive environment. The UP/SP will be a strong Western competitor to the newly merged BN/Santa Fe and will result in improved service and rates for all customers. This is preferable to allowing a weakened SP to continue on its own against larger Western carriers.

Noble Lumber enthusiastically supports this merger.

I, Roger Krause, declare to the best of my knowledge penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Executed on October 26, 1995

ROGER KRAUSE
MY NAME IS EVA ROJAS. I AM THE LOGISTICS MANAGER FOR NORTH AMERICAN CHEMICALS, L.C. OUR ADDRESS IS 16010 BARKER'S POINT LANE, SUITE 110 HOUSTON, TEXAS 77079. OUR TELEPHONE NUMBER IS (713) 493-0674. I HAVE BEEN INVOLVED IN THE TRAFFIC INDUSTRY FOR NINE YEARS, AND HAVE BEEN TRAFFIC/LOGISTICS MANAGER FOR THE PAST SEVEN YEARS. I AM RESPONSIBLE FOR ALL MY COMPANY'S LOGISTICS AND TRAFFIC, SUCH AS COORDINATING INCOMING AND OUTGOING FREIGHT, NEGOTIATING RATES AND TRANSPORTATION CONTRACTS.

NORTH AMERICAN CHEMICALS, L.C. IS AN IMPORTER AND EXPORTER OF CHEMICALS AND PLASTIC RAW MATERIALS. WE ARE BASED IN HOUSTON AND DISTRIBUTE PRODUCTS THROUGHOUT THE UNITED STATES AND CANADA FROM VARIOUS MANUFACTURERS IN MEXICO. THIS REPRESENTS ABOUT 80% OF OUR YEARLY REVENUES. WE KEEP INVENTORY IN HOUSTON, TX, ATLANTA, GA, CHICAGO, IL AND BROWNSVILLE, TX. THE OTHER 20% OF OUR BUSINESS IS DISTRIBUTION IN MEXICO OF PRODUCTS FROM SEVERAL AMERICAN CHEMICAL AND PLASTIC MANUFACTURERS. WE SHIP MATERIALS USING EITHER TRUCK OR RAIL, DEPENDING UPON THE VOLUME SHIPPED AND THE COMPETITIVE FREIGHT COSTS.

WE STRONGLY SUPPORT THE MERGER BETWEEN UP AND SP. THE COMBINED UP/SP WILL BE ABLE TO OFFER SINGLE RAILROAD SERVICE USING MORE EFFICIENT ROUTES TO MORE DESTINATIONS, WITH RESULTING REDUCED TRANSIT TIMES. WE WILL HAVE THE OPPORTUNITY TO TAKE ADVANTAGE OF MORE EFFICIENT SERVICE FROM TEXAS TO CALIFORNIA. WE UNDERSTAND THAT UP/SP WILL HAVE THE FINANCIAL RESOURCES TO INVEST IN NEEDED IMPROVEMENTS TO INFRASTRUCTURE, SUCH AS UPGRADING SP'S EL PASO-COLTON LINE, TO OFFER IMPROVED SERVICE.

THE MERGER WILL ALSO PROVIDE SINGLE LINE SERVICE TO ALL MAJOR MEXICAN BORDER CROSSINGS AND UP'S AUTOMATED, EFFICIENT 'DESPACHO PRESTO' SERVICE WILL BE AVAILABLE FOR THE COMBINED SYSTEM. TRADE WITH MEXICO IS AN IMPORTANT PART OF OUR BUSINESS, AND THIS IMPROVED AND EXPANDED SERVICE WILL BE VERY VALUABLE TO US. WE ARE ALSO HOPEFUL THAT WITH UP'S INCREASED RESOURCES, SCALE CAN FINALLY BE INSTALLED AT EAGLE PASS TO SPEED MOVEMENTS ACROSS THE BORDER.

THE COMBINED UP/SP WILL BE ABLE TO PROVIDE MORE EFFICIENT SERVICE THAT WILL OFFER BETTER COMPETITION FOR TRUCK SERVICE. WE CURRENTLY DO A GREAT DEAL OF SHIPPING BY TRUCK RATHER THAN RAIL BECAUSE THE ECONOMICS OF THE SHIPMENT ARE MORE FAVORABLE USING TRUCK. WE HOPE THAT THE MERGER WILL MAKE RAIL MORE COMPETITIVE FOR OUR SHIPMENTS, WHICH OFFERS US THE OPPORTUNITY TO SAVE MONEY ON TRANSPORTATION COSTS IN THE LONG RUN.

WE URGE THE COMMISSION TO APPROVE THE MERGER BETWEEN UP AND SP.

I, EVA ROJAS, DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT. FURTHER, I CERTIFY THAT I AM QUALIFIED AND AUTHORIZED TO FILE THIS VERIFIED STATEMENT. EXECUTED ON OCTOBER 17, 1993.

EVA ROJAS
I am President and C.E.O. of Northwest Container Services, Inc. (N.W.C.S.), which I have been since its inception on May 9, 1985. Corporate offices are located in Portland, Oregon, while two branch offices are located in Tacoma, Washington and Seattle, Washington.

Northwest Container Services' is in the business of moving sea-going containers from point 'A' to point 'B' throughout the Pacific Northwest via rail and highway, and containing all types of freight.

Currently, N.W.C.S. moves containers via the Union Pacific Railroad to and from our various locations on a daily basis, Sunday through Friday.

It is my understanding that the Union Pacific and Southern Pacific Railroads are requesting authority to merge. N.W.C.S. totally supports this merger, as the direct line service between California and the Pacific Northwest will provide a tie between the two areas, which has been needed for a long time.

Having dealt with the Union Pacific Railroad for the past ten years, we will welcome a top quality rail service. We also believe that the proposed merger would be in our Company's best interests, and our customers as well, because of their need to reposition sea-going containers between California and the Pacific Northwest in a timely and consistent manner. During our last ten years' association with the Union Pacific Railroad, they have proven their ability to provide this service between Portland, Tacoma, and Seattle.

I believe that by merging the Union Pacific and Southern Pacific Railroads, business on this line will double in a very short period of time, due to our customers, who are currently moving their equipment and freight by other and less efficient modes of transportation.

Northwest Container Services has, in the past, utilized the services of the Southern Pacific Railroad, but due to inconsistency and time lapeses, we were forced to discontinue their services and use other means of transportation such as trucking.
STATE OF Oregon, as
COUNTY OF Multnomah,

Ted Sand, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

Ted Sand, President
Subscribed and sworn to before me this 19th day of October, 1995.

Notary/Secular

My Commission Expires:

July 2, 1999
November 3, 1995

Interstate Commerce Commission
1201 Constitution Avenue NW
Room 1324
Washington, D.C. 20423

VERIFIED STATEMENT
OF
MICHAEL E. STRICKLAND
ON BEHALF OF
NYK LINE (NORTH AMERICA) INC.


1. Witness Credentials

My name is Michael E. Strickland, Senior Vice President Operations, NYK Line (North America) Inc.; North American Headquarters, 300 Lighting Way, 5th Floor, Secaucus, NJ 07094. I graduated from the University of Oklahoma in May 1972 with a BBA degree in Marketing and Finance. I was employed by Matson Navigation Co., and its subsidiary Matson Agencies Inc. from 1975-1988. For eight of these years I was Vice President and General Manager of Matson Agencies Inc., a full service agency company representing various international ocean carriers in the thirteen western states.

I joined NYK Line (NA) Inc. in June of 1988 as General Manager of the Western Region, and was promoted to Vice President of the region in 1991. I assumed my current position of Senior Vice President and General Manager of Operations in April 1995. I am also Senior Vice President of Centennial Express Corporation (Centex) a Chicago based rail management company owned by NYK. I serve on the Board of Directors of both companies.
In my current capacity I am responsible for all NYK operational matters in the USA and Canada. My duties require that I have a good working knowledge of all railroad operations in the USA and Canada especially as they relate to international cargo movement over the Pacific Coast gateways.

2. **Company Background**

NYK is a leading global logistics megacarrier. Our containerships call most ports on the east and west coasts of North America, including Seattle, Portland, Oakland, and Los Angeles. Directly, and through our Chicago-based Centex subsidiary, we buy rail transportation for import/export traffic between these ports and most major metropolitan areas in North America. Centex also buys transportation for domestic shipments moving over many of these same lanes. Though our primary western rail carriers are Southern Pacific (SP) and Burlington Northern (BN), we also use the services of Union Pacific (UP and Santa Fe (SF). Our total annual container load count with these rail carriers exceeds 125,000.

3. **Company Position on UP-SP Merger**

We support the merger of Union Pacific and Southern Pacific as a necessity to improve SP service and to present effective competition to the recently combined BNSF system.

4a. **Supporting Reasons - General**

In our view, necessary competitive improvement in SP operations will occur much earlier with UP involvement than without it. Further, we believe that UP could provide some balance with BNSF, but SP alone would be disadvantaged. We have concluded that UPSP will be stronger competitively with BNSF than would UP and SP separately.

As a user of what until recently were four major western rail carriers, we appreciated the availability of transportation competition and supply. Three carriers remain, but we feel that the issue now is how to best maintain this competition and supply. Is it to have one huge system, one strong-but-vulnerable system, and one relatively weak system? Or is it to have two huge systems? We feel the latter is the best way at this point and support the reduction from 3 carriers to 2 carriers competing for a large portion of our transportation needs. We hope and expect that the operating efficiencies and improvements projected by these two systems will be shared with their customers.

4b. **Supporting Reasons-Specific**

Two of NYK’s key import lanes are from the Port of Los Angeles to Chicago and St. Louis. Two of our key export lanes are from Chicago and St. Louis. The intermodal routes planned by UPSP to serve these lanes hold promise to increase the schedule reliability and decrease the transit time of these components of our logistics system.
Similarly, we expect improvement between Los Angeles and both Dallas and Memphis. These points are important both as local markets and as distribution centers for our customers. In addition, this lane is part of our logistics route between Los Angeles and the Southeast. Thus, shorter transit times will benefit our customers in the Southwest and Southeast.

The merger of UP and SP will allow NYK access to single-line intermodal service between Los Angeles and the Laredo border crossing. Today, we use trucks between Laredo and San Antonio.

5. Conclusion

To benefit our customers through intermodal rail service improvements, and through effective competition, we believe the merger of the Union Pacific and Southern Pacific is essential. NYK supports the application, but we add the following condition: NYK reserves the right to file any further submissions that are necessary for the protection of our customers and NYK.

VERIFICATION

STATE OF NEW JERSEY)
COUNTY OF HUDSON)

Michael E. Strickland, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

Subscribed and sworn to before me this 11th day of October, 1995.

Jacqueline K. Coins
Notary Public

My Commission Expires: August 27, 1998
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 CORPORATION AND
THE DENVER AND RIO GRANDE WESTERN RAILROAD COMPANY

Verified Statement
of
Antonio G. Orbegoso
Vice President - Purchasing, Transportation and Energy
Occidental Chemical Corporation

On Behalf of
Occidental Chemical Corporation
I am Antonio G. Orbegoso, Vice President, Purchasing, Transportation and Energy, for Occidental Chemical Corporation (OxyChem) with a business address of P. O. Box 809050, Dallas, Texas 75230. My responsibilities include the safe and successful movement of over 90,000 rail carload shipments annually.

OxyChem is the sixth largest chemical corporation in the United States manufacturing petrochemicals, chlor-alkali products, and plastic resins from twenty-nine manufacturing plants located on each of the major Class I railroads. From these plants, OxyChem operates a fleet of 9,000 rail cars.

Shipments from our plants are predominantly bulk and transported for many miles, therefore, it is imperative that the rail system in the United States be safe, financially healthy and competitive. OxyChem and other industries in the United States cannot be a continuing force in the world economy without having the best rail system possible.

OxyChem has a significant interest in the proposed control and merger of the Southern Pacific Transportation Company (SP) et al, by the Union Pacific Corporation (UP). We have plants sole-served by the SP at Bayport and Gregory, TX, as well as jointly-served plants by the SP and other carriers at Beaumont, TX; Chicago, IL; Dallas, TX; Deer Park, TX; Lake Charles, LA; Pasadena, TX and Strang, TX. In addition, the UP sole-serves our plants at Conroe, TX; Corpus Christi, TX; and Taft, LA and jointly serves with other carriers the plants at Chicago, IL; Dallas, TX; Deer Park, TX; Pasadena, TX; Strang, TX and Tacoma, WA. Shipments from and to these plants as well as shipments from and to our plants located on connecting lines but routing jointly with the SP or UP will be impacted by the outcome of this control/merger proceeding.

We have studied the rail movements from our plants served by the SP and the UP, as well as rail movements from our other plants to SP and UP destinations, to determine the probable impact to OxyChem of the proposed merger in relation to economics, safety, and improved rail service.
As a result of this study and subsequent definitive discussions with the UP, it is OxyChem’s position to support the proposed merger for the following reasons:

• Approval will result in a stronger rail system in the United States, particularly west of the Mississippi River.

• Competitive rail service will be retained at all points that would otherwise go from two serving railroads to one with approval of the merger along with the inclusion of the Burlington Northern Santa Fe Railroad (BNSF) trackage rights or rail line purchase as proposed.

• Single-line service via UP (versus prior joint-line service via SP-UP or UP-SP) will result in improved transit times, better asset (rail car) utilization, reduced rail costs, and overall more efficient transportation due to elimination of interchange switching.

• The merger should result in improved service and operational systems on the SP lines. The infusion of capital from the UP should provide for line upgrade and more efficient locomotive power management. We have had numerous shipments delayed due to SP congestion or lack of locomotives and have had operational concerns due to deterioration of SP rail lines.

• This merger has the potential to stabilize the rail situation for firms located on the SP, allowing better business decisions. The SP financial position has been one of the lowest in the industry for the past few years. They have stated they will be unable to compete with the BNSF resulting in negative implications for commerce located on the SP or potential new expansions at SP-served locations.

Our support of this control and merger application is made with the understanding that:

• Current junctions and gateways between the SP and UP will not be closed, including all junctions/gateways with connecting non-merging carriers. Preferential gateway closure has been used in the past to control revenue and access to the benefit of the railroads.

• UP will review the current reciprocal switching charges of the SP in the Houston, TX area to consider reduction of the unreasonable high charge, and adjust that charge to approximately the same level as the current UP reciprocal switching charge.
• The BNSF will be allowed to compete for business at points currently competitive between the UP and SP. Included in these competitive points is the Sinton, TX junction/gateway. This junction will remain open.

• UP will promptly review maintenance and improvement requirements of the SP line serving our Beaumont, TX plant and provide necessary remediation.

• The UP has discussed with OxyChem its post-merger pricing philosophy. This philosophy provides OxyChem understanding of the UP’s intent to not price their services to the detriment of shippers in the post-merger environment.

Since the UP/SP merger creates duplicate lines in several geographic markets, and the potential for abandonment is high, it is requested that the ICC scrutinize any potential abandonment filings or procedures with extra emphasis on the commercial shipper, economic impact and alternative option considerations. This added emphasis should be in place for a minimum of 10 years.

The above information clearly and descriptively states OxyChem’s position on this merger. Should the ICC require additional comments or dramatically alter the merger petition of the UP in the Eastern SP system covering Texas, Louisiana, Arkansas, and Missouri, then OxyChem reserves the right to re-evaluate or change its position.
STATE OF Texas

COUNTY OF Denton

Antonio G. Aldrigo, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

My Commission Expires: 8/14/98

Notary Public

Subscribed and sworn to before me this 10th day of November, 1995.

Henry (Strode)
October 16, 1995

Interstate Commerce Commission
Attn: Finance Docket 32760
1201 Constitution Ave, N.W.
Washington, D.C. 20423

Dear Interstate Commerce Commission:

I, Debra A. Lyons, Owner and Marketing Director of Ocean Terminals Co. in the Port of Coos Bay, Oregon are directly involved with the transportation and distribution of cargo to and from our warehouse and marine cargo terminal. For the past three years, I have worked with both importers and exporters in the forest products industry, coordinating transportation packages which are both cost effective and efficient.

Ocean Terminals Co. is a privately owned import and export marine cargo terminal. For over 25 years, Ocean Terminals has worked with importers and exporters of forest products. The majority of the products which move through our facility include; lumber, plywood, logs, pulp, and liner board.

All cargo that is shipped to or from Ocean Terminals Co. is delivered by either trucking companies or on the Southern Pacific Rail Line via Central Oregon and Pacific Rail Co. The 800 foot rail spur that runs directly into our warehouse allows for the efficient transfer of cargo.

Export cargo that is moved through Ocean Terminals Co. to international markets originates in Northern California, Oregon, Idaho, Utah, and Montana, with the primary focus on Oregon and Northern California. Import cargo distributed from Ocean Terminals Co. is destined for markets in Oregon, Idaho, Montana, and California.

Ocean Terminals Company understands that Union Pacific and Southern Pacific are requesting authority to merge. We strongly support this as a means of greatly improving service. As a company that is solely dependent upon Southern Pacific service, the merger between Union Pacific and Southern Pacific would greatly enhance the shipper's ability to service a greater range of areas which would increase their marketability. Currently, over 50% of the cargo moving to or from Ocean Terminals Co. travels via truck. This is because of Southern Pacific's lack of ability
October 27, 1995

My name is Richard L. Martin. I am the Sales Manager for Oregon McKenzie Lumber Products, Salem, Ore office. My telephone number is (503) 393-0082. I have had thirty-five years of experience in lumber and related fields. I am responsible for all purchasing and sales for customers of the Salem office, and for all traffic arrangements for our customers.

Oregon McKenzie is a lumber products company which has operations at several locations throughout Oregon that serve different product and geographic markets. Each Oregon McKenzie location is responsible for purchasing, sales and transportation to that particular location's customers. We do not have a centralized shipping or purchasing operation.

For customers of our Salem office, we ship from Salem, Eugene and other locations in Oregon and Washington to California and Arizona, and to the Midwest. We use a variety of rail carriers and routes, and also use motor carriers, to reach our customers.

We support approval of the merger between UP and SP. The merger would provide new single line service capabilities, more efficient routes, improved carload service, and reduced transit times. The merged UP/SP would have a larger number of rail cars capable of carrying lumber products, and the combined UP-SP fleets would be jointly managed and used more efficiently. The merger would provide better service on the I-5 rail line and increased rail competition for motor carriers from the PNW to California and beyond.

The merger would broaden my customer base and my supply options by extending single line service to new markets for me. Further, it creates a rail system that will be a strong and viable competitor for BN/SF.

The settlement agreement between UP/SP and BN/SF will provide additional competition on the I-5 for trucks from BN/SF's new single line service, which will also compete with UP/SP's single line service. This too would open new markets and sources of supply. The merger would be a win/win situation for Pacific Northwest Lumber. I urge its approval so that we may begin to take advantage of its many benefits.

I, Richard Martin, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on October 27, 1995.

Richard L. Martin
My name is John King. I am Purchasing/Inventory Manager for Oregon Metal Slitters, Inc. I have worked for this company for eighteen years.

Oregon Metal Slitters is a steel service center located in Portland, Oregon. The company has been in business for thirty years. We source offshore and domestic flat rolled steel products. We will continue to ship approximately one thousand tons per month from Southern California to our main facility in Portland, Oregon.

I am making this statement in support of the Union Pacific/Southern Pacific merger. Oregon Metal Slitters will rely more on the domestic steel mills in Southern California as quality and pricing issues continue to be more competitive. JIT programs continue to be a priority for inventory control. It is imperative to OMS that the rail service remain strong.

One significant advantage that OMS is interested in is the upgrading and addition of more equipment. The SP has experienced a shortage of box cars this past year on the West coast. Now the UP/SP will be able to move additional box cars more efficiently between Los Angeles and Portland.

Another benefit to OMS will be the reduction of transit times. The new combined UP/SP will be able to commit additional resources to improve service between Los Angeles and Portland. As the transit times are reduced, we may be able to ship more steel from the mills in Southern California via rail rather than truck.

It is for the reasons I have stated above, that Oregon Metal Slitters supports the proposed UP/SP merger.

I, John E. King, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on October 20, 1995.

John E. King
My name is Jack McLean. I am operations manager for Oregon West Lumber Sales. Our address is 7000 S.W. Hampton, Suite 122, Tigard, Oregon 97223. Our telephone number is (503) 598-0282, and our fax number is (503) 624-9576. I am responsible for all sales, marketing and transportation for the company.

Oregon West Lumber is a broker/wholesaler of lumber and other forest products. From our headquarters in Tigard, Oregon, we ship other products from SP served mills into California and Texas. We also purchase lumber from SP served mills and BN served mills for sales to our customers in California and Texas. We ship approximately 40 carloads per year.

We were pleased to hear the news of the proposed merger between UP and SP, and strongly support its approval by the ICC. We see several important benefits for our business from the combination of UP and SP. In addition the settlement agreement between UP/SP and BN/SF provides even more advantages for shipers such as ourselves. Standing alone, the merger between UP and SP is beneficial. With the settlement, it is even better.

First, we will now have new single line service capabilities from UP served mills in Oregon and Washington, down the I-5 corridor into California and the Southwest. This will make lumber from these mills more competitive and make it easier for us to market it profitably. We will also have new single line service from SP served mills to UP served customers and points in California, Nevada and Texas. We can also benefit from UP/SP’s new pricing authority under its settlement agreement with BN/SF served mills west of Billings and Havre, Montana. With the trackage rights for SP/UP between Bend and Chemult, Oregon, under the settlement agreement, UP/SP will be able to move traffic from Eastern Oregon and Washington more efficiently on the I-5 corridor to achieve faster transit times. Likewise, as a result of the settlement, BN/SF will for the first time have single line service from BN/SF served mills in Oregon and Washington, down the I-5 corridor and into California and the Southwest. This will improve the competitive position of these mills. In short, the merger and settlement open tremendous new market possibilities and provide new single line service.

Second, apart from single line service capabilities and new settlement rights, through capital infusions by UP the combined UP/SP will improve routes and facilities for our traffic. As we know from the poor service we receive today from SP, it has not had the money to invest in upgrading tracks or yards such as Eugene, Roseville and West Colton. The combination with UP will provide funds for necessary improvements to SP’s I-5 corridor, resulting in better transit times to Los Angeles. We also expect significant improvements to SP’s Sunset line, which will speed our shipments to Texas.
Third, the combination of UP and SP would improve the availability of all railroad cars for our shipments. While we seldom have difficulties in obtaining rail cars from UP, we have had many problems with SP’s car supply in Oregon. When rail cars are not available as promised, it hurts our ability to deliver and creates customer relations problems. The merger would combine SP’s rebuilt forest products boxcars and UP’s large supply of centerbeam flat cars, and should make available to shippers a large and varied fleet of lumber cars. As SP and UP improve operations down the I-5, this will provide opportunities for better utilization of their lumber fleet, which should increase car availability even more. This is very important to us. Obviously, if we do not have rail cars to make shipments, we cannot do business.

Finally, SP needs to join with a large and financially solid carrier to survive and continue to be competitive. As discussed above, SP has not been able to invest in upgrades, equipment, or any of the modern technologies a business needs to improve service and survive. The merger of BN with SF created a huge system which dwarfs SP, and which SP cannot compete against effectively. The combination of SP and UP solves many of these problems. UP will bring its resources and management skills to SP’s strong routes, which should result in UP/SP having the strength to compete with BN/SF. The two systems will be vigorous competitors, and that competition should provide better service and other benefits for shippers.

I, Jack McLean, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on 10/30/95.

Oregon West Lumber Sales, Inc.

By: __________________________

Jack McLean
Before the
Interstate Commerce Commission

Finance Docket No. 32760
Union Pacific Corporation
Union Pacific Railroad Company
Missouri Pacific Rail 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

Verified Statement
of
Donald R. Krause

on behalf of

Owens-Illinois, Inc.
and its Affiliated and/or Subsidiary Companies

My name is Donald R. Krause. I am purchasing Manager of Glass Raw Materials and Transportation for Owens-Illinois, Inc. Owens-Illinois company headquarters is located at One Seagate, Toledo, Ohio 43666. I have held my present position for approximately ten (10) years. As Purchasing Manager of Glass Raw Materials and Transportation, my responsibilities include purchasing raw materials for the manufacture of glass products and purchasing transportation for the raw material shipments into all our plants, including plants of affiliates and subsidiaries. I have been with Owens-Illinois since September 1, 1970, and have held various management positions through my current position. In addition to representing the interest of Owens-Illinois, Inc., I am submitting this statement on behalf of subsidiaries and

Owens-Illinois (including its affiliates and subsidiaries) is a leading manufacturer of glass containers in the United States and a major manufacturer of plastic containers as well. The company supplies containers to a wide range of consumer products manufacturers. Outbound shipments move primarily by truck. Owens-Illinois is one of the largest receivers of soda ash in the country. Most of our soda ash is obtained from Wyoming origins and moves to a number of plants located in Texas, Oklahoma, the eastern United States (including Auburn, NY, Brockway, PA, Charlotte, MI, Clarion, PA, Crenshaw, PA, Danville, VA, Lapel, IN, Toano, VA, Volney, NY, Zanesville, OH, Columbus, OH, Pittston, PA, and Vineland, NJ), and Puerto Rico. The company’s California plants purchase primarily from a soda ash producer located at Trona, California. Our Wyoming soda ash purchases move via Union Pacific. (In the past, we have moved some of this soda ash via a BN transload facility.) Our California soda ash purchases move via truck. Owens-Illinois also purchases sand, limestone, aplite rock, nepheline cyenite, feldspar, feldspathic sand, salt cake, gypsum, and slag in connection with the manufacture of glass containers and purchases raw plastics for use in manufacturing plastic containers. A significant portion of these raw materials move by truck to Owens-Illinois facilities.

Owens-Illinois and its affiliates and subsidiaries fully support the proposed merger of the Union Pacific and Southern Pacific railroads. We believe the merger will
result in many benefits for Owens-Illinois and is also likely to preserve and increase competition in rail transportation. These benefits are described in more detail below.

Soda ash movements on the Overland Route. Soda ash is an extremely important component for Owens-Illinois glassmaking operations. We believe that the proposed merger should result in faster, more efficient movement of soda ash from Wyoming to our plants in the eastern and southern United States and in Puerto Rico. A large percentage of our soda ash moves over the Union Pacific Central Corridor, on the Overland Route through Fremont, Nebraska. We have been advised that Union Pacific/Southern Pacific have plans to concentrate bulk/manifest traffic movements on this route and to concentrate most intermodal and other expedited traffic between California and Chicago over the Southern Pacific's Southern Corridor and Tucumcari lines. This should result in greater capacity and efficiency for our Wyoming soda ash movements to the east on the Central Corridor. In addition, we believe the use of a combination of Union Pacific ("UP") and Southern Pacific ("SP") lines on the Central Corridor to the west will create a faster, more efficient route between Wyoming and Northern California. This new combination of lines could give us access to a potentially new economical source of soda ash for our glass container plants in California.

 Movements of California soda ash. The merger will provide us with a new alternative for movement of soda ash from Trona, California to our California glass container plants. Trona is served by the Southern Pacific and by a Santa Fe transload operation. Most of our California plants are served by SP. However, we
currently move all of our California soda ash by truck because we have had significant
difficulties with SP service in the past and generally try to avoid using SP for that
reason. Once UP and SP have merged, we hope to receive the same high level of
service that UP now provides to us. As a result, we should have an attractive rail option
for movements from Trona.

**Competition for soda ash movements.** We are pleased that
competition for soda ash movements will be preserved and may even increase after the
merger. In Wyoming, the BN transload facility at Bonneville will continue to be an
option. In addition, we understand that BN will be given the opportunity to run Utah
soda ash transloads. This is a significant point, because it ensures that there will
continue to be good competitive options for movement of soda ash from Wyoming. In
fact, competition should be even stronger because BN offers better service than SP
and therefore should be a more effective competitor at Salt Lake City and/or Ogden. In
addition, we believe competition for transportation of California soda ash should be
stronger after the merger. Because SP has so many service problems, truck is
currently our only realistic option for transportation of California soda ash to our
SP-served California plants. After the UP-SP merger, we will have a strong rail
alternative. In addition, due to the availability of a new southern route using both UP
and SP lines, California soda ash could potentially provide a reasonable alternative
source for our Texas and Oklahoma plants and for our plants further to the east as well.

**More single-line service and more direct routes.** The ability to use
both UP and SP lines will provide more efficient single-line routes for some of our
movements of a number of commodities and potentially our finished products. Use of both railroads' lines will provide a shorter route from Wyoming to Texas and Oklahoma plants and to Texas points from which soda ash is shipped to our plant in Puerto Rico, with substantial mileage savings. The use of both UP and SP lines will allow a bypass of the congested Kansas City area as well. As noted above, use of the SP Southern Corridor route combined with UP lines should provide a new alternative source of soda ash (from California sources) for our Texas and Oklahoma plants. More efficient single-line routes may also provide us with new cost effective routes for movement of products like sand, limestone and other raw materials. Today, a significant portion of these raw materials move by truck from nearby locations. It may actually be preferable to source these products from more distant points. For example, sand with a different composition from that locally available may be better suited to the customer's specifications for a particular quality of glass. With new single-line service options, it may become possible to meet or exceed that need via economical rail movements of the more distant sand. In California, we will be able to provide SP-served plants with sand and limestone from UP origins. In general, the merger should expand our sourcing opportunities for a good number of our raw materials.

Problems with SP Service. We hope the merger will help to overcome very significant problems we have experienced with SP service in the past. For many years, SP has had a reputation for the poorest service in the railroad business. Owens-Illinois has experienced serious delays on SP. The SP facilities at Colton, California are truly a "black hole;" cars enter that area and disappear for days.
In addition, SP customer service has been unresponsive. I once called SP concerning an urgent problem relative to a potential plant shutdown situation. After some delay, I simply received a message that I should call another individual at SP; no action had been taken to resolve what was a critical situation for us. As a result of these experiences, we now attempt to avoid using SP whenever possible. My experience with UP has been very different. Cars for the most part move efficiently, and customer service representatives are extremely responsive and often act in a proactive mode. I expect that after the merger UP will bring its excellent management to SP and that service on SP routes will improve dramatically as a result.

**Better equipment availability.** Combination of the UP and SP fleets should result in improved equipment availability. Increased availability of power should help particularly in our movements of soda ash. The combined UP/SP may be able to engage in better fleet management, with increased use of backhauls and triangulation. This should help us realize important cost savings.

**Other service benefits.** The proposed merger may make possible a number of other synergies as a result of consolidation of the facilities of the two railroads. We hope that the combination will lead to improved customer service, better car control, reduced terminal congestion, and greater opportunities for storage in transit. In addition, there may be more opportunities for pre-blocking and use of "run-through" trains, which should reduce congestion and in effect provide more capacity.
Potential for diversion of Owens-Illinois traffic from truck to rail.

The availability of more direct routes and single-line service and the other improvements described above could lead Owens-Illinois to conclude that some traffic that now moves by truck could move more efficiently by rail. As described above, soda ash produced in California is one possibility. Depending on the circumstances of a particular plant, rail movements of sand, limestone and other raw materials could become more attractive. In addition, the increased availability of efficient single-line service might cause Owens-Illinois to begin shipping some of our finished products by rail.

Overall strengthening of competition. As described above, we believe the merger will preserve competition for the movement of soda ash and will even strengthen it in some respects. Beyond this, the merger may strengthen competition overall. Now that the Interstate Commerce Commission has approved the merger of the BN and Santa Fe, that system will be both extensive and highly efficient, offering significant single-line service opportunities to shippers and receivers. In order to provide effective competition to BN/Santa Fe, there must be another rail system with similar reach and efficiencies. In my opinion, neither UP nor SP standing alone could provide this sort of competition. In fact, even before the BN/Santa Fe merger, SP was not an effective competitor due to the many service problems I have described above. If UP and SP are permitted to merge, they will hopefully present a stronger competitor, which should be able to meet the BN/Santa Fe challenge. I would expect vigorous competition between a merged UP/SP and BN/Santa Fe. In addition, a UP/SP merger
may help Owens-Illinois plants that are served by either UP or SP to maintain the ability to compete against businesses served by the powerful BN/Santa Fe system.
Based upon the reasons stated above, Owens-Illinois and its affiliates and subsidiaries support the application in Finance Docket No. 32760.

Donald R. Krause
Purchasing Manager of Glass Raw Materials and Transportation
VERIFICATION

STATE OF OHIO )
COUNTY OF LUCAS )

Donald R. Krause, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts stated therein, and that the same are true as stated.

Donald R. Krause

Subscribed and sworn to before me this 16th day of October 1995.

Mary Patricia Brand
Notary Public

My Commission Expires:

MARY PATRICIA BRAND
Notary Public, State of Ohio
My Commission Expires Dec. 27, 1997
My name is Douglas R. Rousse. I am the Executive Vice President of Pacific National Transportation Warehouse Systems Corporation. My company’s address is 18905 Anelo Avenue, Gardena, California 90248. I have been involved in the transportation industry for almost twenty years, focusing on both rail and truck. I am currently in charge of overseeing strategic planning, marketing and sales at my company.

Pacific National is involved in providing truck service between Southern California ports and locations in the Southern California area, including our off-rail warehouse in Gardena, California. We also transload between truck and rail at the Port of Los Angeles utilizing the Harbor Beltline Railroad team track, which is jointly owned by BNSF, UP, and SP. Our company plans to expand into the rail-truck and truck-rail market between Los Angeles and locations throughout the United States.

We are aware that the Union Pacific and Southern Pacific have requested authority from the ICC to merge their companies, and we support them.

We recognize that as a result of the proposed merger there would be a reduction in the number of carriers serving locations where we use rail service, including the Port of Los Angeles. It is clear to us, however, that we would have as much or even more competition as a result of the proposed merger. The merger will serve the critical function of creating a far stronger competitor for the BNSF than exists today. We are better served by two strong and efficient rail systems of roughly equal size (BNSF and a new UP/SP), than the current situation where the powerful BNSF system competes with two separate, much smaller railroads, particularly where one of those railroads, SP, is struggling financially. Thus, the proposed merger will not reduce competition, it will create a far stronger competitor. As rail service becomes more competitive, it increases the opportunities for my
company to work successfully with rail to serve shipper needs.

The merger will strengthen our existing competitive rail options in a number of ways. Combining the rail lines, facilities, and traffic of UP and SP would have a new, more efficient single-line route over the so-called I-5 corridor, improving rail service over the corridor between the Southwest, California, and Washington State. In addition, the new system would have a more efficient central corridor route from California to the Midwest, with significant improvements through areas like Salt Lake City and Ogden and at Kansas City, Chicago, and East St. Louis, all places where both carriers have existing lines or facilities.

The combination of the locomotive and car fleets of UP and SP should also help to improve transit times. SP shipping would greatly benefit from the availability of UP’s locomotive fleet and freight cars, since SP has long suffered from a lack of adequate power and cars. In addition, all of this equipment could be more efficiently managed if it was under joint control, and the combined cars of both carriers could serve to fill in gaps in each of their fleets.

We also anticipate service improvements for SP shippers as a result of UP making available its strong technical systems and customer service. UP’s computerized car tracing capabilities, for example, are more user friendly and sophisticated than SP’s. After a merger, SP’s shippers would be better able to learn the location and follow the progress of their shipments using UP’s computer systems.

Combining Union Pacific’s greater financial strength with Southern Pacific’s existing routes and facilities is also expected to result in a number of important improvements. SP has been unable to invest in certain needed improvements in its system. This failure to address various capital needs has had a significant adverse affect on SP’s operations. As a result, SP is falling further and further behind the other major carriers in service quality. With the merger, I understand that UP intends to invest significant amounts of money in SP’s facilities to make needed upgrades and improvements. These investments include improvements at SP’s overcrowded yards in Roseville and West Colton, and upgrading of SP’s Tucumcari line and its Sunset route between El Paso and West Colton. These improvements would become and integral part of a new efficient UP/SP, and will benefit
UP and SP shippers alike.

Finally, there are a number of significant additional benefits that follow from the settlement agreement between UP, SP, and BNSF. For UP/SP, the settlement agreement provides new competitive pricing authority for BNSF-served points in the Pacific Northwest, including Vancouver, in conjunction with shipments to and from points south of Portland, including in Oregon, California, and the Southwest. This would effectively extend price competition for the first time to shipments to and from these BN points, including shipments between the United States and Canada over Vancouver.

The Settlement Agreement would also benefit BNSF shippers. It grants trackage rights to the BNSF creating a new single-line BNSF route down the California I-5 Corridor. This would allow BNSF to compete more vigorously with the UP/SP on lumber business from the Pacific Northwest to California. The settlement also grants trackage rights to BNSF stretching from Denver to Oakland. This would allow BNSF to compete with UP/SP for business that can be carried most efficiently through the central corridor route.

Our company supports this merger as productive and strongly procompetitive. We urge the Commission to approve it as soon as possible so shippers and companies such as ours, which provide motor carrier service in conjunction with a rail movement, can begin reaping its benefits.

I, Douglas R. Rousse, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Executed on November 6, 1995

Douglas R. Rousse
Executive Vice President
Verified Statement

of
Doug Minnis
on behalf of
PACIFIC VEHICLE PROCESSORS, INC.

Please allow me to introduce myself, I am Doug Minnis President and CEO of Pacific Vehicle Processors, Inc. (PVP) located in Port Hueneme, California. I have been President of PVP since coming to Oxnard in 1992 from Auto Warehousing Company after 18 years of service with them in a similar industry. PVP is a division of Wallenius Lines and is responsible for the handling and processing of finished imported automobiles for United States distribution. These services and accessorization functions vary in scope depending on customer, but for the most part this is the final automobile preparatory point before delivery to the dealer via rail, truck or steamship line in the event of an exported vehicle. PVP is responsible for the loading and unloading of railcars when appropriate.

We currently operate a 27 acre facility in Oxnard and have recently purchased an additional 32 acre rail served parcel to meet the expanding needs of our customers. Our current list of customers are Mitsubishi, Land Rover, Jaguar and Volvo. We process approximately 45,000 automobiles on an annual basis, and will handle an additional 10,000 vehicles delivered by rail for other customers in 1996.

We understand that Union Pacific and Southern Pacific are requesting authority to merge. We strongly support this as a means of improving and expanding the services we can offer to our customers and further ensure that we receive top-quality rail service. We are currently switched by a small privately held railroad called the Ventura County Railway or VCY, who have a direct interchange with the Southern Pacific railroad here in Oxnard. The proposed merger will significantly help us further market our capabilities to our customers by offering them more flexibility to have the use of rail service if needed. Operating alone as one railroad the Southern Pacific often has problems having enough empty multi-level equipment available, but more importantly is the scheduling and service issues to our area. By allowing the merger this problem can be eliminated because the Union Pacific has ample inbound loaded multi-levels into Southern California auto ramp facilities as well as a service.
level which will enhance our ability to compete with other port locations. Further, a merger with Southern Pacific, would make those inbound empties available to us for loading of outbound rail for our import customers. Also, our facility could serve as an additional inbound destination ramp for vehicles serving Ventura and other surrounding counties of Los Angeles as well as the northern portions of the state and neighboring states as well.

In summary, we believe that the proposed merger will provide significant benefits to Pacific Vehicle Processors, Inc. and our import/export customers. It will help us become more competitive and potentially attract new business for us and our customers. We would like to go on record as supporting the application.

I, Doug Minnis, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on November 6, 1995.

Doug Minnis
President
Paper Recycling International

VERIFIED STATEMENT

OF

H. Wayne Kinard

on behalf of PAPER RECYCLING INTERNATIONAL

Re: Union Pacific - Control & Merger - Southern Pacific Rail Corp.

Finance Docket No. 32760

I, H. Wayne Kinard, am Traffic Manager, Paper Recycling International, 3850 Holcomb Bridge Road, Bldg 100, Suite 105, Norcross, Georgia, 30092. I have over twenty years of experience in the transportation and distribution field, and am currently responsible for all transportation negotiations in all areas of material movement for Paper Recycling International. I make this statement in support of the proposed merger of the Union Pacific and Southern Pacific Railroads.

Paper Recycling International is a joint venture of Stone Container Corporation and Waste Management, Inc. for the procurement and marketing of recyclables, primarily fiber materials. Paper Recycling International has sales offices throughout the Southeast, East Coast, Texas, the Southwest and Seattle, and our shipments move to and from all major paper mills, including International Paper, Georgia Pacific, James River, etc., as well as all Waste Management's facilities nationwide. Domestically, Paper Recycling International ships approximately 2.2 million tons via rail, and approximately 1.8 million tons via trailer-on-flat-car and truck. Internationally, we ship approximately 1.25 million tons via rail to Mexico and Canada.

We expect this merger to vastly improve the Southern Pacific's supply of equipment and help offer the high level of service needed to support our shipments to Mexico from throughout the Southwest. We move several hundred tons on these routes monthly. With new single line service to all major Mexican border crossings, the UP/SP will provide increased capacity, flexibility and much-needed consistency in its service to Mexico.
More generally throughout the system, the UP/SP combination of routes will enable us to utilize more direct routes, featuring better and stronger communications and fewer delays. With less interlining, there will also be fewer chances for delays. The combined railroads should be able to utilize their pooled equipment supply, and steer the proper equipment needed to properly service their existing and new customers. We expect to reap these benefits especially on our routes originating in the Southeast and Northwest. This will open the way, for example, for a better flow of material to Mexico from the Pacific Northwest. We believe the UP can push to supply a much higher level of service than that we have previously experienced on these routes.

Historically, the level of service quality has been quite high on the Union Pacific. Combining that management with the routes and equipment of the SP will provide some long-term insurance for the continued viability of the SP. Because of all these benefits, Paper Recycling International strongly supports the proposed merger of the Union Pacific and Southern Pacific Railroads.

I, H. Wayne Kinard, declare that the foregoing is true and correct. Further, I declare that I am authorized and qualified to file this statement.

Executed on: October 16, 1996
BEFORE THE
INTERSTATE COMMERCE COMMISSION
FINANCE DOCKET NO. 32760 (8/4/95)

Union Pacific Railroad Company - Control and Merger
Southern Pacific Lines

Verified Statement of
Paxton & Vierling Steel Company

Submitted by:

Robert E. Owen
President
Paxton & Vierling Steel Company
5th & Avenue H
Carter Lake, IA

October 31, 1995
I, Robert E. Owen, am currently the President of Paxton & Vierling Steel Co. and have held that position since February, 1983. I have final responsibility and decision making authority for all transportation concerns within our company.

Paxton & Vierling Steel Co. (hereinafter “PVS”) is both a steel fabricator and a steel service center located in Carter Lake, Iowa. PVS also has related facilities located in Lincoln, Nebraska; Wichita, Kansas; Kansas City, Kansas; Sioux City, Iowa; and Fargo, North Dakota. PVS ships significant steel products from its Midwest facilities throughout the entire United States and to Mexico. Similarly, PVS purchases steel and other related products for its Midwest facilities throughout the entire United States and from Mexico.

We understand that Union Pacific and Southern Pacific are requesting authority to merge. We strongly support this as a means of improving service and strengthening competition. We believe that the proposed merger would be in our company’s best interest, as well as the interest of other shippers in receiving top quality rail service from a financially sound carrier with a single line access to numerous points.

The approval of the Union Pacific and Southern Pacific merger will specifically benefit our company and similar companies for a number of reasons. First and foremost, the merger will provide a tremendous benefit in that it will provide a new single line service to locations previously serviced by only Union Pacific or Southern Pacific.

An additional benefit to having a single line service by Union Pacific/Southern Pacific involves our transportation needs to and from the Portland area. Currently, only one Union Pacific rail line services transportation between Portland and our Midwest facilities. The addition of the Southern Pacific rail line running from Salt Lake City west to California and then running from California north to Portland creates a secondary line of transportation for us to the Portland area.

Third, the existence of a single line service along the West Coast from Seattle to San Diego will create much more efficient transportation especially when we need to ship to several locations along the West Coast.

Finally, because of the Union Pacific and Southern Pacific merger, PVS will have a greater single line service to the Country of Mexico.
specifically, the Kansas City, Carter Lake, Iowa and Wichita facilities will now have a direct single line service to the full range of Mexican gateways to our steel business. The combined railroad will offer more expedited pre-blocked and pre-cleared trains to and from interior points in Mexico. PVS will benefit because of this efficiency both on its purchases and shipments of steel products.

The Union Pacific and Southern Pacific merger will result in shorter and more efficient routes to both Mexico and the West Coast, and obviously these considerations should result in better competition throughout the entire industry.

In addition to the shorter and more efficient routes, the Union Pacific and Southern Pacific merger will result in a greater terminal coordination throughout the various locations of the country thus allowing traffic to be handled more efficiently. The coordination of the Union Pacific and Southern Pacific terminals, specifically in Salt Lake City, Kansas City, Houston and St. Louis, will benefit a number of our Midwest facilities.

The Union Pacific and Southern Pacific consolidation will create a competitive benefit in that the Union Pacific and Southern Pacific line will be able to compete fully with the Burlington Northern Santa Fe lines in all major western markets with improved service time and reliability to the major western markets. The Union Pacific and Southern Pacific line will surely increase the competition and should result in better overall competition in the industry.

We believe the proposed merger will provide significant benefits to shippers. Our company fully supports this application and would request ICC approval of the same.

Dated this 31st day of October, 1995.

PAXTON & VIERLING STEEL CO.

By ROBERT E. OWEN, President
VERIFICATION

STATE OF NEBRASKA )
COUNTY OF DOUGLAS ) ss

Robert E. Owen, being first duly sworn deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

ROBERT E. OWEN

SUBSCRIBED AND SWORN TO before me this 31st day of October, 1995.

Notary Public

RODNEY L. HALL
MY COMMISSION EXPIRES
November 4, 1997
My name is Anthony J. Flagg and I am writing to support the merger of the Union Pacific Railroad and the Southern Pacific Railroad. I am the President of Pendleton Flour Mills, a regional flour mill located in Pendleton, Oregon. I have been with this company for twelve (12) years. Prior to this, I was an export grain trader for ten (10) years. In addition to my work experience, I am a commissioner on the Canada - U.S. Commission on Grains. This is the commission that has been mandated by the Canadian and U.S. governments to develop recommendations to solve the current trade dispute on grains between the two countries. My experience in transportation matters as it relates to grain and grain products is extensive.

Pendleton Flour Mills is a regional flour mill. Our products include all types of flour and flour based mixes. Our grain origination area extends from Canada and North Dakota, through Idaho and all the way to Arizona and California. Our customers are located throughout California, Oregon, Washington and Idaho. Our
customers typically are food manufacturers (pasta, frozen dough, etc.) or major distributors. We also do a small amount of export business into Japan and far eastern Russia.

We favor the merger of the Union Pacific and Southern Pacific Railroads largely for two reasons:

1. lower rates
2. better equipment utilization

From the perspective of shipping commodities or raw ingredients, the Southern Pacific is a destination railroad. Their lines for the most part do not tap the interior locations which are the source of most commodities or raw ingredients, but rather are confined to California and the connection between California and the Gulf Coast. As the Southern Pacific can not tap the revenues associated with the long haul of interior based commodities and raw ingredients, they must sustain their economic viability by charging high switching fees and high short haul rates once the product reaches California. The problem is compounded in that the shorter the Southern Pacific's portion of any joint haul, the higher the Southern Pacific's charges have to be on a per pound basis in order for the Southern Pacific to be convinced to participate in the haul.
In our particular case, we ship flour via the Union Pacific in bulk rail cars to Central and Southern California. In many cases our customers are on the Southern Pacific. The charges from the Southern Pacific for the final leg of the haul are so exorbitant that we cannot use their line and be competitive. It is cheaper for us to direct the rail car to a Union Pacific holding track in the area and then transfer our flour to bulk truck for subsequent delivery to our customers who happen to be at Southern Pacific locations. If the Union Pacific were to merge with the Southern Pacific we anticipate that the charges associated with the Southern Pacific portion of the movement would largely disappear. This in turn would mean that we could ship rail direct to our customers, thereby eliminating a costly truck haul and encouraging more competition in the flour market in California.

In addition to lower rates, we also would anticipate that there would be better utilization of equipment if the Union Pacific and Southern Pacific were allowed to merge. Currently we buy durum wheat out of Southern Pacific locations in California and Arizona and ship the wheat to Pendleton via rail. At the same time, we ship substantial amounts of locally grown Soft White wheats to the export market in Portland, Oregon. The most efficient use of the equipment would be to reload the empty Southern Pacific durum cars which have unloaded at Pendleton with Soft White Wheat and then ship same to Portland or even to the domestic milling market in
California. In this way, the rail cars would actually haul product in both directions. To date, because each railroad has had to make car utilization decisions within the context of their particular fleet, this two-way haul has not happened. When there is only one fleet and one company, different decisions will be made and this two-way haul will be encouraged rather than blocked. Not only would this equate to better utilization of equipment, but also our customers and their consumers would benefit because the efficiencies afforded the railroad in this instance would be reflected in their rate structure.

In my career I have always encouraged and been in favor of competition between railroads, and between the railroad and other forms of transportation. I believe competition makes everyone better. If anything, the consolidation that we have seen taken place in the railroad and other industries in the past two decades has reached a point where competition is no longer flourishing. However, the proposed Union Pacific - Southern Pacific merger is the exception that proves the rule. This merger transforms the Southern Pacific from a destination railroad dependent on the sourcing of others, to a complete railroad that has a vested interest in maintaining aggressive rate structures and high levels of service in order to grow and maintain market share. In this light, I strongly support the merger of these two railroads.
STATE OF OREGON

COUNTY OF UMATILLA

Anthony J. Flagg, being duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

Subscribed and sworn to before me this 17th day of October, 1995.

My Commission Expires:

JUNE 17, 1998
VERIFIED STATEMENT

William H. Shipman  
on behalf of  
Pictsweet Frozen Foods

My name is William H. Shipman and I am Manager of Distribution for Pictsweet Frozen Foods. I have been employed with our company since June 15, 1971 and I am authorized to make this statement supporting the Union Pacific merger of the Southern Pacific Railroad. In my capacity as a Manager of Distribution, I am responsible for coordinating and negotiating all aspects of rail for our company.

In order for you to have a clear understanding on how this pending merger impacts our operation I will proceed to give you an overview of our company. Pictsweet Frozen Foods is a Division of United Foods, Inc. We grow, process, distribute, market and sell a full line of frozen vegetables. Pictsweet Frozen Foods owns and operates vegetable processing plants in Bells, TN and Santa Maria, CA. We also own and operate a distribution warehouse in Ogden, UT. This distribution warehouse in Ogden not only distributes products but we also use this facility to repack or blend IQF (Individually Quick Frozen) frozen vegetables into retail cartons and poly bags. For the rail purposes, our Ogden, UT distribution facility location is known as WIP, UT. WIP is the correct rail station listing and this name also designates the location of our facility which is Weber Industrial Park located in Ogden, UT. Our Santa Maria, CA production and warehouse facility is serviced by Santa Maria Valley Railroad, a short line rail carrier who has direct switching service with the Southern Pacific Railroad. Our WIP, UT facility is serviced directly by Union Pacific Railroad and our Bells, TN plant warehouse is serviced by the CSXT Railroad.

Pictsweet Frozen Foods relies on rail as a very important part of transportation between our company warehouses. We also utilize rail to transfer product from our company owned warehouses to public cold storage warehouses. In addition, we also make arrangements to ship purchased product from various origins into our company warehouses by rail. Some of the primary rail traffic lanes for Pictsweet Frozen Foods are as follows:
The proposed merger of the Union Pacific and Southern Pacific Railroads is very important to Pictsweet Frozen Foods. We strongly support this merger as a means of improving service and strengthening our competitive posture pertaining to transportation costs. The merger of the Union Pacific and Southern Pacific Railroads would be a big advantage when shipping mechanical refrigerated railcars from Santa Maria to WIP, UT and to Freeport Cold Storage located in Clearfield, Utah. The approval of this proposed merger would provide us the enhancement of shipping via single line rail service from Guadalupe, CA to our shipping destinations in Utah. The Santa Maria Valley Railroad would provide us with empty mechanical refrigerated railcars at Santa Maria and they would switch the loaded railcars with UP/SP railroad at Guadalupe.

In addition to improved transit times, the merger of the Union Pacific and Southern Pacific should enhance availability of mechanical refrigerated railcars. This improvement would be the direct result of the new UP/SP Railroad being able to reposition both railcars and locomotives more efficiently. Equipment supply at Santa Maria has been an issue in the past; however, the proposed merger of the UP and SP Railroads would be a key factor in solving this problem for Pictsweet Frozen Foods.

By combining the UP and SP, shippers like Pictsweet Frozen Foods would now have an alternative to compete with carriers like the BN/Santa Fe.

We recognize the Union Pacific Railroad as a financially strong railroad; however, under current restraints the UP lacks sufficient routes to many markets. The Southern Pacific has many good routes but it lacks sufficient volume to promote efficient transit times and also enough capital to take advantage of further opportunities. The approval of this merger should alleviate these problems and make this new merged railroad a stronger competitor in the market place.
In conclusion, the approval of this proposed merger would be a great benefit to shippers such as Pictsweet Frozen Foods. The synergy enhancements resulting from this proposed merger, without a doubt, would definitely benefit the shippers and insure the UP/SP Railroad was prepared to meet the demands of its customers in the future. Therefore, I must again reiterate that we strongly support this proposed merger.

Sincerely,

William H. Shipman
William H. Shipman
Manager - Distribution
STATE OF Tennessee )
) SS.
COUNTY OF Crockett )

William H. Shipman, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

Subscribed and sworn to before me this ___ day of November, 1995.

Notary Public

My Commission Expires:

--- Claude T. Parkey, Notary Public
Crockett County, State of Tennessee
My Commission Expires July 22, 1997
My name is Bill Osenbou and I am the Traffic Manager for Pimalco Aerospace Aluminum, a subsidiary of Alcoa. At my current position, I am responsible for arranging transportation and negotiation of all freight rates. Pimalco's traffic needs include rail, truck, air and import/export by sea. I have also worked for three years as Shipping Coordinator and an additional three years as Shipping Supervisor.

Some of the products manufactured at the facility in Chandler, AZ include aluminum extrusions, cast aluminum, seamless tubing and drawn tubing. The approximate outbound volume for finished product is 1,500 truckloads, while inbound raw material is about 350 rail cars per year.

Our particular interest in the proposed Union Pacific / Southern Pacific merger is based on the large amounts of aluminum billets, slabs and scrap that we currently source by rail. We feel the proposed merger is in our company's best interest as well as the interests of our customers, and as a result we endorse the UP/SP merger application.

The most obvious benefit to result from this merger would be the new opportunities for single line service. With the movement from Sandow, TX, we would no longer need to have the cars interchange between different railroads at El Paso, TX. This is also true with our inbound raw material from Tennessee. The new UP/SP would have a clear shot across the southwestern portion of the country which would give Pimalco opportunities for increased transit time when bringing in our raw materials.

Another case where a more efficient route would be in place is from The Dalles, OR to our facility in Chandler, AZ. Currently, these cars are forced to interchange between the two railroads at Colton, CA. Single line service from the Pacific Northwest gives Pimalco more direct access to the aluminum raw material producers currently served by Union Pacific.

The UP/SP merger provides more capital resources to upgrade some of the SP's current lines. Any improvements to the SP's Colton-El Paso line would result in more efficient service to our plant. This trackage would probably not be able to receive such improvements if SP were to remain operating on their own. After all, the SP Chairman has expressed concern the SP will experience financial difficulty going up against the new BN / ATSF alone. SP shippers in this region could be adversely affected by not allowing the UP and SP to merge.
In conclusion, the proposed UP / SP merger would give Pimalco easier access to our raw material markets and provide a competitive environment with the new BN / ATSF in the western United States. We would welcome this merger and support the UP and SP railroads with their application.

William T. Osenbau Jr.
Traffic Manager

I, William T. Osenbau Jr., declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file the verified statement. Executed on 10/12/95.

State of Arizona
County of Maricopa

Who personally appeared before me this date and who is known personally by the undersigned this 12th day of October 1995

Seal
Verified Statement
of
Robert A. Johnson
on behalf of
Pine Mountain Corporation

This statement is submitted by Pine Mountain Corporation to inform you of its support of the merger between Union Pacific and Southern Pacific. My name is Robert A. Johnson and I am President of Pine Mountain Corporation. I have been involved in manufacturing operations for over 30 years and have used rail to ship and receive materials critical to businesses with which I have been associated.

Pine Mountain Corporation makes wax, sawdust firelogs and fire starters. These products are sold throughout the United States. We have manufacturing plants in Greenville, Texas and Sacramento, California. Raw materials are received in tank cars. Finished goods are transported by box car to warehouses in Portland, Phoenix, Denver, Chicago, Orlando, Philadelphia and Foxboro, Massachusetts. Approximately 200 box cars and 500 tank cars could be shipped annually if service was available. Currently, 100 box cars and 300 tank cars are shipped annually to and from our plants in Greenville and Sacramento.

We support the merger between UP and SP. The primary benefit of the merger for our company would be new single-line service for our traffic. A good example of this benefit can be found in our shipments of petroleum wax from Crysen Refinery in Woods Cross, Utah, to Texas for transloading. One side of Crysen's refinery is served by SP (DRGW), the other side by UP. Wax, however, is shipped only from the UP side of the plant. In order to move this wax to Texas, we have to use BN's lines between Pueblo and Fort Worth. Absent the merger, we would have a complicated joint move involving UP and either BN or SP (over BN's tracks pursuant to rights it gained in the BN/SP merger). With the merger of SP and UP, however, we will have single-line service from Woods Cross, Utah to our transload destination in Texas. Fewer handoffs from one railroad to another will improve service and reduce costs.

The merger will also bring other benefits such as reduced transit times, better service and more efficient routes. We hope to take advantage of the integrated system to move our products to our warehouses more efficiently and at lower costs. We support the merger and urge its early approval.

I, Robert A. Johnson, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement executed on October 26, 1995.

Robert A. Johnson
My name is Mark D. Hector. I am Traffic Manager for Pinole Point Steel Co. located in Richmond, California. I have been employed by the company for fifteen years. For the last three years I have been Traffic Manager. I have completed seminars in Transportation Management at UC Berkeley and San Jose State. I manage inbound and outbound transportation, cost control and logistics. I negotiate freight rates, handle claims and supervise union labor in shipping and receiving.

Pinole Point Steel Co. produces galvanized sheet steel in flat and coil form. We have two facilities in Richmond, California both of which are served by Southern Pacific. We receive inbound traffic via rail from Chicago, Canada and West Virginia. Our outbound traffic is shipped via truck and rail throughout seven western states. In 1994 we used the railroad for more than one hundred carloads over SP.

Our company supports the proposed merger of UP and SP. We expect important benefits to accrue to shippers as a result of increased single line service to existing and new markets. Single line service is important in that terminal delay and congestion are minimized, transit time is reduced, and service reliability is improved. We have found that these efficiencies accrue to the benefit of shippers and, ultimately, the consumer, in the form of lower rates and better service. The combination of UP and SP allows us to reach points with single line service which are now only reachable by joint line service. Not only will this allow us to choose rail more often, we believe that we will be able to expand our volume because of the enhanced rail service. In particular, the merger will allow us to ship single line to UP points in Southern California. At present, this traffic moves by truck because SP/UP joint line rates make trucking a cheaper alternative.

The merger is also important to us because we need strong competitive rail service. Although SP has tried to meet our needs, we have experienced shortages in the supply of coil cars, particularly due to the poor turnaround times that seem inherent in SP’s service. SP has been unable to provide the consistent, reliable service we need. Congestion and terminal delays contribute to the problem. The terminal improvements proposed by the merging carriers coupled with improved route utilization should reduce, if not eliminate, congestion problems. Faced with competition from the newly merged BNSF, SP’s ability to address these problems by itself is diminished. As a result we strongly support the merger of SP with the financially viable Union Pacific. Not only will service be improved, equipment utilization will be enhanced, resulting in improved transit times and the reduction, if not the elimination of car shortages for our company.
Finally, I note that UP and SP have reached a settlement agreement with BN-SF that creates, for the first time, single line service between Seattle and Southern California. Further, this single line service will be provided by two competing carriers, UP-SP and BN-SF. The merger generally should improve service along the I-5 Corridor, and the settlement should help more. Not only will we have improved access to Western Canada and Washington, there will be effective rail competition for this traffic between UPSP and BNSF.

We are enthusiastic in our support of the proposed merger of UP and SP. This combination will ensure that we receive top-quality service from a financially sound carrier with single line access to numerous points. We believe that the efficiencies from this merger will result in improved service, car supply, reduction in transit time and improved carload service. The enlarged reach of single line service available to us can only serve to enhance our business and open new markets.

We urge the approval by the ICC of the proposed merger.

I, Mark D. Hector, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed this __ day of October, 1995.

Mark D. Hector
VERIFIED STATEMENT

OF

PAUL ROUSE
on behalf of
PIONEER CONCRETE OF TEXAS, INC.

My name is Paul Rouse. I am Vice President of Pioneer Concrete and Aggregate Operations in Houston, Texas. Our operations consist of thirteen ready mix sites with 150 trucks plus seven sand and gravel quarries. Of the thirteen ready mix plants, aggregates are supplied to five of them directly by rail. We also have a material handling yard in Galveston, Texas, which is serviced by rail. Two of the plants are on the Union Pacific line, two on the Southern Pacific line, one is on the Houston Belt & Terminal line, and one is on the Santa Fe line. One of our largest quarries in Houston is serviced by the Southern Pacific. 60% of all our sales from this quarry are supplied to our customers by rail.

I am aware the Union Pacific and Southern Pacific have requested authority to merge, in which I support this merger.

Pioneer will benefit from the proposed Union Pacific - Southern Pacific merger through several avenues. The merger should be able to provide better service from the availability of car supply and locomotive utilization. The availability to move 10, 20, 30, up to 60 car movements. The single line service will now allow us to compete in areas we could not before, internally and externally.

We strongly support the proposed merger and urge the Commission to approve it.

I, Paul Rouse, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Executed on November 10, 1995

[Signature]

Paul E. Rouse, Vice President
VERIFIED STATEMENT

of

Dale Kizer

on behalf of

Planters Cotton Oil Mill, Inc.

RE: FINANCE DOCKET NO. 32760

My name is Dale Kizer. I am Vice President & General Manager of Planters Cotton Oil Mill, Inc. Our address is 2901 Planters Drive, Pine Bluff, Arkansas. I have been employed by Planters for 20 years and have been involved in various degrees with the logistics of inbound and outbound freight during that entire time. I am currently exposed to multiple facets of rail and truck issues including freight rates, equipment quality and supply, and service.

Planters Cotton Oil Mill, primarily uses rail for shipments of cottonseed oil, cottonseed meal, cottonseed hulls and whole cottonseed. The majority of the cottonseed meal is shipped in covered hopper cars to various feed mills in the Mid South and the whole cottonseed is shipped in boxcars to Mexico and the West Coast states. Our success often hinges on transportation issues. Transportation costs make or break our ability to compete in certain destination markets. Transportation issues such as reliable, consistent and affordable switching, competitive rail rates and transit service often make the difference in allowing us to plan our outbound movements to meet the specific needs of our customers.

We strongly support the merger between the Union Pacific and the Southern Pacific. The combination of SP’s commercial and route network strengths with the UP’s stronger service will deliver tremendous benefits to Planters. We are also aware of and supportive of the announced agreement between the UP and the BN to reinstate competition to locations that currently have two carriers, like Planters (e.g., UP & SP) and would have gone to only one carrier (UP) as a result of the merger. Under this proposed UP/SP agreement with the BN/SF, we can look forward to gaining access to the BN/SF’s vast network as well, and reaping the benefits of having two very viable and competitive rail suppliers in the Pine Bluff area. We commend the UP for having had the foresight to ensure its customers that it will preserve and enhance competition in Arkansas. We also believe that the SP’s financial difficulties over the past decade can best be addressed by a merger into the financially sound Union Pacific system.
We strongly support this merger and request that it be quickly approved by the Interstate Commerce Commission or its successor.

I, Dale Kizer, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on November 9, 1995

Dale Kizer
Vice President & General Manager
My name is Ned Holmes. I am Chairman of the Port of Houston Commission, the governing body for the Port of Houston Authority. The Commission is composed of seven commissioners appointed by local governments along the Houston Ship Channel. On behalf of the Port of Houston Authority, I am submitting this statement in support of the Union Pacific and Southern Pacific Railroads’ merger application.

The Port of Houston Authority is an autonomous governmental entity which owns and/or operates the public facilities along the 50-mile Houston Ship Channel and is the channel’s official sponsor. The Port of Houston Authority’s facilities include 43 general cargo wharves, the Barbours Cut Container Terminal and a grain elevator which are available for public use. It also includes a bulk materials handling plant, a bagging and loading facility, a refrigerated facility, two liquid-cargo wharves, and other terminal facilities. The Port of Houston complex also includes privately owned facilities. The Authority’s facilities handle approximately 13 percent of the cargo moving through the Port. The Authority also operates the Malcolm Baldridge Foreign Trade Zone.

The Port of Houston ranks first in the United States in total foreign water-borne commerce handled and second in total tonnage. It is the seventh busiest port in the world. Last year, the Port handled approximately 142 million tons, including more than 500,000 containers, 5,400 ships and 50,000 barges. Primary import commodities in terms of tonnage include petroleum and petroleum products, iron and steel, organic chemicals, crude fertilizers and crude minerals, and non-metallic mineral manufactures. The top export cargo includes petroleum and petroleum products, organic chemicals, cereals and cereal preparation, plastics in primary forms, and animal oils and fats. The Port is home to a $15 billion petrochemical complex, the largest in the nation. The Port generates approximately 196,000 jobs and $5.5 billion in economic activity annually.

The Port relies on rail and motor carrier transportation. Union Pacific, Southern Pacific, Burlington Northern/Santa Fe, Houston Belt & Terminal Railway and the Port Terminal Railroad Association serve the Port of Houston, as do 130 trucking lines.

Having reviewed the proposal of Union Pacific and Southern Pacific to merge, I have concluded that this proposal is in the best interest of the Port Authority. I believe that once implemented, the UP/SP merger will improve rail transportation to the Port Authority. As a result of the UP/SP agreement with BN/SF, I believe the merger will also stimulate vigorous rail competition in many existing and new markets, which will benefit both import and export trade through the Port of Houston.
The UP/SP merger will create faster, more direct routes into the Houston area on UP/SP. These improvements will allow more shippers to access the Port of Houston. More direct routes also should make the Port a more attractive alternative for connecting waterborne cargo to land-based transit for inland destinations. More traffic would spur economic development and increased job opportunities.

The merged UP/SP system will give shippers more efficient service between Houston and major Midwestern points. I believe service improvements will provide the opportunity to make rail a more cost-effective option than truck transport. Shifting traffic to rail would relieve the state's overburdened highways, and create new efficiencies for traffic moving into the Port.

The merger should enable UP/SP to coordinate Houston-area facilities. This coordination should reduce congestion and decrease delays for traffic through our Port. It should result in more efficient utilization of rail yards and support trackage in Houston, including the operations of the Port Terminal Railroad Association, which serves 151 industries located on track owned by the Port of Houston Authority. We expect the changes provided by the merger will allow improved terminal efficiency and capacity improvements, which will improve generally the rail handling of containerized traffic moving to and from the Port Authority's Barbours Cut Container Terminal.

Service in the Houston-California corridor should be improved with the linkage of UP's line east of El Paso with SP's line west of El Paso. The combination of these lines should yield significant time savings for Houston-California shipments.

The UP/SP merger should also create opportunities for improved service between Houston and the Pacific Northwest, which should bring more rail traffic into our Port.

The merger should have a substantial impact on rail service in Texas generally. Texas businesses should see significant service improvements and new single-line access to important markets and suppliers. I believe the increased traffic flowing into Texas should draw more trade to the Port of Houston.

I also believe that the agreement recently announced between UP/SP and BN/SF, should yield substantial benefits to the Port. I have been advised that the agreement will provide BN/SF with the right to operate over key UP and SP lines that serve Houston. I understand that, in particular, BN/SF will gain direct routes between Houston and New Orleans, between Houston and Brownsville, and between Houston and Memphis. I understand that BN/SF will be able to provide shippers with additional competitive options along these routes. Competitive efficiencies should increase when two strong railroads serve the same customers on the same lanes. These efficiencies should translate into increased traffic for the Port of Houston.

Sustained rail competition is vital to economic development in Houston. Although the UP/SP merger will mean that Houston will be served by one fewer rail carrier after the
merger, I believe having financially strong rail lines serving the Houston market would be beneficial to the Houston market.

A merged UP/SP should offer significant new routes and operating efficiencies that will bolster the traffic moving through the State of Texas and the Port of Houston. I believe that the merger has the opportunity to create increased cargoes for Texas shippers and be a catalyst for Houston’s economic development. On behalf of the Port of Houston Authority, I support the merger, and urge the ICC to approve the application.

VERIFICATION

I, Ned Holmes, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on November 10, 1995.

Ned Holmes, Chairman
Port of Houston Authority
VERIFIED STATEMENT
of
JERRY STONE
on behalf of
PRECISION FLAMECUTTING & STEEL, INC.

My name is Jerry Stone. I am the Vice President of Precision Flamecutting & Steel, Inc. My Company’s address is 7104 Old Katy Road, Houston, Texas 77024. I have been involved in this industry for the past 18 years, and currently I am responsible for overseeing the sales staff and the purchasing functions at my Company.

Precision Flamecutting & Steel, Inc. is involved in the business of precision flame cutting of steel products to customer specifications. We receive steel product for processing by rail from various steel mills throughout the United States. Our Houston facility is served by Southern Pacific.

We are aware that Union Pacific and Southern Pacific intend to merge. We support such a merger.

With the proposed merger, the Houston facilities of Union Pacific and Southern Pacific will be consolidated resulting in reduced congestion and significant improvements in transit times. With greater combined volumes, we understand a combined Union Pacific/Southern Pacific would also be able to increase pre-blocking of traffic to avoid Houston entirely, improving transit times on those shipments and also further reducing congestion within the terminal area. Those types of improvements should significantly expedite service for our Company.
We also anticipate significant service improvements due to the management and technology that Union Pacific will bring to a new Union Pacific/Southern Pacific. Union Pacific has a reputation in the rail industry for providing quality service with on-time deliveries, and we believe the combined Union Pacific/Southern Pacific system will benefit from Union Pacific’s philosophy and management systems. We are also aware that Union Pacific has a large computerized network for scheduling and monitoring their shipments. We believe this system will provide better information than Southern Pacific has provided us in the past. Union Pacific’s advanced, user friendly systems should help us trace our cars, allowing us to provide vital information to our customers concerning the status and progress of their shipments. We believe this will lead to greater customer satisfaction and help to increase our business.

In addition to service improvements, we look forward to having single line service available for the first time to Union Pacific-served destinations. This will open new markets for us throughout the Midwest, significantly expanding our potential customer base.

For these various reasons, our Company supports the merger of Union Pacific and Southern Pacific.

I, Jerry Stone, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed on 11/3/95.

Jerry Stone
Vice President

JWS tb 1408

cc: Edwin J. Jennings III - President
    Precision Flamecutting & Steel, Inc.
October 3, 1995

Interstate Commerce Commission
Washington, D.C.

Reference: Finance Docket No. 32760
Union Pacific-Southern Pacific, Control and Merger

VERIFIED STATEMENT
OF
Terrance K. Black
on behalf of
Pronto Pig, Inc.

My name is Terrance K. Black. I'm President of Pronto Pig, Inc., located at 527 S.E. Baseline, Suite A, Hillsboro, Oregon. I have been involved in Traffic Management since 1963, with a variety of different Job Descriptions. From 1963 until 1970 I was Assistant Traffic Manager, Freightliner Corporation-Portland Oregon Corporate Headquarters. My primary responsibility was the coordination of Rail Transportation. From 1970 until 1979 I was employed by IML Freight as a Salesman, District Sales Manager and Terminal Manager. My responsibilities included all aspects of LTL Common Cartage. In 1980 I returned to Portland, Or. from Phoenix, Az. and worked for Silver Eagle Motor Freight as Terminal Manager until 1981. From 1981 until 1985 I worked for Independent Dispatch, a Intermodal Marketing Company. My Title was Director of Sales. In 1986 I purchased 50% interest in Pronto Pig, Inc. a Intermodal Marketing Company. In 1989 I purchased the remaining 50% and I currently oversee all aspects of the Company.

Pronto Pig, Inc., an Intermodal Marketing Company was formed in 1983 in Vancouver, Wa. Currently the Headquarters are located at 527 S.E. Baseline, Hillsboro, Or. 97123. Pronto Pig has estimated annual revenues of $12,000,000 and specializes in full load Containers and Trailers predominately from and to the Pacific Northwest. We heavily utilize the Burlington Northern-Santa Fe Railroad, Union Pacific Railroad, and Southern Pacific Railroad.

I understand that the Union Pacific and Southern Pacific have requested authority to merge. I strongly support the approval of this request as it would benefit us with stronger competition and more seamless service to and from the Pacific Northwest.

A considerable amount of traffic has been lost to Motor Carriers from the Vancouver BC and Seattle market into and out of
the California area because of rate disadvantages caused by the lack of single line economies. The service factor also would be greatly improved by a financially strong Railroad.

We are also very concerned about the competitiveness of the Union Pacific or the Southern Pacific independently against the Bnsf Railroad from and to the Pacific Northwest from Midwestern Points.

We currently do a limited amount of Traffic between California markets and the Midwestern markets and We are in need of additional routes into the Chicago gateway that this merger would satisfy concerning service.

In conclusion, We support this application because it will afford critical protection to our shippers in better service and more equal competition in rate matters.

VERIFICATION

I, Terrance K. Black, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on October 6th, 1995.

Terrance K. Black
President
Pronto Pig, Inc.
VERIFIED STATEMENT
OF
ELSA AIDA RODRIGUEZ BARRIENTOS
ON BEHALF OF
PYOSA, S.A. DE C.V.

INTERSTATE COMMERCE COMMISSION
UNION PACIFIC-SOUTHER PACIFIC MERGER
DOCKET NO. 32760

My name is Elsa Aida Rodriguez Barrientos, Exports Traffic Manager of PYOSA, S.A. DE C.V. at Ave. Industrias # 1200 Pte., Monterrey, Nuevo León, México. I have held this position for ten years. I am responsible for the selection of the best way and mode of transportation in all our international traffic.

PYOSA, S.A. DE C.V. has three plants in the Monterrey area; we produce lead oxide and litharge; our plants are rail served by the Mexican Railroad FNM. We are exporting via rail car through Brownsville, Tx. via SP to Ohio, where we have a BN pool of 22 covered hopper cars and through Eagle Pass, Tx. to Ohio, where we have a SP pool of 10 covered hopper cars.

Also, we are shipping to Japan via SP Eagle Pass, Tx. to Long Beach, CA. where our bagged litharge is being transloaded from boxcars into sea containers for further once into Japan.

We understand that Union Pacific and Southern Pacific are requesting authority to merge. We quite definite support this as a means of improving service and strengthening competition.

We expect that the merger UP-SP will provide the benefit of a better service. We have noticed that the SP tries very hard to meet our demanded schedules, but often encounters delays due to lack of enough power or other difficulties. The merger with the UP will give the combined system to a Letter utilization of locomotives and the financial UP'S strenght to acquire more equipment.

Improved service and single line service opportunities will also be a benefit in our exports to and through the United States, for example, we export via Brownsville, Tx. on the SP for interchange with the BN at Fort Worth, Tx. Since BN-SF has been given trackage rights to and from Brownsville, Tx., we would be able to avoid this interchange (SP-BN) with its related costs and delays.

We strongly believe that the proposed UP-SP merger would provide significant benefits and additional advantages to us and other mexican shippers. We support the application.
VERIFICATION

I, Elsa Aida Rodríguez Barrientos, declare under penalty of perjury that the above is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on October 09, 1995

[Signature]

ELSA AIDA RODRIGUEZ BARRIENTOS
PYOSA, S.A. DE C.V.
VERIFIED STATEMENT

OF

EDWARD B. COGBILL, JR.

on behalf of

QUALITY WHOLESALE BUILDING PRODUCTS

My name is Edward B. Cogbill, Jr., President of Quality Wholesale Building Products. I have worked with wholesale building materials for 27 years, including 26-1/2 years with Georgia Pacific. I am ultimately responsible for all of my company’s transportation decisions.

Quality Wholesale Building Products is a wholesale distributor of building and construction materials including lumber, plywood, cabinet materials and roofing materials. We are located at 11701 Kinard, North Little Rock, Arkansas, 72117.

Our North Little Rock, Arkansas and Joplin, Missouri facilities primarily receive building materials by rail from origins in the Pacific Northwest. The majority of rail traffic to North Little Rock is handled by the Union Pacific, and the Joplin, Missouri facility is predominately served by the Burlington Northern. In 1994, we received 102 carloads of materials, generating $184,000 in revenue. In 1995 to date, we have had 95 inbound carloads of building products for $136,000 of revenues. In North Little Rock,
we receive shipments originating in British Columbia that are handled by the UP from Chicago. Our building materials are also moved by rail from Williams Lake, British Columbia to Seattle, Washington and then via UP direct to North Little Rock. Shipments from Vancouver, British Columbia are carried on the Burlington Northern to Kansas City and then handled by the UP to North Little Rock. Our North Little Rock facility receives building materials from Southern Pacific railroad origins in Dillard and Riddle, Oregon that are then handled by the UP from Pine Bluff, Arkansas or Memphis, Tennessee.

Quality wholesale Building Products welcomes the proposed UP/SP merger because it will provide critical new single-line service to our North Little Rock facility and reduce transit times. The merged system will handle single line shipments from both Dillard and Riddle, Oregon via Pine Bluff, Arkansas to North Little Rock. The merger will also enable us to take advantage of single-line service from Mahan, Oregon to North Little Rock via Dallas. Shipments to North Little Rock from Savage Industries in Portland, Oregon will be simplified and expedited as a result of the merger. This traffic is presently transported by truck from mills, although served by Southern Pacific, to a reload, and then moved via UP to North Little Rock. The merged system will have the capacity to provide single-line service from mills on the SP to our North Little Rock site.

Single-line service will also substantially reduce transit times as carloads will be able to move directly eastward without losing the
time required to interchange with another railroad. Finally, the new single-line service offered by the merged system will enhance our ability to compete with receivers in Arkansas and Missouri who presently enjoy single-line service on the BN/SF. We cannot take advantage of the BN/SF service because our facility at North Little Rock is not open to reciprocal switch.

VERIFICATION

I, Edward B. Cogbill, Jr., declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on October 20, 1995.

Edward B. Cogbill, Jr.
President
October 15, 1995

Mr. Vernon A. Williams
Secretary
Interstate Commerce Commission
1201 Constitution Avenue N.W.
Washington, DC 20423

RE: Verified Statement of Warren J. Razore on behalf of RABANCO

Dear Mr. Williams:

I am writing to you and your colleagues regarding the recent merger of the Burlington Northern-Santa Fe (BNSF) Railroad and the proposed merger of the Southern Pacific & Union Pacific Railroads (UPSP).

RABANCO and its affiliated companies are involved in municipal solid waste collection, recycling, transfer, transportation, intermodal and landfill disposal operations throughout Washington, California, Oregon, British Columbia and Alaska. As President and Owner of the RABANCO COMPANIES, I am responsible for the overall operation and management of the companies. This includes development and implementation of transfer-intermodal facilities, rail transportation and disposal options for municipal solid waste and industrial waste moving on the BNSF and the Southern Pacific Lines.

Our operations include several transfer stations-intermodal facilities for municipal solid waste throughout the west coast and on the SP a new facility for the South Napa Waste Management Authority. Together with SP, BN and the California Northern Railroad we created the first Waste-By-Rail service out of California. We ship municipal solid waste from our transfer-intermodal facility in Napa, California to a disposal site in Roosevelt, Washington. Since June 1995 our traffic has been moving both in unit train service as well as regular train service averaging approximately 70-80 stack cars each week. This new service we are providing into northern California will provide the SP with over 4000 carloads of new business each year.

Similar to the BNSF, we fully support the merger of UP and SP. As a user of private equipment, service reliability, service efficiency and reliable cycle time is of paramount importance. Better equipment utilization allows us to better manage both our fleet and our overall business. The combination of the innovative SP with the strength and reliability of the UP will result in increased efficiency, improved car handling, reduced transit time and overall better service.
We believe that the demand for service such as ours will increase. The availability of a strengthened rail competitor in UPSP will enable the solid waste industry to expand their market reach and the use of rail for the environmentally sound transportation of solid waste. This is of particular importance in the far West. The enhanced competitive environment in the Interstate 5 (I-5) corridor for transportation as a result of this proposed merger is encouraging to us. The settlement reached by UPSP and BNSF in this proceeding assures a vigorous competitive environment in rail transportation and transportation in general in our region. We support the settlement and believe that two strong competitors are preferable to the situation where smaller, weaker carriers are introduced to address perceived problems.

We have been concerned about the ability of SP to improve its service in the face of the newly combined BNSF. UPSP is the logical and necessary answer. UP’s financial strength and reliability combined with the route structure and market access of SP will produce a strong and efficient rail carrier able to respond to the needs of shippers, such as our company which needs specialized and innovative services. Approval of the proposed merger assures the continuation of viable rail competition in the western United States.

We request that the Interstate Commerce Commission (ICC) grant expeditious approval to this proposed merger in order that the benefits to the shipping public can begin to be realized.

I, Warren Razore, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Warren J. Razore  
President

[Signature]

Executed on:  
10-15-95
My name is Robert Tuckey. I am President of Red River Rock Products. Our address is 1300 Queens Lane, Petaluma, California 94952. My fax number is (707) 762-2284. I have had an ownership interest in Red River Rock Products for the past fifteen years, and have been in the aggregate business for the past thirty years. I am the Chief Executive Officer of the company and am responsible for all aspects of operations, sales and transportation.

Red River Rock Products supplies colored and decorative stone for the exposed aggregate building products market in the Oakland, California area. Our main distribution facility is located in Oakland, California. We obtain different varieties of colored and decorative rock by rail from sources in Montana and Arizona. The rock is delivered to us via a team track at San Pablo, California, that is served by SP and BN-SF.

We strongly support the merger of UP and SP because it will provide immediate and tangible benefits to our business. The combined system will be able to provide more efficient routes, improved service and reduced transit times. In addition, UP-SP has entered into a settlement agreement with BN-SF that provides BN-SF with single line service down the I-5 Corridor. The settlement gives to UP-SP rate authority for BN-served locations in Montana west of Billings and Havre. It also provides for trackage rights
between Bend and Chemult, Oregon, which will allow shipments moving from Montana to California to avoid Portland. I expect these provisions to be tremendously beneficial to me. I will have to large, integrated railroad systems competing for my business. They both will be able to offer competitive service from sources in Montana. BN-SF will be able to provide single line service from Montana to California along the I-5 Corridor, thus avoiding costly switching charges and delays. UP-SP will be able to quote competitive rates for shipments from Montana, and will have an efficient route for that rail movement.

Another benefit of the merger that will be helpful to Red River Rock is an increased supply of rail cars and equipment. The combined UP-SP system will have a larger fleet of cars, and customers will have access to large capacity cars such as those used by UP. Availing ourselves of rail cars with larger capacity will help lower our costs and improve our ability to compete.

We expect additional benefits from the merger of UP and SP, some of which we have not yet fully explored. One such benefit is accessing to single line service to UP-served sources of colored rock, such as sources in Nevada, Utah, Idaho and Wyoming. We expect that the increased efficiency of the combined UP-SP system will provide greater competition to the BN-SF, and other modes of transportation.

Finally, the merger of BN and SF created a huge system with substantial resources. As a shipper served by both SP and the recently merged BN-SF, we were justifiably concerned whether SP would be able to compete effectively against the merged BN-SF. As you may know, SP has had a difficult time during the past ten years, and has been unable to invest in needed infrastructure improvements, or purchase modern equipment. UP is a financially strong railroad with an excellent reputation for savvy management and dedication to modern facilities and equipment. The merger of UP and SP will create a viable, strong competitor for BN-SF, and as a
shipper, I expect to benefit from vigorous competition between these two rival systems. This strong competition assures me of high quality service in the long term.

Red River Rock Products strongly supports approval of the merger between UP and SP. We urge swift approval so that shippers may begin to enjoy the benefits of the merger.

I, Robert Tuckey, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on October 23, 1995.

Robert Tuckey
My name is Robert Frazier, and I am the Vice President of Distribution Services for The Red Wing Company. My company is located at 196 Newton Street, Fredonia, New York 14063. I have been involved in the distribution and logistics areas for the past 19 years. As Vice President of Distribution, I am currently responsible for the inbound and outbound transportation, warehousing and customer service functions at my company.

The Red Wing Company is involved in producing food products for the wholesale and retail markets, including ketchup, spaghetti sauce, peanut butter, salad dressing, and various other products. We currently operate two plants in California, as well as a plant in Streator, Illinois, and Fredonia, New York.

We are aware that the Union Pacific and Southern Pacific intend to seek authority to merge. Our company supports that merger.

Much of our traffic originates in California and Oregon, and moves to our plant in New York. Because of this, we are enthusiastic about better routes which will be available to us over the central corridor for our shipments from California through the Midwest gateways and ultimately to New York. In addition to combining the best of both UP's and SP’s routes and facilities, we understand UP and SP plan to run more carload and intermodal traffic over separate lines. These improvements should result in better transit times for both types of traffic. In addition, UP plans to invest in SP's Tucumcari Line. Refurbishing that line should offer better service for our intermodal shipments from Mexico to the Chicago gateway, destined for New York.

With the merger, Union Pacific is also expected to expend resources to improve the handling of traffic at terminals such as Chicago and St. Louis. This, too, will improve the service we receive because our traffic coming from the West is routed through these gateways to its ultimate destination in New York. These improvements, along with increased pre-blocking of traffic made possible by greater combined traffic volumes, will result in quicker transit times and more efficient service.
The combination of the UP and SP systems will also make available single line service for us from all major Mexican gateways. This will allow us more flexibility in the routing of our shipments from Mexico.

The merger should also help us with our chronic equipment problems. Southern Pacific has had an inadequate supply of refrigerated equipment for our shipments of frozen foods. It apparently has been unable to make the capital investments necessary to improve their refrigerated fleet equipment levels because of capital constraints. Union Pacific has the resources necessary and the available equipment to effectively meet our refrigerated equipment needs. The availability of this equipment will result in better service and quicker turn-around times.

Our company also wishes to express its support for the settlement agreement reached between the UP/SP and BN/Santa Fe. The settlement grants BN/Santa Fe a variety of trackage rights, including a route through the central corridor to Denver from California. This should result in increased competition for much of our traffic. It means we will have an option for our rail service between two large carriers, which should result in better rates for our company.

For these various reasons, our company fully supports the merger of the Union Pacific and Southern Pacific.

I, Robert Frazier, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified Statement.

Executed on October 25, 1995.

Robert Frazier
VERIFIED STATEMENT
OF
JOHN R. EDGAR
on behalf of
REPAP ENTERPRISES INCORPORATED

My name is John R. Edgar. I am Vice President, Transportation for Repap Enterprises Incorporated headquartered in Montreal, Quebec. I have in excess of thirty years experience in transportation logistics and I am a graduate member of the Canadian Institute Of Traffic And Transportation, a Fellow of the Chartered Institute of Transport (UK), a member of the Canadian Manufacturers Association, Past National Transportation Committee Chairman of the Canadian Pulp and Paper Association, Past National Director of the Canadian Industrial Traffic League, Past National Transportation Committee Chairman of the Canadian Chamber of Commerce and Past Director of the Western Transportation Advisory Council. I have plenary responsibility for transportation, distribution and warehousing of Repap Enterprises Inc. raw materials and finished products.

Repap is a fully integrated forest products company with assets of $3.5 billion and 4,900 employees at mills located in British Columbia, Manitoba, New Brunswick and Wisconsin. Repap’s combined annual capacity consists of one million tons of high value-added coated paper, 665,000 tonnes of northern bleached softwood kraft pulp, 160,000 tons of kraft paper and 500 million board feet of lumber. These products are sold internationally at prices set by the world marketplace. The United States market represents 67 percent of our consolidated revenues while overseas markets account for 26 percent and the remaining 7 percent accrues from domestic Canadian Sales.

Coated Paper is used in magazine and commercial printing applications; Northern Bleached Softwood Kraft Pulp is used primarily in writing and printing papers; Unbleached Kraft Paper is used in the manufacture of multi-wall shipping sacks while Softwood Lumber is utilized in commercial/residential construction. Our major mills are located at Newcastle, New Brunswick; Kimberly, Wisconsin; The Pas, Manitoba; Atholville, New Brunswick; Nelson, New Brunswick; Blackville, New Brunswick; Prince Rupert, British Columbia; Terrace, British Columbia, Carnaby, British Columbia and Smithers, British Columbia. Our major rail movements involving the SP are from Newcastle, New Brunswick to City of Industry, California and to Laredo, Texas; from The Pas, Manitoba to Los Angeles, California and from Kimberly, Wisconsin to Dalncr, Texas. Shipments from Newcastle, New Brunswick originate on CN Rail System to Chicago, Illinois thence SP Lines direct or SP Lines to Corpus Christie, Texas thence Texas-Mexican Railway. Shipments from The Pas, Manitoba originate on CN Rail System to Chicago, Illinois thence SP Lines and, shipments from Kimberly, Wisconsin originate on
Wisconsin Central Ltd. to Chicago, Illinois thence SP Lines. Repap Enterprises ships more than 100 carloads annually to the above points.

We support the proposed merger of UP and SP. Efficient, reliable rail service is crucial to the success of our business. We believe that the combination of the financially strong and service oriented UP with the route structure and market access of the SP will produce efficiencies which will accrue to the benefit of shippers. The rerouting of traffic over the most efficient line segments, the elimination of congestion at terminals such as Chicago, Kansas city and Houston through planned improvements, and the better use of the facilities will result in reduced transit time, better schedules, and more reliable and consistent service.

With the expanded single line service that would be offered by UPSP, we will have access to new markets that cannot be accessed economically today. For example, with the new efficiencies of the merger we may reroute some of our Laredo business to direct single-line movement and reroute some of our California business from The Pas, Manitoba via the Kingsgate, British Columbia/Easport, Idaho interchange.

In addition, we have been concerned about the ability of SP to remain competitive in the present transportation market. This concern is of particular importance in light of the recently approved BNSF merger and the pressures exerted on SP by this huge competitor. The US/SP merger assures long term quality SP service. The combination of the financially strong and service oriented UP with the route structure and market access of SP will result in a strong competitor to the BNSF. The competition for transportation services should be enhanced with two strong carriers able to compete with not only each other but also with other modes.

I, John R. Edgar, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed this 19th day of October, 1995
Support Statement UP - SP Merger

My name is Paul Rosenblatt. I am Transportation Procurement & Business Development Team Leader in the Supply & Delivery Services organization of Rhone-Poulenc North American Chemicals. The Supply & Delivery Services organization is the logistics and purchasing arm of Rhone-Poulenc North American Chemicals. I have been employed by Rhone-Poulenc for 18 1/2 years, which includes my tenure with Stauffer Chemical Company, which was acquired by Rhone-Poulenc in 1969.

Rhone-Poulenc Inc. is a leading manufacturer of various Industrial and Specialty Chemicals including Soda Ash, Sulphuric Acid, Sulphur Dioxide, Phosphorus, Phosphoric Acid, Surfactants, Cleaning Compounds and Sodium Bicarbonate. In 1995, Rhone-Poulenc will make approximately 27,000 shipments via rail outbound from our manufacturing facilities and will receive 6,000 shipments inbound to our facilities. This inbound volume includes Spent Sulphuric Acid volume received as a result of a patented process of regenerating Virgin Sulphuric Acid at certain plants. We have a fleet of approximately 2,000 Hopper and Tank cars. Our annual freight bill by rail approximates $60,000,000, with the UP/SP portion approximately $48,000,000. RPNAC's gross sales approximates 1.5 billion dollars.

Both the Union Pacific Railroad and Southern Pacific Transportation Company have been key partners in Rhone-Poulenc's distribution network for many years. We have major manufacturing facilities on both the UP and SP. Our 2 million ton capacity Green River, WY Soda Ash refinery is situated on UP lines as well as various other facilities which either have switching access or are directly served by the UP such as at Hammond, IN, Houston, TX, St. Joseph, MO, Portland, OR, Baytown, TX, Freeport, TX, Silver Bow, MT, and Wooley Valley, ID. The major plants served directly by the SP are at Martinez, CA and Dominguez, CA including those plants with similar switching access as the UP situation at Hammond, IN and Houston, TX. Both railroads participate in various joint line movements besides being an originating carrier. We also have truck-to-rail throughput operations for Soda Ash in Salt Lake City, UT on the SP lines.

Rhone-Poulenc values carrier availability, geographic coverage via a carrier, price, on-time delivery and safety as major factors in our carrier selection. In this environment of heavy competition, particularly in our commodity chemical based businesses, the value added Rhone-Poulenc can provide comes in the venue of service reliability. We believe this is one (1) area where the merger can be beneficial to Rhone-Poulenc. We expect a more enhanced customer service organization along the mold of the UP experience in recent years. UP brings much knowledge, experience and success to a customer service situation. Operationally proven is UP's Harriman Dispatch Center which we expect will encompass the entire UP/SP operations. In recent years, SP service bottlenecks have appeared at such SP Yard locations as Roseville, CA, Pueblo, CO, Houston, TX, St. Louis, MO, Portland, OR and particularly West
Cotton, CA. The Dominguez, CA and Martinez, CA plants are deeply affected by frequent 72 hour delays through the West Colton, CA yard. We anticipate that the UP can debottleneck this situation allowing us better rail equipment utilization and thus better asset management. In recent years the concept of seamless transportation has rung in our ears as an exciting but distant goal. We see enormous potential via this merger to achieve seamless transportation at least within the Western United States with hopefully the Eastern lines to follow.

UP has been a leader in EDI/paperless transactions, automated yard operations, customer service and automatic freight payment systems, which are areas Rhone-Poulenc seeks to explore and implement in the next few years. A merger such as this will promote further interline cooperation amongst the Eastern roads and North/South railroads such as IC and KCS to improve transit time and reliability. Rhone-Poulenc doesn't necessarily seek transit improvement in every lane but certainly a reliability of the transit experience that we can convey and guarantee to our customers for their production planning. Our customers are increasingly seeking dependable, just-in-time deliveries to preclude expending their dollars needlessly and controlling their assets. We are being increasingly required to meet these requests, which are actually positive for Rhone-Poulenc where we could ultimately improve our asset utilization as well.

Because of our many loaded switching movements in the Los Angeles and Houston Switching Districts between UP and SP, we believe service can be improved immediately in these areas as a result of the merger. We also expect a cost savings with the merged railroads, which could be a benefit to us by better competing with local truck movements. We thus expect to share cost efficiencies on switching movements such as these.

Rhone-Poulenc is a proponent of CMA's Responsible Care Initiative and believes that the options of different routes between origins and destinations with this merger will coerce the merged railroads to seek the safest routes of moving hazardous products, using transportation risk management techniques to evaluate the cost vs. risk tradeoff via certain routes.

In recent years, SP transit reliability and service has been suspect and we have actually lost business to other modes because of this deficiency. We are confident that UP's expertise in service and their proven track record in this area can remedy this situation. Also, although SP and UP, along with other railroads and modes of transportation have competed for chemical business, SP's service problems have often made it an unsatisfactory alternative, and the merged system will be a stronger competitor.

We see opportunities to increase business from our Dominguez, CA plant to new markets in the Midwest United States as opposed to pricing shackles we have endured at Dominguez, CA plant because of SP local service to connection and revenue division hassles between UP and SP, particularly involving West Colton, CA junction vs. Ogden, UT junction.

Although the first reaction as it pertains to the Soda Ash marketplace was that it would be negatively affected by a merger, we now see positives emanating from the proposed merger. Another railroad has been allowed to serve Salt Lake City, UT protecting a competitive force to a UP/SP control of our Green River, WY refinery. We also expect a continued competitive constraint from production in Trona, CA, which can move via a BN/Santa Fe transload.
in light of UP's attempt to establish competitive access where only UP and SP were the sole competing factors in the past on the one hand, and the aforementioned remarks, Rhone-Poulenc Inc. supports the merger of the UP Railroad and the SP Transportation Company.

Paul Rosenblatt
Transportation Procurement &
Business Development Team Leader
Supply & Delivery
North American Chemicals

PR/100

I, Paul Rosenblatt, declare under penalty of perjury that the foregoing is true and correct. Furthermore, I certify that I am qualified and authorized to file this verified statement. Executed on November 10, 1995.

Paul Rosenblatt
VERIFIED STATEMENT
OF
DOREEN FRAZIER
on behalf of
RICHMOND WHOLESALE MEAT CO.

My name is Doreen Frazier. I am Traffic Coordinator for Richmond Wholesale Meat Company and am responsible for all of the company’s traffic activities. I have held my position for six years.

Richmond Wholesale Meat Company is located at 2920 Regatta Boulevard, Richmond California. We are a distributor of frozen meat for retail and wholesale operations locally in California as well as Hawaii and various Pacific Island countries. We buy meat from a variety of meat producing areas in the United States including Arkansas, Alabama, Texas, Iowa, Nebraska, and Mississippi.

We move frozen meat by rail and by truck to Northern California ports for export. Our rail movements include shipments from Birmingham, Alabama that interchange with the UP in Memphis for transport to Oakland or San Francisco. We also move frozen meat from Dallas to the West Coast on UP. We have some shipments in the Southwest handled by the SP.

We urge the Interstate Commerce Commission to grant UP and SP authority to merge. The merger will considerably simplify our export business and give us the flexibility to serve our customers comprehensively. Today, frozen meat is transported to freezer facilities in California where it is loaded into containers for export. Many freezers are served by only one railroad, either SP or UP, meaning that meat transported into California on one railroad must be interchanged with the other railroad to be shipped to freezer and container facilities. This interchange substantially delays shipments and the export process. The merger will appreciably expedite the export operation by removing the most time-consuming part of the transportation process. Faster routings into both UP and SP refrigerated facilities and ports will give us
the versatility to move frozen meat in the most direct manner possible and will allow us to tailor our export business to satisfy our customers' needs. Speed is very important to our transportation of perishable meats, and with these significant improvements in transit times we should be more competitive in export markets.

A smaller important advantage of the merger is that the UP/SP system will be able to position and utilize equipment more efficiently than either railroad can today. We rely on refrigerated boxcars to transport our products. But Southern Pacific's refrigerated car fleet is inadequate, and we constantly confront shortages and delays in working with SP as a result. In contrast, UP has an excellent reefer fleet. The combination of UP's reefer fleet and SP's extensive routes, will make the pooled system much more efficient in moving frozen meat products. We expect that much of our business that is now carried by truck will be handled by rail after the merger because there will be increased and much more reliable rail capacity. For these reasons, we heartily support the merger and request that the ICC grant the merger application.

VERIFICATION

I, Doreen Frazier, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on October 25, 1995.

Doreen Frazier
VERIFIED STATEMENT OF
Thomas R. Brown
RISS INTERMODAL CORPORATION

As President of Riss Intermodal, an Intermodal Marketing Company (IMC), I am responsible for approximately $80 million annually in intermodal revenue tendered by our company to various railroads. Since our inception in 1983, our focus as an IMC has been on “Fortune 500” accounts with a special emphasis on companies in food processing and related lines of business. Furthermore, through our high service offerings, we have had particular effect in offering to our customers intermodal service which has been competitive with the so-called High Service Truckload (HSTL) carriers. Prior to the start-up of Riss Intermodal, I held a number of positions in Operations and Marketing at the Western Pacific Railroad including Senior Vice President - Intermodal.

Over the past several years, Riss Intermodal has supported UP’s control over Chicago and North Western (C & NW) and Burlington Northern’s acquisition of Santa Fe. Today, we actively support the combination of Union Pacific and Southern Pacific. Furthermore, the significant concessions made to BNSF in UP’s proposed trackage rights and line sales arrangements with BNSF strengthen our view that this transaction has very important, and long lasting, benefits for shippers, both intermodal and carload, and for the public at large. At the same time, the creation of a second, far reaching railroad network, UP-SP, in the West to compete on a level playing field with BNSF will enhance, rather than diminish, rail competition.

As we discuss below, the UP acquisition of Southern Pacific shouldn’t be viewed through the prism of reducing competition but rather as strengthening it. While there is a nominal reduction of three rail competitors in some lanes in the West to two, the Southern Pacific today, and in the likely future, does not represent an economically viable rail competitor for BNSF. From our perspective, the creation of a new UP-SP network should be viewed in the new competitive context created by the merger of the dominant intermodal carrier in the West, Santa Fe, with the dominant bulk hauler, BN, into a new, and very powerful, BNSF. We have already previewed this new environment when we read about BNSF’s intent to increase its capital spending over the next two years by twenty per cent beyond that planned for the two companies separately, while SP continues to lack even the minimal capital necessary to reap certain of its own natural franchise advantages (e.g. clearing the I-5 corridor for double stack, modernizing its L.A. Basin domestic intermodal terminals, etc.).

Our support for UP-SP is a natural and logical extension of the positions we have taken in the past in supporting BN’s acquisition of Santa Fe and UP’s acquisition of C&NW. We supported those mergers because we saw them each as logical next steps in the rationalization of the railroad network in the United States leading to greater route, labor and capital efficiencies and, ultimately, to increased commerce and enhanced global competitiveness for U.S. products.
A brief summary of the specific content of our position follows.

We believe in the rationalization of the railroad network in the United States, while maintaining rail-to-rail competition, as a step along the critical path for the railroads to reach their economic potential. This is important to us as a nation in order to facilitate our national global competitiveness. Intrinsic to this view is the notion that further efficiencies can be achieved through elimination of management overlap, elimination of parochial views of markets now divided between two or more carriers, and through dramatically increased capital productivity. These efficiencies can be achieved only through merger.

In our experience, there are unique characteristics of the railroad industry which predicate that reductions in the number of railroads does not necessarily mean a reduction in meaningful, sustainable competition. For railroads, unlike other industries, geographic scope, size and quality are intertwined because railroading is so much a network business. Scale in this business does not in and of itself bring efficiency or quality. Expansion of the rail network under the control of a single management, to link major markets, is critical in this context.

Another unique aspect of the rail intermodal business is the role of IMCs, stacktrain operators (or "capacity providers") and bi-modal carriers to create competition while each uses the same underlying rail carriers. As a result, in a market such as Chicago-L.A. with three railroads today, there are in practice at least eight companies providing equipment and offering rates and intermodal services to multiple IMCs, who then package and resell these services to their customers.

While shippers sometimes express concerns about reductions in the numbers of railroads serving the marketplace, our experience since deregulation demonstrates that with two strong and powerful carriers in an intermodal market, those railroads very aggressively compete with one another - and with other modes. This has been the case in the two railroad Southeast, just as in other, lane-specific, two-carrier intermodal markets throughout the country.

More important than the number of railroad competitors is their respective abilities to compete and the relative advantages that each may have over the other in particular markets. In our experience, roughly equally matched competitors invariably produce better cost/service options for shippers.

Long-term, shippers seek the most beneficial cost/service packages rather than simply the lowest possible rates. While a weak competitor may offer shippers very low rates as it is forced by the marketplace to discount for its service deficiencies, this has little long-term value or meaning in today's world of global competition and shipper/carrier partnerships. Low railroad rates which are not
economically sustainable have little meaning in today’s marketplace, and poor intermodal service is little used.

In the past, both Intermodal Marketing Companies and capacity providers (like American President Lines - Stacktrain Services [APL-SS] or CSX) have been “leverage players” in intermodal - relying on the ability to move large amounts of freight from one carrier to another in order to find the lowest cost. Often, the role that a weaker carrier like Southern Pacific played was to leverage the rates of the higher service carriers. This process is much more oriented to the past than the future when it is not economically grounded in adequate returns to the carriers providing the services. In future, while we would expect BNSF and UPSP to aggressively compete for IMC, bi-modal carrier and capacity provider business, we would also expect that there will be an increased focus on deriving margins from value added to the intermodal transaction, rather than simply from the ability to leverage weak rail carriers.

In an important sense, the creation of UP-SP will enhance competition in most corridors rather than reduce competition as we move from three unbalanced competitors -- one of whom, SP, is markedly weaker than the other two -- to two strong and balanced competitors capable of making meaningful, sustainable commitments to shippers. As such, UP-SP represents the strong carrier-weak carrier combination necessary to form a viable new competitor for BNSF.

As noted above, UP-SP will offer important new single-line intermodal routes, new and efficient equipment repositioning capabilities, important terminal coordinations and expansions, faster schedules in key corridors, and significant new capacity as a result of route specialization.

Further, SP simply cannot be expected to remain an active competitor on its own especially with the BN-Santa Fe merger. Even in the current environment, SP has great franchise advantages but it has lacked the financial wherewithal to develop those advantages. Instead, it has often had to fall back on selling price. Especially in a new environment defined by the powerful franchise advantages of BNSF (many of which advantages are in SP’s key corridors such as L.A. - Memphis), SP would be unlikely to continue to successfully compete for key international accounts. With their merger, BNSF will have top-quality routes from all of the major Western port complexes -- Seattle/Tacoma, Portland, Oakland and Los Angeles/Long Beach -- to Chicago, Kansas City, St. Louis, Dallas, Houston and Memphis. Neither UP nor SP will be able to match this. Santa Fe on its own has been able to take important segments of high revenue traffic (e.g., automotive) from SP in the recent past. There is no reason to believe that a combined BN-Santa Fe wouldn’t be even more effective in this regard.
To place these arguments in their appropriate context, we must explore the special attributes of the transportation industry and of railroad transportation in particular. And, we must review the current limited capabilities of a stand-alone Southern Pacific, and place it in the threatening context of a market which will in future be defined by a powerful BNSF.

Perhaps the key, and most unique, characteristic of the rail transportation business is the overwhelming importance of “network.” (Railroaders often refer to their network as their “franchise”.) Plainly and simply, this is a network business. Geographic reach, efficient routes, and access to markets over a single carrier network are critical to this industry’s ability to reach its economic potential. Hand offs between carriers undermine this industry’s ability to compete with other modes, as does the absence of the ability to tie together with one carrier all of the markets relevant to a particular shipper. Motor carriers are unconstrained in this context. Their networks are flexible and readily adapted to market conditions as they utilize the interstate highway system.

Network and franchise, in the railroad context, are not just important issues; they are seminal, defining issues. The combination of Union Pacific and Southern Pacific, along with the important network enhancing extensions afforded to BNSF, make this transaction the key to rationalizing the railroad network in the West. And, of critical importance to Intermodal Marketing Companies, beneficial shippers, bi-modal carriers, and capacity providers (APL-SS, CSXT’s CSXI, etc.), the UP-SP merger will crystallize the creation of two roughly equal and aggressively competitive rail networks in the West.

The synergies we mentioned earlier begin with the complementary nature of the route structure of UP and SP. These two properties were, in crucial respects, purposefully constructed to complement one another - both at the inception (during the construction of the first transcontinental railroad in the 1860s) and subsequently, at the beginning of the 20th century, during the “Harriman period” of common ownership and rebuilding. As a result, this will likely be the first “synergistic merger” among North American railroads. In the past we have had successful end to end and successful parallel mergers. This merger will be the first to create important new synergies within its route structure, leading to important new services and efficiencies on an unprecedented scale. Most of the benefits of such past mergers have been largely in simple cost take outs. This merger is complementary in ways in which no past merger has been; it creates the potential for new services and new intermodal capabilities heretofore unseen in our industry.

Furthermore, in many important aspects, the Union Pacific acquisition of Southern Pacific is a natural and logical outcome of the BN-ATSF combination. As BNSF President and COO Rob Krebs has observed, the formation of BNSF stimulated the combination of UP and SP. BNSF has catalyzed the “next stage” evolution of the railroad industry and a redrawing of the national railroad map.

Nonetheless, neither shippers, nor the Commission itself, can be expected to share this view of the “natural benefits” of UP’s control of SP absent a tangible demonstration of
the economic and commercial value of this transaction to the general public and to the
shipping public. Mindful of the Commission’s charge to protect the public interest in
such matters, we present a number of arguments below based on specific and personal
experience in this industry to present our view of the many tangible benefits of the
transaction to companies such as ours, to capacity providers, and, most importantly, to
the beneficial shippers of freight.

Before turning to those specifics, however, there are two general concerns which some
have raised which should be dealt with up front.

First, shippers, whether IMCs or beneficial owners, intuitively and naturally express
concerns when they see the number of carrier options available to them being reduced.
Many express special concern about the loss of Southern Pacific as a uniquely price-
aggressive competitor in the West. This is every bit a legitimate concern, and, for a
company such as ours which by its nature seeks the best price/service combinations for
its shipper customers, a delicate matter. Yet, in order to achieve the very significant
benefits that UP-SP will ultimately bring, we must meet this issue head on and openly.

We can best do this by making a number of important distinctions which will, ultimately,
bring us to the conclusion that Southern Pacific’s low price option in the marketplace is
neither sustainable in the short term nor, realistically, a meaningful benefit for shippers.

How so? We can characterize the reasons for this in three ways. First, SP has franchise
advantages that its financial shortcomings have made it unable to optimize. Secondly,
SP’s lack of capital has kept it from expanding its domestic intermodal program into the
product offerings that have been critical to converting traffic from highway carriers as
BN, UP and Santa Fe have done. Finally, SP has been unable to retain high service
traffic that it has secured in the recent past - even when that traffic was in corridors
where it had a route advantage (such as Memphis-Southern California).

SP’s response, then, in an effort to retain its market position, is to discount for its lack of
service or to discount for its lack of efficient and appropriate equipment. SP’s domestic
intermodal rates are certainly not cost-based. They reflect market-based pricing, but
even so they are heavily discounted for SP’s service shortcomings. As I write this, we
once again have an internal service advisement on our e-mail network of lengthy (24 to
72 hour) delays to SP intermodal trains at three major terminals. In our business delays
of hours are no longer acceptable - delays of days are simply not viable. I wish I could
write that this is an isolated occurrence; unfortunately, it is sufficiently regular to force
most intermodal users who require regular, disciplined service to utilize other carriers.

Where has SP been unable to exploit its franchise advantages? The most efficient
vehicle for handling domestic trailerload freight by rail is the double stack container. In
the SP’s solely-served “I-5” corridor along the West Coast, it has been unable to make
the relatively modest investment required to provide the line clearances for double stack
operations. In the L.A. basin, SP, uniquely among Western roads, has an excellent land
inventory affording it the opportunity to site new, modern intermodal terminals. While its international facility south of downtown Los Angeles (the “ICTF”) is excellent, its domestic intermodal terminals have seen little investment in recent years and are, generally, in need of modernization. Furthermore, SP has been unable to build new terminals to compete on a par with Santa Fe or Union Pacific in certain new market areas.

Another important way in which SP has been unable to exploit its franchise advantages has been its inability to consistently attract business from the high service IMCs such as Riss Intermodal, and from the high service truckload carriers. Nor has SP been able to retain the traffic of the high revenue, small package shippers which are integral to the profitability of a domestic intermodal program in the West. Alarmingly, SP has lost major segments of business from each of these important customer bases on its key routes (such as Memphis-L.A. and Chicago-L.A.) during the past few years.

In the IMC business, it is common to make presentations to the beneficial owners of freight demonstrating to them the underlying carrier options available in their shipping lanes. We commonly offer our major accounts UP, APL, and Santa Fe options in each of their lanes. Due to SP’s lack of modern 48 ft trailer or container capacity, along with its lack of reliable service, we generally make such presentations without any mention of SP. Quite simply, SP’s weaknesses as a domestic intermodal carrier made it an ineffective competitor for the business of many important intermodal accounts. This was especially true for those presentations focused on the conversion of highway freight to intermodal service. This is a very tangible demonstration of SP’s less than meaningful role as a viable competitor today in the important transcontinental lanes.

Identifying SP’s current difficulties in retaining a domestic intermodal traffic base leads us, naturally, to a discussion of its ability to retain even its current base of business after Burlington Northern and Santa Fe have integrated their marketing and operations. International traffic is even more important to SP than its domestic traffic, representing two-thirds of its intermodal revenues and virtually all of its intermodal profitability. Historically, SP’s ICTF in Southern California has provided it an unique advantage when soliciting international business. However, with completion of the Alameda Street Corridor project, and with the evolution toward on-dock intermodal terminal facilities, this advantage will be minimized in the near term future. Further, a merged BNSF will pose competitive threats neither road did independently. BNSF will now serve all West Coast ports as well as be able to reposition containers between Northern and Southern California and across the Southern corridor - an important marketing advantage in the international trade.

What’s more, with BNSF’s greater financial strength it can choose readily to target segments of SP’s profitable international traffic and attract specific customers through incentive pricing at levels below those remunerative to an independent SP. Furthermore, with BNSF’s expanded route structure, it will be able to offer liner companies packages of services over multiple ports, engage in domestic container repositioning, and offer
inland logistics services that SP will simply not have the financial or infrastructure wherewithal to respond to. BNSF will be able to incrementally price large segments of SP international traffic, while SP will be forced to view this business as base load business not viewed through the prism of incremental costing. On the domestic side, with no likely remedy in sight for the deficiencies discussed above, the cycle of traffic loss will likely accelerate. Unfortunately, the rights granted by BNSF to SP will not in and of themselves offset the significant deficiencies an independent SP will face absent this merger.

The SP witnesses in this case have attested themselves to most of the difficulties we have experienced. They have also indicated that SP has operated in, essentially, a cash negative position since acquisition by the Anschutz interests. The key issue here is critical mass. SP is a carrier with definite franchise advantages, some excellent routes, and certain excellent base traffic. Unfortunately, it simply lacks the critical mass in revenue necessary to support the route structure required to serve its customer base at profitability and investment levels comparable to those of its competitors. And without this critical mass, SP’s rates are simply not sustainable. Realistically, that should be our concern here. Not just preserving the lowest rates in the marketplace in the short term, but presenting the shippers with sustainable rates, sustainable service and sustainable, vigorous competition.

The combination of Union Pacific and Southern Pacific offers shippers, IMCs and capacity providers the best means of getting to this sustainable, intense competition. It presents an advantageous and economically rational remedy to this situation. And, at the same time, it creates an equal and balanced, powerful competitor to BNSF. UPSP will be a competitor whose long term existence will be enhanced by rail competition rather than threatened by it.

The second general concern among shippers that we should address here is that with any elimination of competition in the West, today’s considerable spread between typical motor carrier rates (in “pure” over the road service) and intermodal service may be reduced. There are several reasons why we do not believe that to be likely.

First, the network nature of the transportation business mitigates against this as do the high returns associated with incremental revenue in such a high fixed cost business. Railroads simply cannot raise their intermodal rate levels to so-called “supra-competitive” levels. Market forces from motor carriers, multiple intermodal vendors, and intramodal competition all militate against this.

Second, the intermodal business has a component style of organization. As a result, competition is not created solely by, nor necessarily limited to, the number of rail carriers serving a given market. To bring the intermodal product to market requires the involvement of multiple parties beyond the railroad itself: IMCs, drayage companies, equipment leasing companies, and, in some cases, capacity providers such as APL and
CSXI who resell the railroad’s linehaul services, create unique and powerful competitive pressures on the railroads of their own.

An excellent example of this would be in the transcontinental Southern tier today where we can view the workings of multiple vendor competition using a single rail carrier. CSXI and APL, for example, both resell the services today of the same railroad in the Southern corridor. Both companies aggressively market their services to IMCs today in that corridor, competing on price, service, and equipment size and availability. Both companies use their sizable international volumes to leverage railroad rates for domestic services from a single Southern tier provider. Furthermore, the underlying rail carriers here offer their own service and equipment packages to IMCs and bi-modal carriers. Rate competition in this corridor, which is served by two railroads, has consistently been aggressive.

Competitive pressures will continue to be felt by railroads from multiple IMCs, bi-modal carriers such as J B Hunt and Schneider National, and the capacity providers mentioned above. Intramodal competition today is complex in its nature and not simply derived from rail-on-rail competition. In this context, joint ventures, such as the CR-NS Triple Crown service, and the UP-CR-NS Equipment Management Program (“EMP”), create new and very powerful competitive options independent of the individual railroads. Furthermore we cannot undervalue the competition generated by multiple IMCs serving individual railroads (UP today, for example, has contracts with more than 180 IMCs).

Finally, we experience vigorous two-railroad competition today in the Pacific Northwest between UP and BN, and in the Southeast between Norfolk Southern and CSXI. In many senses this competition is a model of the workings of the free market. Nothing about our experience in these markets would give us concern about the efficacy of two railroad competition in the future. Each carrier aggressively seeks the intermodal business of shippers and, though each carrier has a markedly different approach to the marketplace, each is quite effective.

Let’s first address the Southeast where CSXI has developed as a vertically integrated full-service intermodal company providing everything from ramp operations, to equipment, to customer sales support. CSXI, as mentioned above, has even extended its geographic reach beyond the Southeast to the Far West by creating a container network running on a Western road. Further, CSXI has negotiated agreements with Conrail, with whom it aggressively competes in certain East/West corridors, to extend its Florida service into the New York/New Jersey metropolitan area.

Norfolk Southern, on the other hand, has taken an opposite tack, focusing more on its capabilities as a wholesaler of intermodal transportation. Yet, it has been equally successful and equally creative, engaging in a joint venture with Conrail to expand its Triple Crown Roadrailer network and joint venturing with Conrail and Union Pacific to create the first nationally managed domestic container program - the “EMP” mentioned above. Norfolk Southern has also concluded agreements with Conrail allowing it to
reach certain Northeastern terminals which “complete” certain city pairs in its network. It goes without saying that both railroads aggressively compete for IMC and beneficial owner business.

Yet, neither railroad is completely effective today in the marketplace competing with highway carriers, as each is limited to networks which are too limited in their geographic reach. No doubt, Eastern carriers view the rationalization of the railroad route structure in the West with some envy.

Our expectation is that we will see this same kind of multi-faceted, market and customer focused competition and creativity in the West as BNSF and UP-SP square off. This notion is at the heart of our argument that UP-SP will strengthen, not weaken, competition in the West.

At the same time, we have consistently seen aggressive competition between the two railroads serving the Pacific Northwest: BN and UP. (While SP does reach Portland, it has not historically played a major role in the general Pacific Northwest Market.) Each carrier has aggressively competed for international traffic; each carrier has evolved an unique approach to the domestic intermodal marketplace, and each carrier has aggressively worked to secure a larger share of IMC business for its own account. Moreover, capacity providers such as CSXI and APL-Stacktrain Services have also been aggressive players in this market, offering additional competitive options to the domestic intermodal shipper. Most recently, motor carriers, such as J B Hunt and Schneider National, utilizing their own equipment moved via rail, have offered additional competitive options to shippers. This has hardly been a competitive picture dimmed by two railroad competition.

Today Santa Fe dominates the intermodal marketplace in the key Northwest-California and Midwest-California markets, handling in excess of 70% of the intermodal truckload market and virtually 100% of the LTL market moving by rail. Only Santa Fe offers multiple departures per day between the Midwest and California for its intermodal customer, and only Santa Fe offers the primary third A.M. service between the Midwest and West Coast, and fifth A.M. service between the Northeast and West Coast necessary to attract high service truckload carriers and LTL carriers. While UP and APL do field a third A.M. service between the Midwest and California, it has not matched Santa Fe’s reliability and lacks many of the attractive aspects of Santa Fe’s service, and thus has not attracted the customer base drawn to Santa Fe. With BNSF’s newfound resources, we can expect that the merged BNSF will become an even more potent competitor in these lanes for high service traffic.

Additionally, Santa Fe’s (and now BNSF’s) unique partnership with J B Hunt has created a new and very powerful competitor for trailerload intermodal traffic in the West. Even prior to the BNSF merger, Santa Fe’s J B Hunt relationship was challenging its traditional support of the IMC channel. Not only does J B Hunt’s unique revenue sharing arrangement with BNSF unbalance the competitive playing field with IMCs but it will
likely drive BNSF towards an increased dependence post merger on J B Hunt for trailerload traffic heretofore secured through IMCs. In fact, while IMC business was once more than 40% of Santa Fe’s intermodal revenues, today it is less than 25%. At the same time J B Hunt has grown to become this carrier’s single largest volume full trailer load account. In light of this, it becomes critical to the IMC channel that there be an alternative to BNSF with equivalent geographic reach and economic wherewithal.

Let’s turn at this point from the consideration of the general competitive issues to the specific benefits that we believe will derive from UP-SP. What do we expect from UP-SP that should motivate IMCs and shippers to actively support this merger?

The proposed operating plan for a post merger UP-SP provides benefits to customers in a number of important ways. Linehaul efficiency is dramatically improved and transit times are reduced, as route mileage is reduced in three key intermodal corridors. (Oakland to Chicago by about 180 miles, L.A. to Memphis by about 230 miles, and L.A. to Dallas: by about 280 miles). Intermodal terminals will be significantly expanded or new terminals will be built, enhancing almost every major intermodal terminal on the combined system. And, the combination of better routes with more efficient terminals makes the addition of new intermodal train service at truck competitive levels a realistic objective of UP-SP. Also, the agreements between UP-SP and BNSF to enhance access to certain terminals create significant new intermodal competition.

As a result, UP will offer new intermodal service in key corridors which will allow UP-SP to compete for truckload, LTL and IMC traffic which heretofore was primarily the natural terrain of Santa Fe. In a very real sense, for high service traffic today in the far west, Santa Fe is the only option. As a result of this merger, the domestic intermodal sales channels will have a viable competitive option to BNSF.

With the implementation of the post-merger UP-SP service plan, the UP-SP system will offer new intermodal service in key corridors which will afford the various domestic intermodal sales channels viable competitive options to BNSF. Among these will be an additional third-morning train from Chicago to Los Angeles, with an afternoon departure from Chicago for late second evening arrival in Southern California. Also, a third-morning service between the Midwest and Northern California will be established, along with a Memphis-L.A. service that will match that offered by BNSF; and, a new truck-competitive service in the “I-5” corridor (Los Angeles-Portland-Seattle). In each case, an important new competitive option will be created for shippers.

Also of critical importance to intermodal customers will be the merged system’s enhanced ability to efficiently reposition intermodal equipment from surplus to deficit markets. This is one of the prime ingredients in intermodal’s economic edge over motor carriers. Today such repositioning between markets like the Pacific Northwest and Northern California is constrained by an inefficient route structure. The ability to reposition ocean containers efficiently for liner companies along a more efficient I-5
corridor (between the Southern California and Pacific Northwest ports) cleared for double stack operation, is another such benefit of the UP-SP combination.

But even more important will be the fact that through route specialization and terminal coordinations, operational efficiencies, and improved capital productivity, the merged UP-SP network will have significant available capacity to meet the growing demand for intermodal and carload service. Today, each of the Western carriers is capacity constrained on some major route segment and, often, at intermodal terminals. The merged system’s Operating Plan makes it clear that there will be both short term and long term benefits from this combination at Los Angeles, Chicago, Kansas City, St. Louis and Memphis, among other points. Furthermore, the reduction in end point transit times in the corridors mentioned above would not be possible without the route specialization and track capacity additions planned for the merged system.

To meet the future needs for intermodal transportation, terminal capacity is every bit as important as route capacity. And, in my view, it is the intermodal terminal network which is most in need of reinvestment. And, as a shipper who still acutely feels the frustration of our customers as a result of the capacity shortfalls of 1993, I am very impressed by the major commitment UP-SP is making to expand terminal capacity. Not only does the merged company intend to build a major (400,000 plus lift capacity), critically-needed new terminal at West Memphis and a large new common-user facility at Reno, NV, but it also plans expansion or mechanization at virtually every system intermodal facility. The Reno facility not only efficiently accommodates the new BNSF service provided through the trackage rights agreement but will also open this market for the first time to domestic containerization.

The terminal expansion and rationalization program in Southern California is particularly important to shippers. The construction of a modern intermodal facility in the “Inland Empire” will bring meaningful two railroad competition to this market and the San Diego market for the first time. (San Diego is most efficiently served via the San Bernardino ramp facilities.) Rationalization of the UP-SP terminals in the L.A. downtown-Port areas combined with new on-dock facilities will also create important new capacity and allow for retirement of outdated facilities in the L.A. Basin. The new terminal network in the Basin will also allow for a new service between the Pacific Northwest and the Sunbelt, utilizing the Colton cut off and the new Inland Empire terminal creating another new service.

And, the combination of new terminal access through the trackage rights on BNSF and efficient concentration of traffic within the Chicago terminal network will mean less intra-urban highway miles for intermodal containers and trailers being interchanged between carriers, as more traffic is concentrated at Global Two and the use of IMX and Forest Hill are discontinued.

Finally, the coordination and new terminal access provided for in the agreement with BNSF will have positive and far reaching implications for shippers as they create new
competition. For example, in the Pacific Northwest. UP-SP will become an economically viable competitor for international traffic at Seattle's Terminal 5, as the current access charges are removed. And, UP's new proportional rate agreement with BNSF will open an entire segment of the Pacific Northwest to two railroad competition.

We expect that the synergisms we alluded at the beginning of this paper go beyond the specific benefits we have noted above. UP's new post merger route structure, added capacity, and improved productivity will open the door to other innovative arrangements between railroads, capacity providers, IMCs and bi-modal carriers.

In our view, shippers, IMCs, bi-modal carriers, LTL carriers, and ocean carriers seeking to utilize the domestic intermodal network will derive multiple benefits as these two major systems, BNSF and UP-SP, aggressively compete to secure a growing share of the domestic and international freight market in the West and Midwest.
VERIFICATION

I, Thomas R. Brown, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on October 18, 1995.

[Signature]
BEFORE THE
INTERSTATE COMMERCE COMMISSION

FINANCE DOCKET No. 32760

UNION PACIFIC RAILROAD
PURCHASE
SOUTHERN PACIFIC TRANSPORTATION COMPANY

VERIFIED STATEMENT
OF
ROSEBURG FOREST PRODUCTS COMPANY

By:

DATED: NOVEMBER 6, 1995

DENNIS WILLIAMS
MANAGER TRANSPORTATION SERVICES
ROSEBURG FOREST PRODUCTS CO.
P.O. BOX 1088
ROSEBURG, OR 97470
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1. Introduction

My name is Dennis Williams, and I am Manager Transportation Services for Roseburg Forest Products Company, a major manufacturer and shipper of lumber, particleboard, and plywood headquartered in Dillard, OR. This statement is submitted in support of the proposed purchase of Southern Pacific Transportation Company by the Union Pacific Railroad.

I have been employed in my present position three years, holding senior management positions for twenty of my twenty-seven years' experience in traffic management of such diverse commodities as grain products, consumer and grocery products, iron and steel products, railcars and railcar components, and lumber and wood products, as well as directing the operation of three short line railroads. I authored the Oregon Shipper Statement, addendum to the State of Oregon's filing in Finance Docket 32000, purchase of Southern Pacific by Rio Grande Industries.

Roseburg's facilities include plywood mills located in Coquille, Riddle, and Green, OR, two plywood mills, two sawmills, and a particleboard mill in Dillard, OR, and a veneer manufacturing and wood chipping facility in Weed, CA. All these facilities are located on former SP lines now operated by Central Oregon & Pacific Railroad, a rail carrier whose only connections with Class I railroads are with SP at Eugene, OR and Black Butte, CA. Interchange between Central Oregon & Pacific with other Class I railroads is prohibited by provisions of sale and lease contracts between it and Southern Pacific. Roseburg Forest Products Company is vitally dependent upon rail service in its business, shipping approximately 70% of its total
production by rail, more than ten thousand carload shipments each year.

Roseburg's decision to support Union Pacific acquisition of Southern Pacific is the result of determining Roseburg would be better able to deliver its products to its markets under the merged system than it would if the two railroads were to remain separate. Union Pacific is a well-run, financially sound railroad which we believe will provide service at levels at least as good as SP, by itself, will eventually provide, and it will provide these levels of service much sooner than SP could, were it to continue as a separate entity. Union Pacific demonstrates a philosophy which embraces service quality and competitiveness as the basis for profitability, a principle congruent with Roseburg's method of doing business. In our experience, Union Pacific has consistently demonstrated competitiveness and innovation to the limit of its ability to serve our needs. Roseburg does not request conditions upon the proposed acquisition, although the agreement reached between Union Pacific and Burlington Northern Santa Fe contains little to benefit Roseburg's interests.

II. Consolidation Criteria

A. Effect upon Adequacy of Transportation

1. Roseburg Forest Products Company's dependence upon rail service

Roseburg Forest Products Company is utterly dependent upon cost-effective rail transportation. Roseburg is geographically isolated from the majority of its markets, and its products, lumber, particleboard, and plywood, must move long distances to reach customers. Our products have relatively low value-to-weight
ratios, and transportation cost occupies a high percentage, 10 to 50 per cent, of our delivered price. The population of the region is insufficient to absorb more than a relatively small percentage of the products made by the Pacific Northwest's forest products mills and manufacturing plants, so we must look beyond the region for customers. Shipment volume from the Northwest far exceeds the capacity of barge and truck transportation as alternatives to rail, and volume far exceeds the demand for our products in markets which barges and trucks could effectively service, were their capacities adequate to handle it.

2. Customers of Roseburg Forest Products Company

The markets into which Roseburg sells its products are extremely competitive. Price disadvantages as small as $50 per carload and service disadvantages as small as 3 days transit result in lost business. Customers demand product available within a competitive time frame to sell or use at the lowest price possible, and they depend upon competition among a broad supplier base to achieve this goal. Roseburg's experience during the past three years of substandard service via Southern Pacific has shown our superior product quality and manufacturer support are important factors in a customer's purchase decision, but the two most important criteria are delivered price and availability of product - the lowest delivered price and the shortest transit time will usually make the sale.
3. **Competitive Service and Rates**

Roseburg Forest Products has been disadvantaged the past three years by non-competitive service provided by SP and has lost customers entirely, because SP rail service has not been comparable with that available to competitors located on the Union Pacific or the Burlington Northern railroads. Earlier in this statement, we noted Southern Pacific transports 70 per cent of Roseburg’s total production; three years ago, SP transported 83 per cent. The 13 per cent of Roseburg’s traffic lost by the railroad is entirely service-related and has been converted to truck and some intermodal transportation, moving into markets these modes service more effectively than SP can. Although Southern Pacific rates have been competitive, Roseburg has been shut off by certain of its customers because of SP transit disadvantage *averaging* as high as ten days relative to shippers located on UP or BN. If service improves to the extent promised by Union Pacific, lost traffic will return to the railroad as Roseburg regains customers who could not tolerate SP service. The *immediacy of service improvement promised by Union Pacific* is a critically important benefit we expect to realize from its acquisition of Southern Pacific and is a vital component of our support.

The maintenance of a competitive rate structure is a concern, if the instant application is approved, as two railroads will compete for business where three railroads now compete. We have been assured by Union Pacific it recognizes the importance of competitive rates in producing the benefit it plans to realize from gaining Southern Pacific’s traffic base, and we look to Union Pacific’s past
aggressiveness as a favorable indicator of this railroad's likely posture following its acquisition of Southern Pacific. Operating efficiencies produced by the merged system and their favorable effect upon operating costs will support the railroad's ability to maintain rates at competitive levels. Furthermore, we do not expect the railroad to change the balance between cost- and market-based factors in its pricing. We have seen all three railroads, BN, UP, and SP, experiment with pricing systems which lend greater weight to cost factors than market factors, and each has invariably experienced loss of market share to both intra-modal and intermodal competition and subsequently returned to a pricing system which balances cost and market-based factors.

4. Competitive Equipment Supply

Adequacy of equipment, in numbers and quality, is important because if equipment supply is inadequate to meet shipper demands for loading, shipments are delayed and orders lost. Customers maintain inventories for a strict order cycle and hold that cycle as short as business will permit; i.e., they maintain minimum stocks to reduce capital tied up in inventory. For example, if a customer maintains a twenty-one day inventory, that inventory must be replenished every fourteen days (allowing seven days' safety margin). If rail service is a reliable 10 days, but the shipper has to wait seven days to receive a railcar to load, that shipper has failed to meet its customer's needs, and the value of its product as perceived by the customer is diminished. If the reduction in perceived value is sufficient, the
customer will find another supplier who can more reliably furnish the product.

Both Southern Pacific and Union Pacific appear to have equipment supplies adequate to service their respective customers, although the UP boxcar fleet is barely adequate. Shippers located on Southern Pacific lines in particular will benefit from service improvement which will effectively increase the velocity of the existing fleet, thereby improving distribution of equipment for loading. The stronger capital position of UP will allow the railroad to more quickly refurbish the boxcar fleet we use and to acquire new boxcar equipment if its acquisition of SP is approved than would be possible given SP's weaker position if the acquisition is denied. We also believe some dilution of SP's boxcar fleet will occur as UP pulls SP boxcars into its territory, but its effect should be offset by improved velocity.

5. Responsiveness to Shipper Needs

Although Roseburg Forest Products Company experience in measuring Union Pacific responsiveness to shipper/customer needs is limited, the majority of our dealings have shown Union Pacific Marketing and Sales to be highly responsive, and the Operating Department has been direct in stating whether or not it could meet our requirements. Our customers speak highly of Union Pacific service in joint hauls, where Union Pacific originates the load and interchanges it to an intermediate or delivering line haul railroad, but other customers located directly on UP are generally critical of its terminal operations, an observation we share on hauls where UP or MP is the delivering carrier for shipments which originate on SP.
If UP acquisition of SP is permitted, we anticipate improved responsiveness to our service needs, other than destination terminal operations, and continuation of the excellent partnership we have developed with SP marketing and sales, a partnership which UP (especially if the combined company absorbs a significant part of SP Marketing and Sales) appears willing and able to continue.

6. Financial Stability

We have no doubt Union Pacific will be stronger financially if the proposed acquisition is allowed, more financially sound and able to bring more capital resources to bear into the foreseeable future than Southern Pacific, even if the present competent SP management were able to accomplish all of its goals.

B. Effect of Including or Failing to Include Other Carriers

No other railroad has sought inclusion in the instant proceeding.

C. Total Fixed Charges

Union Pacific has indicated it will reduce fixed costs by abandoning or otherwise disposing of approximately 600 miles of redundant trackage following its acquisition of Southern Pacific. Union Pacific will also reduce employment of the combined system through eliminating duplicate positions. Reduction of fixed costs will reduce the cost element of Union Pacific pricing, thereby allowing the railroad greater freedom in meeting competitive pricing pressure on our traffic.
D. Effect upon Competition among Rail Carriers in the Affected Region

An inescapable fact of the proposed acquisition of Southern Pacific by Union Pacific is it will reduce the number of Class I railroads competing for our business from three to two. The question facing Roseburg Forest Products Company is whether or not sufficient competitive forces will remain to serve our needs and interests relating to rail transportation. We believe Union Pacific and Burlington Northern Santa Fe will compete at least as vigorously for our business as the three predecessor railroads did. Both railroads will be financially strong, well-operated transportation providers who know the hard truth that if shippers they serve cannot deliver their products at a competitive price to the marketplace, the product will not move over the railroad. Both BNSF and UP have been extremely aggressive in reducing their costs during the past decade and are well experienced in the discipline of cost control. The benefits derived from the series of mergers and acquisitions from which these two railroads evolved have added to their strength. Conversely, the delay associated with its failed attempt to merge with ATSF weakened SP during the same period its competitors were becoming stronger, to the extent its lackluster management by Rio Grande Industries has been insufficient to restore SP beyond minimal health. Present Southern Pacific management believes it cannot survive within the same competitive arena as BNSF and UP - SP will steadily lose ground to these railroads and eventually fail. Roseburg Forest Products Company's business has been severely damaged by poor SP service levels.
during the past three years, and we cannot endure the process of a failing SP and still effectively answer our own challenges and competitive forces.

Roseburg does not believe the proposed acquisition will reduce intra-modal competition in the Pacific Northwest below a certain critical level as an effective replacement for regulation in protecting the shipping public against rail carriers' abuse of their market power. We believe that boundary was passed two or three mergers ago. The vigorous working of competition among a significant number of large, healthy railroads as envisioned by the authors of the Staggers Rail Act of 1980 no longer occurs naturally among the limited number of Class I railroads remaining. Rather, we have entered a period of such pervasive product and geographic competition each carrier within each mode must vigorously compete for its business or face devastating and immediate business losses either from its own traffic base to other transportation competitors or from its customers' business bases to their competitors.

III. Conditions

Roseburg Forest Products Company does not request imposition of any conditions to the instant application. However, anti-competitive situations exist upon the affected lines of which this Commission should be aware. During the past three years, Southern Pacific installed short line railroads on two significant branch line networks with which we are knowledgeable, Willamette & Pacific Railroad in northwest Oregon and Central Oregon & Pacific Railroad in southwest
Oregon. WP’s lease and CORP’s purchase/lease contracts with SP contain similarly-structured restrictions against interchanging competitive traffic with any railroad except Southern Pacific. These contracts were structured to provide one price for sale or lease of the property if the new operator were to restrict its interchange to only SP, and a prohibitively higher price if the operator wanted an open interchange with a competitive railroad. Thus, no matter how expansive pro-competitive agreements such as those made between Union Pacific and Burlington Northern Santa Fe may be, shippers located on these branch networks, who account for approximately 75 per cent of SP traffic originating in Oregon, do not have access to direct, competitive rail service by more than one railroad.

IV. Summary - Conformity with Staggers Act Principles and ICC Policy

Just as our customers desire a broad range of manufacturers who vigorously compete for their business, Roseburg would prefer to see at least 3 railroads competing vigorously for our business. However, the effects of Southern Pacific’s failed attempt to merge with ATSF in the early 1980’s and failure of SP management to properly direct its business following purchase by Rio Grande Industries has resulted in the railroad’s inability to generate revenue adequate to restore its physical plant to a competitive level of health. Despite the competence of Southern Pacific’s current top management, prospects are unlikely the railroad can provide an acceptable level of service at competitive rates for its customers and produce an acceptable rate of return to its investors.
Much of the proposed acquisition's compliance with the Interstate Commerce Commission's transportation policy outlined in 49 U.S.C. 10101a depends upon whether or not the Union Pacific follows sound business principles.

By providing service at transit levels and cost levels conducive to its direct customers' business, both Union Pacific and its customers will prosper, and our experience with Union Pacific indicates this favorable performance is likely to continue and will enhance our business. For this reason, Roseburg Forest Products Company supports the proposed acquisition of Southern Pacific by Union Pacific and urges the Commission give its approval.
VERIFICATION

STATE OF OREGON )
) ss:
COUNTY OF DOUGLAS )

Dennis Williams, being duly sworn, deposes and says that he is Manager of Transportation Services for Roseburg Forest Products Company, that he has read the foregoing document and is familiar with the content thereof, and that the same is true as stated.

\[\text{Signature: Dennis Williams}\]

Subscribed and sworn before me this 10th day of November, 1995.

\[\text{Signature: Karen R. Hess}\]
Notary Public

My commission expires: \text{Sept. 6, 1997}
VERIFIED STATEMENT

OF

JAMES MORGAN

ON BEHALF OF

ROY O. MARTIN LUMBER CO., INC.

AND

MARTCO PARTNERSHIP

1. My name is James Morgan. I have been general sales manager for Roy O. Martin Lumber Company and Martco Partnership with corporate offices in Alexandria, Louisiana for the past four years. Prior to that I was Sales Manager for Martin Timber Company in Castor, Louisiana for twenty-five years. During my employment at Castor in addition to being Sales Manager I also worked as Traffic Manager. I was responsible for truck and rail shipments from that mill. Since transferring to Alexandria as General Sales Manager I have supervised the employees who handle traffic.

2. Roy O. Martin Lumber Company/Martco Partnership is a wood products manufacturing company supported by nearly 500,000 acres of well-managed timber land.

Martco OSB mill is located in LeMoyen, Louisiana and is served by the Union Pacific Railroad. Martco OSB produces 280 million feet annually of oriented strand board. From this location we ship fifty-foot box cars and center beam cars to destinations primarily in the west. We currently are shipping approximately 1,200 cars annually from this site. Most of these cars are routed over Sweetwater and El Paso, Texas and Kansas City, Kansas.

Martco Sawmill is also located in LeMoyen, Louisiana and is served by the Union Pacific Railroad. The sawmill produces nearly fifty million feet annually of hardwood lumber and we ship approximately 200 cars yearly consisting primarily of fifty-foot double door boxes and some chain flats.

Martco Plywood is a new facility under construction and scheduled for completion by early 1996. Martco Plywood is located at Chopin, Louisiana and will be served by the Union Pacific Railroad. This location is expected to produce approximately 300 million feet annually of upper grade and specialty plywood. We will ship fifty and sixty-foot box cars as well as center beam cars from here with annual shipments of approximately 1,000 cars. Primary destinations will be from the West Coast to the North Central and into the Northeastern portion of the United States.
3. We believe that the proposed merger between the Union Pacific and Southern Pacific would be in the best interest of our company and that rail users in general should benefit greatly. We strongly support the merger.

4. Martco facilities are not open to reciprocal switching therefore we depend very greatly on the services of the Union Pacific. By combining forces these two railroads would make available more equipment than we are presently able to obtain and should be able to offer an even higher level of overall service.

We believe that the single line service made available by the merger would improve the transit time to our Western markets and this would allow us to ship more volume in that direction. At the present time we have a number of Western customers who pay after arrival of the car and this causes us to limit out on their credit limits. As you can see the quicker that a car transits and we receive payment the sooner we can ship additional cars to these customers.

By being able to use more direct routes the mileage to Western customers should be shortened resulting in lower rail rates. This is especially important in that it would allow us to be more competitive in many markets. This would allow us to continue selling our Southern Pacific served customers some of whom we have considered abandoning because we were not always able to compete because of the rates. Martco very definitely needs to be able to continue to participate in the Western corridor, especially in California and Arizona.

The Atchison Topeka and Santa Fe Railway is a strong factor in our Western markets and we believe that the merger of the AT&SF and B&N will further strengthen the AT&SF position. These lines serve our competition and give them a direct corridor to our Western markets. We believe that the proposed merger between the Union Pacific and Southern Pacific will create a rail system that will allow us to compete evenly.

Many of our customers receive delivery on the Southern Pacific and are very concerned about the ability of the Southern Pacific to survive in direct competition with the merged AT&SF/B&N without the infusion of capital resulting from the proposed merger. It is our opinion that the merger would assure our customers of long term quality service.

5. We feel that we have given valid reasons for the approval of the Union Pacific/Southern Pacific merger and we strongly urge that you do so.
VERIFICATION

STATE OF )
    LOUISIANA ) ss.

PARISH OF )
    Rapides )

JAMES MORGAN, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

JAMES MORGAN

Subscribed and sworn to before me this 16th day of OCTOBER, 1995.

NOTARY PUBLIC

My Commission Expires:

[Signature]
DATE: October 2, 1995

VERIFIED STATEMENT
of
DENNIS H. WESTERFIELD
on behalf of
S.C. JOHNSON & SON, INC.

My name is Dennis H. Westerfield, staff resource planner with S.C. Johnson & Son, Inc., 1525 Howe Street, Racine, Wisconsin. I am responsible for rail, intermodal, truckload and our dedicated fleet. I’ve held this position for ten year, prior to that I was the distribution center manager at our Jacksonville warehouse.

S.C. Johnson & Son, Inc. is one of the world’s leading manufacturers of chemical specialty products for home, personal care, and insect control. We are also a leading supplier of products and services for commercial, industrial, and institutional facilities. Our Company ships household goods from Racine, Wisconsin via boxcar and intermodal to Stockton, California and Dallas, Texas via UP.

We understand that Union Pacific and Southern Pacific are requesting authority to merge. We strongly support this as a means of improving service, strengthening competition. Benefits to S.C. Johnson & Son, Inc., from our plant at Racine, Wisconsin, would include new single line route capabilities to Texas and California markets.

With approval of the application, Union Pacific and Southern Pacific will be able to combine the strengths of the rail systems. S.C. Johnson & Son, Inc. should enjoy improved and reliable rail service to our customers.

Union Pacific/Southern Pacific will be able to offer faster, more frequent, and more reliable service in key corridors, i.e., Chicago to California and Chicago to Dallas.

Union Pacific/Southern Pacific will be able to reposition both cars and locomotives more efficiently. The difference in peak seasons for the two railroads plus effective use of triangulation and backhaul moves will improve equipment supply for shippers.

Union Pacific today is financially strong, but lacks efficient routes to many markets. Southern Pacific has many excellent routes, but lacks the volume and capital to take advantage of its opportunities. The merged system will be able to overcome bottlenecks and to apply capital dollars where they will accomplish the most. This should result in stronger competition generally.

We believe that the proposed merger will provide significant benefits to shippers. S.C. Johnson & Son, Inc. supports the application.
VERIFICATION

STATE OF WISCONSIN

COUNTY OF Racine

Dennis Waterfield, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

[Signature]

Dolmar Ganske

Subscribed and sworn to before me this 3rd day of Oct. Rev., 1996.

[Signature]

Notary Public

My Commission Expires:

2-1-98
I am George Sanders, Manager of Logistics & Purchasing with Salim Oleochemicals, Inc. located at 63 B Corbins Mill Drive in Dublin, Ohio 43017. I have been in this position since April of 1995, prior to which I was with Sherex Chemical Company for eight (8) years and Dresser Industries for nine (9) years. My responsibilities have included managing both international and domestic transportation for each of my employers.

Salim Oleochemicals is a Dublin, Ohio based producer of Fatty Alcohols, Fatty Acids and Glycerine. The parent company, Salim Oleochemicals PTE. Ltd. is headquartered in Singapore. All production is done in Indonesia and shipped via ocean vessel to several U.S. ports for rail or truck delivery to our customers. We currently use Hudson Terminal in New Jersey, but expect to switch to Baytank in the Houston, Texas area in the fourth quarter of 1995. Our primary customers are in the midwest and produce a variety of health, personal care and food products. We are purchasing a portion of our Alcohols in the Houston area and ship via rail to northern Illinois. Southern Pacific handles this freight for Salim.

Salim relies on rail carriers for delivery of our products, particularly over long distances. As our market is the midwest and Gulf and Atlantic ports originate the domestic portion of our shipments, distances are such that rail transportation is extremely important. Tank trucks cannot compete with lower-cost rail transportation. There are occasions; however, when lead time justifies the higher cost of trucks but these are more the exception than the rule.

We understand that the Union Pacific and Southern Pacific have requested permission to merge. Because of our need for financially strong, service-oriented rail carriers, we support this merger. Southern Pacific has limped along since the failed SP/ATSF merger, only recently making some of the improvements necessary. Service has yet to reach the level attained by most of the other major railroad companies. With the completion of the BN/ATSF merger, it could be expected that the SP would see only additional difficulties. The strength of the combined SP/UP would provide strong competition for the BN/ATSF.
As our market expands west, Salim will need healthy rail competition among these carriers serving customers west of the Mississippi River. This merger will provide that competition. Again, we urge the Commission to approve this application as a means of maintaining rail competition.

I, George Sanders, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Executed on October 26, 1995.

George Sanders
September 25, 1995

VERIFIED STATEMENT

OF

KEITH GRETHENHART

on behalf of

SCHREIER MALTING COMPANY

I am the Vice President - Sales and Technical Services at Schreier Malting Company, headquartered in Sheboygan, Wisconsin at the address above. As such, I am the primary contact within Schreier for our business relationships with the railroad industry. I have been a part of Schreier's management team for over twelve years, holding a variety of positions in production, quality control, and sales.

Schreier Malting Company, founded in 1856, is a manufacturer of brewer's malt. Brewer's malt is a primary ingredient in the making of beer. Generally, Schreier receives most of its raw material and ships most of its finished product via rail, approximately 2,600 cars of inbound/outbound freight per year.

Schreier's domestic operations include a malt house in Sheboygan, WI, and a grain elevator in Minneapolis, MN. Schreier also owns controlling interest in two malting companies worldwide; Prairie Malt Limited in Biggar, Saskatchewan, Canada, and CUC Malt Limited in Nanjing, China. Schreier's domestic operation in Sheboygan supplies 125,000 metric tonnes of malt to the brewing industry on an annual basis. The raw material is barley, approximately 150,000 metric tonnes arrives in Sheboygan on an annual basis.

Our grain elevator in Minneapolis is served by CP Rail. Much of the barley that arrives at this facility comes from eastern North Dakota and western Minnesota, and Canada. All inbound or outbound barley at this facility is shipped via rail.

Our malting operation in Sheboygan is served by Union Pacific (formerly the Chicago & Northwestern railroad). 99.4% of our malt house's inbound barley arrives via rail, the remaining 0.6% by truck. Generally, 94% to 97% of the outbound malt is shipped via rail. In 1995, however, only 80% of the outbound malt is being shipped via rail. The remainder is being shipped via truck in 1995.

Our main domestic market is the eastern United States, east of the Mississippi River, but also including Texas and St. Louis, MO. In past years, significant sales have also been shipped to...
Mexico, entering that country through Laredo and Eagle Pass. Other export markets are served through the ports of Vancouver, BC, and Mobile, AL.

We are filing this statement to voice our support for the proposed merger between the Union Pacific and the Southern Pacific railroads. We believe this merger will improve our access to several markets, and improve service in general.

In two of the last three years, Schreier Malting has exported significant quantities of malt to Mexico. The merged railroad should be able to improve service and be more competitive to the border crossing at Eagle Pass. This could allow Schreier to gain sales to Mexico on a long term basis.

The merged railroads would also be able to coordinate movements between terminals. One of these terminals would be in Chicago. All of Schreier Malting's rail shipments pass through the terminal in Chicago, and any improvements in service there would benefit Schreier Malting Company.

For the above reasons, we believe that the proposed merger of the Union Pacific and Southern Pacific will benefit our company, and we support the application.

Sincerely,

SCHREIER MALTING COMPANY

Keith E. Gretenhart
Vice President - Sales & Technical Services

AFFIRMATION

I, Keith Gretenhart, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on September 25, 1995.

Keith E. Gretenhart
Shintech Incorporated understands that Union Pacific Railroad ("UP") and Southern Pacific Railroad ("SP") have requested authority to merge. On behalf of Shintech Incorporated, I am writing to state our support for the proposed merger.

My name is E. E. Schroeder. I am Vice President - Manufacturing for Shintech Incorporated. Our company manufactures polyvinyl chloride (PVC) resin at a single production facility located in Freeport, Texas. We are the largest producer of PVC in the United States. Shintech produces and ships in excess of two billion pounds of PVC resin from our Freeport facility each year. The vast majority of the domestic shipments from Freeport are made via railroad hopper car. Shintech maintains a fleet of about 1,900 hopper cars to deliver our PVC resin to our customers.

Our Freeport facility is served solely by UP. There is no other railroad providing service to Freeport. Our experience with UP has been generally positive, particularly in recent years. Our recent relationship with UP makes us comfortable supporting the merger because we are assured by UP it will deliver the benefits that it has announced.

We see merits from new single-line service and shorter routes to the West Coast as a result of the merger. Our shipments to Southern California originate on UP and must be interchanged with SP to reach their final destination. We have learned that the merged system will use a combination of UP’s and SP’s routes on a single-line basis, making service to Southern California faster. UP and SP have also announced that the merged system plans to upgrade SP’s Southern Corridor route between El Paso, Texas and Colton, California. This initiative should also allow the Southern Corridor to handle more traffic at a faster pace.

We understand that the UP/SP merger may enhance rail competition. The recent merger of Burlington Northern and Santa Fe created a financially strong rail system with a far-reaching route structure. Neither UP nor SP alone would have the expansive route coverage or financial strength to compete with BN/SF. In fact, we have been concerned at times about the long-term viability of SP service because we have experienced problems that have led us to believe that SP is not a strong railroad. Due in part to poor SP service,
we have investigated the possibility of setting up a transload operation in Dallas for shipments to an SP-served facility in Plano, Texas.

UP has stated publicly and assured us that after the merger, the UP/SP system will compete vigorously with BN/SF. In addition, we have learned that a recent agreement among UP, SP, and BN/SF will give BNSF trackage rights over UP and SP routes, ensuring two-railroad competition at all points where such competition exists today. Although our facility is served only by one railroad, our recent relationship with UP leads us to believe that UP/SP’s stated commitment to provide sustained, high-quality service and to compete vigorously with BN/SF will ensure service improvements and will preserve and enhance rail competition.

Shintech supports UP’s application to merge with SP, with the expectation that UP will insure that the merger will lead to continued improvement in rail service benefiting shippers like us.
VERIFICATION

I, E. E. Schroeder, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on November 10, 1995.

E. E. Schroeder
My name is Russell R. Short and I am the President of Short’s Scrap Iron & Metals, Inc., located at 2041 Southwest Girvan Road, Redding, California 96001. In my position as President, I handle sales and all transportation requirements for our business. We have a major scrap recycling and processing facility in Redding, which is currently served by Southern Pacific Railroad. We buy scrap metal and ship to Oregon Steel Mills (OSM) in Portland, Oregon (served by UP, open to SP), and also to Geneva Steel in Utah near Provo (served by UP, open to SP). We ship 350 to 400 cars per year, all in 52-foot or 65-foot gondolas.

We have been advised that Union Pacific and Southern Pacific are planning to merge. We wish to register our support for this merger. For the past seven years, since we have been a rail customer, we have been directly served by Southern Pacific.

As mentioned above, our primary shipments are to OSM in Portland, Oregon, and to Geneva Steel near Provo, Utah. While both of these routes are technically single-line service routes, each potentially requires a separate UP switch. Elimination of this extra switch movement, and the separate charge for that service, will help to make it more competitive.

With the merger, we expect to benefit from the shorter and more efficient routes which will result from the merged system’s ability to use both UP and SP lines. This will result in more reliable and consistent service and reduced transit times, all to the benefit of our company and customers. We also expect that new single-line service into Texas will open up new business opportunities in that state.

Another problem we hope the proposed merger will correct is the consistent car and locomotive shortages of the Southern Pacific, as well as erratic transit times. The service has been so bad that it has seriously hampered our ability to compete. With the merger of Union Pacific and Southern Pacific, we anticipate that the supply of gondola cars will increase dramatically, and the UP/SP will be able to more efficiently reposition cars for reloading. In addition, due to the enhanced supply of locomotives available from the merged railroads, we expect that delays due to lack of
power will be reduced, and transit times will become shorter and more consistent, which will enable us to compete more effectively in other markets.

Finally, we are in full support of the settlement reached by UP/SP and BNSF. We are particularly pleased with that part of the settlement which grants trackage rights to BN/SF between Salt Lake City, Utah and California. Our company will benefit from this new competition for our shipments between Redding and Provo, Utah. Such new competition from a strong competitor should result in more favorable rates for a great part of our business. We view the UP/SP-BNSF Settlement Agreement as preferable to providing similar rights to weaker carrier that could not provide the same level of competition.

In summary, we enthusiastically support the proposed merger of Union Pacific and Southern Pacific Railroads. We believe that this combination of carriers—the financial strength and reliable service of Union Pacific and the Southern Pacific route structure—will ensure that we receive top quality service from a financially sound carrier with single-line access to numerous points.

Please register our support for this merger.

I, Russell R. Short, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified Statement.

Executed on October 31, 1995.

Russell R. Short
VERIFIED STATEMENT

OF

DEE BENNETT
ON BEHALF OF
SOUTHERN CLAY PRODUCTS, INC

MY NAME IS DEE BENNETT, TRAFFIC CO-ORDINATOR FOR SOUTHERN CLAY PRODUCTS, INC, IN GONZALES, TEXAS. I HAVE BEEN EMPLOYED BY SOUTHERN CLAY PRODUCTS FOR THE PAST EIGHTEEN (18) YEARS AND HAVE BEEN RESPONSIBLE FOR TRAFFIC FOR THE PAST FIFTEEN (15) YEARS. I RECEIVED MY TRAFFIC MANAGEMENT CERTIFICATION FROM HOUSTON COMMUNITY COLLEGE, HOUSTON, TEXAS, IN 1985.

SOUTHERN CLAY MINES AND PROCESSES SMECIITIES FOR VARIOUS PRODUCTS INCLUDING PAINT, INK, GREASE, OIL FIELD, HOME CARE AND PERSONAL CARE ITEMS. WE RECEIVE RAW MATERIALS INBOUND TO GONZALES BY RAIL FROM WYOMING. WE SHIP OUTBOUND FROM GONZALES BY RAIL TO VICKSBURG, MISSISSIPPI; GREENBAY, WISCONSIN; BRAMPTON, ONTARIO; AND WINDSOR, QUEBEC. SOUTHERN CLAY ALSO SHIPS INTERMODAL FROM BEYOND GONZALES, TEXAS TO WASHOUGAL, WASHINGTON AND CHICAGO, ILLINOIS. GONZALES, TEXAS IS SERVED BY THE SP AND THE TEXAS, GONZALES & NORTHERN RAILWAY COMPANY (TXGN), WHICH CONNECTS TO SF AT HARWOOD, TEXAS.

WE SUPPORT APPROVAL OF THE MERGER APPLICATION FILED BY UP AND SP. THE MERGER OF SP AND UP WILL BENEFIT SOUTHERN CLAY PRODUCTS BY PROVIDING BETTER SERVICE TO SOUTHERN CLAY AS WELL AS TO OUR CUSTOMERS. THE COMBINED RAILROAD WILL ALSO BE ABLE TO REACH MORE POINTS WITHOUT THE NEED FOR INTERCONNECTION. FOR EXAMPLE, WE WILL HAVE THE OPPORTUNITY FOR OUR INBOUND SHIPMENTS TO BE SENT SINGLE LINE FROM WYOMING, WHICH SHOULD TAKE LESS TIME AND REQUIRE LESS HANDLING.

ANOTHER WAY THAT THE MERGER WILL HELP THE RAILROAD TO MAKE ON-TIME SHIPMENTS IS IMPROVED USE OF EXISTING FACILITIES AND COORDINATION OF CAPACITY. FOR EXAMPLE, OUR SHIPMENTS TO CANADA ARE SOMETIMES ROUTED THROUGH SP’S CROWDED ARMOURDALE YARD IN KANSAS CITY, WHICH RESULTS IN DELAYS. THE COMBINED RAILROADS WILL BE ABLE TO COORDINATE THEIR USE OF TERMINALS AND YARDS, IMPROVE SERVICE AND INCREASE ON-TIME DELIVERIES.
THE MERGER WILL ALSO INCREASE THE ON-TIME SERVICE PROVIDED FOR INTERMODAL SHIPMENTS. THE AVAILABILITY OF MULTIPLE ROUTES WILL ALLOW UP/SP TO EXPEDITE INTERMODAL TRANSIT AND AVOID THE UPS AND DELAYS. COMBINED UP AND SP INTERMODAL VOLUMES WILL SUPPORT GREATER SERVICE FREQUENCY. WITH THE INCREASED SERVICE AT PORTLAND, THE MERGED SYSTEM WILL PROVIDE NEW COMPETITION FOR BN-SANTA FE. THE MERGED SYSTEM WILL BE A TRUE COMPETITOR FOR BN-SANTA FE INTERMODAL SERVICE, WHICH IS A GOOD DEVELOPMENT FOR INTERMODAL SHIPPERS.

SOUTHERN CLAY PRODUCTS HAS BEEN CONCERNED ABOUT THE SERVICE AND FINANCIAL VIABILITY OF SP. WE ARE WELL AWARE OF THE FACT THE SP HAS NOT HAD THE FINANCIAL RESOURCES TO UPGRADE TRACK, TO IMPROVE Terminals, OR TO PURCHASE NEW RAILCARS AND LOCOMOTIVE EQUIPMENT AS NEEDED. WE ARE LOOKING FORWARD TO A LONG-TERM COMMITMENT TO TOP QUALITY SERVICE AS A RESULT OF THIS MERGER.

WE BELIEVE THAT AN SP/UP MERGER WILL PROVIDE BENEFICIAL SERVICES TO US AS A SHIPPER. OUR COMPANY supports this merger.

I, DEE BENNETT, DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT. FURTHER, I CERTIFY THAT I AM QUALIFIED AND AUTHORIZED TO FILE THIS VERIFIED STATEMENT. EXECUTED ON OCTOBER 18, 1995.

DEE BENNETT

__________________________
My name is Stephen E. Farquhar. I am Vice President for Southwestern Oil & Chemical Company. Our address is Suite 710, Tallan Building, Two Union Square, Chattanooga, TN 37402. My telephone number is 800-645-1224. My fax number is 423-267-4750. I have 10 years of experience in working with railroads. As Vice President of a small privately held corporation, I have been involved in all aspects of our business.

Southwestern Oil & Chemical is an independent marketer of petrochemicals. We service approximately 30% of the US Hexane market, 90% of the South and Central American market and 10% of the world wide market. From Houston, we rail product to distribution centers in Los Angeles, St. Louis, Charlotte, NC and Chattanooga, TN. We also utilize barge transportation for domestic transportation via the inland waterways and ocean vessels for international shipments. As you can ascertain, we are heavily dependent on economical transportation. As the owner of a considerable private rail car fleet, we are particularly interested in developments which provide promise of more effective equipment utilization.

We support the merger between the Union Pacific and the Southern Pacific and the announced trackage rights and sales agreements with the BNSF. We believe these developments will not only provide the needed cash to revive the moribund SP system, but will provide strong rail competition throughout a large portion of our market.
We strongly urge that this merger be expeditiously approved by the Interstate Commerce Commission or its successor so that we may begin realizing some of the tremendous potential benefits that will result from the combination.

I, Stephen E. Farquhar, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on October 26, 1995.

Stephen E. Farquhar  
Vice President  
Southwestern Oil & Chemical Company
My name is Larry Bryant. I am Director of Commodity Marketing for Spectrum Crop Development Company. I have 30 years of experience in the grain business and have held my current position for 5 years. Prior to joining Spectrum, I was Regional Manager for Coast Trading Company for 10 years. My main responsibilities are merchandising canola for export and overseeing the buying and selling of seed and feed grains. I have worked extensively with rail, truck and barge transportation. On behalf of Spectrum Crop Development, I am submitting this statement in support of Union Pacific and Southern Pacific's merger application.

Spectrum Crop Development is involved in the merchandising of canola seed grains. We also merchandise other commodities, including feed grain and bird seed. We are headquartered in Clarkston, Washington, on the Idaho/Washington border. We buy canola from independent local grain producers and commercial elevators in Idaho, Oregon, Washington and Montana. In previous years, the bulk of our canola shipments have been routed by rail into Kalama, Washington to be prepared for export. Kalama, served by UP and BN, is located within the Portland, Oregon switching district. This year, however, the terminals at Kalama were overcrowded because of other shipments from the Midwest, and our grain products have been routed into terminals at Stockton, California on the SP. We expect to move between 80 and 100 cars of canola by rail in
1995. We also have products that move in single truckloads, such as bird seed, that are not suitable for rail shipment.

The merger will provide valuable new single-line service into the Stockton terminal from UP origins. This year, most of our deliveries have been a UP-SP combination into the Stockton terminal. The merged system would result in more efficient service and reduced transit times on these routes. This is particularly true with the agreement among UP, SP and BN/Santa Fe, under which UP/SP will gain more direct routes through Oregon. In addition, movements from Southeastern Idaho and Montana to Northern California will be more efficient due to use of a combination of UP and SP lines through Utah, Nevada, and California. New single-line service to and from California, as well as more direct routings, will decrease transit times for our export business when we use California terminals.

New single-line service along the West Coast's I-5 corridor could also be beneficial for our business by opening new markets for us. The UP/SP system is planning to offer the first truck-competitive service along the West Coast. Viable I-5 corridor service will allow us to explore new business opportunities in Southern California and the Sacramento Valley, such as moving feed barley from the Pacific Northwest to major feed lots in both of these California destinations.

We encounter recurrent equipment shortages during harvest time in Southeastern Idaho. We often have difficulty obtaining the cars we need for our shipments, as well as gaining access to the storage space that we require. The merged system, because of its more extensive car supply, will be able to address this annual obstacle. In particular, the combination of a larger car supply pool and more flexible routing will allow the merged system to reposition cars more efficiently, ensuring an adequate supply of cars for our grain shipments.

In view of the difficulties we have recently experienced with terminal capacity, we look forward to the positive effect the merger will have in this area. The combined UP/SP will be able to consolidate and optimize terminal operations. In addition, it will
have the capital resources to invest in increasing terminal capacity to accommodate greater volumes of traffic.

The merger will increase competition in rail transportation. The new BN/Santa Fe has an extensive route system and great efficiencies resulting from its size. No other single railroad can match the strength of the BN/Santa Fe at this point. The combined UP/SP should be in a position to offer strong competition to the BN/SF system. We want to have this competitive alternative available and need it to remain competitive ourselves. In addition, UP/SP will make rail more competitive with other forms of transportation, such as truck. The merger will give shippers a larger set of transportation options and more versatility.

We endorse the merger as a means of enhancing the UP services on which we rely and providing the opportunity to expand into new markets.

VERIFICATION

I, Larry Bryant, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on 11/9/1995.

Larry Bryant
November 3, 1995

VERIFIED STATEMENT
OF
BILL BRUSH
ON BEHALF OF
STANISLAUS FARM SUPPLY INC

I am Bill Brush and I serve as the Operations Manager for Stanislaus Farm Supply. I have been with the company for close to 12 years, with the last four being as operations manager. My responsibilities include supervision of all shipping and receiving, transportation of products, operating our 3 locations, purchasing equipment, maintenance of vehicles and facilities, and supervision of approximately 40 employees.

Stanislaus Farm Supply is an agricultural supply co-operative. It has been located in Modesto since 1949. We supply farming inputs to local growers in a radius of 100 miles of our Modesto location. We have access to Union Pacific rail service on two adjacent parcels of land just south of Modesto. Our company supplies the following products to our customers: fertilizer, crop protection materials, seed, feed, tires, fencing, farm equipment, and other implements for farming. We utilize our rail siding for receiving bulk fertilizer, liquid fertilizer, salt, bulk motor oil, and fertilizer tanks. Most of our rail traffic is for redistribution of products manufactured out of state. The fertilizer has origins of Canada, Utah, Oklahoma, Wyoming, Idaho, and Kansas. The salt is shipped in from Utah. The fertilizer and salt shipments make up 95% of our incoming volume. At this time we do not ship or load railcars from our location. Our outbound shipments move locally by truck. We have two satellite stores, one located in Merced, California and the other in Stockton, California. Neither location has rail access. Our projected volume of movement of products for 1996 is 65,000 - 75,000 tons. We receive product 12 months out of the year, with the busiest time being late summer and early fall.

Position on Union Pacific - Southern Pacific merger. We have been serviced by Union Pacific for several years and understand that they are now requesting authority to merge with Southern Pacific. We endorse this proposed merger completely as it will provide many advantages to our company. The major advantages would be:

- Single-line access to fertilizer sources on SP lines in the Southwest that we cannot reach today on UP. Currently, the switching fees between railroads make rail transportation prohibitive. In particular, we will benefit from single-line routes from suppliers in New Mexico, Arizona, Texas, and Southern California via UP’s direct Southern Corridor route. UP/SP’S plans to upgrade the Southern Corridor will also reduce transit times on this route, making it easier to tap new fertilizer suppliers.
- The merger will enhance our ability to compete with other agricultural supply businesses that are BN/Santa Fe-served and can reach fertilizer sources on BN/Santa Fe points in the South and North Portions of the country. Today, we are limited to UP points in the North.

- The combination of UP and SP lines will mean shorter and more efficient routes from our current suppliers to Modesto, resulting in less waiting time and potential savings from shorter travel distances. For example, UP/SP will have a shorter combined route to Utah and Wyoming.

- Reducing the number of railroads in Northern California will not reduce competitive transportation alternatives in the area. Trucks will continue to be an important option, providing strong competition with rail carriers.

- More efficient utilization of equipment, generating improved car supply. Shorter and more efficient routes on the merged system should improve the turn times for cars, making more cars available to transport our inbound fertilizer supply.

It is Stanislaus Farm Supply's view that rail competition in the Western United States will be strengthened by the UP-SP merger in view of the approved BN-ATSF merger. Neither UP, nor a weak independent SP, can alone compete successfully with BN/ATSF.

Stanislaus Farm Supply supports the UP-SP merger as being in both Stanislaus Farm Supply, our customers, and the public interest.

Bill Brush

VERIFICATION

I, Bill Brush, declare under penalty of perjury the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on 11-3-95.

Bill Brush
Stanislaus Farm Supply
My name is Robert E. Pulford, and I am the Vice President of Steel & Pipe Supply Company. My company address is 555 Poyntz Avenue, Manhattan, KS, 66502. I have more than 25 years of experience in the transportation industry, including experience with truck, rail and barge modes. Our company currently receives in excess of 250,000 tons per year of steel products at our distribution warehouses located at Manhattan, KS (UP served), Kansas City, MO (BNSF served), St. Louis, MO, and Tulsa, OK (BNSF and SKOL shortline served).

We support the proposed merger of Union Pacific and Southern Pacific. We see benefits for both our Manhattan warehouse and our Tulsa warehouse.

One of our primary suppliers is located at Midlothian, TX, on the BNSF. This supplier is also served by SP via a transload located within Midlothian. As a result of the UP/SP merger, we will enjoy a new single line route from Midlothian to Manhattan and a more direct competitive route to Tulsa. We welcome these increased competitive options.

We also source a great deal of product from the Houston, TX, area. We understand the merger will allow corridor alternatives using both the SP and UP routes. These alternatives should translate into improved transit times and more consistent service from our suppliers. We recognize that the number of railroads serving the Houston market will be reduced to two large rail systems. We support having two strong competitive systems which can provide both fast and reliable service.

We also look forward to exploring new market sources from steel producers located on the SP system. Access to new single line routing will allow us the opportunity to broaden our supply base.
FINALLY, CAR SUPPLY IS AN IMPORTANT ISSUE FOR OUR COMPANY. WE OFTEN USE RAIL TO TAKE ADVANTAGE OF COMPETITIVE RATES AND ADDITIONAL UNLOADING TIME VS TRUCK. AT TIMES, WE HAVE EXPERIENCED PROBLEMS IN RECEIVING RAIL SHIPMENTS WHEN OUR SUPPLIERS CANNOT OBTAIN SUFFICIENT RAIL CARS. A MERGER BETWEEN UNION PACIFIC AND SOUTHERN PACIFIC WILL POOL TOGETHER TWO LARGE AND SPECIALIZED RAIL CAR FLEETS DEDICATED TO MEETING THE NEEDS OF THE STEEL INDUSTRY. FURTHER, MORE DIRECT ROUTING AND IMPROVED TRANSIT TIMES WILL TRANSLATE DIRECTLY TO INCREASED CAR SUPPLY WHICH WILL BENEFIT BOTH STEEL SHIPPERS AND STEEL RECEIVERS LOCATED ON THIS MERGED SYSTEM.

FOR THE ABOVE REASONS, WE SUPPORT THIS RAIL MERGER AND LOOK FORWARD TO THE EARLIEST POSSIBLE EFFECTIVE DATE.

I, ROBERT E. PULFORD, DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT. FURTHER, I CERTIFY THAT I AM QUALIFIED AND AUTHORIZED TO FILE THIS VERIFIED STATEMENT.

EXECUTED ON 11/10/95

ROBERT E. PULFORD
My name is Wayne Scott. I am Director, Transportation for Stone Container Corporation. My address is 150 North Michigan Avenue, Chicago, Illinois 60601. I have held this position since December 1993. Prior to that time I was Manager, Marine Transportation for Stone Container.

Stone Container Corporation is a global paper and packaging company with annual sales of approximately $6 billion. Stone Container’s primary businesses are; paperboard and paper packaging, composed primarily of facilities that produce and sell containerboard, boxboard, kraft paper, corrugated containers, folding cartons, bags and sacks. White pulp and paper operations that produce and sell newsprint, groundwood paper and market pulp. Our other operations consist primarily of wood products operations that produce and sell lumber, plywood and veneer. Including our subsidiaries and affiliates, we maintain nearly 200 manufacturing facilities and sales offices in North America, Latin America, Europe, Australia and the Far East.
In 1994, we spent almost $500 million in freight to move our products. Of this figure, about $194 million was for rail freight with $11 million for the Southern Pacific Railroad and $16 million with the Union Pacific Railroad.

Currently, the Southern Pacific Railroad serves six of our converting facilities located in Texas, California and Utah. Product originates primarily from our mills located in Missoula, Montana (Burlington Northern Railroad); Hodge, Louisiana (Kansas City Southern Railroad); and Panama City, Florida (CSXT and Norfolk Southern Railroads).

The Union Pacific Railroad serves ten of our converting facilities located in Illinois, Iowa, Oklahoma, Missouri, Arkansas, Texas and California. Through connecting carriers, all twelve of our US mills produce product carried at some point by the Union Pacific.

Both these railroads also serve a number of our customers’ plants, in addition to the Stone facilities mentioned above.

Stone Container Corporation supports the merger of the Union Pacific and Southern Pacific for the following reasons:

- From our Missoula, Montana mill we will gain competitive service to the Burlington Northern/Santa Fe, providing not only price competition but also single line service to California. We understand that the Union Pacific will make improvements to the I-5 corridor between Seattle and Los Angeles and upgrade the terminal at Colton, California. Both these improvements will help to decrease our transit times from our Missoula, Montana mill to our clients in California.

- From our mills in Panama City, Florida and Hodge, Louisiana, we expect the proposed merger to provide an improvement in service for our traffic from the Shreveport, Louisiana interchange to the Los Angeles, California area. Pre-blocking of trains and by-passing busy terminals (such as Houston, Texas) should improve transit times.

- Traffic into Mexico would improve with the UP/SP allowing access to the BN/SF into the Laredo, Eagle Pass and Brownsville border crossings.
The proposed merger will also permit these two carriers to gain efficiencies and take costs out of their systems. It should also improve the utilization of their equipment allowing better turn around times for their boxcar fleets. This is very important as on-time performance is being demanded by most of today’s shippers and receivers.

The proposed merger provides us with a seamless carrier for pricing, billing and service information.

Stone Container Corporation moves a large volume of traffic via rail and we support the proposed merger of the Union Pacific Railroad and the Southern Pacific Railroad.
VERIFICATION

STATE OF ILLINOIS

COUNTY OF COOK

I, Wayne Scott, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on this 19th day of October 1995.

Wayne Scott

Subscribed to me and sworn to before me this 19th day of October, 1995.

Karen Hewitt
BEFORE THE
INTERSTATE COMMERCE COMMISSION

FINANCE DOCKET NO. 32760

UNION PACIFIC RAILROAD COMPANY
CONTROL AND MERGER
SOUTHERN PACIFIC TRANSPORTATION COMPANY

VERIFIED STATEMENT
OF
James Wilson
on behalf of
Sulphuric Acid Trading Company

My name is James Wilson. I am General Manager of Sulphuric Acid Trading Company (SATCO). Our address is 102 W. Whiting Street, Suite 500, Tampa, FL 33602. My telephone number is 813-225-2000. My fax number is 813-225-1001. I have been employed here by SATCO for 2 years and have been involved in various degrees with the logistics of inbound and outbound freight during that entire time. I am currently exposed to multiple facets of rail and truck and barge issues including freight rates, equipment quality and supply, and service.

SATCO is a nationwide buyer and seller of sulphuric acid with annual sales of $20 million. We purchase sulphuric acid from points in Arizona and Utah and distribute primarily east of the Mississippi River. Our success often hinges on transportation issues. Transportation costs make or break our ability to compete in certain destination markets or source from certain origins. Reliable, consistent switching and transit service allows us to plan our inbound and outbound movements to meet specific requirements of our customers. We have many years of experience dealing with the shortcomings of Southern Pacific's rail service, but have continued to use them due to the markets they serve and the limited options we have had.

We strongly support the merger between the Union Pacific and the Southern Pacific. The combination of SP's commercial and route network strengths with the UP's stronger service will deliver tremendous benefits to SATCO. We are very aware of and supportive of announced agreement between the UP and the BN to resolve competitive concerns that would have otherwise resulted from the UP/SP merger for customers that currently have two carriers (e.g., UP & SP) and would have gone to only one carrier (UP) as a result of the merger without the benefit of the UP-BN agreement. Under this proposed plan, we can look forward to having two very viable and competitive rail suppliers in the Western United States. We applaud the UP for having had the foresight...
and sensitivity to the needs of the shipping public relative to the need to keep competition in the west alive and well.

We would be concerned about the long-term viability of the Southern Pacific if not granted the protection of the proposed merger. The newly combined BN/SF system and the always competitive Union Pacific will be too forceful for the weaker SP to withstand. The SP's financial stability has been dubious for over a decade, and its woes would only increase once the BN/SF starts realizing some of the competitive benefits of its new combination. The Southern Pacific is an extremely important supplier of rail services to us and further erosion of its ability to compete or even survive would cause significant exposure to SATCO's ability to run a competitive service. A UP/SP merger addresses these concerns to our satisfaction.

We strongly urge that this merger be expeditiously approved by the Interstate Commerce Commission or its successor so that we may begin realizing some of the tremendous potential benefits that will result from the combination.

I, James Wilson, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Executed on October 13, 1995.

James Wilson
General Manager
Sulphuric Acid Trading Company
My name is Douglas B. Payne. I am the Executive Vice President at Sunac America’s Toronto office, located at 141 Brunel Road, Suite 2, Mississauga, ON L4Z 1X3, Canada. We strongly approve of the merger of the Union Pacific and the Southern Pacific.

Sunac America is Canada’s largest international freight marketing company, with offices in British Columbia, Manitoba, and Quebec in addition to the Toronto office. Sunac provides intermodal, highway, and LTL transportation to customers in Canada, the United States, and Mexico. Every year we ship over 20,000 units; we have operating revenues of $47 million Canadian. We use a number of different rail carriers for our intermodal traffic. In Canada, we use CN and CP. In the U.S., we use the NS and CSXT in the East and UP, SP, and BN/Santa Fe in the West.

I oversee sales and operations of intermodal business for Sunac’s Toronto office. In addition, I am in charge of financial and strategic planning for Sunac. I have worked in the transportation industry for 14 years. I began at TNT, where I was a sales manager and developed TNT’s intermodal division. I left TNT to form my own company, Motrux, which merged with Sunac International. I was Vice President Sales at Sunac International, and became Executive Vice President following the sale of Sunac to Newfoundland Capital Corporation.

The merger of the UP and SP will improve competition in the intermodal market. A number of the locations where we operate are two-to-one points, i.e. places served both by the UP and the SP, which potentially would be left with one railroad following the merger. However, as a result of an agreement with the UP/SP, the BN/Santa Fe will be granted competitive access to these points. The important gateway to Eastern Mexico at Laredo, for example, will now be open to the BN/Santa Fe, via interchange with the Texas Mexican Railway at Corpus Christi. The Brownsville and Eagle Pass gateways will also be open to the BN/Santa Fe. Sunac welcomes these arrangements, because we have had many problems with poor SP service in the past, and would prefer to have BN/Santa Fe as a competitor to and from these locations. The agreement assures that we will have the strongest and most competitive railroads as alternatives for shipments in the western United States.
Even in three-to-two locations (locations currently served by three railroads, which will be served by two following the merger), Sunac will benefit from the positive competitive effects of the merger. Although there will be two railroads rather than three competing for intermodal traffic along important routes, such as between Chicago and California, I believe Sunac will benefit from that change. Intense competition between two strong, evenly matched railroads will be better than the competition between one strong carrier and two small competitors. Currently, BN/Santa Fe is the clear leader in east-west intermodal traffic, offering service unmatched by the UP or the SP. However, service on the combined UP/SP would be truly competitive with the BN/Santa Fe. UP/SP would offer more reliable third morning intermodal service between Chicago and Oakland, which would be as good or better than that available with BN/Santa Fe. Neither the UP nor the SP alone could offer this level of service.

Generally, the routing options and operating efficiencies of the UP/SP will give it capabilities equal to the BN/Santa Fe, which will generate more equal and more intense competition. For example, on north-south intermodal traffic, the UP/SP will have increased abilities to use alternate routes and to pre-block trains to reduce terminal congestion. Mileage reductions should lead to reduced transit times. UP/SP will have increased abilities to use alternate routes and to pre-block trains to reduce terminal congestion. Mileage reductions should lead to reduced transit times. UP/SP will also be able to improve equipment supply for its customers by more efficient repositioning of its railcars and locomotives. In particular, the merger should reduce equipment shortages at critical shipping points of Northern California and Chicago. All of these improvements will benefit Sunac and its customers.

The merged UP/SP will create a competitive intermodal option to trucks on the West Coast. Following the merger, UP/SP will offer new single-line intermodal service between Seattle and Los Angeles along the I-5 Corridor. Moreover, under the agreement with UP/SP, BN/Santa Fe will receive trackage rights that will allow it also to offer a single-line route along the West Coast. This would create competition where there is none today. These developments should create new business opportunities for Sunac.

In general, the merger of the UP and the SP will make rail intermodal more competitive with truck and barge traffic. By providing faster and more reliable service to many destinations, the merger will improve rail intermodal as a means of transportation, which should attract new customers for Sunac.

The merger of the UP and the SP will be very good for intermodal shippers like Sunac. It will stimulate competition among rail carriers as well as with other modes of transportation. The merger will also create new service options and improve existing intermodal service. Sunac strongly supports the merger.

VERIFICATION

I, Douglas B. Payne, declare under the penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on October 24, 1995.

[Signature]
Douglas B. Payne
October 11, 1995

VERIFIED STATEMENT
OF
VIC HADLEY
on behalf
SUNDAENCE LUMBER COMPANY, INC.

My name is Vic Hadley and I am currently the Sales Manager of Sundance Lumber Company, Inc. Previously, I held similar positions in Washington, Southern Oregon, and Northern California. I have been in the industry for 37 years, and as a result have been involved with shipping via truck, intermodal and SP rail traffic.

Sundance manufactures Cedar lumber products, and we have been in business for over 40 years. We are located in Springfield, Oregon and are served by the Southern Pacific railroad. We ship from Springfield to various points East, our predominant marketing areas are Colorado, Missouri, Oklahoma, Texas, Florida and New Mexico.

We understand that the Union Pacific and the Southern Pacific are requesting authority to merge. We support this as a means of improving our service and hopefully strengthening our position competitively in the market place.

Specifically, we hope to see improvement in several different areas. We feel the merger would help with equipment allocation and procurement. It has been extremely difficult at times to get the cars we've ordered and have had to ship via truck to a reload in Eugene on the BN in order to ship on time.

We also feel the merger will bring more equipment to the Southern Pacific, thus lumber will be moved faster once the car has shipped. We have had numerous complaints from customers regarding slow delivery on cars originating on the Southern Pacific lines. We also feel that the merger will speed up delivery because of the single-line access to some of the points I listed above.

In closing, I want to reiterate that I believe that the proposed merger would be in Sundance Lumber Company's best interests. We look forward to improved service, competitive rates and more efficient routing and faster deliveries.

We totally support the application for merger and would answer any questions you may have.

I, Vic Hadley, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on 10/10/95.

VIC HADLEY
SALES MANAGER
VERIFIED STATEMENT

OF

ROBERT A. LOFTON
on behalf of
SUPERIOR CATTLE FEEDERS, INC.

In regards to the purchase of Southern Pacific by Union Pacific. Our business is highly competitive with feedyards from midwestern states. Revenue for our operation is derived from feed sales to our customers.

My name is Robert Lofton. I am the president of Superior Cattle Feeders, Inc. and the feedlot operator. I have a four year degree in Industrial Technology from California Polytechnique University. I have been in the cattle feeding business since 1983 and started Superior Cattle Feeders, Inc.

Superior Cattle Feeders, Inc. is a custom cattle feeding operation. We formed in 1988 and currently operate three feedyards with a combined capacity of 50,000 head. We are located in Southern California’s Imperial Valley which is an isolated agricultural area where row crops and alfalfa hay are primarily grown. Many of the feedyards, which once resided in this area, are now gone. This is due primarily to the inability to compete with the large feedlots in the midwest which are more centrally located to feedercattle and grain. We are put at a disadvantage with other areas in that the cattle and grain fed here originate from long distances and incur significant freight cost to get here. However, this area is still attractive because of the mild weather which is conducive for cattle feeding and also the high concentration of people nearby.

In an effort to survive as an industry in our area, we have developed a specialized feeding program. The program includes receiving young calves and feeding them for a longer period of time. The lighter weight calves helps to offset freight cost on a per animal basis. However, these animals consume larger quantities of grain. A large part of that grain is procured from out of state and arrives via
Southern Pacific Railroad. The origin, however, is from Southern Pacific less than half the time. After viewing a map of the major railways, it is apparent that the purchase of Southern Pacific by Union Pacific could greatly increase the areas for us to procure grain. It would allow both railways to utilize their facilities, cars, and power more efficiently. This in turn will allow us to run our operation more efficiently and aid in our efforts to remain competitive with feedlots in other areas.

I view the purchase of Southern Pacific by Union Pacific as necessary for both railroads to remain competitive in the rail freight industry. I request your approval for the purchase as it is a vital part of our continued success. Your consideration in the matter is appreciated.

Sincerely,

[Signature]

Robert A. Lofton
President

I, Robert A. Lofton, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on October 18, 1995.

[Signature]
VERIFIED STATEMENT
of
ROBERT C. PEARCE
on behalf of
SYNERGISTIC TRANSPORTATION

My name is Robert Pearce. I am both vice president and owner of Synergistic Transportation. My company's address is 448 S. 11th Avenue, Phoenix, AZ 85007. I have been involved in the transportation industry for over 21 years. As the owner of Synergistic Transportation, I am involved in all aspects of the business including our rail transportation.

Our company serves the corn sweetener industry through a transload facility used to offload products from rail to truck for off-rail destinations in the Arizona area. Our transloaded facility is directly served by BNSF, but open to switching for SP. We currently receive liquid sweetener via BNSF from BN local point in Texas and from a UP point in Iowa, reciprocally switched to BN. We also receive liquid sweetener delivered by SP from Decatur, Illinois, which is served by Norfolk Southern and Illinois Central, and from an SP local point in California. We strongly support the request of Union Pacific and Southern Pacific for authority to merge.

The proposed merger should help our company in several ways. First, because our plant is open to SP, the proposed merger would create new competition to BN for our current movement from UP's directly served origin in Iowa. BN is now our preferred carrier for this movement because it requires only a single switch at the origin. With the merger, we would have the possibility of using a single line UP/SP movement with just a switch at destination. This type of competition should assure us competitive rates and service for this movement.

Second, the proposed merger would create other opportunities to originate movements at UP-served industries throughout the Midwest. This would open a wide range of new market opportunities for our business.

Third, we anticipate significant improvements on our SP movements from California and the midwest. SP simply has not had the money necessary to make improvements in its track and yards to reduce congestion and improve transit times and reliability. Union Pacific has that money and we understand it would make improvements to SP's routes resulting in significant service gains both for shipments from California and Illinois. These improvements include SP's Tucumcari line, and its line from West Colton to El Paso, as well as the West Colton yard itself. SP's service on movements from Illinois will also improve as a result of improvements in the central corridor route created by combining UP's and SP's routes and facilities. Moreover, the combination of the UP and SP car fleets
should result in a vast improvement in the supply of available power and rail cars. Southern Pacific has suffered from a lack of rail equipment in the past. Placing the combined fleets of SP and UP under common management will result in more available locomotives and rail cars and greater efficiency in their use, all of which will help alleviate our equipment shortages and make the UP/SP a more viable competitor for our business.

As a shipper by both BNSF and UP/SP, we are well aware of the importance of there being strong rail competition. We are certain that a combined UP/SP can offer greater competition to BNSF than if UP and SP remain separate. We expect the proposed merger to result in significantly better rates and service for our shipments.

Synergistic Transportation supports the merger of the Union Pacific and Southern Pacific, and urges the Commission to approve it.

I, Robert C. Pearce, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified Statement.


Robert C. Pearce
VERIFIED STATEMENT

OF

WILLIAM A. JACOBY
on behalf of
T.C. JACOBY & COMPANY, INC.

RE: FINANCE DOCKET No.32760, UNION PACIFIC CORPORATION UNION PACIFIC RAILROAD COMPANY & MISSOURI PACIFIC RAILROAD COMPANY CONTROL & MERGER SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC TRANSPORTATION COMPANY, et al.

My name is William A. Jacoby and I am employed as Vice President for T. C. Jacoby & Company. My company’s address is 3701 South Lindbergh Blvd., St. Louis, MO, 63127. I have over 18 years of experience in the Dairy industry and I am currently responsible for sales at our company’s St. Louis offices. Our Company sells 50 million pounds per year of Milk Powder from our customer’s plants in California.

The most important benefit of the merger for our company will be the improvement of service on our route over the SP from California to the Upper Mid-West. Our service has been somewhat slow in the past but we are confident that with Union Pacific’s resources there will be dramatic service improvements for that traffic.

A secondary benefit of these improvements will be the greater flexibility they afford my company in scheduling production between our California and Upper Mid-West plants. We rely heavily today on our Milk Powder served by “piggy-back”, in part, because SP rail service to our Upper Mid-West customers is not as competitive as we would like. After the merger, we are confident that the new UP/SP system will be able to provide rates and services that are more competitive to those offered by BN/Santa Fe. Having more competitive rates available at our California plants will assure us of continued competition from both UP/SP and BN/Santa Fe.

While our company realizes that as a result of the merger there may be a reduction in the number of carriers serving some points in markets that we ship to, we feel it is more important that there be two strong rail carriers from which to choose for our service. We feel this will lead to greater competition among the carriers resulting in better rates and service for our company.

For these reasons, T.C. Jacoby & Company supports the merger of the Union Pacific and Southern Pacific railroads and urges the Commission to approve the merger.

I, Bill Jacoby, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed on October 11, 1995.

William A. Jacoby

3701 South Lindbergh Boulevard • Saint Louis, Missouri 63127
VERIFIED STATEMENT

OF

BRODIE ALLEN

on behalf of

Temple Economic Development Corporation

My name is Brodie Allen. I am the President of the Temple Economic Development Corporation and have held this position for ten years. My job responsibilities include keeping Temple's economy strong by bringing in new businesses and industries.

Temple is centrally located on Interstate 35 (NAFTA Highway) between the major population centers of Texas. Distribution is a major strength of Temple's economy and includes both truck and rail services.

Historically, Temple has been a railroad city. Today it is served by the Burlington Northern/Santa Fe and Union Pacific. Burlington Northern/Santa Fe has a major switching center located in Temple.

We understand that Union Pacific and Southern Pacific are requesting authority to merge. We strongly support this as a means of improving service and strengthening competition.

With approval of the application, Union Pacific and Southern Pacific will be able to combine the strengths of their rail systems. As a result, shippers and receivers on both systems will enjoy improved service, including a number of entirely new services.

Also, Union Pacific/Southern Pacific will be able to provide single-line service to all major Mexican border crossing via shorter, more efficient routings. The combined railroad will offer more expedited, pre-blocked and pre-cleared trains to and from interior points in Mexico. Southern Pacific customers will be able to utilize "Despacho Previo" for expediting border crossings which will become even more important as the real benefits of NAFTA begin to emerge.

The proposed merger of Union Pacific and Southern Pacific is critical to Temple's future because improved rail service will keep Temple competitive with other regions of the country as we strive to attract new industries to the area.

Respectfully Submitted,

Brodie Allen
President
I, Brodie Allen, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on October 16, 1995.

Brodie Allen  
Temple Economic Development Corporation

Witness  
Kim Slone
VERIFIED STATEMENT
OF
JOHN FICKLER
on behalf of
TERRA INTERNATIONAL, INC.

My name is John Fickler. I have been employed as Manager of Rail Transportation for Terra International, Inc. for the past six years. In this position I have been responsible for negotiating rate contracts, maintaining current freight rates, managing a leased tank car fleet, resolving service problems, and auditing rail freight bills. Prior to this position I was a Rail Analyst for IBP INC. I am authorized to make and file this statement on behalf of Terra International, Inc. supporting the proposed merger of UP and SP, Finance Docket No. 32760.

Terra International, Inc. is engaged in the business of distributing agricultural fertilizers, crop protection products, seeds and services for agricultural, turf, ornamental and other growers throughout the U.S. and Canada. These products are distributed by over 300 retail outlet stores owned and operated by Terra International, Inc. and located in 35 states. Sixty seven of these outlets are served by rail and the balance of the stores depend on truck delivery. Included in the distribution network are 20 dry and 10 liquid fertilizer storage terminals served by a combination of barge, rail and truck. The volume of product moved through these locations annually, by various modes, is as follows:

<table>
<thead>
<tr>
<th>Product</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fertilizer Solution</td>
<td>500,000 tons</td>
</tr>
<tr>
<td>Potash</td>
<td>350,000 tons</td>
</tr>
<tr>
<td>Phosphates</td>
<td>275,000 tons</td>
</tr>
<tr>
<td>Anhydrous Ammonia</td>
<td>200,000 tons</td>
</tr>
<tr>
<td>Urea</td>
<td>260,000 tons</td>
</tr>
</tbody>
</table>
The Terra locations currently served by the Union Pacific System (i.e., Union Pacific Railroad "UP" and Missouri Pacific Railroad "MP") and The Southern Pacific Transportation Company ("SP" or "SSW") are:

<table>
<thead>
<tr>
<th>Location</th>
<th>Railroad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ashton, IL</td>
<td>UP</td>
</tr>
<tr>
<td>Neveda, MO</td>
<td>MP</td>
</tr>
<tr>
<td>Parsons, KS</td>
<td>MP</td>
</tr>
<tr>
<td>McGehee, AR</td>
<td>MP</td>
</tr>
<tr>
<td>Pine Bluff, AR</td>
<td>MP</td>
</tr>
<tr>
<td>Caroll, IA</td>
<td>UP</td>
</tr>
<tr>
<td>North Bend, NE</td>
<td>UP</td>
</tr>
<tr>
<td>Hillsboro, TX</td>
<td>MP</td>
</tr>
<tr>
<td>Honey Grove, TX</td>
<td>MP</td>
</tr>
<tr>
<td>Pearsall, TX</td>
<td>MP</td>
</tr>
<tr>
<td>Taft, TX</td>
<td>SP</td>
</tr>
<tr>
<td>Waco, TX</td>
<td>SSW (open to MP)</td>
</tr>
<tr>
<td>Robstown, TX</td>
<td>(future UP)</td>
</tr>
<tr>
<td>Dane, WI</td>
<td>UP</td>
</tr>
<tr>
<td>Bourbon, IL</td>
<td>MP</td>
</tr>
</tbody>
</table>

Terra strongly supports the merger of the UP and SP railroads as a means of improving service and strengthening competition in the fertilizer industry. We believe the proposed merger will be in the best interest of all shippers in providing long term, reliable rail service. Terra heartily endorses the UP/SP application.

Terra’s support of this proposed merger is based on the following specific benefits.

A. Terra will realize the benefit of single line service from major suppliers in Donaldsonville and Sterlington, LA to Taft, TX which is currently on the SP and receiving much of its tonnage by truck due to unfavorable rail freight rates. This single line service should also provide new options to some of the shortline connections we use, i.e. the SKOL serving the Port of Catoosa, where fertilizer solution could be supplied to Taft, TX via UP single line from its connection with the SKOL at Coffeville, KS.
B. Terra can expect improvements in transit times and service as a result of yard consolidations and new routing options available to the combined systems operations. The merger will also improve equipment utilization due to shorter turn times and more efficient routings.

C. Terra believes the proposed merger will provide a carrier with the capabilities of competing with the Burlington Northern/Santa Fe system now serving a majority of Midwestern fertilizer producers. With BN/SF’s dominance in this market, competition could be seriously restricted without another carrier of equal size and coverage.

Terra International, Inc. believes that a key benefit to be gained by all shippers is the creation of a merged carrier capable of providing more consistent, reliable and safe handling of shipper’s products, especially the hazardous materials. In recent years the SP has been unable to provide these essential services. We are of the opinion this merger will insure that these qualities are available to all shippers on a long term basis.

The granting of this merger will benefit Terra’s transportation needs as well as the shipping public. Accordingly, Terra urges the ICC to approve the merger between the UP and SP so that the new system can implement the efficiencies to be gained from the combined operations.
VERIFICATION

I John Fickler, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on October 20, 1995.

[Signature]

John Fickler
October 23, 1995

Mr. Vernon A. Williams
Secretary
Interstate Commerce Commission
12th Street & Constitution Avenue, N. W.
Washington, D. C. 20423

Dear Secretary Williams:

I am presenting this verified Statement on behalf of Texas Crushed Stone Co. in support of the purchase and merger of Southern Pacific Transportation Company by the Union Pacific Railroad Company in Finance Docket No. 32760.

My name is William B. Snead and I am the Executive Committeeman and Treasurer of the Texas Crushed Stone Co. I have been with this company for the past 30 years.

Texas Crushed Stone Company ships crushed limestone which is used for roads, subdivisions, concrete aggregate, hot mix aggregate, and industrial applications to many destinations served by our Class I rail carriers, Union Pacific Railroad Company and Southern Pacific Transportation Company.

We believe the merger of the UPRC and SP will be beneficial to us because of the savings realized by the merged companies that should reduce the price of rail transportation.

Because of the Comprehensive Agreement announced on September 26, 1995 between UPRR and SP and BN/ATSF provides the BN/ATSF with trackage to serve the Georgetown Railroad and Texas Crushed Stone Company with a connection at Kerr, Texas and maintains our two Class I Carrier Status, we now offer our full support to the merger. Our support of the merger is conditioned upon the Interstate Commerce Commission including the Comprehensive Agreement in its decision, and imposing a common carrier obligation upon the Burlington Northern Santa Fe to serve Georgetown Railroad Company and Texas Crushed Stone Company at Kerr, Texas.

We look forward to working with the merged company to increase rail traffic; to the connection with Burlington Northern Santa Fe, which will protect our present two
carrier status, and we offer our full support for this proposed purchase and merger, and would encourage the Commission to expedite these proceedings to a final conclusion.

Yours very truly,

William B. Snead, Executive Committeeman,
TEXAS CRUSHED STONE COMPANY

VERIFICATION

STATE OF TEXAS
WILLIAMSON COUNTY

William B. Snead being first duly sworn, deposes and says that he had read the foregoing document, knows the facts asserted therein, and that the same are true and correct as stated.

Subscribed and sworn to before me this 23 day of October, 1995.

LaVene J. Tonn
NOTARY PUBLIC
STATE OF TEXAS
My Commission Expires 4-30-97
(Notary Public)

My commission expires April 30, 1997.
TEXAS GAS AND OIL, LTD.
Nassau, Bahamas

VERIFIED STATEMENT
OF
ROSALIE WILLIAMS
ON BEHALF OF
TEXAS GAS & OIL LTD.

MY NAME IS ROSALIE WILLIAMS, I HAVE BEEN TRAFFIC COORDINATOR FOR
THIS COMPANY FOR THE PAST FOUR YEARS.

IN AN AVERAGE MONTH, OUR TRAFFIC DEPARTMENT SHIPS APPROXIMATELY
500 TANK CARS OF PROPANE AND APPROXIMATELY 30 TRUCK LOADS OF
PROPANE TO OUR TERMINALS IN SOUTHERN MEXICO.

MOST OF OUR TRAFFIC IS ORIGINATED IN SOUTH TEXAS (UNION PACIFIC - EL
PASO - SOUTHERN PACIFIC). SOME IN LOS ANGELES AND BAKERSFIELD
(SOUTHERN PACIFIC), AND QUITE A BIT IN CANADA (UNION PACIFIC-
PORTLAND-SOUTHERN PACIFIC).

WE BELIEVE THAT THE PROPOSED MERGER OF UNION PACIFIC AND
SOUTHERN PACIFIC WOULD BE IN OUR COMPANY'S BEST INTEREST, AS
WELL AS THE INTEREST OF OTHER SHIPPERS, AND WE HEARTILY ENDORSE
THE APPLICATION FOR AUTHORITY.

WITH APPROVAL OF THE APPLICATION, UNION PACIFIC AND SOUTHERN
PACIFIC WILL BE ABLE TO COMBINE THE STRENGTHS OF THEIR RAIL
SYSTEMS. AS A RESULT, SHIPPERS AND RECEIVERS ON BOTH SYSTEMS WILL
ENJOY IMPROVED SERVICE, INCLUDING A NUMBER OF ENTIRELY NEW
SERVICES.

FOR OUR COMPANY, IT WOULD MEAN BETTER AND FASTER SERVICE FOR
MOVEMENTS OF OUR CALIFORNIA AND SOUTHWEST TRAFFIC TO MEXICO.
WE WILL HAVE SINGLE LINE SERVICE FOR THE FIRST TIME FROM SP ORIGINS
THROUGH THE LAREDO GATEWAY. WE WILL ALSO BENEFIT FROM
IMPROVEMENTS THAT UP CAN MAKE TO SP'S LINE, SUCH AS THE EL PASO
TO COLTON LINE, AND FROM SHORTER COMBINED ROUTES AND IMPROVED
"DESPACHO PREVIO" THROUGH UP'S AUTOMATED SYSTEMS. FOR ALL OF
OUR TRAFFIC, RAIL CARS WILL ALSO MAKE MORE TURNS, INCREASING THEIR
UTILIZATION RATES. WITH IMPROVEMENTS IN SERVICE, WE WILL BE ABLE TO
REACH NEW MARKETS IN MEXICO AND USE NEW ORIGINS, PARTICULARLY
FOR SHIPMENTS OF LIQUEFIED PETROLEUM GAS.

WE BELIEVE THAT THE PROPOSED MERGER WILL PROVIDE SIGNIFICANT
BENEFITS TO US ALL AND WE FULLY SUPPORT IT.
I, ROSALEE WILLIAMS, DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT. FURTHER, I CERTIFY THAT I AM QUALIFIED AND AUTHORIZED TO FILE THIS VERIFIED STATEMENT. EXECUTED THIS 12TH DAY OF OCTOBER, 1995.

ROSALEE WILLIAMS
BEFORE THE
INTERSTATE COMMERCE COMMISSION
FINANCE DOCKET NO. 32760 (8/4/95)

Union Pacific Railroad Company - Control and Merger
Southern Pacific Lines

Verified Statement of
Texas Warehouse Association

Submitted by:

Bob Vettes
Executive Director
Texas Warehouse Association
2524 Fairway Park
Houston, TX 77092

October 3, 1995
VERIFIED STATEMENT

OF

ROB VETTERS, ON BEHALF OF THE TEXAS WAREHOUSE ASSOCIATION

1. ROB VETTERS is the Executive Director of the TEXAS WAREHOUSE ASSOCIATION. This association is made up of more than 60 owners/operators of Texas distribution centers. Vetters holds a MBA with a major in transportation from the University of Texas at Austin, he worked for 16 years for a Texas common motor carrier and owned and operated his own business of warehousing/trucking in Texas for more than 10 years. This business was located on a Southern Pacific siding.

2. Members of the association operate in excess of 23,000,000 square feet of warehouse space in Texas and ship and receive all kinds of commodities from all across the world. A large percentage of the warehouses are located upon rail sidings.

3. The Board of Directors of the association have authorized me to state that we fully support the UP/SP merger. The increase in capacity of the merged operating railroad will enhance our ability to compete for distribution services throughout our state, and to continue to attract both domestic and foreign traffic to our warehouses.

4. A strong carrier-industry is vital to our success as freight distributors. The merged operating company will allow us to solicit distribution accounts from numerous shippers on the existing UP and SP lines. Shippers that we could not serve because of the cost of switching cars. More direct line service will improve inbound transit times and will allow us the ability to add value-added services to our service menu. Texas warehouses are in a prime position to attract business to and from the Republic of Mexico and more access to these crossing points will improve our chances to serve Mexican shippers and receivers.

5. The merged carriers will be in a much better position to utilize rolling stock for the ultimate benefit of shippers and receivers. The increased pool of locomotives and rail cars will greatly improve transit times and reduce delays caused by equipment shortages. The increased revenues and profits will allow the double-tracking needed to perform the service needed by our shippers.

6. The single line service and revenue the merger will simplify the rate-making procedures between shippers and carriers and thereby, help reduce costs. The merged carrier will be in a better position to block rates for through service - thereby reducing costs and providing a more uniform market to our businesses. This has become a very strong interest in the distribution centers are greatly improved, and
consistent intermodal service is an absolute necessity. The merged operating company will be able to provide the required service. Yard delays are a constant problem and the funds available to the merged railroad should be able to provide physical plant improvements to reduce local yard congestion.

Following the merger, Texas warehousemen will be in a much improved position in the competitive market. Better access to border-crossing points in Mexico, a larger equipment pool, shorter transit times, elimination of yard delays, streamlining of rate negotiations and elimination of switching charges will be of definite benefit to our industry in Texas. Statements that the merged operating company will allow rail access to competitors where single rail service is rendered by the consolidation are taken as fact and are a vital part of our support position.

The TEXAS WAREHOUSE ASSOCIATION asks that the Interstate Commerce Commission ratify the proposed merger between the Union Pacific and the Southern Pacific Railroad.

VERIFICATION

STATE OF TEXAS
COUNTY OF BEAVER

Bob Vettlers, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein and that the same are true as stated.

Subscribed and sworn to on this 3rd day of Oct

of

My Commission Expires 10-24-95

EILEEN WEBER
NOTARY PUBLIC

MY COMMISSION EXPIRES
October 24, 1995
13 October, 1995

Verified Statement
of
Wesley S. Grover
on behalf of
Thomson Consumer Electronics, Inc.
North America Tube Division

Finance Docket No. 32760
Union Pacific Railroad - Southern Pacific Railroad Merger

I am Wesley S. Grover, Manager, Traffic & Transportation of Thomson Consumer Electronics, Inc., North America Tube Division. Our business address is 1002 New Holland Avenue, Lancaster, PA 17601.

Our company manufactures TV picture tubes and parts under the RCA, GE and ProScan labels. These products are sold worldwide to manufacturers of television sets. We operate picture tube factories in Scranton, PA, Marion, IN and Mexico City. We also have a glass producing factory in Circleville, OH, which will be directly impacted by this merger.

Our Circleville factory manufactures glass which is used by our Scranton, Marion and Mexico City factories to produce TV picture tubes. One of the materials required to manufacture glass is litharge, which is purchased from a Mexican supplier and moves in covered hopper cars.

This is where Thomson Consumer Electronics would benefit from the merger of the UP and SP Railroads. As a result of this merger, the Burlington Northern Santa Fe Corporation will be granted access over the SP lines to Eagle Pass, El Paso and Brownsville, TX. This will foster competition to these gateways, and provide alternate routes for the purchases of other raw materials from Mexico. In addition, the Burlington Northern provides assigned covered hopper cars to our traffic from Mexico. Access to additional border sites will result in better utilization of those cars.
Thomson Consumer Electronics, Inc. supports the merger of the Union Pacific and Southern Pacific Railroads. It will benefit our company, and, we believe, the shipping public as well.

I, Wesley S. Grover, declare the foregoing to be true and correct, and certify that I am qualified and authorized to make this statement.

Executed October 13, 1995

Wesley S. Grover

NOTARIAL SEAL
NANCY H. SCHMITT, Notary Public
Lancaster, Lancaster County, PA
My Commission Expires March 27, 1997

Nancy H. Schmitt
VERIFIED STATEMENT

OF

R.F. ASCENCIO

on behalf of

TRANSMEX/USA de MEXICO, S.A. de C.V.

I, Raymond F. Ascencio, hold the titles of President and Chief Executive Officer of TransMex/USA, Inc. and Director General of TransMex/USA de Mexico, SA de CV (Quintana Roo No. 76 Int. B., Colonia Roma, Sur-Delegacion Cuauhtemoc, Mexico, DF 06760). Prior to the incorporation of the companies in 1992, I worked in the rail and steamship industries for the last 30 years with PenCentral Railroad, Conrail, Pennsylvania Truck Lines and most recently as Executive Vice President and Chief Operating Officer of The Rail-Bridge Corporation (K-Line America’s stack train division).

TransMex/USA de Mexico (TMUdeM), is a Mexican corporation which acts as both the agent for TMU, Inc. in Mexico as well as the lift operator for the Ferrocarriles Nacionales de Mexico (FNM) in Guadalajara, Jalisco. Both TMU, Inc. and TMUdeM are actively involved in all aspects of transportation to and from Mexico and are especially interested in the further development of interline rail service (intermodal and carload) between the USA and Mexico. Our current annual revenue is approximately USD 3 million, which represents just the Mexican transportation portion of the moves. We estimate that this traffic generates an additional USD 5-7 million in revenue to the USA and Canadian railroads for the through; of which 80-90% of this revenue is paid to the Union Pacific or Southern Pacific as the interchange rail carrier at the border.

TransMex supports the proposed merger between the Union Pacific and Southern Pacific Railroads, as we feel that it will serve to enhance rail service between the USA and Mexico through uniformity in the interchange and documentation processes at all major cross border gateways.

As noted above, the preponderance of TMU traffic is interchanged to/from either the SPRR or UPRR at the USA/Mexican border. Today, each of the major border crossings (Tijuana, Nogales, El Paso, Eagle Pass, Laredo and Brownsville) have their own operational and documentation requirements which have been negotiated independently with customs, the railroads and truckers on both sides of the borders. Further each railroad; SPRR, UPRR and the other USA and Canadian
roads; each require different way bill and EDI procedures for shipments to/from Mexico. The confusion to shippers caused by these differences only serves to deter freight from rail service. Since cross border trucking procedures at each gateway are predominately the same, customers may divert freight to over-the-road service simply for ease of doing business.

A consolidation of these two major Mexican interchange carriers will serve to unify procedures and processes for cross border moves and thereby, we believe, induce new business to this market by making the transportation process easier. We believe that the merging of the best processes and procedures of the two roads into one practice, will further encourage the Eastern and Canadian roads to accept a standardization of documentation throughout the North American rail system.

We support the merger of the SPRR and the UPRR as we see it as a way to enhance North America transportation options.

I, Raymond F. Ascencio, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on Sept. 15, 1995.

R.F. Ascencio - Director General
TransMex/USA de Mexico, S.A. de C.V.
VERIFIED STATEMENT
OF
MICHAEL C. BLAKELY
ON BEHALF OF
TRANSNET, INC.

I am the President of Transnet, Inc., and have held this position for ten years. Prior to this position I worked as a sales representative for Rail Van Inc. as well as Chessie Motor Express, and Roadway Express.

Transnet, Inc. is an Intermodal Marketing Company currently moving intermodal shipments nationwide. Our largest lane tends to be to and from the Ohio Valley and California. Having stated this, the proposed merger between the Union Pacific and Southern Pacific Railroads is of great interest to us.

We believe the proposed merger would be in our company's best interest and we endorse the UP/SP application. (i.e. Finance Docket# 32760)

Our reasons for support are numerous, so I will only touch on the most important. We believe this merger would provide better service in both transit time as well as equipment availability and utilization. Intermodal transportation has been growing at an incredible rate over the past few years, and as an industry, our future seems to be limited only by equipment availability and by increasing transit time as the current systems approach maximum capacity. Since the advent of containerization, most major railroads have become very parochial with their container equipment. I firmly believe this merger would help reduce both lack of equipment and transit times as it would combine assets, both hard and liquid, and increase route efficiency through new single-line service and terminal coordination. This merger will specifically improve transit to and from California as well as add much needed equipment. (i.e. flatcars, containers, etc.)

Additionally, in light of the BN/ATSF merger. A combination of the UP/SP would be in a much better position to compete with a joint competitor. The financial ability of the SP, to compete head to head with a BN/ATSF combination is very doubtful. Currently, the SP is having major transit problems. We have been forced to re-examine our use of the SP with our more "time sensitive" shippers. I believe this merger may be the SP's best, and possibly only hope of survival in any competitive form. I believe that a combination of the UP/SP brings together much needed capital from the UP and the many excellent routes the SP currently has, but lacks the financial wherewithal to exploit.
To summarize, we believe the I.C.C. should approve the merger as it will provide significant benefits to our company, our shippers, and the shipping public in general.

Sincerely,

[Signature]

Michael C. Blakely
President
VERIFICATION

STATE OF OHIO  )
COUNTY OF LUCAS  ) ss.

Michael C. Blakely, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

Subscribed and sworn to before me this 10 day of October, 1995.

Jack Jardine, Notary Public

My Commission Expires: 6-4-97

486
October 24, 1995

Interstate Commerce Commission
1201 Constitution Avenue, N.W.
Washington, D.C. 20423

Re: FINANCE DOCKET 32760

I, Lawrence Perlstein, am President and CEO of Transocean Coal Company, Inc. I have held this position for the last three years and have been involved in the coal industry for 42 years. Prior to my present employment, I was President and CEO of Primary Coal Company, Inc. for 11 years and President and CEO of Hawley Coal Mining Corporation for six years.

Transocean Coal Company, Inc. is engaged in the trading of United States origin coal to international markets. In 1994, we shipped approximately 1,600,000 tons to overseas destinations; approximately 250,000 tons originated on the Southern Pacific Lines, and expect to ship about the same tonnage in 1995. I deal directly with railways and barge lines and also I am directly involved in contracts with terminals and directly engaged in chartering ocean vessels as are other members of our firm. In my many years in the industry, I have been directly involved in production, marketing and transportation of coal, both to domestic and overseas markets.

Our company exports coking coal and steam coal originating at mines served by the SP Lines, Norfolk Southern Railway, CSX, and Conrail. We have barge contracts with ACBL, Ohio River Company, and Ingram Barge Lines, as well as contracts with International Marine Terminal, New Orleans; Electro-Coal Transfer, New Orleans; and Consol Terminal, Baltimore.

We are operating in an extremely competitive international market and therefore we must look for highly competitive transportation services including competitive rates which represent a high percentage of the delivered price of our product. Our overseas customers are primarily steel companies, coke manufacturers, electric utilities and cement companies.

The coal we purchase from SP origin mines moves to the Mississippi River by rail at joint line prices and is presently transferred at the Cahokia Marine Services terminal in East St. Louis, Illinois. The proposed UP-SP merger will result in single line prices to the river and will enable us to transfer our coal to barges at the Cora Coal Terminal which is a superior and better situated facility and should result in significant savings in barge rates to the lower Mississippi terminals for transfer to ocean vessels. In fact, the Cahokia terminal is not adequate to handle its present traffic requirements.
Certainly the shorter routes, greater rail car and motive power availability, and reduced terminal congestion and increased efficiency should lead to a more economic and efficient movement for export. Also the increased financial capability of the combined companies should enable our rail carrier to keep up with the expansion necessary to handle the increased demand for coal for domestic and overseas markets.

As a customer of the SP, I can only see the proposed merger as a positive move which should enhance our ability to move Western coal to our international markets.

Very truly yours,

TRANSOCEAN COAL COMPANY, INC.

Lawrence Perlstein
President

1, Lawrence Perlstein, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on October 24, 1995.
I wish to support the proposed merger application that the Union Pacific/Southern Pacific Railroads are filing, as I see long term benefits for my company as well as for the shipping public as a whole. I strongly feel that maintaining a strong and healthy rail system is a must for this nation’s economy.

I am the owner and President of Transportation Systems, Inc., and have set up a network of warehouses and transloading facilities for the distribution of furniture. Our facilities are located in the strategic areas of: Greensboro, NC; Charlotte, NC; Portland, OR; Seattle, WA; Oakland and Ontario, CA. We collect LTL shipments from our customers and transload into rail cars and/or railroad intermodal equipment for movement from the southeast to the West Coast.

Due to the nature of our industry and customers, our traffic is very time sensitive. It is furniture that has been purchased and consolidated for shipment and must meet delivery deadlines. We exclusively used railroad box cars in the past for our shipments but have found that competition requires the speed of intermodal handling. Therefore, we have converted the majority of our box car traffic to containers and/or trailers. This has resolved the problem of improved transit, however, at a much higher cost over box cars. We currently are served by the Norfolk Southern in the Southeast, UP in California and BN & UP in the Washington area. We have intermodal contracts with all of the above and rely heavily on the railroads to meet our transportation needs.

Transportation Systems Inc. is responsible for the movement of 1,942 units annually, with a payout of transportation costs over $3,927,000. You can be assured that we have a definite interest in the health and competitiveness of all the railroads.

We recognize the benefits of a merged UP/SP system and have listed a few of the immediate benefits below:

Shorter routes by the merged UP/SP system will allow improved 3rd morning service between Chicago and the Bay area and southern California ramps as well as between Memphis and Los Angeles. The improved routing should directly compete with the BN/SF merged service. Transportation Systems Inc. will benefit from having this additional competition for intermodal movements.

We have long been concerned about SP’s service and long term viability and believe the UP/SP merger will provide the assurance of long term, top
quality service from a financially strong system capable of making the necessary capital investment to maintain rail competition.

Availability of multiple routes will expedite transit times and provide service consistency. Significant improvements in transit time will be realized in separating traffic by category into different routes. Intermodal traffic can be moved to SP's Tucumcari route, while manifest traffic cars can be concentrated more on UP's Central Corridor route. Separating this traffic into different routes will reduce delays, improve consistency and produce faster transit times.

Consolidation of the UP/SP will allow Terminal Coordination & Pre-Blocking of trains. This often times allows traffic to be run around terminals entirely.

Additionally, a UP/SP merged system will allow the Railroad to coordinate terminal locations across the system and improve or construct new Intermodal facilities across the system and improve or construct new Intermodal facilities at several points such as St. Louis, Kansas City, Memphis and Colton.

I can see a multitude of additional benefits once the railroads are combined and they have had an opportunity to maximize their efficiencies. That is why I am in favor of the UP/SP merger and would like to encourage the expeditious approval of the application for merger.

VERIFICATION

I, C.A. Stallings declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on (date) 10/19/95.

TRANSPORTATION SYSTEMS, INC.

C.A. Stallings
President
TRI PAK INC.

VERIFIED STATEMENT

OF

Gerri Wallace Sanders
TRI PAK, INC.
Tacoma, Washington

Re: Union Pacific -- Control and Merger -- Southern Pacific Rail Corp.
Finance Docket No. 32760

I, Gerri Wallace Sanders, am Terminal Supervisor for TRI PAK, Inc.,
2018 Portland Avenue, Tacoma, Washington. I have worked in the rail and lumber
industries for eighteen years, including five years at Hines Lumber in Chicago, as
manager of Ports & Reload; three years as General Manager of Interstate Reload with
Iowa Interstate Railroad in Blue Island, Illinois and three years as General manager of
reload with Chicago Northwestern RR in Northlake, Illinois. I have been with TRI PAK
since I helped found the company in 1988. My responsibilities include transportation
management.

TRI PAK is primarily a transloading and warehouse facility for building
materials, lumber, plywood, steel and general household goods, shipping to 48 states as
well as internationally. We have three facilities, at Tacoma, Portland, Oregon and
Kennewick, Washington. The Union Pacific railroad serves our Tacoma facility. The
Portland, Oregon plant is not rail-served; we ship regionally from Portland by the
truckload only. Our Kennewick facility is served by rail and also ships by truckload.

One of the chief benefits TRI PAK expects to result from the proposed
merger is the new direct access we would enjoy from Tacoma to potential customers in
the Mexico market through the Nogales gateway. Although we do not currently ship to
Mexico, this merger could result in the opening of new markets for our services.

In addition, we will have a more extensive network of single-line service
to work with for our large amount of traffic to points in the Midwest and elsewhere.
With the merged system’s increased and enhanced terminal capacity, we should
experience more reliable service both as an origin transload facility and as a destination.
With a larger fleet of cars to work with, the merged UP/SP should be able to better
satisfy seasonal demand, for example, for flat centerbeam cars needed for lumber.

We also believe the merger will have a positive effect on rail competition,
particularly following the merger of BN/SF, and on rail’s competitiveness with truck and
barge traffic. This competition will enable TRI PAK to continue to offer cost-efficient
TRI PAK INC.

shipping to its customers, and to compete on an equal footing with other transloading firms that use the BN.

For these reasons, TRI PAK is in favor of the proposed merger.

Gerri Wallace Sanders

VERIFICATION

STATE OF WASHINGTON )

COUNTY OF ) ss.

Gerri Wallace Sanders, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

1995.

Subscribed and sworn to before me this 28 day of September.

Notary Public

My Commission expires: 12-29-96
My name is Frank T. Price. I am Chairman and Chief Executive Officer of Triton Transport Services, Inc. and have held my position since 1982. I work with railroads and shippers to service intermodal operations relating to drayage services and equipment management. I also oversee customer relations, finance and strategic planning for the company. Triton strongly supports the Union Pacific/Southern Pacific merger application.

I have accumulated thirty years of experience in transportation. I started my career as a driver for Morgan Driveaway Co. and ultimately founded my own trucking business.

Triton Transport is a diverse transportation company, headquartered at 25651 Detroit Road, Westlake, OH 44145. We handle 2,800 shipments a week and have annual revenues of $45 million. Approximately 85% of our business consists of intermodal drayage services. Ten percent of our business involves over the road trucking. We also operate container facilities and repair intermodal trailers and containers. Triton provides drayage for the Union Pacific, Southern Pacific, and Burlington Northern/Santa Fe railroads off of ramps in Chicago, St. Louis, Memphis...
and Dallas. We have terminals in Cincinnati, Cleveland, Chicago, Columbus, Detroit, St. Louis, Memphis, Dallas, and Wooster, OH. In addition, Triton acts as a contract carrier with responsibility for intermodal shipments for several companies, including Model box, Erico Products, Rubbermaid and Ridge Tool, from Texas and Ohio to California and Nevada.

We expect the merger will be beneficial for both the drayage and logistics sides of our business. Trailers that we now dray for either UP or SP and are limited to that carrier will be interchangeable after the merger, substantially assisting the flexibility of our services because of increased trailer supply. Greater equipment availability will also permit us to better serve certain areas, in particular the outlying regions of the Ohio Valley. Improved intermodal service generally will also increase the potential customer base for our drayage operations.

As a motor carrier who uses intermodal, we also anticipate that the merged UP/SP system will offer enhanced service in the Western United States. In particular, we are positioned to benefit from improved intermodal service from Memphis, St. Louis and Chicago to California. The merger should result in an important reduction in transit times between Chicago and Southern California. We will also benefit from terminal upgrades at St. Louis and the merged system’s plan to utilize a new terminal in West Memphis.

The SP is no longer in a position to compete on even terms with the recently merged BN/SF, and this is particularly true with respect to intermodal services in the West. The intermodal services offered by the UP/SP merged system will be a strong, viable competitive alternative to the BN/SF. We are also in support of the UP/SP-BN/ATSF agreement which will assure long-term competition throughout the West by the two strongest, most highly-competitive railroads.

In short, we welcome the proposed merger and urge the ICC to approve the application.
VERIFICATION

I, Frank T. Price, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on Oct. 20, 1995.

Frank T. Price
VERIFIED STATEMENT
OF
T.S. Jorge Luis Fernandez E.
on behalf of
Union de Asociaciones Avícolas del Estado de Sonora, A.C.

At’n: Interstate Commerce commission
UP/SP Merger Case
Docket No. 32760

Subject: UNION PACIFIC/SOUTHERN PACIFIC RAILROAD MERGER,
DOCKET

My name is Jorge Luis Fernandez E. and I am General Manager
for Union de Asociaciones Avícolas del estado de Sonora,
A.C., our phone number is (622) 2-86-13, Fax 2-86-14. I have
worked for this organization for ten years and I am involved
in the importation of poultry feed for our industry associ­
tates.

We import corn, corn and soybeans from the midwestern United
States and are currently importing 30 thousand metric tons
per month of corn. In November we will be importing 20 thou­
sand metric tons of soybeans. These imports are delivered to
poultry farmers in Hermosillo, Ciudad Obregón, Guaymas, and
Navojoa, all in the state of Sonora.

We understand that Southern Pacific and Union Pacific railro­
ads are requesting permission to merge and we strongly sup­
port this merger. The reason for our support is that the mer­
ger would provide a single line direct route from our sup­
pliers to the Nogales, AZ, and El Paso, TX gateways and would
give us the benefit of more competitive rates, a better
supply of equipment, and an alternative to water transporta­
tion.

Because we need reliable and competitive transportation from
the Midwest and because we believe that this merger will be­
nefit both the shippers in the U.S. and our poultry associa­
tions, we strongly support the UP/SP merger.

I, Mr. Jorge Luis Fernandez E., declare under penalty of per­
jury of that the foregoing is true and correct further I ce­
rrify that I am qualified and authorized to file this veri­
ified statement executed on October 24, 1995.

T.S. JORGE LUIS FERNANDEZ E.  
GENERAL MANAGER
UNION DE ASOCIACIONES AVICOLAS
DEL ESTADO DE SONORA, A.C.
I, MICHAEL POLLNOW, TRANSPORTATION COORDINATOR FOR UNITED COOPERATIVE SERVICES GROUP OF WESTERN NEBRASKA. I DEVELOPED THIS COMPANY IN 1968 TO ADDRESS THE EVER GROWING CHALLENGES OCCURRING IN THE TRANSPORTATION INDUSTRY. POSITIONS I HOLD ARE: CORPORATE MANAGER, FARMERS ELEVATOR COMPANY, A COOPERATIVE OF CHAPPELL, NEBRASKA; PRESIDENT, LANDMARK NUTRITIONAL SERVICES, A FEED PRODUCT SUPPLIER IN THE PANHANDLE OF WESTERN NEBRASKA; EXECUTIVE BOARD MEMBER, N.I.K., A TRANSPORTATION COMPANY SERVING MEMBER COOPERATIVES IN THE STATES OF NEBRASKA, IOWA AND KANSAS.

UNITED COOPERATIVE SERVICES MEMBERS ARE GRAIN COOPERATIVES REPRESENTING THE SHIPMENT AND HANDLING OF APPROXIMATELY 20% OF THE NEBRASKA WINTER WHEAT CROP. ALL FACILITIES ARE SERVED BY THE UNION PACIFIC RAILROAD, AND LOCATED ON THEIR MAIN LINE. THE PRIMARY FACILITIES (50 CAR LOADING) INCLUDE KIMBALL, CHAPPELL, SIDNEY, NEBRASKA AND PINKS BLUFF, WYOMING. THESE LOCATIONS SHIP 100 CAR GRAIN TRAINS TO EITHER GULF OR PACIFIC NORTHWEST EXPORT WORTS. THE SECONDARY STATIONS (25 CAR LOADING) SERVE DOMESTIC FLOUR MILLS SUCH AS PORTLAND, OAKLAND, SALT LAKE, OGDEN, KANSAS CITY AND OTHER UNION PACIFIC SERVED INTERIOR POINTS. DURING A 12 MONTH PERIOD TOTAL CARS SHIPPED AVERAGE OVER 4500.

IT IS MY UNDERSTANDING THAT THE UNION PACIFIC AND THE SOUTHERN PACIFIC ARE REQUESTING AUTHORITY TO MERGE. WE STRONGLY SUPPORT AND RESPECTFULLY REQUEST THAT THIS MERGER BE ALLOWED TO TAKE PLACE. IT WOULD BE IN THE BEST INTEREST OF UNITED COOPERATIVE SERVICES MEMBERS FOR THE FOLLOWING REASONS:

OPEN NEW MARKETS INCLUDING CENTRAL AND SOUTHERN CALIFORNIA WHEAT MILLING, PLUS OTHER POSSIBILITIES NOT YET DISCOVERED i.e. SOUTHWEST UNITED STATES, MEXICO, CENTER GULF, ECT..
SINGLE LINE HAUL SERVICE, IN PARTICULAR HOUSTON, CURRENTLY SHUTTLE TRAINS MAY BE DELAYED AT THAT POINT BECAUSE OF THE NEED FOR UNION PACIFIC TO INTERCHANGE TO THE SOUTHERN PACIFIC. ONE COMMON CARRIER WOULD FACILITATE FASTER TURN AROUND TIME FOR THESE HIGH EFFICIENT TRAINS. AS MENTIONED BEFORE, THIS IS A MARKET USED FREQUENTLY, AND TURN AROUND TIME IS ESSENTIAL FOR VOLUME MOVEMENT.

THE IMPROVEMENT OF THE INTERMODAL SERVICE THROUGH SHORTER MORE EFFICIENT ROUTING IS OF IMPORTANCE. INTERMODAL IS NOT USED BY UNITED COOPERATIVE SERVICE, IT COMPETES FOR TRACK TIME ON THIS MAIN LINE. THIS COMPETITION OF COURSE EFFECTS THE GRAIN TRAINS THAT ARE SO VITAL TO OUR BUSINESS EXISTENCE. WITH THE "SOUTHERN ROUTE" AVAILABLE THROUGH THE MERGER, PRESSURE WOULD BE RELIEVED ON TRACK TIME AND POWER REQUIREMENTS. THIS WOULD DIRECTLY BENEFIT UNITED COOPERATIVE SERVICES.

BETTER EQUIPMENT UTILIZATION ON CARS AND LOCOMOTIVES WOULD BE POSSIBLE i.e. PEAK SEASON DEMAND ON GRAIN EQUIPMENT COULD BE ENHANCED THROUGH A BROADER BASE TO DRAW CARS AND POWER FROM.

MEETING THE COMPETITIVE CHALLENGES OF THE INDUSTRY TODAY DEMANDS A FINANCIALLY STRONG INSTITUTION. THEN AND ONLY THEN CAN CUSTOMERS BE ADEQUATELY SERVED AS WELL AS THE NATIONAL COMMERCE OF THIS NATION. THIS MERGER WOULD BETTER ASSURE A STRONGER RAIL SYSTEM THAN BEFORE.

WE AT UNITED COOPERATIVE URGEl THE INTERSTATE COMMERCE COMMISSION TO APPROVE THIS MERGER.

VERIFICATION:

I, MICHAEL FOLLNOW, DECLARE UNDER PEnALTY OF PERJURY THAT THE FOREGOING STATEMENTS ARE TRUE AND CORRECT. FURTHER I CERTIFY THAT I AM QUALIFIED AND AUTHORIZED TO FILE THIS VERIFIED STATEMENT, EXECUTED ON THIS DATE OF SEPTEMBER 13, 1995.

SIGNATURE

WITNESS

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My name is Henry A. Justice III. I am Executive Vice President of United Refrigerated Services, Inc. Our address is 2964 Peachtree Road, Suite 700, Atlanta, GA, 30305. My telephone number is (404) 261-6691. My fax number is (404) 261-0344. I have been employed by URS for 10 years and have been involved in various degrees with the logistics of inbound and outbound freight during that entire time. I am currently exposed to multiple facets of rail and truck issues including freight rates, equipment quality and supply, and service.

United Refrigerated Services is a company with facilities located in 14 states and annual sales of $140 million. One of our primary services is poultry export. We ship poultry outbound by rail to the West Coast for export. Our success often hinges on transportation issues. Transportation costs make or break our ability to compete in certain destination markets or source from certain origins. Reliable, consistent switching and transit service allows us to plan our inbound and outbound movements to meet specific requirements of our customers. We have many years of experience dealing with the shortcomings of Southern Pacific’s rail service in South and Southwest, but have continued to use them due to the markets they serve and the limited options we have had.

We strongly support the merger between the Union Pacific and the Southern Pacific. The combination of SP’s commercial and route network strengths with the UP’s stronger service will deliver tremendous benefits to United Refrigerated Services and our customers. We are very aware of and supportive of announced agreements between the UP and the BN to resolve competitive concerns that would have otherwise resulted from the UP/SP merger for customers that currently have those two carriers and would have gone to only one carrier (UP) as a result.
of the merger without the benefit of the UP-BN agreement. Under this proposed plan, we can look forward to having two very viable and competitive rail suppliers west of the Mississippi River.

We would be concerned about the long-term viability of the Southern Pacific if not granted the protection of the proposed merger. The newly combined BN/SF system and the always competitive Union Pacific will be too strong for the weaker SP to withstand. The SP’s financial stability has been dubious for over a decade, and its problems would only increase once the BN/SF starts realizing some of the competitive benefits of its new combination. The Southern Pacific is an extremely important supplier of rail services to us and further erosion of its ability to compete or even survive would cause significant exposure to United Refrigerated Service’s ability to run a competitive service. A UP/SP merger addresses these concerns to our satisfaction.

We strongly urge that this merger is approved by the Interstate Commerce Commission or its successor so that we may begin realizing some of the potential benefits that will result from the combination.

I, Henry A. Justice III, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on October 13, 1995.

Henry A. Justice III
Executive Vice President
United Refrigerated Services
My name is Marge Volk, Assistant Manager of Transportation for Universal Forest Products, Inc. I am currently acting as Transportation Manager for the company. I am responsible for negotiating all railroad contracts for Universal Forest Products. I have 14 years of experience in transportation, including truck, rail, intermodal, ocean carriers and have been with Universal for 4 years. Prior to joining Universal, I was with Steelcase, Inc. for 10 years.

Universal Forest Products supplies and manufactures roof trusses and lumber products for the manufactured housing, do it yourself, and retail markets. Our headquarters are located at 2801 East Beltline, N.E., Grand Rapids, MI 49505.

We receive inbound shipments of lumber at our manufacturing/treating facilities from various mills throughout the United States and Canada. Our facilities serviced by UP or SP are located in Stockton, CA, Huntington Beach, CA, Woodburn, OR, Shakopee, MN, Warren, WI, Janesville, WI, Grandview, TX and West Chandler, AZ. We received 9,100 carloads by rail in 1994. Currently, we primarily draw our raw lumber supply of Yellow Pine from Louisiana, Arkansas, Mississippi, and Alabama and other lumber from origins in the

Corporate Headquarters
2801 East Beltline, NE Grand Rapids, MI 49505-9736 Tel: (616) 364-6161 Fax: (616) 361-7523
Pacific Northwest, Eastern and Western, Canada. Our outbound movements primarily are handled by truck.

Universal strongly endorses the proposed UP/SP merger, Union Pacific - Control and Merger - Southern Pacific Rail Corp. Finance Docket No. 32760. The merger will provide important new single-line service to our major facilities and will substantially improve the quality of rail service.

Universal has stopped purchasing lumber from SP served mills on the west coast because chronic poor SP service and the cost of transport made this source of material prohibitive. Where we have purchased lumber for our Midwest and Southern regions that could be routed via SP, we have instead used transload services and other rail carriers or received the lumber exclusively by truck or intermodal.

The UP/SP merged system will be able to offer quality, single-line service along the I-5 corridor that simply does not exist today. The merged system will be able to provide more direct routes between Canada and the Pacific Northwest and our California facilities. In addition, cycle times will decrease because shipments will not need to be transloaded from rail to truck. Moreover, the agreement between UP/SP and BN/Santa Fe will create a second new single-line route between the Pacific Northwest and California, and this too should result in enhanced competition.
In short, we view the UP/SP merger as an important step in providing quality, sustained rail service along the corridors on which we rely. We support the proposed merger as a means to ensure the viability and long-term strength of major rail carriers.

VERIFICATION

I, Marge Volk, declare the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on October 16, 1995.

Marge Volk
October 11, 1995

VERIFIED STATEMENT
OF
KIP BIGELOW
ON BEHALF OF
UTELITE CORPORATION

My name is Kip Bigelow, Business Manager for Utelite Corporation, P.O. Box 387, Coalville, UT 84017. I have been employed with Utelite since June 18, 1980. One of the duties I am responsible for is the coordination of the outbound freight.

Utelite Corporation (Utelite) is a Utah corporation established in 1962 and manufactures an expanded shale lightweight aggregate. Because of the location of the Utelite plant, we have been major supplier of lightweight aggregate throughout the Western United States. Lightweight aggregate is used in such products as Lightweight Concrete Roofing Tile, Concrete Block, Ready-Mixed Concrete, Precast Concrete, Road projects and various other uses. Because of the large quantity of our material that moves out of state, we rely heavily on rail transportation to service our customers.

As a shipper currently served by Union Pacific, we welcome this merger as a means of ensuring that we receive top-quality rail service with single-line access to numerous points and believe that the proposed merger would be in our company’s best interests. We endorse the UP/SP merger application.

We believe that the proposed merger would benefit our company in many ways. Because we must compete with other lightweight producers in our market area, we have not been able to effectively compete in those areas where we must switch between two or more rail carriers because of the high switching fees. We believe that the proposed merger would give us single-line access to many areas that would benefit our marketing efforts. By creating more single-line track the merger will increase the territory that we will be able to market. The specific area that we feel would be enhanced are Central and Northern California, Southern Arizona, Oregon and Nevada, which are currently served by Southern Pacific. We also rely on the efficient and unobstructed movement of a small pool of cars. It is important to us that cars are moved to our customers and returned to our loading location in as short a period of time as possible. We believe that the merger will give UP the flexibility of using the most efficient routing and stations to handle the routing of cars.

The ability to use both UP and SP tracks and other facilities should result in reduced congestion in the Salt Lake City/Ogden corridor which will result in faster service for many of our shipments. Use of both UP and SP lines will also provide mileage savings to many destinations including Northern California.

In conclusion we believe that the proposed merger will benefit both our company and our customers. Our company supports the merger application.

Sincerely,

Kip Bigelow

I, Kip Bigelow, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on October 11, 1995.
Verified Statement

of

William H. Blackmer
on behalf of
Valassis Communications
Wichita Printing Division

1. My name is William H. Blackmer. I am the Materials Manager of Valassis Communications - Wichita Printing Division, which is located at 3819 North Toben Street, Wichita, KS 67226. My responsibilities include all inbound and outbound transportation for our product. I have been in this position for over eight years and further involved with railroad shipments with our company for the past twelve years.

2. Valassis Communications is a leading producer of sales promotion materials, especially Free Standing Inserts. We print these inserts in three manufacturing facilities, one in Livonia, MI which is currently served by the CSX railroad, another in Durham, NC which is also served by the CSX railroad, and the Wichita Printing Division which is currently served by the Union Pacific Railroad.

3. Railroads at all three facilities are used primarily for the delivery of raw paper stock to our printing plants. Finished product is shipped out of our facilities in truck load quantities, either via contract carrier or containers that move via stack train to the west coast. Valassis Communications - Wichita Printing Division receives approximately 130 million pounds of paper annually via rail. We believe that the proposed merger would be in our company’s best interest as well as the interest of other shippers. We do endorse the UP/SP application.

4. One of the primary benefits of the UP/SP merger to Valassis Communications would be the access to newer and improved railcars for hauling paper out of International Paper’s Pine Bluff Mill. Paper out of this mill is currently supplied to us on Union Pacific Boxcars which are of an inferior quality to the GVSR cars that the SP has. The new and improved cars from the SP will reduce damage to our raw material and save us money on repair costs, as well as, replacement cost.
We believe that the proposed merger will provide significant benefit to our company and we do support the application made by the UP/SP for the UP/SP merger.

I Bill Blackmer do declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file the verified statement executed on 9-25-95.

Signature
September 22, 1995

Honorable Vernon A. Williams  
Secretary  
Interstate Commerce Commission  
Room 2215  
12th Street & Constitution Avenue, Northwest  
Washington, DC 20423

SUBJECT: Finance Docket No. 32760

Dear Mr. Williams,

I am the Director of Logistics and Public Affairs for Vulcan Chemicals, a division of Vulcan Materials Company, Inc. I have been employed by Vulcan Materials for eighteen years and have been involved in the transportation of chemicals during the past thirteen years.

Vulcan Chemicals produces chloralkali chemicals and a variety of specialty chemicals. The chloralkali plants are located in Wichita, KS; Geismar, LA; and Port Edwards, WI. All three plants ship products via rail utilizing both the Union Pacific (including MP and CNW) and the Southern Pacific (including DRGW and SSW) routes. The Wichita plant also utilizes the Burlington Northern Santa Fe. The Geismar plant is served by the Illinois Central and the Port Edwards plant is also served by the Wisconsin Central. In 1994, Vulcan Chemicals shipped over a million tons of chemical products by rail.

We support the proposed merger of the Union Pacific Railroad Company and the Missouri Pacific Railroad Company with the Southern Pacific Rail Corporation and the Southern Pacific Transportation Company. We believe this merger would be in the best interest of our company's Chemicals division.

The merger will result in improved competitive rates on the Southern Pacific and improved service on both the UP and SP lines within the Union Pacific and into Mexico. Additionally, we believe the Union Pacific's proactive progressive management will be a major asset to the current Southern Pacific rail system.
Today the Union Pacific is financially strong but lacks efficient routes to many markets. The Southern Pacific has many excellent routes but lacks the volume and capital to take advantage of its opportunities. The merged system will be able to overcome bottlenecks and to apply capital dollars where they will accomplish the most. This should result in stronger competition generally. We believe that the proposed merger will provide significant benefits to shippers. Vulcan Chemicals supports the application.

Sincerely,

Joy C. Phillips
VERIFICATION

STATE OF Alabama

COUNTY OF Jefferson

Joy C. Phillips, being first duly sworn, deposes and says that she has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

Joy C. Phillips

Subscribed and sworn to before me this 30th day of October, 1995.

Notary Public

My Commission Expires:

March 5, 1996
RESOLUTION

WHEREAS, the Union Pacific Railroad and the Southern Pacific Railroad are requesting authority to merge; and

WHEREAS, the merger will improve service with new single-line service; and

WHEREAS, the merger will improve service with more efficient routes; and

WHEREAS, the merger will improve service with improved intermodal service; and

WHEREAS, the merger will improve terminal coordination; and

WHEREAS, the merger will improve route specialization; and

WHEREAS, the merger will improve competitive benefits including meeting the competitive challenge of the Burlington Northern/SantaFe Railroad.

WHEREAS, the merger will provide assurance of long-term quality service for Southern Pacific shippers;

THEREFORE, the Weatherford/Parker County Joint Economic Development Cooperative strongly supports the merger.

NOW, THEREFORE, BE RESOLVED BY THE BOARD OF WEATHERFORD/PARKER COUNTY JOINT ECONOMIC DEVELOPMENT COOPERATIVE,

That the findings of the Board and its actions approving this merger taken at the Weatherford/Parker County Joint Economic Development Board meeting and adopted.

PASSED BY THE WEATHERFORD/PARKER COUNTY JOINT ECONOMIC DEVELOPMENT BOARD this 12th day of October, 1995.

Delmar King, Chairman of the Board

The Weatherford/Parker Co. Joint Economic Development Coop. is a county wide organization that is responsible for economic development.
STATE OF TEXAS
COUNTY OF PARKER

I, F. LeRoy Tillery of the Board of Weatherford/Parker County Joint Economic Development Cooperative do hereby certify that the above and foregoing is a true and correct copy of Resolution 1 passed by the Board of Weatherford/Parker County Joint Economic Dev. Corperative on the 12th day of October, 1995.

F. LeRoy Tillery, Executive Director

STATE OF TEXAS
COUNTY OF PARKER

BEFORE ME, the undersigned authority, on this day personally appeared F. LeRoy Tillery of the Weatherford/Parker County Joint Economic Development Cooperative, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

GIVEN under my hand and seal of office this 18 day of Oct, 1995.

(Seal)

PAMELA BEAVER
NOTARY PUBLIC
State of Texas
Comm. Exp. 09-17-96

My commission expires on 9-17-96
My name is Rick Keith, I am the Grain Marketing Manager of the West Bend Elevator Company, West Bend, Iowa. I’ve worked in the grain elevator business for over 20 years in North central and Northwest Iowa.

Our company currently operates nine grain elevators that purchase and sell between 20 and 30 million bushels of corn, soybeans, and oats per year. We also receive 20,000 tons of fertilizer products each year.

Our major facilities serviced by the Union Pacific Railroad include West Bend, Mallard, and Algona, Iowa. We load 100 car trains at Mallard and West Bend. We load 75 car trains at Algona. Our facilities also have track scales at Mallard and West Bend which we use for official weights when shipping direct to Mexico and markets needing this service.

Over the last few years we’ve shipped the bulk of our products to the Mississippi for barge loading. These loadings have almost come to a complete stop since barge freight climbed to 300 - 400% of tariff.

Our markets for corn are processors or the local livestock feeder markets. Our markets for soybeans are local processors. In the last year we’ve seen large pork and poultry operations come to our area to take advantage of our depressed commodity prices.

We desperately need additional markets for our grain. We understand that the Union Pacific and Southern Pacific are requesting authority to merge. We strongly support this as a means of improving service and strengthening competition!
With your approval of this application, the UP and SP will be able to combine the strengths of their rail systems. Included in these strengths are new markets for our farmers grain at competitive freight rates.

This merger would help bring our Iowa farmers available markets to over half the U.S., plus taking our shipments to the gates of the northwest and Mexico. In particular, our farmers would benefit from new single-line access to SP-served grain receivers in southern California, Arizona and western Mexico.

The merger would allow Union Pacific and Southern Pacific to combine their strengths. While the Southern Pacific has good routes, it has been unable to raise the capital necessary to take advantage of those routes. The merged system will be able to use capital dollars where they are most needed. In addition, it will be a more effective competitor for the large and efficient Burlington Northern/Santa Fe system and for other modes of transportation, such as truck and barge. Rail, truck and barge are all alternatives of our traffic. The combined UP/SP will offer us an especially important competitive alternative to barge transportation, which should help to put pressure on barge rates. This would produce stronger competition overall.

A strong rail system would help relieve the pressure on trucking and fill the void left by our inability to use barge freight.

We believe that the proposed merger will provide significant benefits to shippers. Our company supports the application.

I, Rick Keith, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on October 27, 1995.

[Signature]
STATE OF IOWA
COUNTY OF PALO ALTO

Rick Keith, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

\[Signature\]

Subscribed and sworn to before me this 27 day October, 1995.

\[Notary Seal\]

My Commission Expires:

\[5/3/98\]
VERIFIED STATEMENT

OF

WILLIAM LE GROW
on behalf of
WEST FRASER MILLS LTD.

My name is William LeGrow, Transportation Manager with West Fraser Mills Ltd. I have held this position for 14 years. West Fraser is a forest products manufacturing company, and ships lumber, woodpulp and paper to markets in North America and around the world.

In 1994, we shipped approximately 800 MMFBM of lumber (8000 carloads), 100,000 MT of woodpulp (1500 carloads) and 20,000 MT of paper (350 carloads) to the United States. All of our production facilities are located in the Canadian provinces of British Columbia and Alberta, and receive rail service from either CN or BC Rail. We access UP via Barge at Seattle Wa. and at Chicago, and the SP via BN at Portland Or. and Chicago.

We understand that Union Pacific and Southern Pacific are requesting authority to merge. We support this merger as a means of improving service and single line access to customers in the US south and mid-west.

In particular, the Seattle to California route will give West Fraser more direct access to UP points, and should provide more cost effective access to SP points compared to the BN Portland SP route. This merger, together with the BN/SF, should create a very competitive environment in southern California. We would also expect this merger to provide competitive service and price via Seattle to access SP served customers in Texas and the US mid-west as compared to the current routes over Chicago.

The financial strength of the UP will help the combined UP/SP meet the competitive challenge of the BN/SF and protect the customer base served by the SP from potential loss or reduction of rail service. Overall, we believe that two strong carriers providing service through the US west, south and mid-west is a more competitive alternative than one dominant carrier and a number of secondary carriers. West Fraser supports this application.

William LeGrow

Transportation Manager
VERIFICATION

I, William LeGrow, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement. Executed on September 5, 1995.

Witness:

[Signature]

[Title]
My name is John Parks. I am Vice-President and minority owner of Western Transportation Services, located at 840 South River Road, West Sacramento, CA 95691. As Vice-President, I am responsible for all operations, sales, and administrative functions of my company. I have been employed by Western Transportation for the past seven (7) years, and have nineteen (19) years in the transportation industry.

Western Transportation is the Sacramento, CA "paper ramp" for the Union Pacific Railroad and American President Lines. We are an ICC licensed motor carrier. As the "paper ramp" operators, we provide an equipment interchange point for UP and API loaded and empty vans. We handle over 12,000 vans per year in this capacity.

As a motor carrier, we interchange equipment from both the UP and SP Railroads, as we service our broker customers. We pick-up and deliver over 5,000 intermodal units per year.

All operations emanate from our West Sacramento, CA location.

Western Transportation believes that the proposed merger between the UP and SP would be in our company's best interest. We heartily endorse the UP/SP application.

We believe that the merger of the UP and SP will result in a much more cost effective/service effective railroad system for the country. No doubt, the support applications received by this commission from the many shippers and consignees in favor of this merger will list, in great detail, the many specific benefits to be derived.

For a company like Western Transportation, a motor carrier relying on intermodal traffic to stay in business, any new concepts that foster interest in, and use of, intermodal containers is of great interest to us. The more intermodal traffic sent, the greater the number of opportunities for business for my company. The more intermodal traffic sent, the more intermodal vans will be available for loads, giving us a greater chance to have equipment available to cover our loads. This will allow us to generate more revenue and operate more efficiently.

Because it will serve a larger customer base with single-line service, the UP/SP
merger will increase the volume of loads coming into the Sacramento "paper ramp". This will allow us to spread our fixed costs of operation over a much larger trailer base, thus increasing our profitability.

We believe that the proposed merger will provide significant benefits to all participants involved with intermodal traffic. Our company supports the application.
VERIFICATION

STATE OF CALIFORNIA )
COUNTY OF YOLO )

John Parks, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

John F. Parks, III

Subscribed and sworn to before me this 6th day of October 1995

Patricia A. Davis
Notary Public

My Commission expires:
July 31, 1998