

STB

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2-23-00

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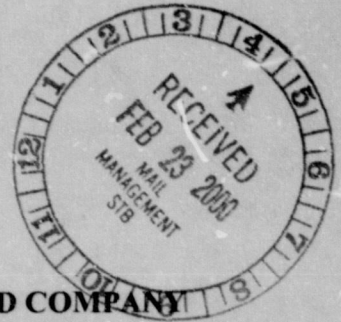
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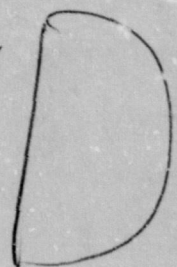
REDACTED - TO BE PLACED ON PUBLIC FILE

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 32760



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



REPLY OF AMERENUE TO ADDITIONAL ISSUES RAISED
BY UNION PACIFIC IN ITS "UP/SP-374" RESPONSE

ENTERED
Office of the Secretary
FEB 24 2000
Part of
Public Record

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February 23, 2000

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 32760

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

**REPLY OF AMERENUE TO ADDITIONAL ISSUES RAISED
BY UNION PACIFIC IN ITS "UP/SP-374" RESPONSE**

In its February 8, 2000 filing, Union Pacific Railroad Company's Response to AmerenUE's Petition For Clarification and Enforcement of Merger Conditions, UP/SP-374, ("Response"), UP¹ submitted issues and argument which did more than reply to evidence by UE concerning the loss of competitive options for UE resulting from the UP/SP merger. Rather than moving to strike such non-responsive and improper evidence and argument, UE will briefly reply² on a few issues. In addition, in a review of UE's January 19, 2000 Petition For Clarification and Enforcement of Merger Conditions ("Petition"), UE realized that Highly Confidential Exhibit 16 was inadvertently missing the last four pages of the Exhibit. The

¹ UE will use the same abbreviations herein as used in its January 19, 2000 Petition ("UE Petition").

² UE submits that this filing is not an impermissible Reply to a Reply under 49 C.F.R. 1104.13 (c) because this filing replies to the new arguments and issues raised by UP in its February 8th filing. Nevertheless, in the event the Board determines otherwise, UE hereby moves for leave to file this pleading and requests the Board to accept this filing into the record. The Board should accept this filing in the interest of justice and to ensure a complete record in this very important matter.

complete exhibit is attached to this filing for the Board and parties that received the Highly Confidential version of UE's Petition.

The issues that UE are compelled to respond to because of UP's non-responsive, misleading and improper evidence and argument are as follows:

1. **The "Conceptual Framework" is not a "Settlement Agreement"**

Throughout UP's response, UP continually misrepresents to the Board the character of the "Conceptual Framework" by misnaming it a "Settlement Agreement." On its face the Conceptual Framework does not state that it is a settlement agreement. Furthermore, the Conceptual Framework does not state that it required UE to give up conditions imposed in the UP/SP merger. Rather, UE has stated that it would not have signed the agreement if it had contained such language. *See* UE Petition, V.S. Heinze at pp. 2-3. This is distinguishable from the BNSF Settlement Agreement which placed many restrictions on BNSF including requiring BNSF (i) not to oppose the merger, (ii) not seek any other conditions, and (iii) not to support any other parties' request for conditions. *See* Section 14 of BNSF Agreement.

2. **The Board Should Continue To Uphold Its Strong Public Policy Of Protecting "2-To-1" Shippers**

UP argues that if the Board grants UE's Petition, it would be undermining the long standing policy of furthering the private resolution of disputes. *See* UP/SP-374 at p. 12. While UE agrees with the policy of supporting private resolutions, the Board should not condone UP's actions which occurred prior to and during the negotiations of an attempted private resolution between UP and UE. Specifically, UP should not be enriched by its actions and statements that misled UE to believe that it was not entitled to the same benefits as every other "2-to-1" shipper. UP's Response confirms that UP deceived UE and treated it differently by refusing to allow UE

access to BNSF via trackage rights because BNSF declined to purchase the SP line. In view of UP's actions, the Board should uphold the strong public policy of protecting "2-to-1" shippers.

If the STB allows UE to fall through the cracks notwithstanding the Board's strong public policy to protect "2-to-1" shippers, the STB would be facilitating UP's manipulation of market power. UE is entitled to the same protection as every other "2-to-1" shipper since UP has in its own words stated that there is no contract between UP and UE. See UE Petition at p. 14. As UP's own Response confirms, UE agreed to the Conceptual Framework because UP took actions to ensure that UE would never gain access to BNSF for single-line service, even though every other "2-to-1" shipper enjoyed the benefit of BNSF service. This happened because it is apparent that UP took BNSF access under the omnibus clause off the table at the beginning of the negotiations between UP and UE.³

The facts to date support the theory that UP undertook to mislead UE because UP alleges that UP and BNSF agreed that Labadie was "unique" and that BNSF access under the omnibus clause would not be offered to UE. UP states throughout its Response, **for the first time**, that UE was treated uniquely because BNSF refused to buy the Rock Island (SP) line. See UP/SP-5-4 at pp. 2, 6; Verified Statement of Jerry P. Klym at p. 2 and Verified Statement of John H. Rebensdorf at pp. 1-4 ("V.S. Rebensdorf"). UP's Vice President-Network & Service Planning, John Rebensdorf states clearly that "BNSF's refusal to buy the SP line, [resulted in] that plant [being] unique." V.S. Rebensdorf at p. 1. Mr. Rebensdorf also states that "BNSF's decision not to buy the SP line left UP without a competitive solution for the Labadie Plant." V.S.

³ This further explains UP's November 1, 1995 letter (see UE Petition, Highly Confidential Exhibit 13) where UP qualified the omnibus clause application to UE by stating that " **REDACTED** " This confirms that

from the beginning UP wanted UE to believe that any grant of trackage rights to UE would have to be with a carrier other than BNSF.

Rebensdorf at p. 1. Mr. Rebensdorf then admits that UP misled UE when UP issued its "overly broad press release that treated the BNSF Settlement Agreement as providing BNSF competition for every 2-to-1 shipper." V.S. Rebensdorf at p. 3. These admitted facts prove what UE alleged in its Petition, that UP misled UE to believe that UE was not entitled to direct BNSF access in place of SP. UE did not know that the BNSF trackage rights under the omnibus clause was available because UP failed to offer UE access to BNSF via trackage rights during the negotiations and UP endeavored to conceal UE's right as a "2-to-1" shipper to BNSF trackage rights. Nor did UE know, until UP's recent February 8th filing, that UE was being treated as "unique." UE believes that the Board did not know and should not now condone UP's "unique" treatment of UE because of BNSF's decision not to purchase the SP line. Instead, UP should be admonished for hiding the truth from UE and the Board.

UP did not require BNSF to buy every rail line in order to access "2-to-1" shippers. To the contrary most "2-to-1" shippers are served via BNSF trackage rights. So why was Labadie "unique?" That Labadie is now captive to UP for nearly 8-9 million tons of coal annually might be the answer. Notably, UP's Response does not and cannot state that UP ever offered UE the right to BNSF trackage rights to replace the SP service. Instead, UP admits that the only trackage rights that UP offered UE were trackage rights via smaller railroads that UP conceded in the merger were too small to provide an adequate replacement of service. See UP/SP-374 at p. 7. UP even goes on in its Response to admit the threat that UP made to UE during the negotiations of the Conceptual Framework: that UP could force UE to accept trackage rights with a smaller carrier as an adequate replacement to the prior SP service. *Id.* and UE Petition at p. 12.

UP makes no claim that UE has received any benefit of competition that was preserved by the Board for all "2-to-1" shippers. It is undisputed that to this day UP has refused to move any

BNSF trains to Labadie. See UE Petition at p. 14. In addition, UP admits that it believes that UE, unlike every other "2-to-1" shipper, was not entitled to single-line service from PRB to Labadie with BNSF. See UP/SP-374 at p. 8. This is in direct conflict with what UP exclaimed to the Board as a major benefit to the merger, i.e. competition will be intensified because of new single-line routings from PRB. See UE Petition at p. 19-20. Although UP misled UE to believe otherwise, UE is entitled to maintain two single-line options from coal origins even if both coal origins would be PRB now instead of one PRB and the other Colorado absent the UP/SP merger. Contrary to UP's assertions, providing UE the same "2-to-1" protections as every other "2-to-1" shipper will not create a windfall for UE. Instead, this will only place UE in same position as every other "2-to-1" shipper and thereby uphold the Board's strong public policy of protecting "2-to-1" shippers. In addition, the Board should particularly be concerned with upholding its policy of protecting "2-to-1" shippers during the ongoing oversight proceeding which was intended to oversee and ensure that the protective conditions imposed in the merger are being uniformly applied.⁴

3. UE Did Not Reap Benefits From The Conceptual Framework

UE is not trying to take advantage of anyone as UP claims. UE has received no benefit from the Conceptual Framework, financial or otherwise. UE definitely received no competitive benefit from the Conceptual Framework. When UE needed an alternative carrier most during UP's service meltdown, UE was denied any benefit. Contrary to UP's claims, UP fulfilled no obligations to UE. UP absolutely refused to move any trains unless UE agreed to sign a contract that contained new and substantially different terms than what was in the Conceptual Framework.⁵ See UE Petition at p. 14. There is only one reason that UP refused to move any BNSF trains to UE; UP did

⁴ The STB stated in Decision No. 44 that it would retain jurisdiction over the UP/SP merger in order to implement the conditions imposed as part of the merger and to impose new conditions as necessary. Decision No. 44, slip op. at 231. UE is not seeking new conditions but is only seeking the enforcement of the same protections given to every other "2-to-1" shipper.

not want to lose its recently created monopoly grip on UE. As a result, UE received no protection from its loss of competition resulting from the UP/SP merger and, in fact, sustained substantial losses resulting from the UP/SP service crisis.

UP endeavors to introduce the alleged "benefits" that UE accrued under the Conceptual Framework as evidence of a valid, enforceable contract. Such an effort is meritless. UP misrepresents to the Board the alleged financial benefits UP claims that UE gained from the Conceptual Framework. The true facts show that UE did not receive any financial benefit pursuant to the Conceptual Framework. First, UP knowingly misleads the Board by claiming that UE received a \$4 million benefit under the Conceptual Framework because

REDACTED

In fact, UE contributed nearly \$3 million dollars to rehab the line. To claim that UE would somehow now be obligated to pay UP a on traffic that UP never intended to move over the line and for which, in any event, UP never performed any rehabilitation or maintenance would be inequitable and not supported by the law of contracts. UP's argument that UE somehow owes UP any money for the rehab of the SP line is particularly derisive since UP does not even own the line anymore and UP made arrangements to sell the line with restrictions that prohibit service to Labadie over the line.

Second, UP claims that Conceptual Framework "

REDACTED

" UP Response at p. 10. The alleged \$12 million obligation that "UP would

⁵ Interestingly, in other situations in the past which benefited UP, UP has moved trains under only a term sheet that often preceded a signed transportation contract by many months.

expect UE to return” if the Conceptual Framework was not enforceable is found in contract ICC-DRGW-C-1379. Once again UP blatantly misleads the Board. A plain reading of the Conceptual Framework shows that the ICC-DRGW-C-1379 contract is not part of and is never mentioned in the Conceptual Framework. Thus, there is no basis for UP argue that UE received any benefit under the Conceptual Framework for contract ICC-DRGW-C-1379.⁶

Moreover, UP’s new argument that UE’s alleged “reaping” of these benefits creates a binding agreement to agree lacks any legal foundation. Because the Conceptual Framework clearly and unambiguously states that it will form the basis of some future contract (and is therefore nothing more than an agreement to agree), offering extrinsic evidence of the parties’ intentions and past dealings to prove that the Conceptual Framework is more than an agreement to agree is barred under Missouri law by the parole evidence rule.⁷ Even if extrinsic evidence could be introduced to shed light on the Conceptual Framework, that evidence would support the notion that the Conceptual Framework was merely an agreement to agree in the future. In an April 29, 1998 letter to Kevin Deschler, a UP official wrote, “

REDACTED

” See UE Petition, Highly Confidential

Exhibit 22.

By UP’s own admission, the Conceptual Framework is not a valid, enforceable contract. Accordingly, while UE submits that it received no “benefits” from the

⁶ Not only was the ICC-DRGW-C-1379 contract not part of the Conceptual Framework, UP fails to mention that the consideration that UP received for converting the above reference contract was that UP received new traffic for three additional Ameren coal fired generation plants.

⁷ *Union Electric Co. v. Consolidation Coal Co.*, 188 F.3d at 1002.

Conceptual Framework, even if extrinsic evidence is considered, the Conceptual Framework is merely an agreement to agree and, therefore, should not be enforced as a valid contract infringing on UE's rights as a "2-to-1" shipper.

4. An Agreement To Agree Is Not Enforceable Under Missouri Law

UP next misrepresents to the Board the case law in Missouri regarding agreements to agree. The Conceptual Framework of March 11, 1996, upon which UP relies in its argument that there is a contract between UP and UE, is nothing more than an unenforceable agreement to agree. The opening statement of the Conceptual Framework indicates that the parties had not yet entered into a contract with respect to the Labadie route. It states, "

REDACTED

"

While the parties alluded to a *future* contract and may have agreed to agree in the future, "An agreement to reach an agreement is a contradiction in terms and imposes no obligation on the parties thereto."⁸ Accordingly, UP may not use the Conceptual Framework to deprive UE of its rights as a "2-to-1" shipper.

In its response to UE's Petition for Clarification and Enforcement of Merger Conditions, UP cites to several cases, arguing that an agreement to agree on unresolved issues does not undermine the validity of a contract. While courts have made exceptions to the general rule and have enforced contracts where an essential term is left to be agreed upon in the future, such agreements have been enforced in *limited circumstances* which do not exist here.⁹ Only when it is impossible or extremely difficult to determine a term before performance of the contract will

⁸ *Jenks v. Jenks*, 385 S.W.2d 370, 376 (Mo. App. 1964) (quoting *Rosenfield v. United States Trust Co.*, 290 Mass. 210, 195 N.E. 323 (1935)); see also *Union Electric Co. v. Consolidation Coal Co.*, 188 F.3d 998 (8th Cir. 1999); *Deichmann v. The Boeing Co.*, 38 F. Supp. 2d 783 (E.D. Mo. 1998); *United States v. 518.77 Acres of Land*, 545 F. Supp. 1246 (W.D. Mo. 1982); *Brown v. Childers*, 254 S.W.2d 275, 280-281 (Mo. App. 1953).

⁹ See *Allied Disposal, Inc. v. Bob's Home Service, Inc.*, 595 S.W.2d 417 (Mo. App. 1980).

courts enforce a mere agreement to agree on the missing term or terms.¹⁰ UP and UE did not fail to reach a final agreement on the terms of a contract regarding the Labadie route because it was impossible or too difficult to do so; the parties simply never negotiated a final contract before the Conceptual Framework was executed nor has a contract been reached as of today.¹¹ In situations where it is possible to reach an agreement on the terms of a contract and the parties simply fail to reach an agreement, the law is clear—agreements to agree in the future will not be enforced.

CONCLUSION

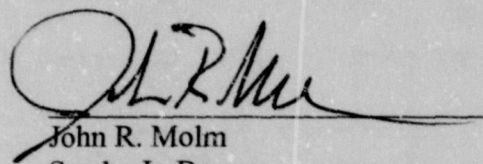
WHEREFORE, UE respectfully requests that the Board to accept this Reply into the record and to grant the relief requested in UE's Petition filed January 19, 2000, including the right to direct access to BNSF and the right to the contract modification condition.

¹⁰ *Id.* at 420.

¹¹ UP admits that it was dilatory in not negotiating the contract between UP and UE, *see* UP/SP-374 at 13, which makes sense because UP had no incentive to sign a contract with UE that would actually permit UE to move trains with another carrier. Of course UP now claims that it is ready to finalize the transportation contract because UP realizes that its refusal to grant UE the right to seek alternative service during UP's meltdown has shed light on all of UP's actions that led up to the current monopoly hold that UP has over UE.

Respectfully submitted,

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Tel: (314) 554-2098
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A handwritten signature in dark ink, appearing to read "J.R. Molm", with a long horizontal flourish extending to the right.

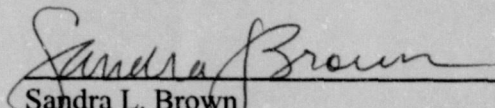
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Attorneys for AmerenUE

February 23, 2000

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the "REPLY OF AMERENUE TO ADDITIONAL ISSUES RAISED BY UNION PACIFIC'S IN ITS "UP/SP-374" RESPONSE" was served this 23rd day of February, 2000, by hand delivery to counsel for Union Pacific Railroad Company, counsel for Burlington Northern and Santa Fe Railway Company and by first class mail upon all other parties of record in this proceeding.


Sandra L. Brown
Attorney for AmerenUE

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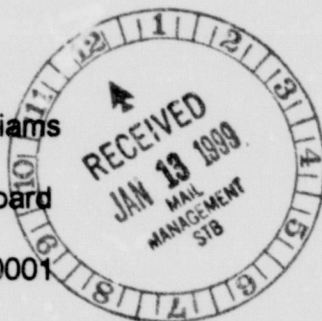
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Part of
Public Record

January 13, 1999

VIA MESSENGER

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street N.W.
Washington, DC 20423-0001



RE: Finance Docket No. 32760

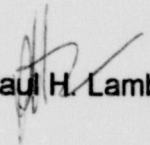
Dear Secretary Williams:

Enclosed are an original and twelve (12) copies of the Notice of First Issuance of Bonds of the City of Reno and the Union Pacific Railroad Company.

Please file the same, and return two file-stamped copies of each in the envelopes provided.

Expedited consideration by the Board is requested. Thank you.

Regards,


Paul H. Lamboley

PHL/jbc

Enclosures

cc: Elaine K. Kaiser
Section of Environmental Analysis

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY,
AND MISSOURI PACIFIC RAILROAD COMPANY

-- CONTROL AND MERGER--

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

NOTICE OF FIRST ISSUANCE OF BONDS

In accordance with Decision No. 84, served December 17, 1998, Notice is hereby provided to the Board that, pursuant to the Memorandum of Agreement (MOU) between the City of Reno (Reno) and Union Pacific Railroad Company (UP) approved by the Board in Decision No. 84, the first issuance of bonds for the project covered by the MOU has occurred; i.e. the first bonds in the amount of \$6 Million Dollars (\$6,000,000), were sold on or about December 23, 1998 and the proceeds were deposited in a project account on or about December 28, 1998.

Consistent with the MOU and Decision No. 84, Reno and UP ask the Board to recognize the first issuance of project bonds and determine the effective date of Decision No. 84 to be December 28, 1998.

Dated January 12, 1999.

City of Reno, Nevada

By: 

Paul H. Lambole
1350 Eye Street N.W.
Suite 200
Washington, DC 20005
Telephone: (202) 312-8220
Facsimile: (202) 312-8100

Its Counsel

Union Pacific Railroad Company

By: 

J. Michael Hemmer
Covington & Burling
1201 Pennsylvania Ave., N.W.
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Its Counsel

* * * *

CERTIFICATE OF SERVICE

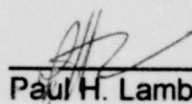
This is to certify that copies of the foregoing Notice were served, via messenger,
this 12 day of January, 1999 on:

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Roy T. Englert, Jr.
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Counsel for Amtrak



Paul H. Lamboley

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Law Department

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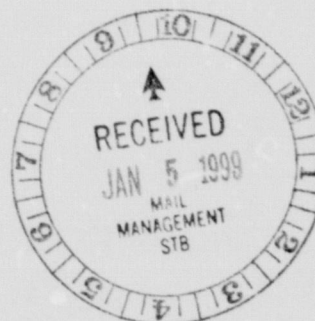
ENTERED
Office of the Secretary

JAN - 5 1999

Part of
Public Record



January 4, 1999



VIA UPS NEXT DAY AIR

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street NW, Suite 700
Washington, DC 20423

Re: Finance Docket 32760, UP - Control and Merger - SP

Dear Mr. Williams:

Pursuant to Decision No. 44, UP/SP submits the station passing report for the month of December, 1998 for the city of Reno, Nevada. The report indicates that UP/SP is in compliance with Condition 22.a of Exhibit G to Decision No. 44.

	Reno
Cap	14.7
Average Through Freight Trains	12.3

The attached original and 20 copies of the verified report include the details for both included and excluded trains for each day during November.

Very truly yours,

Louise A. Rinn (mag)
Louise A. Rinn
General Commerce Counsel
(402) 271-4227

Attachments

C: (With attachments)

PERSONAL (2 copies)

Elaine Kaiser

Section of Environmental Analysis

Surface Transportation Board

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Washington, DC 20423-0001

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1350 I Street, Suite 200

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(Via UPS Next Day Air)

J. Michael Hemmer, Esq.

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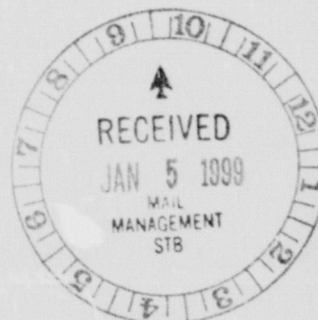
BC: (With partial attachment)
John Bromley - Room 605 (Reno)
Wayne Horiuchi - Sacramento (Reno)
Butch Ethington - Room 830 (Reno)
Thom H. Williams - Harriman Dispatch Center (Reno)

BC: (With attachments)
Carol Harris - San Francisco/Law
Clyde Anderson - Room 700
Bill Wimmer - Room 1030
Kevin Crowe - Harriman Dispatch Center
Dennis Shackelford - Harriman Dispatch Center

RECAP OF PASSING REPORTS FOR MONTH OF DECEMBER 1998

RENO, NEVADA

DATE	FREIGHT
1-Dec	11
2-Dec	14
3-Dec	12
4-Dec	11
5-Dec	15
6-Dec	11
7-Dec	10
8-Dec	13
9-Dec	11
10-Dec	14
11-Dec	15
12-Dec	20
13-Dec	15
14-Dec	12
15-Dec	13
16-Dec	14
17-Dec	18
18-Dec	14
19-Dec	16
20-Dec	11
21-Dec	12
22-Dec	11
23-Dec	16
24-Dec	8
25-Dec	0
26-Dec	6
27-Dec	15
28-Dec	11
29-Dec	13
30-Dec	14
31-Dec	4



FREIGHT TRAIN MONTH TO DATE AVERAGE

12.3

AUTHENTICATION:

I certify under penalty of perjury that the foregoing record is true and correct and complied from records maintained by SPT Company in the usual and ordinary course of business.

Dennis K. Shackelford 12/4/99
 General Superintendent Date
 Western region - Harriman Dispatch Center

v5
 TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Tuesday December 1, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1CPFSM-28	10:00 AM	3MDVSTJ-29	12:25 PM
1GSTLSO-30	9:05 AM	1MNPRV-29	6:40 AM
1MOARO-30	4:10 PM	1MROOA-30	6:30 PM
1AMINP-30	3:30 PM	1ZCSOA-29	9:15 AM
1GSPXGO-30	3:55 PM	1MSPST-01	2:10 PM
1ZOACS-01	2:50 PM		

EAST TRAINS: 6
 TOTAL FREIGHT TRAINS: 11

WEST TRAINS: 5

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 REHIO 0550 PM)	1
PSGR TRAINS: (#5 RENO 0950 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
 TOTAL:	 2

v5
TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Wednesday December 2, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1MOARO-01	12:00 AM	1AKSBE-28	12:55 PM
1MSTNPP-01	8:20 AM	1MNPRV-30	11:25 AM
1AOAKS-01	7:30 AM	1MROOA-01	11:40 AM
1ZOACS-02	12:50 PM	1ZCSOA-30	1:00 PM
1AMINP-01	7:30 PM	1MSPST	2:30 PM
1GSTUEC-02	7:30 PM	1MDVST	10:25 PM
1MRVNP-02	8:50 PM	1MNPRV-01	9:50 PM

EAST TRAINS: 7
 TOTAL FREIGHT TRAINS: 14

WEST TRAINS: 7

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0617 PM)	1
PSGR TRAINS: (#5 RENO 1108 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	2

v5
TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Thursday December 3, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD :		WESTWARD :	
TRAIN ID	RENO(EST)	TRAIN ID	RENO(EST)
1MOARO-02	5:40 AM	1MROOA-02	11:20 AM
1MSTNPP-02	8:00 AM	1MSPFR-03	11:55 AM
1AMINP-02	8:15 AM	1MSPST-03	12:40 PM
1MSTDVJ-02	11:45 AM	1ZCSOA-01	3:10 PM
1ZOACS-03	1:35 PM	1AKSBE-30	11:00 PM
1MRVNP-03	4:20 PM		
1GEDHG1-02	8:35 PM		

EAST TRAINS:	7	WEST TRAINS:	5
TOTAL FREIGHT TRAINS:	12		

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0540 PM)	1
PSGR TRAINS: (#5 RENO 0949 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS: WRVLRR-02	1
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	3

v5
 TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Friday December 4, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1MSTNPP-03	3:57 AM	1MDVSTJ-01	12:15 AM
1AOAKS-03	7:20 AM	1MSPFR-04	7:05 PM
1MOARO-03	8:20 AM	1ZCSOA-02	6:25 PM
1AMINP-03	1:45 PM		
1ZOACS-04	1:10 PM		
1GEBLLN-02	5:10 PM		
1SSUSP-03	8:40 PM		
1GETUSX-04	6:25 PM		

EAST TRAINS:	8	WEST TRAINS:	3
TOTAL FREIGHT TRAINS:	11		

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSC R TRAINS: (#6 RENO 0607 PM)	1
PSGR TRAINS: (#5 RENO 1053 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	2

v5
TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Saturday December 5, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1MRVSP-04	2:30 AM	1ICALBX-03	2:15 AM
1AMINP-04	12:01 AM	1MSPRV-05	5:55 AM
1AMINP-04	4:55 AM	1MNPST-03	11:40 AM
1AOAKSB-04	5:05 AM	1MSPFR-05	2:20 AM
1MOARO-04	7:38 AM	1ZCSOA-03	7:05 PM
1MSTNPP-04	10:05 AM	1AKSBE-02	7:10 PM
1AMINPX-04	1:50 AM		
1ZOACS-05	12:50 PM		
1MFRNP-04	7:35 PM		

EAST TRAINS: 9
TOTAL FREIGHT TRAINS: 15

WEST TRAINS: 6

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0549 PM)	1
PSGR TRAINS: (#5 RENO 1009 AM)	1
YARD ENGINES:	0
HELPER PERS:	0
LITE ENGINE:	0
WORK TRAINS: WCYRVB-28	1
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	2

v5
 TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Sunday December 6, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1MFRNP-05	1:20 AM	1MROOA-04	3:05 AM
1AOAKS-05	9:31 AM	1MDVSTJ-03	9:25 AM
1MOARO-05	11:05 AM	1MNPST-04	1:30 PM
1ZOACS-06	1:30 PM	1MSIPFR-06	4:30 PM
1MSTNPP-05	2:50 PM	1ZCSOA-04	6:10 PM
		1MROOA-05	8:45 PM

EAST TRAINS: 5
 TOTAL FREIGHT TRAINS: 11

WEST TRAINS: 6

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0547 PM)	1
PSGR TRAINS: (#5 RENO 1030 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS: WGOLRR-05	1
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	3

v5
TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Monday December 7, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD :		WESTWARD :	
TRAIN ID	RENO(EST)	TRAIN ID	RENO(EST)
1MFRNP-06	2:00 AM	1AKSBE-03	7:00 AM
1MSTNPP-06	11:55 AM	1MNPST-05	1:35 PM
1MRVSP-07	1:00 PM	1ANPMI-05	12:45 PM
1MOARC-05	1:50 PM	ZCSOA-05	3:20 PM
		1MROOA-06	4:20 PM
		1MSPFR-07	5:35 PM

EAST TRAINS:	4	WEST TRAINS:	6
TOTAL FREIGHT TRAINS:	10		

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0541 PM)	1
PSGR TRAINS: (#5 RENO 1005 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	2

v5
TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Tuesday December 8, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD :		WESTWARD :	
TRAIN ID	RENO(EST)	TRAIN ID	RENO(EST)
1GSTUNC-07	4:30 AM	1MSPRV-08	6:40 AM
1AOAKS-07	6:25 AM	1AKSBE-05	7:50 AM
1SSUSP-07	10:00 PM	1MNPST-06	12:10 PM
1ZOACS-08	2:45 PM	1ZCSOA-06	11:45 AM
1AMINP-07	1:55 PM	1ANPMI-06	12:20 PM
1MSTNPP-07	9:20 PM	1MSPFR-08	2:50 PM
1MOARO-07	8:05 AM		

EAST TRAINS:
TOTAL FREIGHT TRAINS:

7
13

WEST TRAINS: **6**

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0559 PM)	1
PSGR TRAINS: (#5 RENO 0950 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	2

v5
TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Wednesday December 9, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1AOAKS-08	8:05 AM	1MROOA-07	2:10 AM
1MSTNPP-08	11:00 AM	1ZCSOA-07	10:40 AM
1MSTDVJ-07	11:20 AM	1AKSBE-06	1:20 PM
1ZOACS-09	12:30 PM	1MROOA-08	4:50 PM
1AMINP-08	2:35 PM	1MSPFR-09	6:55 PM
1GETURN-09	7:10 PM		

EAST TRAINS:	6	WEST TRAINS:	5
TOTAL FREIGHT TRAINS:	11		

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0547 PM)	1
PSGR TRAINS: (#5 RENO 1028 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS: WFRLRR-08 WWMRVR-08	2
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	4

v5
TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Thursday December 10, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD :			WESTWARD :	
TRAIN ID	RENO(EST)		TRAIN ID	RENO(EST)
1MOARO-08	5:50 AM		1MNPST-07	1:40 AM
1MFRNP-03	4:00 AM		1MDVSTJ-07	2:35 AM
1MRVSP-09	3:30 AM		1CCOPN-07	2:50 AM
1MOARO-09	6:30 AM		1MSPRV-10	2:25 PM
1MSTNPP-09	8:55 AM		1ZCSOA-08	2:10 PM
1AOAKS-09	9:05 AM		1FSPFR-10	5:10 PM
1AMINP-09	12:50 PM			
1ZOACS-10	12:30 PM			

EAST TRAINS:	8	WEST TRAINS:	6
TOTAL FREIGHT TRAINS:	14		

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0538 PM)	1
PSGR TRAINS: (#5 RENO 1116 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS: WOGFRR-09	1
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	3

v5

TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
Friday December 11, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD :		WESTWARD :	
TRAIN ID	RENO(EST)	TRAIN ID	RENO(EST)
1MFRNP-10	1:50 AM		
1MSTDVJ-09	3:50 AM	1ANPMI-08	3:05 PM
1GSTANC-10	4:05 AM		
		1MSPFR-11	2:55 PM
1AMINPX-10	7:35 AM		
		1ZCSAO-09	3:45 PM
1AOAKS-10	9:40 AM		
		1AKSBE-08	3:55 PM
1MOARO-10	11:05 AM		
1MSTNPP-10	1:30 PM		
1GEDHWR-10	12:50 PM		
1ZOACS-11	12:20		
1AMINP-10	4:05 PM		
1MRVSP-11	9:05 PM		
EAST TRAINS:	11	WEST TRAINS:	4
TOTAL FREIGHT TRAINS:	15		

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0541 PM)	1
PSGR TRAINS: (#5 RENO 1002 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	2

v5
TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Saturday December 12, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD :			WESTWARD :	
TRAIN ID	RENO(EST)		TRAIN ID	RENO(EST)
1SSUSP-10	12:45 AM		1MROUA-10	10:02 AM
1GSTLSO-10	3:25 AM		1MNPML-09	11:20 AM
1MOARO-11	6:40 AM		1MNPST-09	3:35 AM
1GSPXGO-10	6:10 AM		1MOVSTJ-08	6:15 AM
1MFRNP-11	8:10 AM		1MSPR /-12	10:40 AM
1ZOACS-12	12:10 PM		1AKSBE-09	1:10 AM
1AOAKSB-11	1:00 PM		1MSPFR-11	1:00 PM
1AMINP-11	3:30 PM		1AMPML-10	11:45 AM
1GEKENG-11	4:05 PM		1ZCSQA-10	2:25 PM
1MSTDVJ-11	8:00 PM			
1MSTNPP-11	9:00 PM			
EAST TRAINS:	11		WEST TRAINS:	9
TOTAL FREIGHT TRAINS:	20			

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0547 PM)	1
PSGR TRAINS: (#5 RENO 1027 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	2

v5
TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Sunday December 13, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1MFRNP-12	3:20 AM	1ESPCO-12	12:55 AM
1MOARO-12	6:50 AM	1MROOA-12	6:30 AM
1AOAKS-12	7:45 AM	1MSPFR-13	11:50 AM
1AMINP-12	8:05 AM	1ANPMI-11	11:20 AM
1ZOACS-13	11:05 AM	1ZCSQA-11	11:25 AM
1MRVSPX-12	3:20 PM	1AKSBE-10	2:25 PM
1MSTNPP-12	8:20 PM	1MNPST-11	7:35 PM
		1MPVSTJ-10	6:35 PM

EAST TRAINS:	7	WEST TRAINS:	8
TOTAL FREIGHT TRAINS:	15		

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0540 PM)	1
PSGR TRAINS: (#5 RENO 1100 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS: WRVLR-11	1
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	3

v5
 TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Monday December 14, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1MFRNP-13	2:05 AM	1MSPRV-14	5:00 AM
1GSTUNY-12	4:20 AM	1MROOA-13	8:20 AM
1AOAKS-13	8:50 AM	1MNPST-12	2:11 PM
1GETLGI-13	10:30 AM	1ZCSOA-12	12:40 PM
1MRVSP-14	1:40 PM	1MSPFR-14	3:25 PM
1MOARO-13	3:35 PM	1MDVSTJ-11	11:00 PM

EAST TRAINS: 6
 TOTAL FREIGHT TRAINS: 12

WEST TRAINS: 6

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0555 PM)	1
PSGR TRAINS: (#5 RENO 0954 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
 TOTAL:	 2

v5
 TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Tuesday December 15, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1MSTNPP-14	4:20 AM	1MSPRV-15	5:10 AM
1AQAKS-14	7:05 AM	1AKSBE-12	5:45 AM
1MOARO-14	3:35 PM	1MROOA-14	10:40 AM
1MSTDVJ-14	5:20 PM	1MNPST-14	1:05 PM
1AMINP-14	11:05 PM	1ZCSOA-13	12:55 PM
1ZOACS-15	1:25 PM	1AMINP-13	1:15 PM
		1MSPFR-15	3:45 PM

EAST TRAINS: 6
 TOTAL FREIGHT TRAINS: 13

WEST TRAINS: 7

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0428 PM)	1
PSGR TRAINS: (#5 RENO 0949 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	2
TOTAL:	4

v5

TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
Wednesday December 16, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1AMINPX-15	3:30 AM	1MROOA-15	1:15 PM
1MDYNPP-15	8:15 AM	1ZCSOA-14	1:30 PM
1SSUSP-15	1:20 PM	1ANPMI-14	1:35 PM
1AOAKS-15	9:00 AM	1MSPFR-16	4:50 PM
1MRVSP-16	12:20 PM	1AKSBE-13	8:55 PM
1ZOACS-16	11:40 AM	1MNPST-14	11:35 PM
1AMINP-16	2:30 PM		
1GETWN-15	8:15 PM		

EAST TRAINS: 8
TOTAL FREIGHT TRAINS: 14

WEST TRAINS: 6

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0559 PM)	1
PSGR TRAINS: (#5 RENO 1038 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS: WRVPUR-15	1
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	2
TOTAL:	5

v5

TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
Thursday December 17, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1GEPXNC-15	12:40 AM	1MDVSTJ-14	12:30 AM
1MFRNP-16	12:50 AM	1CCOPN-14	3:20 AM
1MOARO-16	5:00 AM	1MSFRV-17	7:00 AM
1MSTNPP-16	8:50 AM	1MROOA-16	10:55 AM
1AOAKS-16	6:45 AM	1AKSBE-14	11:00 AM
1AMINP-16	10:50 AM	1ANP/MI-15	1:50 PM
1ZOACS-17	12:35 PM	1ZCSOA-15	2:40 PM
1GEBLGO-16	5:20 PM	1MSPFR-17	3:55 PM
1MSTDW-16	6:20 PM	1MNFST-15	6:40 PM
EAST TRAINS:	9	WEST TRAINS:	9
TOTAL FREIGHT TRAINS:	18		

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0603 PM)	1
PSGR TRAINS: (#5 RENO 1033 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	2

v5
TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Friday December 18, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1MFRNP-17	1:20 AM	1ANPMI-16	12:00 PM
1MOARO-17	7:20 AM	1MROOA-17	1:20 PM
1GSTUKR-17	5:50 AM	1MSPRV-18	4:10 PM
1AOAKS-17	7:20 AM	1ZSCOA-16	3:40 PM
1MSTNPP-17	11:00 AM	MSPFR-13	7:25 PM
1ZOACS-18	1:45 PM		
SSUSP-17	2:35 PM		
1MRVSP-18	9:45 PM		
1AMINP-17	4:15 PM		

EAST TRAINS:
TOTAL FREIGHT TRAINS:

9
14

WEST TRAINS: **5**

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0604 PM)	1
PSGR TRAINS: (#5 RENO 1106 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	2

v5
TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Saturday December 19, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1MFRNP-18	3:35 AM	1A4PMIX-16	11:55 AM
1MOARO-18	3:55 AM		
1MSTNPP-18	4:20 AM	1ANPMI-17	11:45 AM
1AMINP-18	9:50 AM	1MSPFR-19	4:15 PM
1AOAKSB-18	8:40 AM	1ZCSOA-17	4:10 PM
1MRVSP-19	11:10 AM	1AKSBE-16	8:35 PM
1GSTRNC-18	11:20 AM		
1ZOACS-19	12:20 PM		
1MSTDVJ-18	2:15 PM		
1WRVPUR-19	8:10 PM		
1MFRNP-19	10:30 PM		
EAST TRAINS:	11	WEST TRAINS:	5
TOTAL FREIGHT TRAINS:	16		

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0641 PM)	1
PSGR TRAINS: (#5 RENO 1005 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	2

v5
 TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Sunday December 20, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1AMINP-19	7:44 AM	1MROOA-18	12:25 PM
1MSTNP-19	7:15 AM	1MSPRV-20	4:30 AM
1MOARO-19	3:10 PM	1MDVSTJ-17	4:35 AM
1ZOACS-20	12:20 PM	1MROOA-19	10:10 AM
		1NPMI-18	3:40 PM
		1MSPFR-20	4:45 PM
		1MNPST-18	12:35 PM

EAST TRAINS: 4
 TOTAL FREIGHT TRAINS: 11

WEST TRAINS: 7

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 1150 PM)	1
PSGR TRAINS: (#5 RENO 1015 AM)	1
YARD ENGINES	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	2

v5
 TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Monday December 21, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1MFRNP-18	6.35 AM	1AKSBE-17	12:25 AM
1AMINPX-20	8.15 AM	1ZCSOA-18	2:15 AM
1MOARO-20	7.25 AM	1NSPRV-21	7:50 AM
1MSTNPP-20	11:05 AM	1MDVSTJ-18	9:05 AM
1MRVSP-21	2:20 PM	1MSPFR-21	3:53 PM
		1MROQA-20	7:00 PM
		1ZCSOA-19	9:10 PM

EAST TRAINS:	5	WEST TRAINS:	7
TOTAL FREIGHT TRAINS:	12		

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 00650 PM)	1
PSGR TRAINS: (#5 RENO 1305 PM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	2

v5
TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Tuesday December 22, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD :		WESTWARD :	
TRAIN ID	RENO(EST)	TRAIN ID	RENO(EST)
1SSUSP-21	3:55 AM	1MSPSTX-21	1:20 AM
1MOARO-21	4:35 AM	1ANPMI-19	3:25 AM
1AOAKS-21	7:50 AM	1MSPFR-22	2:25 PM
1MSTNPP-21	8:05 AM	1MROOA-21	9:35 PM
1MRVSP-22	11:30 AM		
1AMINP-21	3:10 PM		
1ZOACS-22	2:50 PM		

EAST TRAINS:	7	WEST TRAINS:	4
TOTAL FREIGHT TRAINS:	11		

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PS:GR TRAINS: (#6 RENO 0645 PM)	1
PSGR TRAINS: (#5 RENO 0345 PM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
 TOTAL:	 2

v5

TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
Wednesday December 23, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1GETUSX-18	4:35 AM	1ZCSOA-20	5:00 AM
1MFRNPX-22	6:50 AM	1MSPRV-23	6:10 AM
1AMINPX-22	7:05 AM	1MROOA-22	10:15 AM
1MSTNPP-22	8:55 AM	1ANPMI-20	11:30 AM
1AOAKS-22	2:55 PM	1MNPST-19	1:50 PM
1MRVSP-23	3:58 PM	1MSPFR-23	3:10 PM
1ZOACS-23	12:40 PM	1MDVSTJ-20	8:00 PM
1AMINP-22	8:10 PM	1AKSBE-20	8:35 PM

EAST TRAINS: 8
TOTAL FREIGHT TRAINS: 16

WEST TRAINS: 8

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0620 PM)	1
PSGR TRAINS: ()	0
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	2
TOTAL:	3

v5
 TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Thursday December 24, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1MFRNP-23	1:06 AM	1MSPRVX-24	2:25 AM
1MOARD-23	5:50 AM	1ANPMI-21	2:20 AM
1MSTNPP-23	9:50 AM	1AKSBE-19	3:35 AM
1ZOACS-24	12:05 PM		
1MFRNP-24	3:00 PM		

EAST TRAINS: 5
 TOTAL FREIGHT TRAINS: 8

WEST TRAINS: 3

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO)	0
PSGR TRAINS: (#5 RENO 1452 PM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	1

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 TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Friday December 25, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD :		WESTWARD :	
TRAIN ID	RENO(EST)	TRAIN ID	RENO(EST)

EAST TRAINS:	0	WEST TRAINS:	0
TOTAL FREIGHT TRAINS:	0		

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0652 PM)	1
PSGR TRAINS: (#5 RENO 0145 PM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
 TOTAL:	 2

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 TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Saturday December 26, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1MRVSP-21	11:07 PM	1MROOA-23	10:50 AM
1MRVSP-26	10:08 PM	1MSPRV-26	11:00 AM
		1MSPFR-26	6:50 PM
		1ZCSOA-21	5:50 PM

EAST TRAINS: 2
 TOTAL FREIGHT TRAINS: 6

WEST TRAINS: 4

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0621 PM)	1
PSGR TRAINS: (#5 RENO 1028 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	2
TOTAL:	4

v5
TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Sunday December 27, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1SSUSP-23	12:50 AM	ZCSOA-24	2:45 AM
1MSTDVJ-25	1:08 AM	1AKSBE-22	6:20 AM
1GSTUGB-23	3:50 AM	1ANPMI-22	11:50 AM
1MOARO-26	6:00 AM	1ZCSOA-23	1:50 PM
1AOAKS-26	8:35 AM	1MSPFR-27	7:30 PM
1MSTNPP-26	9:40 AM	1AKSBE-21	3:50 PM
1ZOACS-27	1:50 PM	1MROOA-26	8:20 PM
1MFRNP-27	9:40 PM		

EAST TRAINS: 8
TOTAL FREIGHT TRAINS: 15

WEST TRAINS: 7

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0618 PM)	1
PSGR TRAINS: (#5 RENO 1040 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	2

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TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Monday December 28, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD :		WESTWARD :	
TRAIN ID	RENO(EST)	TRAIN ID	RENO(EST)
1GSTLSO-25	9:15 AM	1ANPMI-23	4:40 AM
1MRVSP-27	10:45 AM	1MSPRV-26	5:25 AM
1MOARO-27	3:30 AM	1MNPST-26	9:40 AM
1AOAKS-27	7:20 AM	3MPVSTJ-27	1:45 PM
1MRVSP-28	11:45 AM	1ANPMI-26	1:55 PM
		1MSPFR-28	3:10 PM

EAST TRAINS:	5	WEST TRAINS:	6
TOTAL FREIGHT TRAINS:	11		

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0458 PM)	1
PSGR TRAINS: (#5 RENO 1113 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	2

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TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
Tuesday December 29, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD :		WESTWARD :	
TRAIN ID	RENO(EST)	TRAIN ID	RENO(EST)
MSTNPP-28	12:45 AM	1CCOPN-26	2:40 AM
1MOARO-28	8:00 AM	1MSPRV-29	6:55 AM
1AOAKS-28	5:55 AM	1MROOA-28	9:55 AM
1AMINP-28	9:50 AM	1ZCSOA-27	1:50 PM
1ZOACS-29	11:00 AM	MSPFR-29	3:25 AM
1MRVSP-29	1:35 PM	ANPMI-27	5:45 PM
		1AKSBE-27	11:40 PM

EAST TRAINS: 6
TOTAL FREIGHT TRAINS: 13

WEST TRAINS: 7

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO (8:00 PM)	1
PSGR TRAINS: (#5 RENO (12:1 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	2

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TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
Wednesday December 30, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD :		WESTWARD :	
TRAIN ID	RENO(EST)	TRAIN ID	RENO(EST)
1MOARO-29	3:40 AM	1MSPRV-30	6:05 AM
1MFRNPX-29	9:10 AM	1MROQA-29	10:00 AM
1AMINP-29	8:45 AM	1MPUSTJ-27	10:10 AM
1MSTDVJ-29	9:45 AM	1AKSBE-26	10:20 AM
1MRVSP-30	11:35 AM	1ZSOCA-30	11:50 PM
1ZOACS-30	12:20 PM	1MSFR-30	3:20 PM
1GESTLN-30	3:00 PM		
1MFRNP-30	11:40 PM		

EAST TRAINS: 8
TOTAL FREIGHT TRAINS: 14

WEST TRAINS: 6

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0618 PM)	1
PSGR TRAINS: (#5 RENO 0949 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	0
TOTAL:	2

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 TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 Thursday December 31, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1MOARO-30	3:30 AM	1ZCSOA-29	6:10 PM
1GESTGI-30	Q5:40		
1MSTNPP-30	10:00 AM		
1ZOACS-31	11:05 AM		

EAST TRAINS:	3	WEST TRAINS:	1
TOTAL FREIGHT TRAINS:	4		

CATEGORY 2: (LITE ENGINE, WORK TRAINS, YARD ENG, HELPER, SNOW EQUIPMENT, LOCALS ETC):

PSGR TRAINS: (#6 RENO 0600 PM)	1
PSGR TRAINS: (#5 RENO 1125 AM)	1
YARD ENGINES:	0
HELPERS:	0
LITE ENGINE:	0
WORK TRAINS:	0
SNOW EQUIPMENT:	0
DETOUR TRAINS:	0
SWITCH	2
TOTAL:	4

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January 4, 1999

VIA HAND DELIVERY

ENTERED
Office of the Secretary

JAN - 5 1999

Part of
Public Record

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Room 711
Washington, DC 20423-0001

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

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are the original and twenty-five (25) copies of The Burlington Northern and Santa Fe Railway Company's Quarterly Progress Report (BNSF-PR-10). Also enclosed is a 3.5-inch disk containing the text of the Quarterly Progress Report in WordPerfect 6.1 format.

I would appreciate it if you would date-stamp the enclosed extra copy of this filing and return it to the messenger for our files.

Sincerely,

Erika Z. Jones/als

Erika Z. Jones

Enclosures

cc: All Parties of Record

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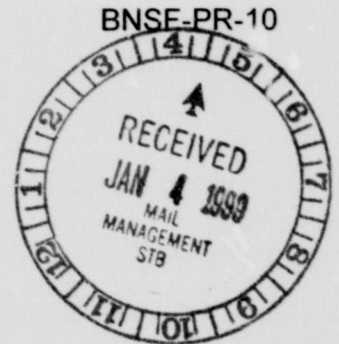
ENTERED
Office of the Secretary

JAN - 5 1999

Part of
Public Record

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760



UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY

-- CONTROL AND MERGER --

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

THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY'S
QUARTERLY PROGRESS REPORT

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Attorneys for The Burlington Northern and Santa Fe Railway Company

January 4, 1999

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY

-- CONTROL AND MERGER --

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

THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY'S
QUARTERLY PROGRESS REPORT

Pursuant to the Surface Transportation Board's ("Board") Decision No. 44 in Finance Docket No. 32760, The Burlington Northern and Santa Fe Railway Company ("BNSF") hereby submits its tenth Quarterly Progress Report. Union Pacific Corp., et al. -- Control and Merger -- Southern Pacific Rail Corp., et al., Fin. Dkt. No. 32760, Decision No. 44 at 147 (served Aug. 12, 1996).

This Progress Report describes the various changes that have occurred in BNSF's operations on its trackage rights lines and purchased lines (the "UP/SP lines") since the filing of BNSF's last Progress Report on October 1, 1998 (BNSF-PR-9). The Report will also address the marketing efforts undertaken by BNSF since the October 1 Progress Report was filed. Finally, this Report will update the status of various issues relating to

BNSF's ability to provide reliable, dependable and consistent service over the UP/SP lines.

As documented by this Report, BNSF has aggressively continued its efforts over the past three months to compete with UP on the UP/SP lines. Generally, BNSF continues to be successful and effective in marketing its services over those lines. With respect specifically to "2-to-1" points, BNSF has established a major presence in handling such traffic. However, BNSF has not been able to fully replace pre-merger SP competitive service at such points where UP provides haulage and reciprocal switch services to originate or terminate BNSF traffic.

I. CHANGES IN BNSF'S OPERATIONS SINCE ITS LAST PROGRESS REPORT

This section describes changes in BNSF's service over the UP/SP lines which have occurred during the period from October 1, 1998, through December 31, 1998.

A. Gulf Corridor

- During December, BNSF reconfigured its intermodal facility at Avondale, LA, near New Orleans, to improve operations flow through the facility. Improvements were made to the equipment parking area, and two improved equipment-handling machines were moved to the facility. BNSF acquired this former UP facility along with the SP Iowa Junction-Avondale, LA line as a result of the BNSF Settlement Agreement.
- On the Baytown Branch, BNSF anticipates beginning direct service to three additional customers -- Dynergy, Texas Eastern and Enterprise -- in

January, 1999 with BNSF's existing local train that is now serving another customer, Ultramar/Diamond Shamrock (Martin Gas).

- In addition to the two 9,000 foot tracks BNSF previously built at its Dayton interchange facility, BNSF is currently constructing three 7,500 foot tracks at that same location. BNSF expects to complete that project during the first quarter of 1999.
- BNSF and the Acadiana Railway Company, a "2-to-1" shortline, began construction of a new interchange at Crowley, LA to replace the current very restricted interchange there, to improve operations on the Houston-New Orleans line shared with UP, and to permit further traffic growth between the two carriers. This interchange should be completed in January, 1999. BNSF will also continue its maintenance program of upgrading the former SP Iowa Junction-Avondale line in 1999, with rail and tie replacement programs, as well as other work commencing in the first quarter.
- BNSF's operations in the Houston terminal will improve as a result of a new crossover arrangement and signal configuration being installed at BNSF's South Yard. This improvement will allow switching operations at South Yard to continue without interfering with main line train movements on adjacent tracks, and should greatly improve efficiency of train operations for BNSF and other carriers.

- The Spring Center's joint and coordinated dispatching operations continued to work well during the fourth quarter. During January, 1999, it is anticipated that UP will relocate to the Spring Center dispatching responsibility for its lines between: Spring and Valley Junction; Hearne, TX and Houston; Houston and Shreveport, LA ; the Sunset Route between Houston and San Antonio; and the Austin Subdivision between Laredo and Central Texas. It is also anticipated that UP will eventually move dispatching of the line between Spring and Longview, TX to the Spring Center.

B. Central Corridor

- BNSF's Central Corridor operations have improved since BNSF elected to change the routing of its trains in August, 1998 as described in its October 1 Progress Report from predominantly moving over the UP Feather River Canyon line in northern California to the former SP Donner Summit route in order to restore consistent and reliable service for its customers relying on east-west Central Corridor train service. This change has largely eliminated the crewing problems BNSF had reported in this corridor earlier in 1998. One train weekly continues to operate via the UP Feather River Canyon route to serve a customer at Herlong, CA.
- On November 12, 1998, BNSF commenced six day/week local service between Stockton and Sacramento in order to improve service to customers for traffic to and from Sacramento, West Sacramento and the

Port of Sacramento, replacing service provided by UP haulage between these same points.

- During the fourth quarter, BNSF completed the construction of nine new tracks at Midvale, Utah. This needed addition of yard space will help BNSF and its agent Utah Railway to handle traffic flows in the Salt Lake City area and across much of the Central Corridor, reducing congestion at other points.

C. I-5 Corridor

- Operations in the I-5 Corridor improved during the fourth quarter. BNSF and UP had success in coordinating maintenance of way windows on UP routes, resulting in a more consistent operation of trains in the Corridor. The addition of the hand throw crossovers with an assigned BNSF switch tender also has reduced the amount of time it takes trains to travel outbound and inbound onto and off of the UP route at Stockton. Installation of power switches at Stockton, which will further improve operations, should take place during the first quarter of 1999.
- During the fourth quarter, BNSF continued the ongoing upgrading of its Gateway Subdivision, the former UP 112 mile Bieber-Keddie, CA route purchased pursuant to the BNSF Settlement Agreement. BNSF completed installation of 80,000 ties, surfaced 5.9 miles of track, installed over two miles of slide fencing, cleaned ditches, stabilized four lineal miles of embankments, replaced two culverts, and installed 14,859 curve blocks to

improve the stability of the track structure on the mountainous Bieber-Keddie line. As a result, movements of hazardous commodities, previously using a much more circuitous BNSF route through Denver, have been restored to the I-5 Corridor.

II. BNSF'S MARKETING PLANS AND EFFORTS

A. Recent Activities

During the fourth quarter of 1998, BNSF continued its intensified marketing activities with respect to a number of points on the UP/SP lines, with particular focus on customer identification and contact for customers located along the Baytown Branch, in the Lake Charles, LA area; in San Antonio, TX; in the Los Angeles, CA area; in the Little Rock, AR area, and in the Sacramento, CA area. These efforts included field surveys, face-to-face or telemarketing customer contacts, and follow-through designed to acquaint customers with BNSF's services and capabilities, as well as to acquaint BNSF with the customers' transportation needs. Additionally, BNSF continues to issue service updates to its customers which are faxed directly to customer locations and posted on the Internet.

BNSF also cooperated again this fall with public and private interests in the State of Louisiana, as well as the Louisiana & Delta Railroad ("LDRR"), in the operation of sugar cane trains on expedited schedules from the Lake Charles area to receivers on the LDRR reached over BNSF's Iowa Junction-Avondale, LA route. LDRR operated a daily "sugar cane train" over BNSF's route, with plans to transport 120,000 tons of cane during the fall harvest campaign. With increased volumes, this service will continue until

mid-January, 1999. This marks the second year of this program, designed to both assist in increasing cane production and refining in southern Louisiana, and remove large and growing volumes of sugar cane from the region's highway system.

Finally, on December 22, 1998, BNSF and the Texas Mexican Railway Company ("Tex Mex") reached agreement on a five-year interline divisional arrangement for traffic moving between the two carriers via Robstown to and from Mexico via Laredo. This agreement provides for stable per-unit divisions on both carload and intermodal traffic, and should permit BNSF and Tex Mex to work more closely together over its term, as partners, in providing competitive service to shippers to and from Mexico in conjunction with Transportacion Ferroviaria Mexicana ("TFM").

B. Traffic Volumes

BNSF traffic volumes over the lines to which BNSF received access as a result of the merger have continued to grow. See the chart attached hereto as Attachment 1. The charts attached hereto as Attachments 2 to 9 reflect the volumes of traffic for each of the major traffic lanes to which BNSF received access. Attachment 10 shows the breakdown by general commodity groups of this traffic.

It remains important, however, to segment and differentiate the volume growth shown on the charts. While BNSF overall traffic levels have steadily increased, a large percentage of this growth continues to be attributable to the growth of overhead traffic along the UP/SP trackage rights lines. Indeed, as a result of the establishment or upgrading of numerous facilities along the trackage rights lines, and the improvements

in BNSF operating plans, particularly with respect to the handling of merchandise traffic, BNSF has been particularly successful in generating overhead traffic.

BNSF has also experienced traffic growth where BNSF works with "2-to-1" shortlines and regional carriers to reach customers along the trackage rights lines. BNSF enjoys a growing working partnership in business generation with these carriers. BNSF has also steadily grown its traffic volumes for traffic which BNSF or its agent (for example, Utah Railway) switch customers directly.

BNSF generally has, however, not been as successful in competing for traffic and consistently growing its traffic volumes where UP provides the direct switching link between BNSF and the customer. While reciprocal switching has worked well between carriers for many years, it does not seem to work well where UP provides switching and haulage services for BNSF on the trackage rights lines. Indeed, cars given to UP for movement to and from "2-to-1" customers have been frequently delayed while on UP. Notable problem areas in the past and present include: the Baytown Branch; the Lake Charles, LA area; the Brownsville, TX area; Orange, TX; El Paso-Sierra Blanca; the Sacramento area; and the Central Corridor, particularly in Nevada between Winnemucca and Wells.

The attached graphs, Attachments 11 through 22, separately show business volumes for traffic BNSF either originates or terminates at "2-to-1" points, either directly (including, in Utah, traffic handled by Utah Railway as agent for BNSF in the Provo-Salt Lake City-Ogden areas, and in Little Rock, AR by the Little Rock Port Authority), or by reciprocal switching and, frequently, haulage services provided by UP under the terms

of the BNSF Settlement Agreement. These graphs do not otherwise reflect business handled by the "2-to-1" shortlines to which BNSF gained access as a result of the UP/SP merger.

While business has continued to grow to these points overall, fluctuations are evident. Some variances are directly attributable to the impact of seasonal fluctuations on some commodities, particularly those tied to agriculture. In other areas, most notably Nevada and California, where BNSF relies on UP haulage and/or reciprocal switch handling to reach nearly all customers, the fluctuations reflect customers "sampling" BNSF service and, in some cases, restoring routings to UP. It remains to be seen, however, whether UP's operational implementation of its merger, and the recent reduction in congestion on UP's merged system, will permit BNSF a long-term, stable operating environment to offer "2-to-1" shipper facilities a truly competitive, dock-to-dock rail service option, whether serving customers directly or relying on UP's haulage and reciprocal switch services, in the future.

C. Customer Identification And Access Pursuant To Merger Conditions

BNSF has also continued its efforts in an on-going process to identify all UP/SP customer facilities to which it received access as a result of the UP/SP merger. These facilities include access to "2-to-1" customers and transload facilities on its trackage rights lines and facilities which can be served by the seventeen "2-to-1" shortlines to which it received access. Current listings of all such facilities are attached as Attachment 23.

During the quarter, BNSF and UP agreed to add the following customers and facilities to those which can be accessed by BNSF as a result of the BNSF Settlement Agreement and merger conditions:

Additional "2-to-1" Customers:

Diamond Plastics Co., Golconda, NV

Dust Chemical, Carlin, NV

Mine Service & Supply, Dunphy, NV

Montgomery Ward & Co. Distribution Center, West Sacramento, CA

Nevada Freeport, Elko, NV

Nevada Ice & Cold Storage, Elko, NV

Par Gas, Elko, NV

Saga Exploration Co., Barth, NV

Thatcher Chemical Co-Nevada, Carlin, NV

Treasure Chest, West Sacramento, CA

U. S. Barium, Golconda, NV

Additional Transloads:

South Texas Liquid Terminal, San Antonio, TX

UP also clarified during the quarter that BNSF has access through reciprocal switching to the following customers at "2-to-1" and other points.

Campbell Soup, Sacramento, CA

Capital City Warehouse, West Sacramento, CA

J. E. Higgins Lumber Co., Sacramento, CA

Key Container Co., South Gate/Patata, CA

Mells Cargo Supply, Inc., Sacramento, CA

Owens Corning Fiberglas, South Gate/Patata, CA

United States Gypsum Company, South Gate, CA

BNSF is continuing to investigate and pursue opportunities for build-ins/build-outs, new facilities, transloads and expansions of existing facilities at "2-to-1" points, and is currently engaged in discussions with a number of interested customers concerning such facilities and expansions.

With respect to the development of new facilities, BNSF is working with a number of customers and has achieved several additional successes during the fourth quarter. UP has agreed that BNSF has access to new customer facilities along trackage rights lines including Quebecor Printing at Fernley, NV and RCA/Thompson Electronics at Belen, TX. Over 20 additional projects involving new customer facilities along the trackage rights lines are also in various phases of discussion, planning or implementation.

BNSF's efforts to identify customer facilities have included direct customer contact both with customers located on the trackage rights lines as well as with customers throughout the nation which ship to or from "2-to-1" points, and telephone surveys and on-the-ground site reviews of "2-to-1" points by BNSF teams. As a result of these efforts, BNSF now has access to over 1,196 customer facilities pursuant to the UP/SP merger conditions.

III. ISSUES AFFECTING BNSF'S IMPLEMENTATION OF TRACKAGE RIGHTS

The following describes issues relating to BNSF's ability to offer fully competitive service to its customers.

Houston and Gulf Coast Area. UP has eliminated most of the congestion BNSF had seen earlier in the year in the Houston and Gulf Coast area. BNSF is still experiencing delays (often caused by Tex Mex) on northbound movements in the Alcoa, TX area and on southbound movements in the Victoria, TX area. Some congestion also remains on UP between Taylor and Temple, TX and between Taylor and Smithville, TX. However, overall, congestion on UP is not impacting BNSF's trackage rights operations in the Houston and Gulf Coast area on a continual basis as the fourth quarter ends. Nonetheless, it is of critical importance to BNSF's ability to provide competitive service in the area that the congestion and other service problems of the last 18 months not recur.

BNSF is reviewing the Board's decision in the Houston/Gulf Coast oversight proceeding and will address issues requiring action.

UP Switching and Haulage Service. As discussed earlier, business handled by UP for BNSF to and from "2-to-1" customers using haulage and reciprocal switch services provided for in the BNSF Settlement Agreement has not always provided satisfactory results to shippers.

Sacramento Area. As reported earlier, BNSF established its own local service between Stockton and Sacramento in November, permitting BNSF to discontinue use of UP haulage to serve customers in the Sacramento-West Sacramento-Port of Sacramento

areas. However, due to UP trackwork at Haggin Yard in Sacramento tied to the reconstruction of Roseville Yard, a vital track connection between UP and SP has been out of service. Inability to use this connection required additional handling by UP to move cars between UP and SP Sacramento area industries in Stockton, severely degrading service to customers formerly served by SP. Pending restoration of the Haggin connection, BNSF on December 29 commenced operating its Stockton-Sacramento local three days/week on the UP side and three days/week on the SP side to serve customers accessible to BNSF in the Sacramento area formerly switched by those carriers. Due to a lack of communication from UP on potential barriers and issues arising from its trackwork and other operating changes in the area, and the resulting impact on the operation of BNSF's Stockton-Sacramento local as planned, this has been a difficult local service start-up process for BNSF and its customers.

At the end of October, instead of contacting BNSF directly, UP chose to communicate through a mutual customer, Farmers' Rice Cooperative, West Sacramento, to inform BNSF that UP would no longer spot BNSF cars destined to Farmers' Rice first to a cleaning track in Sacramento. At the same time, UP stopped this switching activity for BNSF to and from the Sacramento cleaning track. BNSF's Logistics Trackage/Haulage team followed up with their counterparts in UP's National Customer Service Center in St. Louis early in November to confirm what was happening with this matter. BNSF was advised by UP's St. Louis Center that, to their knowledge, there had been no change in handling, including movements through the cleaning track, of BNSF trackage and haulage cars for Farmers' Rice account.

BNSF's Trackage/Haulage team then followed up with UP's Superintendent of Trackage & Haulage in Fort Worth, who was unaware that UP had stopped spotting BNSF cars for cleaning and who agreed that BNSF should have been formally notified before any change was made and given an opportunity to establish an alternative cleaning arrangement to serve Farmers' Rice.

Farmers' Rice, in the meantime, set up a very limited car cleaning facility at its West Sacramento facility to ensure that it could continue to meet its shipping needs. Once UP's actions were confirmed and its position clear, BNSF established its own car cleaning facility at Stockton Yard on short notice, which commenced operations on December 7. However, through this entire process, the lack of adequate communication from UP to either BNSF or Farmers' Rice led to significant inconvenience to Farmers' Rice and its customers.

Nevada/Utah. BNSF continues to experience delays on outbound cars staged at Elko, NV, which are being picked up by UP trains going in the wrong direction. A joint team with representation from BNSF's and UP's Trackage & Haulage groups engaged in a problem-solving trip to Elko, NV between November 29 and December 1. The root cause of the problem was determined to be due to UP car movement reporting not being updated, or being updated very late, in UP's TCS system (in some examples up to 18 hours late). UP and BNSF are continuing to work together to correct this problem.

BNSF is noting lengthening delays for shipments, particularly in the Winnemucca area, for customers in Argenta, Battle Mountain and Dunphy, NV. These locations experience consistent delays with cars going to Winnemucca and sitting for 2-3 days on

average. The cause of this delay is that trackage rights trains do not consistently complete BNSF work orders to set out or pick up cars, for both inbound and outbound traffic. At times, these trains are instructed by UP dispatchers to bypass cars for setout or pickup. BNSF is investigating the causes for this problem, and will communicate as appropriate with UP to resolve the problem.

BNSF has noted an improvement during the fourth quarter in UP haulage and reciprocal switch service provided for "2-to-1" customers in Carlin and Jayhawk, NV. Likewise, problems in the Salt Lake City area, where BNSF's agent Utah Railway was being blocked out of industries by parked UP trains, or not given time to switch mainline industries, as reported in earlier quarterly progress reports, have not recurred during the fourth quarter.

Texas. In early December, BNSF experienced interchange delays at Beaumont for traffic to or from "2-to-1" customers in the Orange area, resulting in delaying over 70 cars for BNSF customers, but that has improved in recent weeks.

In the San Antonio area, joint database shipment-specific problem logs for service issues for the San Antonio area were being closed by the UP Haulage team prematurely, but that has been resolved with UP. However, UP is preventing a substantial number of BNSF's Eagle Pass trains from setting out San Antonio-destined traffic at San Antonio, due to congestion at that point. As a result, shipments and cars are delayed in reaching San Antonio customers, inasmuch as this equipment must then cycle to Eagle Pass and return on the next eastbound train for another attempted setout. BNSF will be working through this service problem with UP.

Eagle Pass has shown improvement over the last couple of months. Ferrocarril Mexicano ("FXE") has improved in separating BNSF loaded cars from UP loaded cars before interchange, permitting delivery in blocks for expedited handoff by UP to BNSF at Eagle Pass. As a result, UP misrouting of shipments destined to BNSF at Eagle Pass, where UP takes BNSF traffic through to destination, has considerably declined in the fourth quarter.

Baytown Branch. UP haulage and reciprocal switch service to customers and BNSF on the Baytown and Cedar Bayou Branches has improved during the fourth quarter, particularly on movements of loaded cars, where UP is meeting its service commitments. As reported in prior reports, however, UP is still working through issues on proper and timely movement reporting for traffic moving on these lines, which impacts BNSF's proactive shipment monitoring and realtime problem resolution. Likewise, empty equipment moving to customers on these lines via UP directional haulage from Houston, involving storage at the Econorail rail equipment storage facility in East Baytown, is being returned to BNSF as empty equipment at Dayton, rather than moving to either the Econorail facility or the customers involved. BNSF is working with UP to resolve this issue, as well.

On November 18, 1998, BNSF and UP operations personnel met on the Baytown Branch to discuss alternative service plans to provide customers with improved switching service and access to both BNSF and UP, while addressing issues of multiple carriers switching each customer facility on a daily basis. BNSF requested at the meeting that

UP place the specifics of its proposal in writing, and BNSF is awaiting that proposal for further in-depth review.

Louisiana. The Lake Charles area continues to be a problem due to UP's switch team in St. Louis failing to put proper switch bill information on originating BNSF traffic. Even though shippers are faxing the specific information to the UP switch team in St. Louis, cars are not consistently billed with the switch information. This causes the cars to sit as a no-bill or depart on the wrong UP train, causing delays.

Problem Resolution Between UP and BNSF. BNSF and UP's Joint Service Committee met in Fort Worth, TX on October 23 to discuss and resolve a number of issues impacting both operations over the UP/SP lines as well as other areas where the carriers need to coordinate operations and problem resolution. A number of issues, including review and further improvement to train performance measurements, specific operating issues, status of various joint capital projects, dispatching, and maintenance issues, were discussed. The next meeting of this group is scheduled for the first quarter of 1999.

BNSF and UP's Trackage & Haulage teams met in St. Louis on November 5 to update carryover action items from their September 3, 1998 Fort Worth meeting, as well as to discuss new issues involving process, service and systems interfaces between the carriers. A number of issues were discussed and plans to resolve problems agreed to. A follow-up conference call between the two teams was held on December 8 to review progress on action items from the November 5 meeting, and a further follow-up conference call has been planned for January 14, 1999. BNSF has noted improved

responsiveness by UP to shipment-specific problems brought forward through the problem-log process between the BNSF Logistics Trackage/Haulage team and UP's Haulage team. This is due to both improved communications processes and a reduction of congestion on much of UP's system.

BNSF and UP teams dedicated to resolving information and data exchange issues continued to make progress during the fourth quarter. Joint issues being addressed include data exchange when both UP and BNSF serve the same customer at a "2-to-1" point and the handling of BNSF bad-ordered cars in UP yards. Problem logs being worked by UP include a number dealing with car location reporting, as well as empty reverse route billing. UP has agreed to make the necessary changes in its system for correct handling of UP cars by BNSF in origin haulage movements.

BNSF is reviewing waybill transmission to UP on "no bills", where, in response to problems surfaced through proactive shipment-specific monitoring by BNSF's Logistics Trackage/Haulage team, UP has asserted that BNSF is not providing a waybill message to UP for cars moving in haulage/reciprocal switch service. BNSF has requested that UP send BNSF a message on each car advising BNSF that the waybill has been received by UP, accepted and applied into its system. Overall, however, BNSF and UP have already made multiple waybill enhancements to increase the percentage of BNSF haulage and reciprocal switch waybills automatically processed in the UP system to the 96-98 percent range for this traffic, improving car handling in haulage/reciprocal switch service by providing the correct information on BNSF shipments to UP on a timely basis.

CONCLUSION

Throughout the fourth quarter, BNSF has continued its efforts to provide reliable, dependable and consistent service over its trackage rights lines. BNSF's capabilities and business are growing steadily as a result of BNSF's proactive approach in resolving problems, its commitment to infrastructure and operational improvements to provide better service, and the continuing support of its customers. As a result of these efforts, many customers are benefiting from BNSF's new access. BNSF remains fully committed to securing new business and additional business from its customers in the future.

Respectfully submitted,

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January 4, 1999

CERTIFICATE OF SERVICE

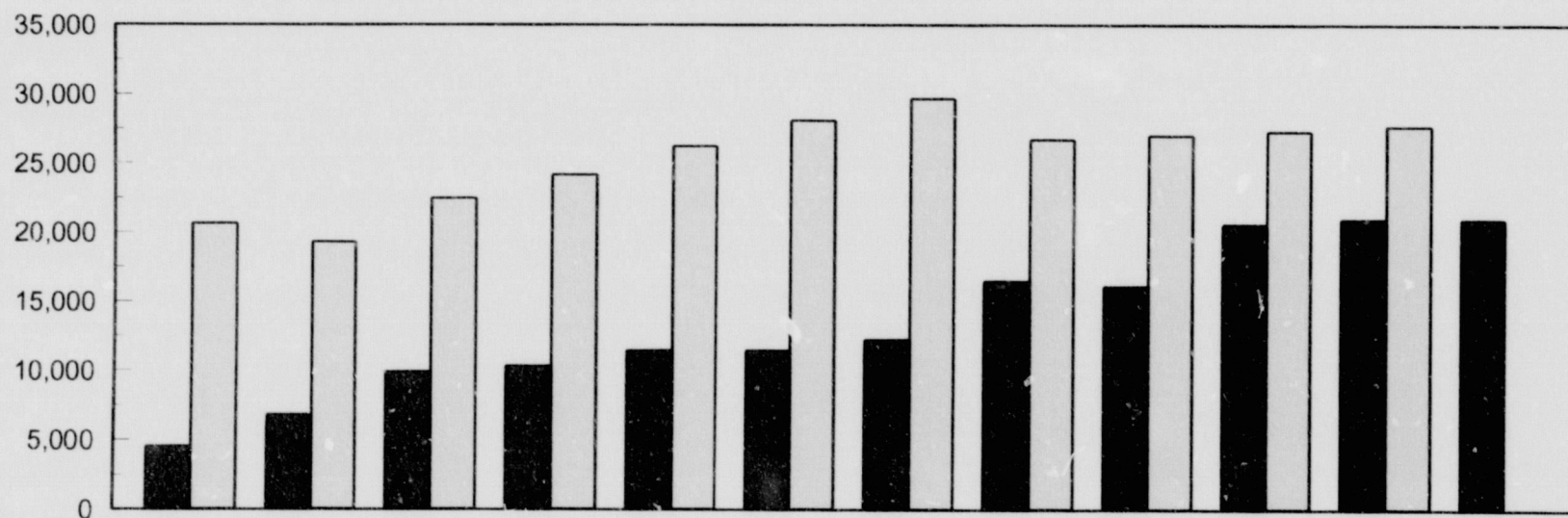
I hereby certify that copies of The Burlington Northern and Santa Fe Railway Company's Quarterly Progress Report (BNSF-PR-10) have been served this 4th day of January, 1999, on all Parties of Record.



Robert J. Steel

ATTACHMENT 1

Total 1997-98 BNSF Loaded Units On UPSP Merger Condition Lines

Loads



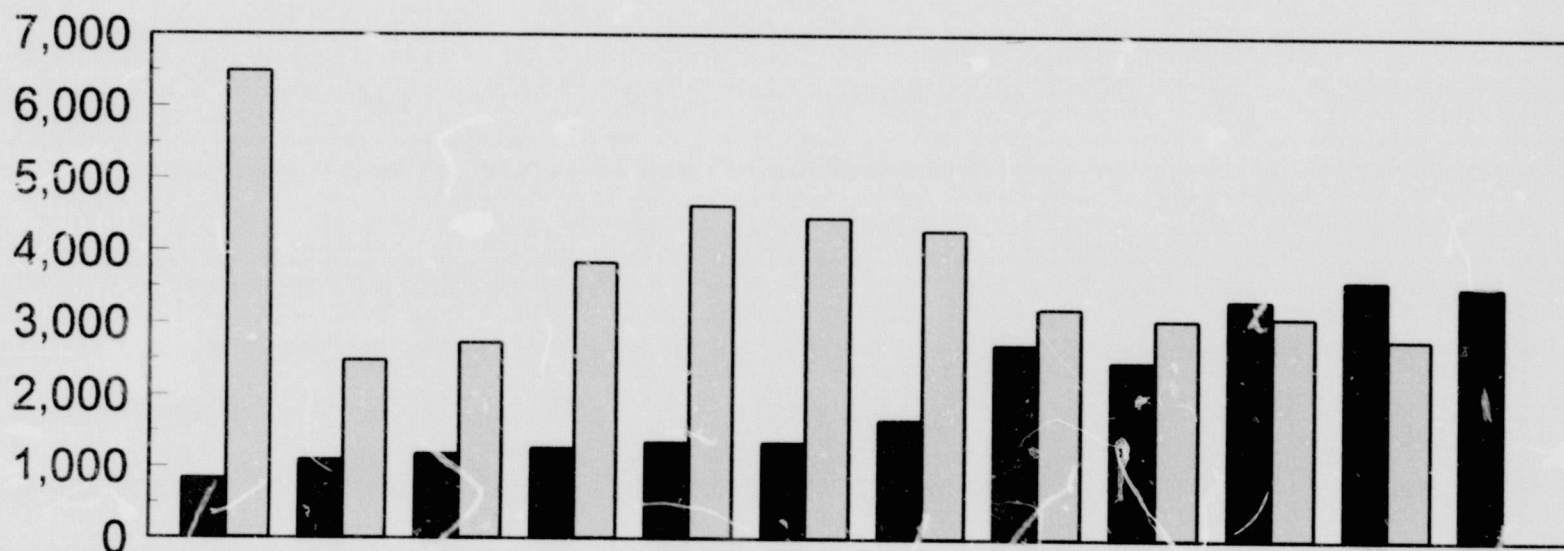
	January	February	March	April	May	June	July	August	September	October	November *	December
97 Totals 	4,494	6,782	9,916	10,324	11,450	11,421	12,238	16,504	16,098	20,560	20,952	20,933
98 Totals 	20,626	19,301	22,430	24,155	26,212	28,086	29,651	26,738	26,988	27,316	27,672	



* = Preliminary

ATTACHMENT 2

1997-98 BNSF Loaded Units In Trackage Rights Corridors Central Corridor

Units



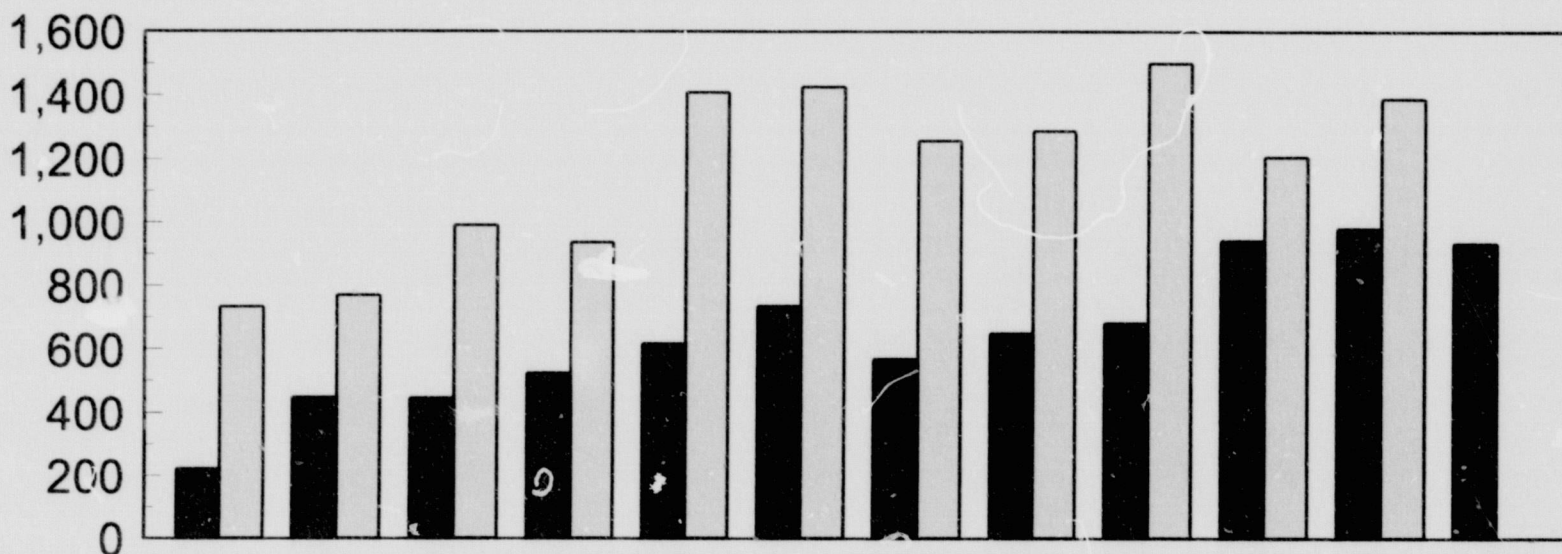
	January	February	March	April	May	June	July	August	September	October	November	December
Loaded Units 97 	834	1,096	1,176	1,262	1,344	1,343	1,667	2,706	2,466	3,333	3,612	3,522
Loaded Units 98 	6,494	2,473	2,721	3,839	4,637	4,469	4,291	3,210	3,053	3,100	2,794	



November 98 Preliminary

ATTACHMENT 3

1997-98 BNSF Loaded Units In Trackage Rights Corridors Central Texas Corridor

Units



	January	February	March	April	May	June	July	August	September	October	November	December
Loaded Units 97 	221	447	446	523	616	736	569	649	682	942	981	934
Loaded Units 98 	733	769	991	936	1,408	1,425	1,257	1,288	1,501	1,207	1,390	

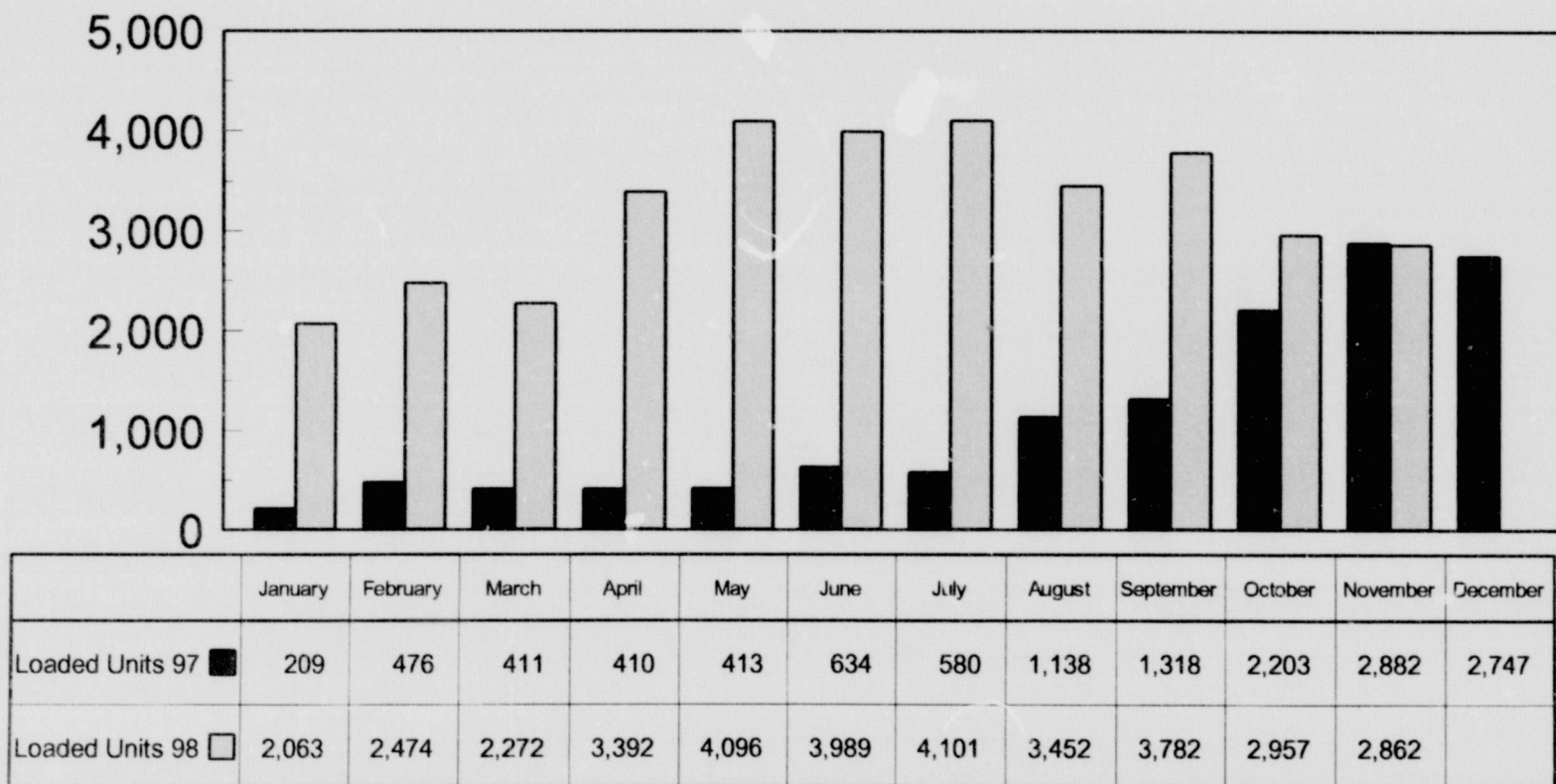
November 98 Preliminary

ATTACHMENT 4

1997-98 BNSF Loaded Units In Trackage Rights Corridors

Eagle Pass Corridor

Units



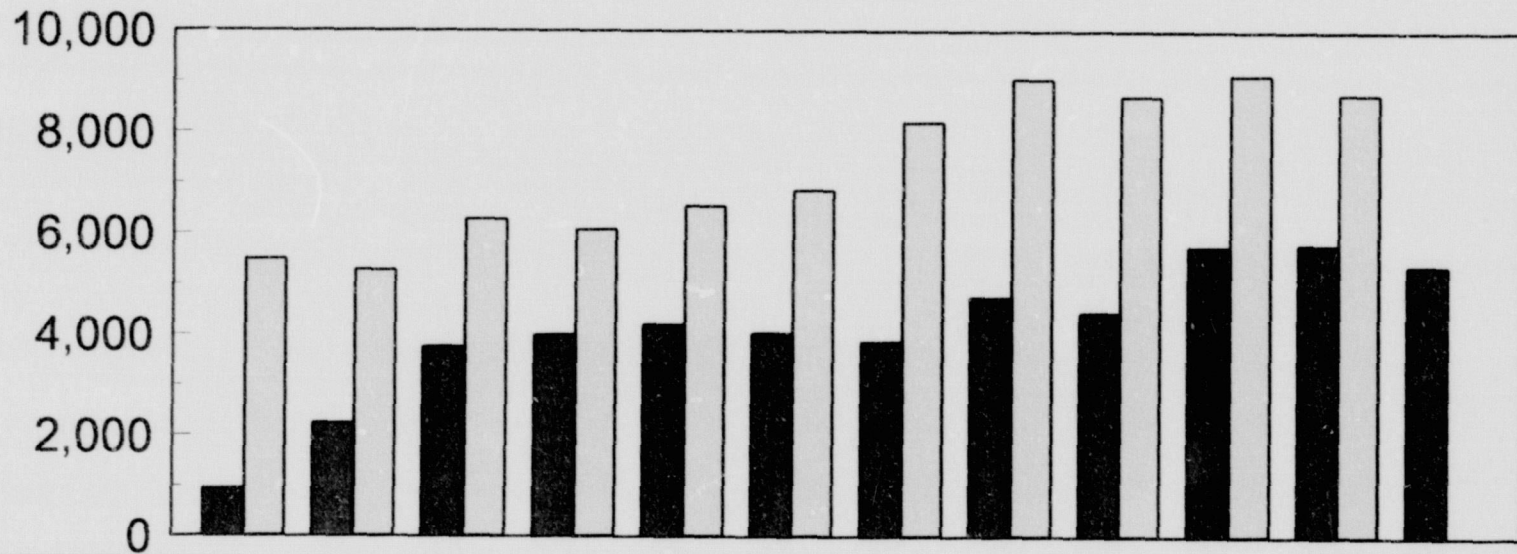
November 98 Preliminary



ATTACHMENT 5

1997-98 BNSF Loaded Units In Trackage Rights Corridors

Gulf East Corridor

Units



	January	February	March	April	May	June	July	August	September	October	November	December
Loaded Units 97 	935	2,236	3,745	3,987	4,186	4,021	3,854	4,744	4,442	5,750	5,797	5,375
Loaded Units 98 	5,486	5,268	6,280	6,070	6,537	6,851	8,198	9,049	8,714	9,135	8,762	

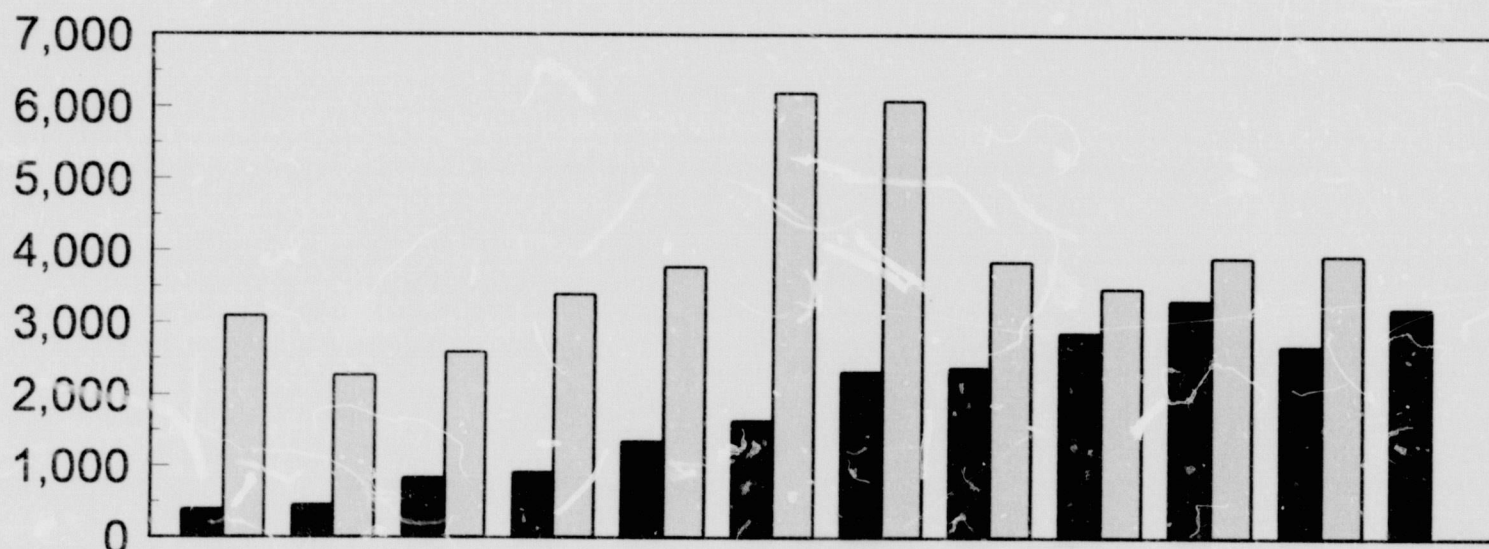
November 98 Preliminary



ATTACHMENT 6

1997-98 BNSF Loaded Units In Trackage Rights Corridors

Gulf North Corridor

Units



	January	February	March	April	May	June	July	August	September	October	November	December
Loaded Units 97 	387	448	830	911	1,346	1,636	2,321	2,373	2,868	3,318	2,686	3,214
Loaded Units 98 	3,087	2,267	2,588	3,391	3,775	6,199	6,089	3,851	3,466	3,921	3,954	

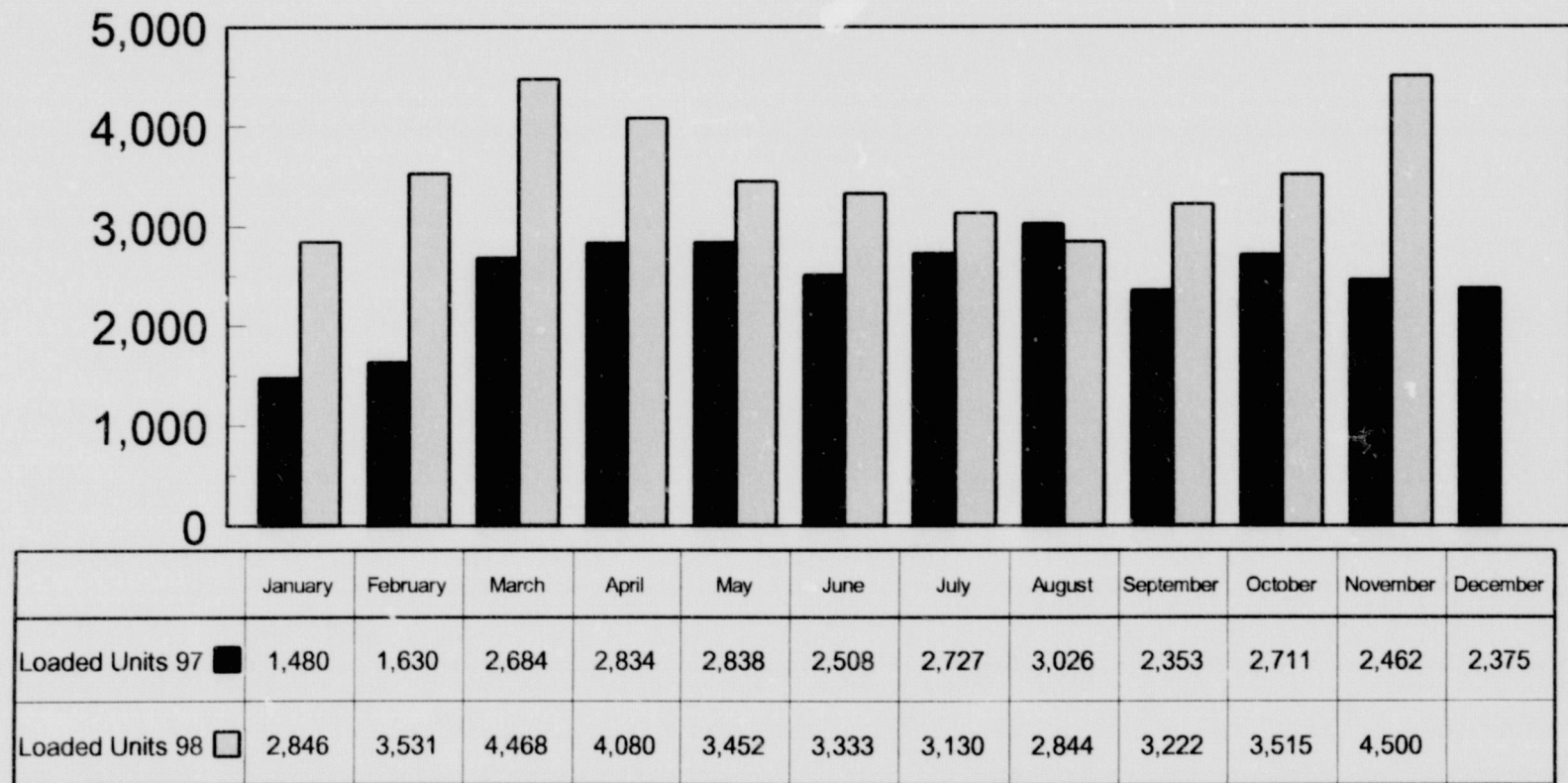
November 98 Preliminary

ATTACHMENT 7

1997-98 BNSF Loaded Units In Trackage Rights Corridors

Gulf South Corridor

Units

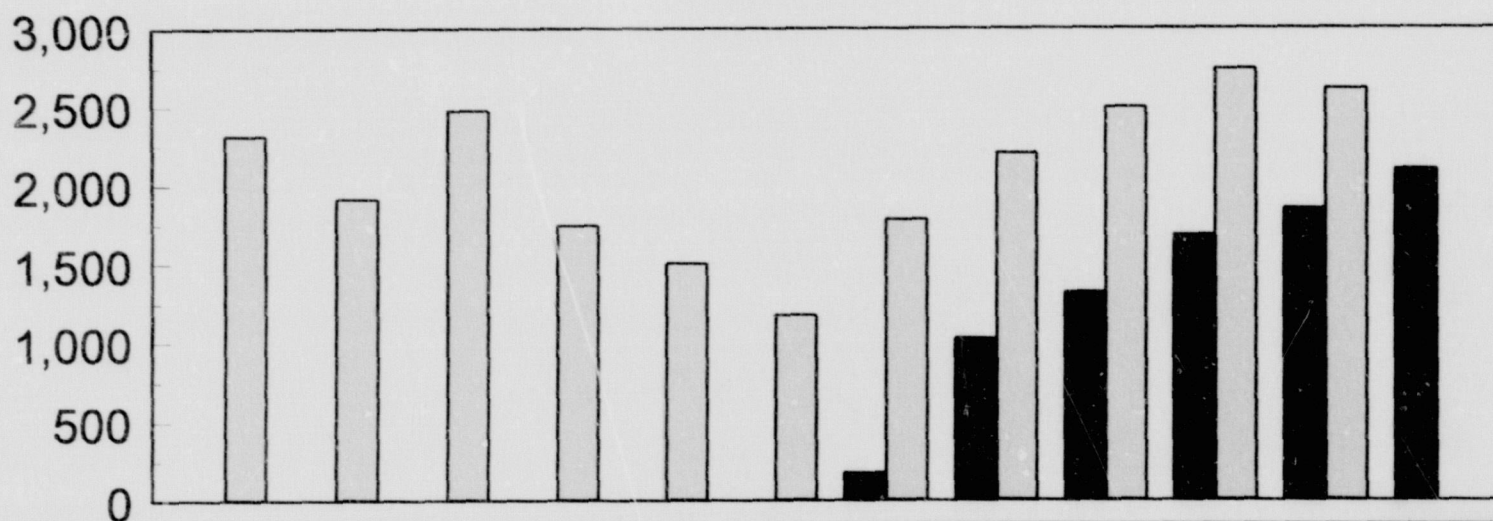


November 98 Preliminary

ATTACHMENT 8

1997-98 BNSF Loaded Units In Trackage Rights Corridors I-5 Corridor

Units



	January	February	March	April	May	June	July	August	September	October	November	December
Loaded Units 97							177	1,024	1,317	1,680	1,847	2,096
Loaded Units 98	2,312	1,912	2,476	1,741	1,504	1,173	1,782	2,200	2,492	2,738	2,610	

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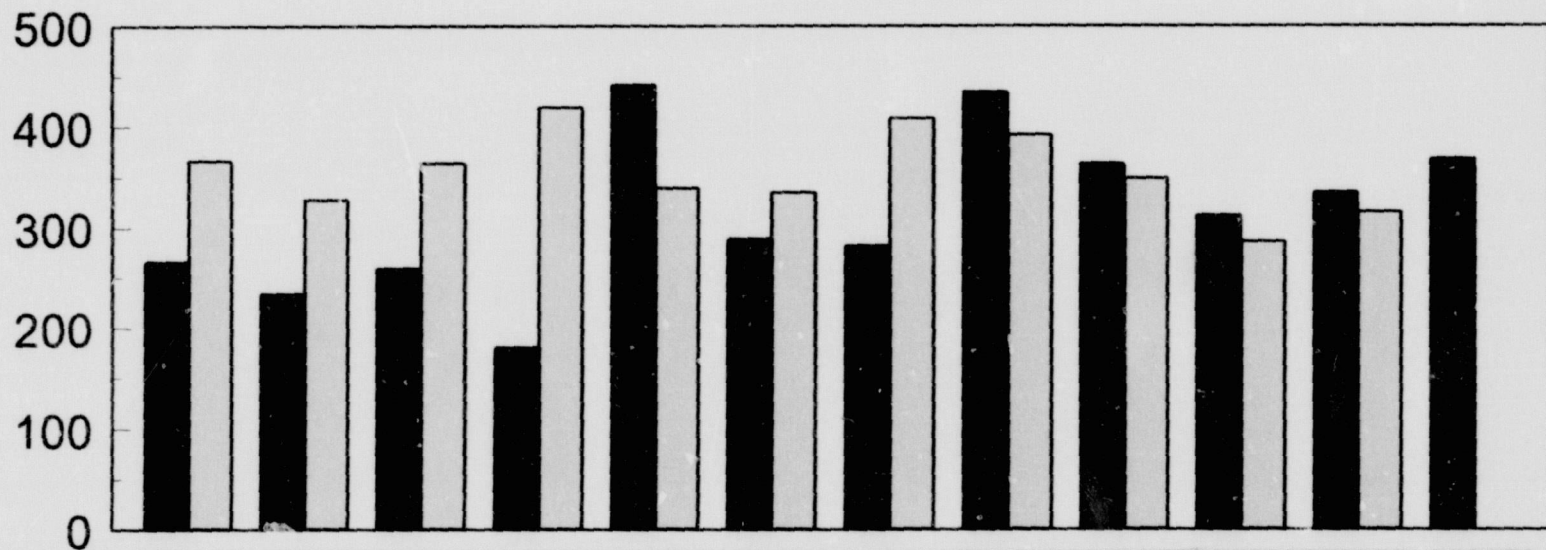
Note: Operations commenced July 15, 1997



ATTACHMENT 9

1997-98 BNSF Loaded Units In Trackage Rights Corridors

Southern California Corridor

Units

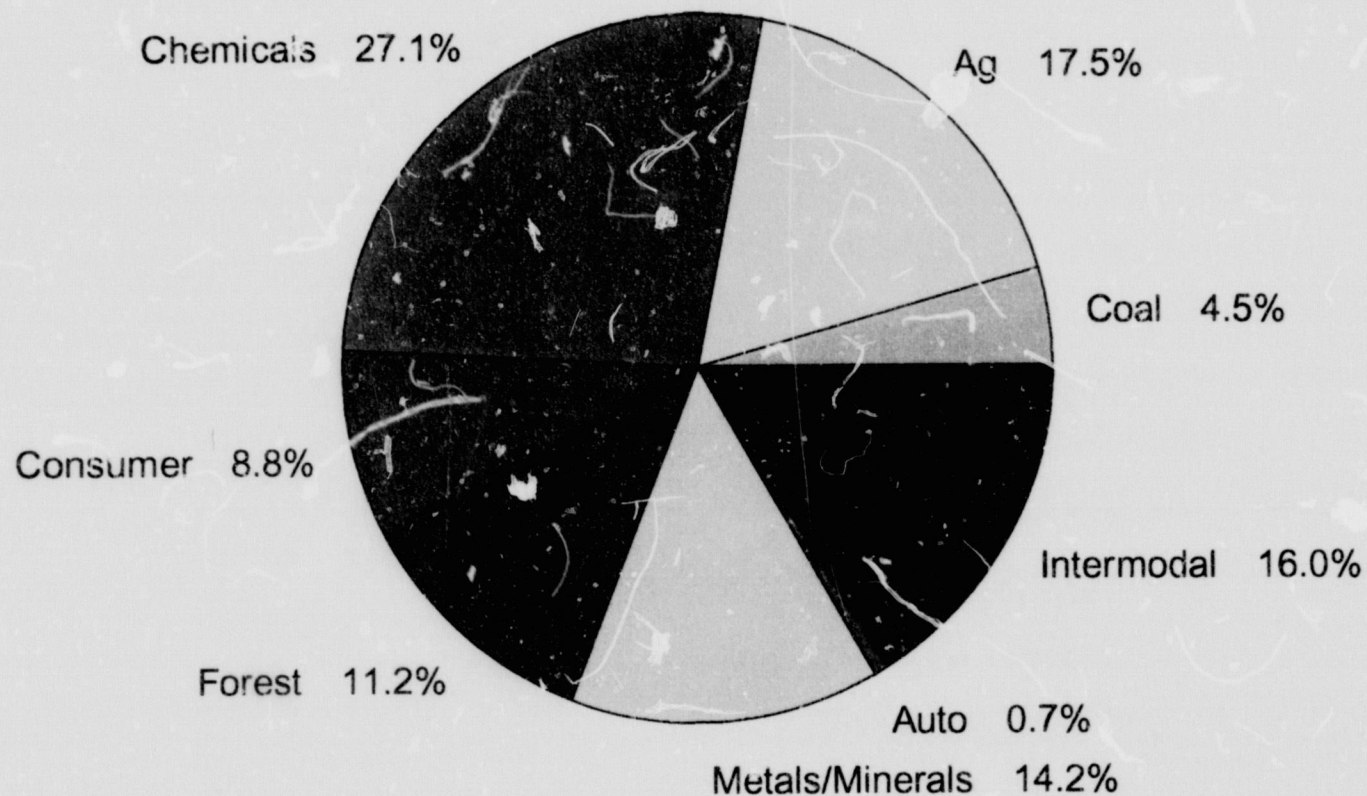


	January	February	March	April	May	June	July	August	September	October	November	December
Loaded Units 97 	266	234	259	180	441	289	282	434	363	312	335	368
Loaded Units 98 	366	328	364	419	339	335	408	392	349	286	316	

November 98 Preliminary

ATTACHMENT 10

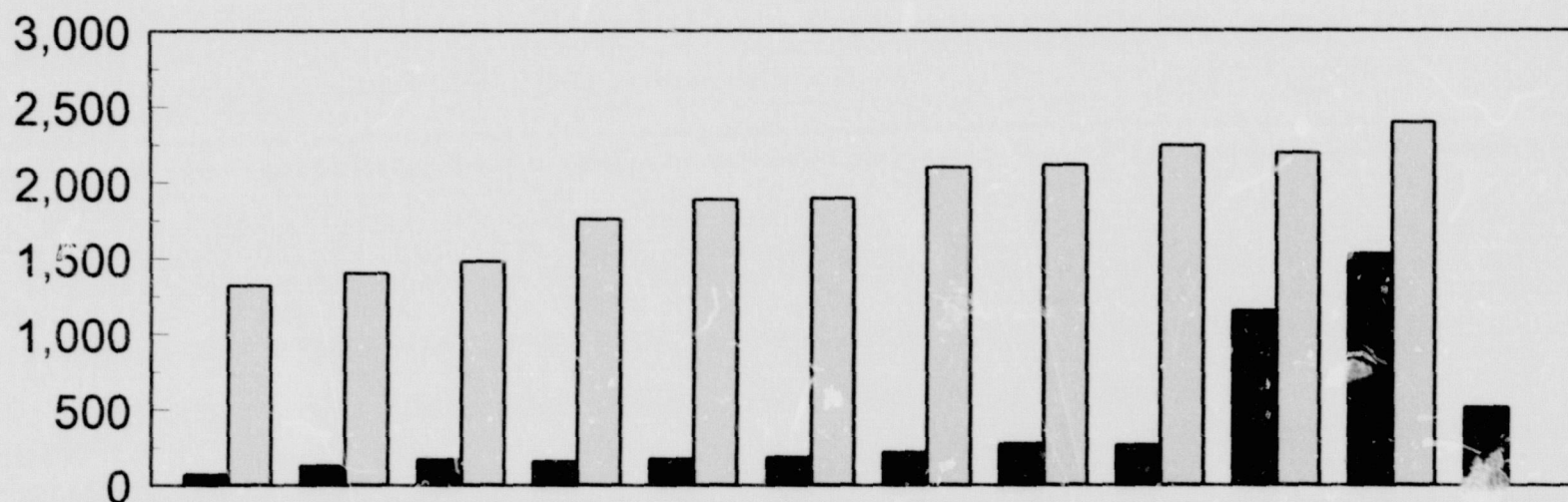
Commodities Handled To/From and Via UPSP Merger Condition Lines All Loaded Units January 1998 - November 1998



November 98 Preliminary

Total BNSF Loads Originated At "2-To-1" Points

Loads



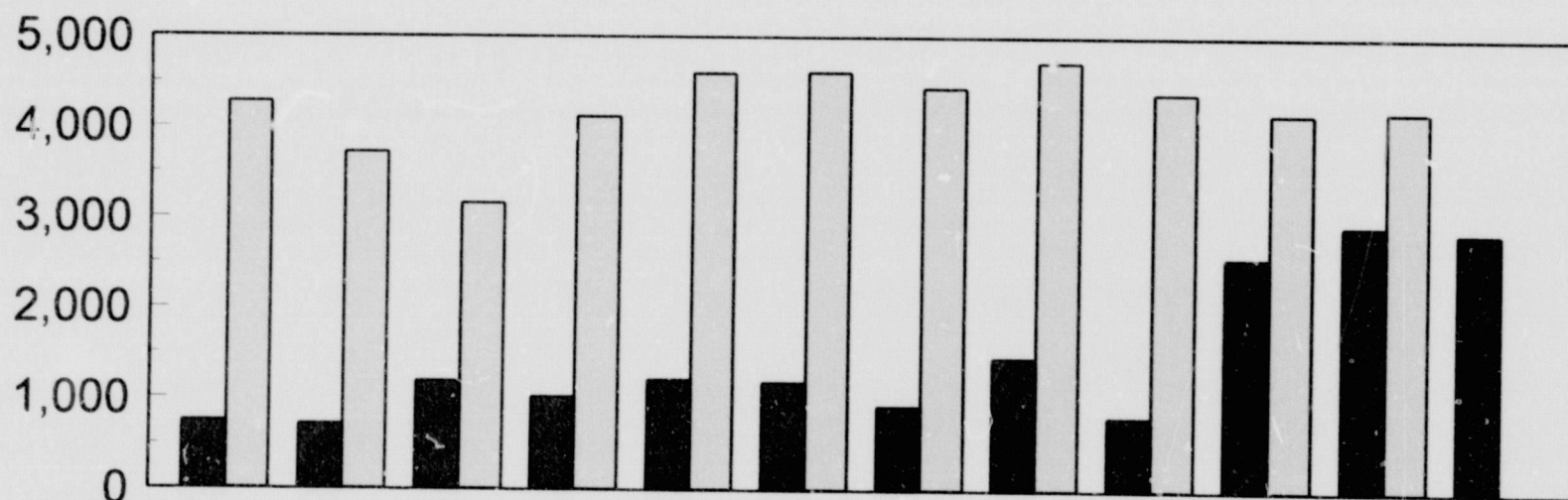
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
1997	74	133	172	159	175	186	218	277	266	1,152	1,529	514
1998	1,322	1,403	1,483	1,761	1,889	1,896	2,097	2,113	2,242	2,193	2,393	

Includes Lake Charles area, Shreveport and Texarkana

Nov 98 Preliminary

Total BNSF Loads Destined To "2-To-1" Points

Loads

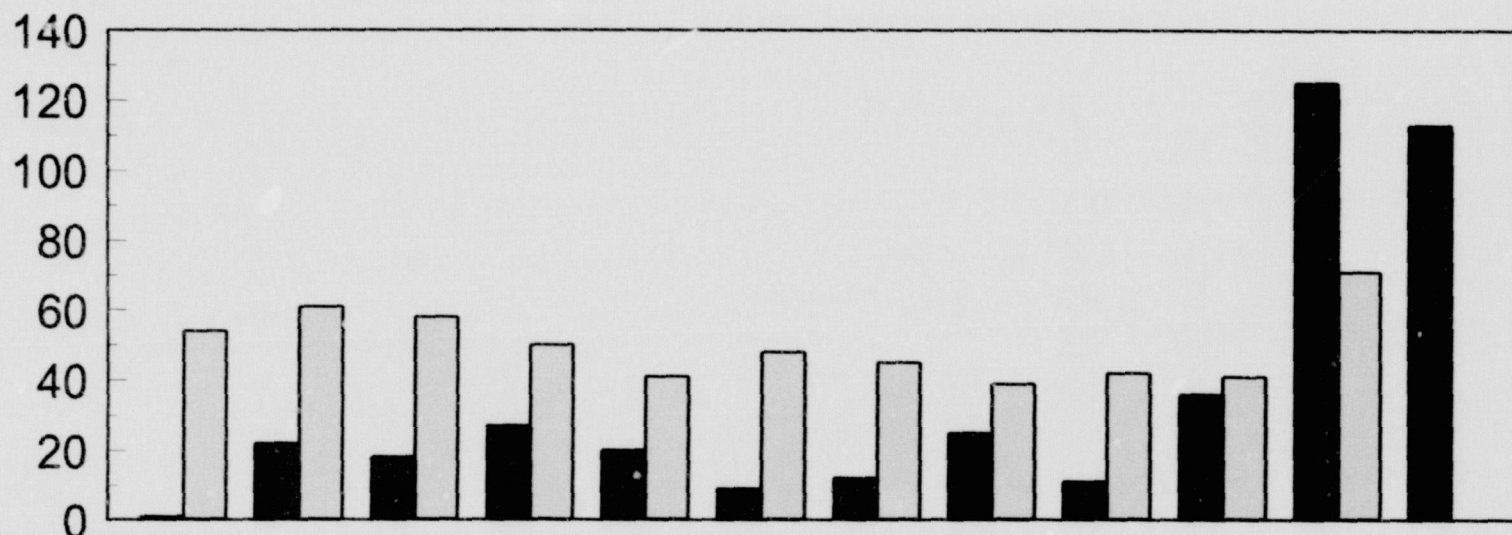


Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
1997	745	713	1,184	1,009	1,203	1,177	918	1,458	807	2,557	2,921	2,845
1998	4,277	3,715	3,153	4,117	4,596	4,610	4,440	4,728	4,377	4,152	4,184	

Includes Lake Charles area, Shreveport and Texarkana
Nov 98 Preliminary

BNSF Originated Loads At "2-To-1" Points Arkansas

Loads



Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
1997	1	22	18	27	20	9	12	25	11	36	125	113
1998	54	61	58	50	41	48	45	39	42	41	71	

Nov 98 Preliminary

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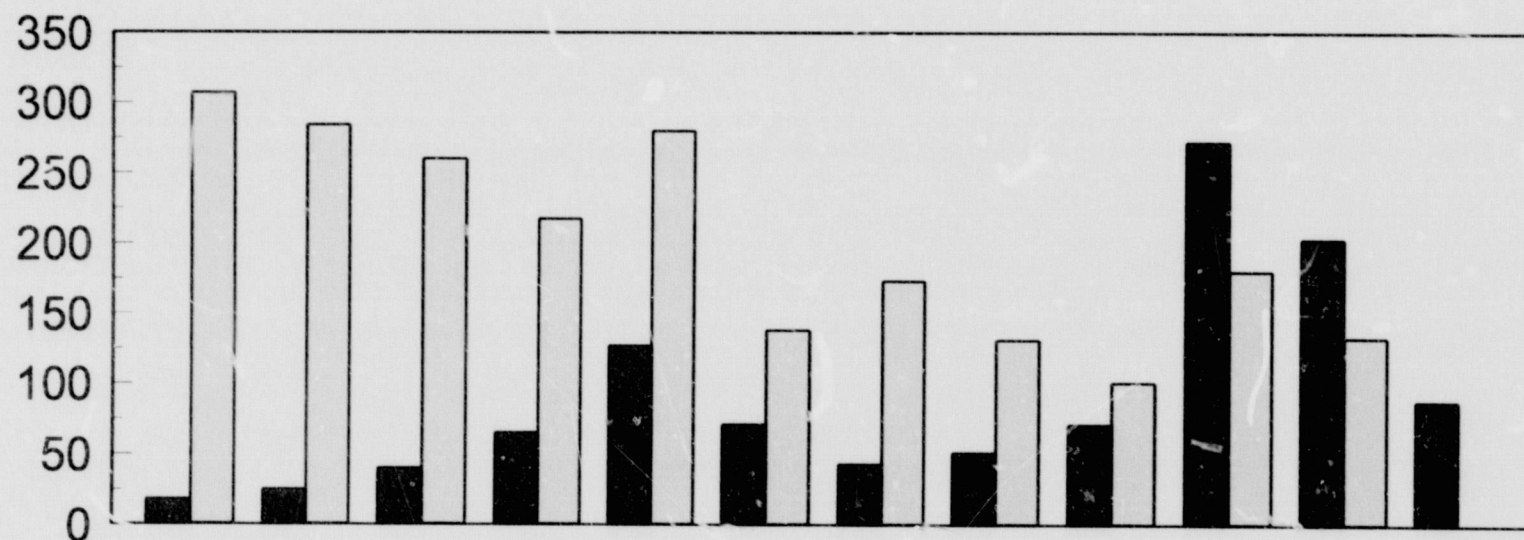
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BNSF Destination Loads At "2-To-1" Points Arkansas

Loads



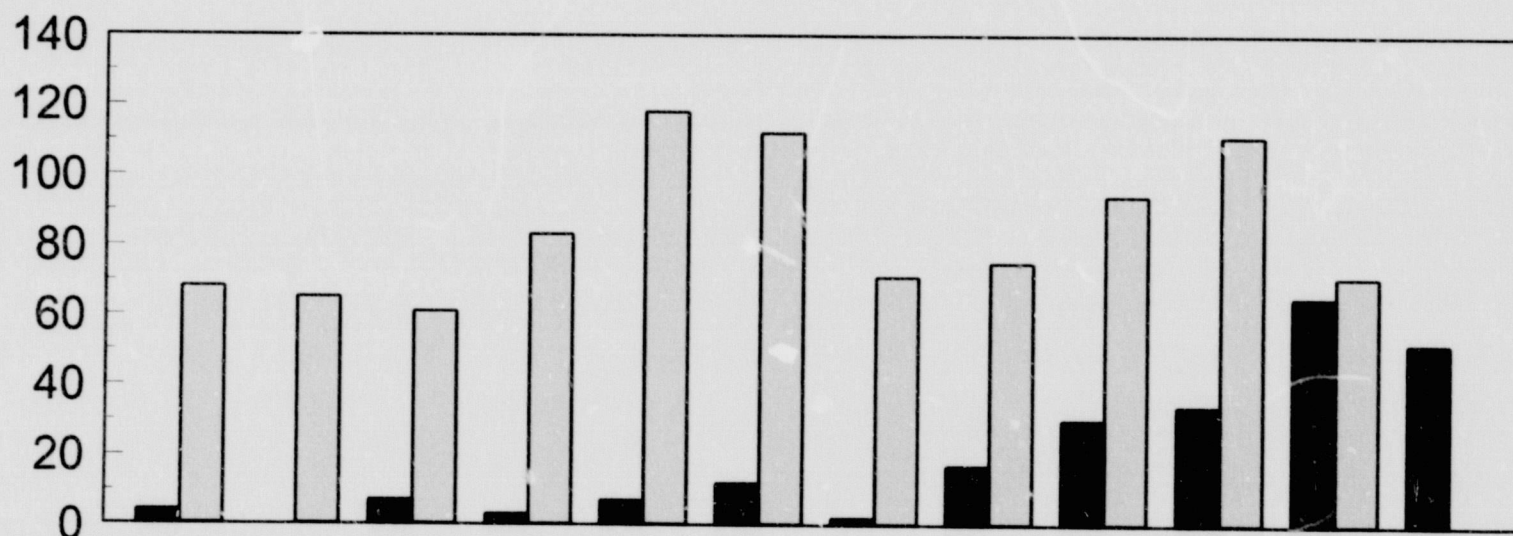
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
1997	18	25	40	65	127	71	43	51	71	272	203	88
1998	307	284	260	217	280	138	173	131	101	180	133	

Nov 98 Preliminary

ATTACHMENT 15

BNSF Originated Loads At "2-To-1" Points California

Loads



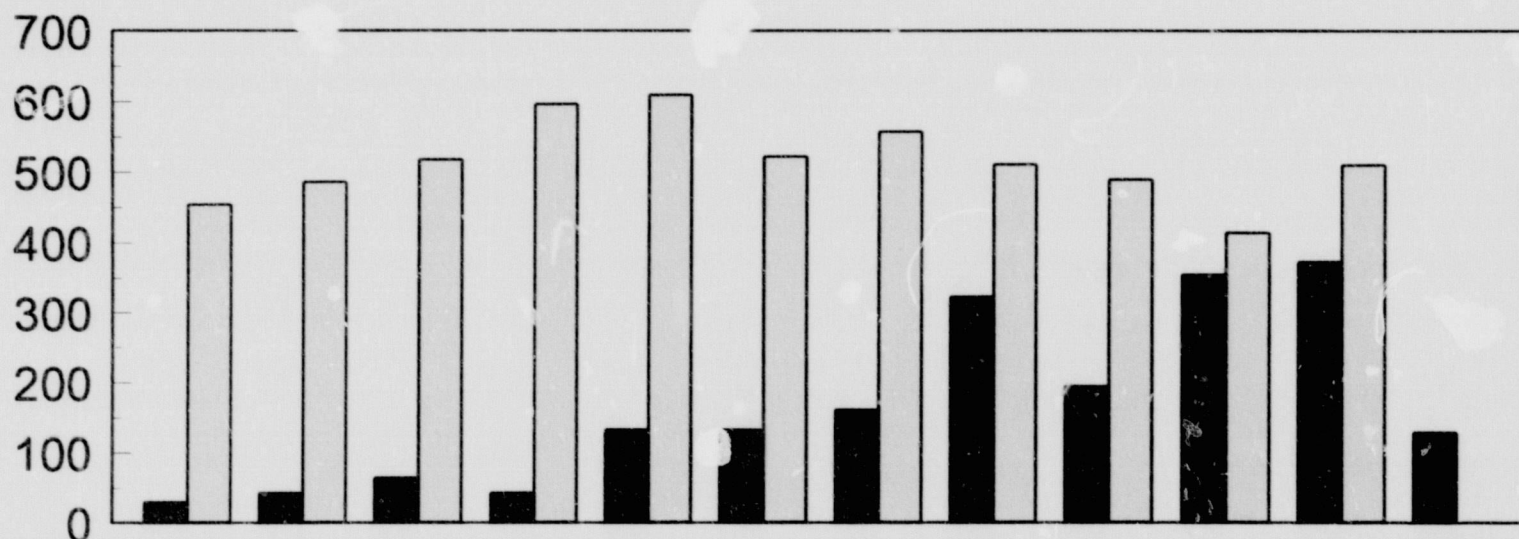
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
1997	4	0	7	3	7	12	2	17	30	34	65	52
1998	68	65	61	83	118	112	71	75	94	111	71	

Nov 98 Preliminary

ATTACHMENT 16

BNSF Destination Loads At "2-To-1" Points California

Loads



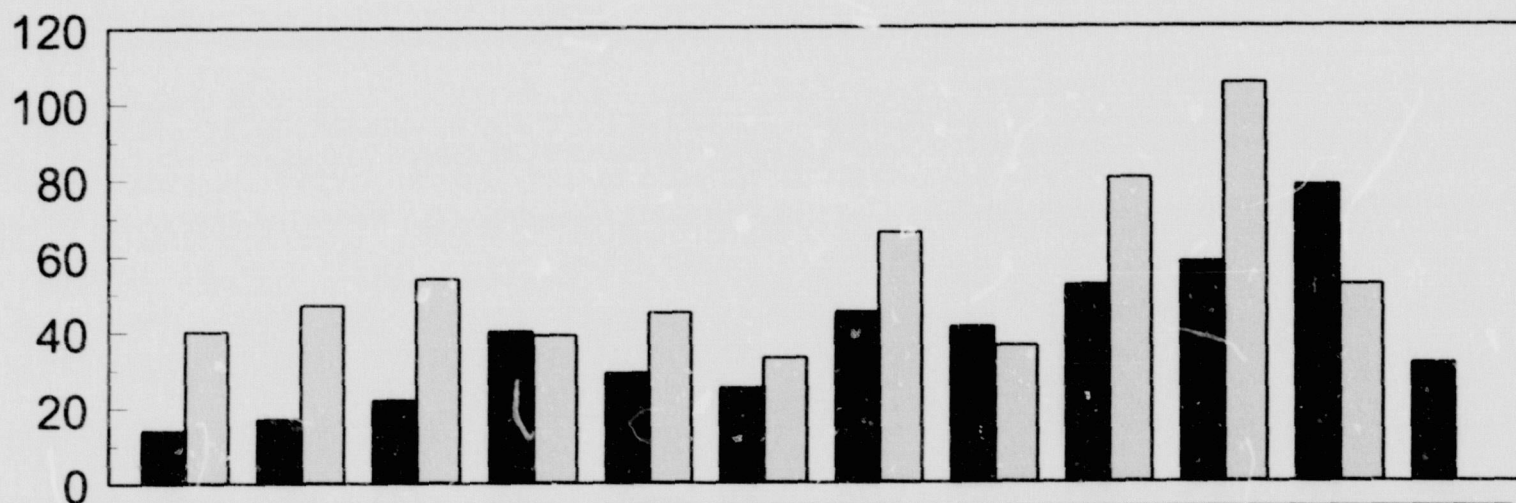
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
1997	30	43	64	43	133	133	161	323	195	355	373	129
1998	454	486	518	597	610	522	558	511	490	414	510	

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ATTACHMENT 17

BNSF Originated Loads At "2-To-1" Points Louisiana

Loads



Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
1997	14	17	22	40	29	25	45	41	52	58	78	31
1998	40	47	54	39	45	33	66	36	80	105	52	

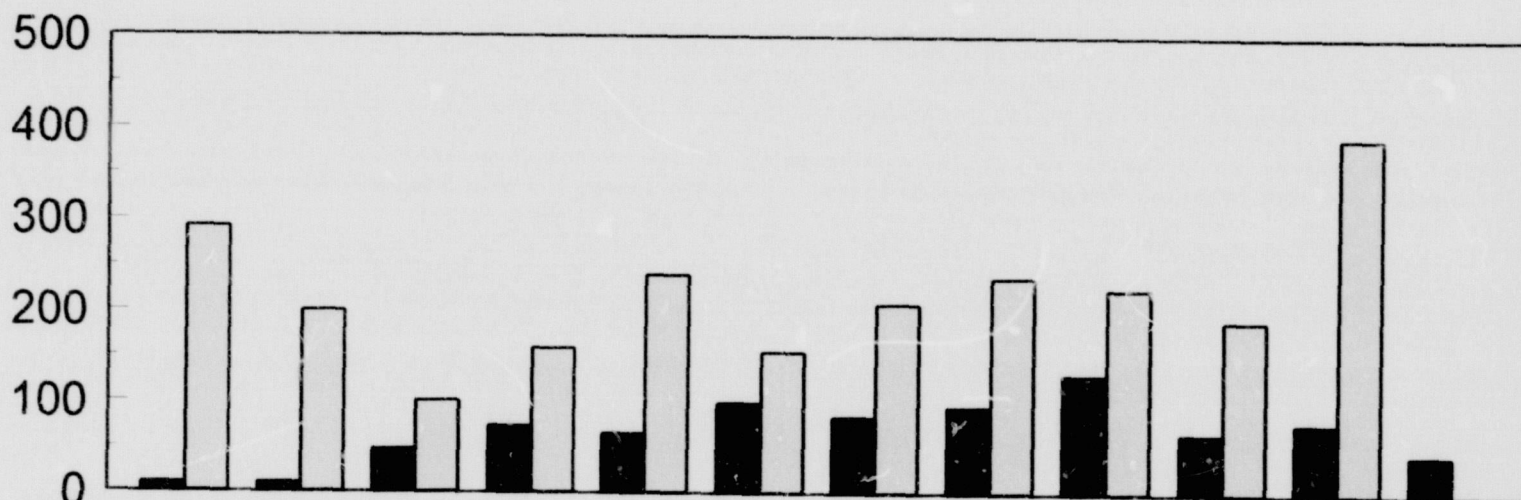
Includes Lake Charles area, Shreveport and Texarkana

Nov 98 Preliminary

ATTACHMENT 18

BNSF Destination Loads At "2-To-1" Points Louisiana

Loads



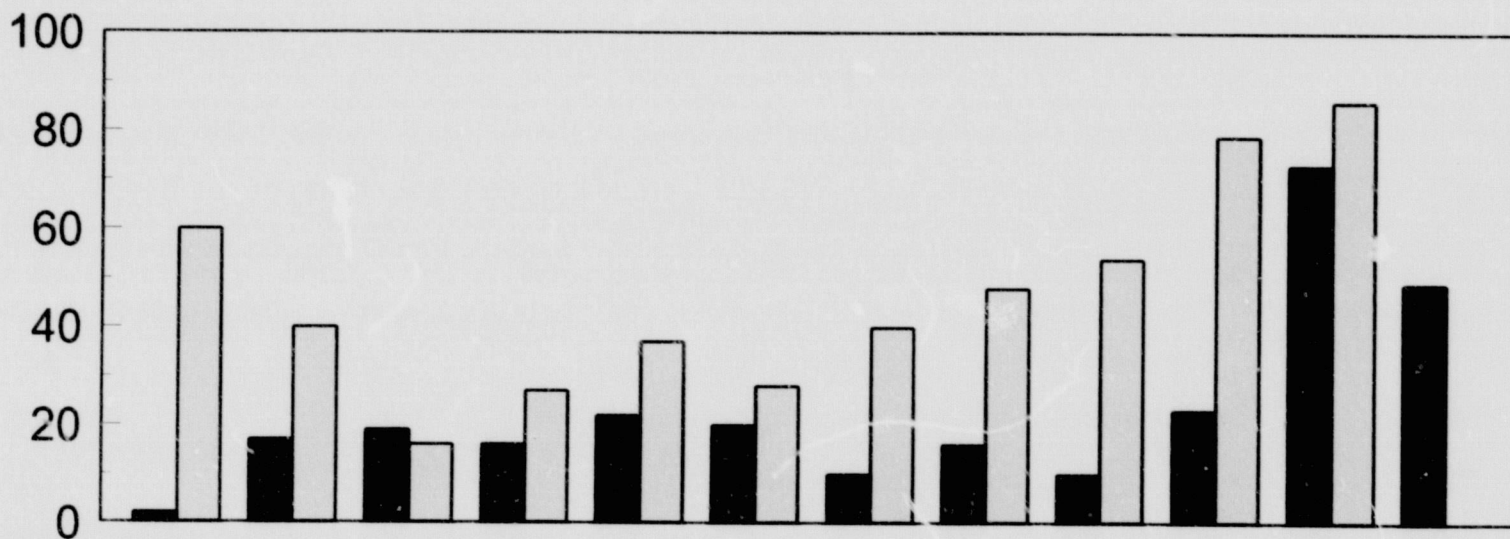
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
1997	10	10	47	73	65	99	84	95	130	66	78	44
1998	292	200	101	159	240	155	208	237	225	190	391	

Includes Lake Charles area, Shreveport and Texarkana
Nov 98 Preliminary

ATTACHMENT 19

BNSF Originated Loads At "2-To-1" Points Nevada

Loads



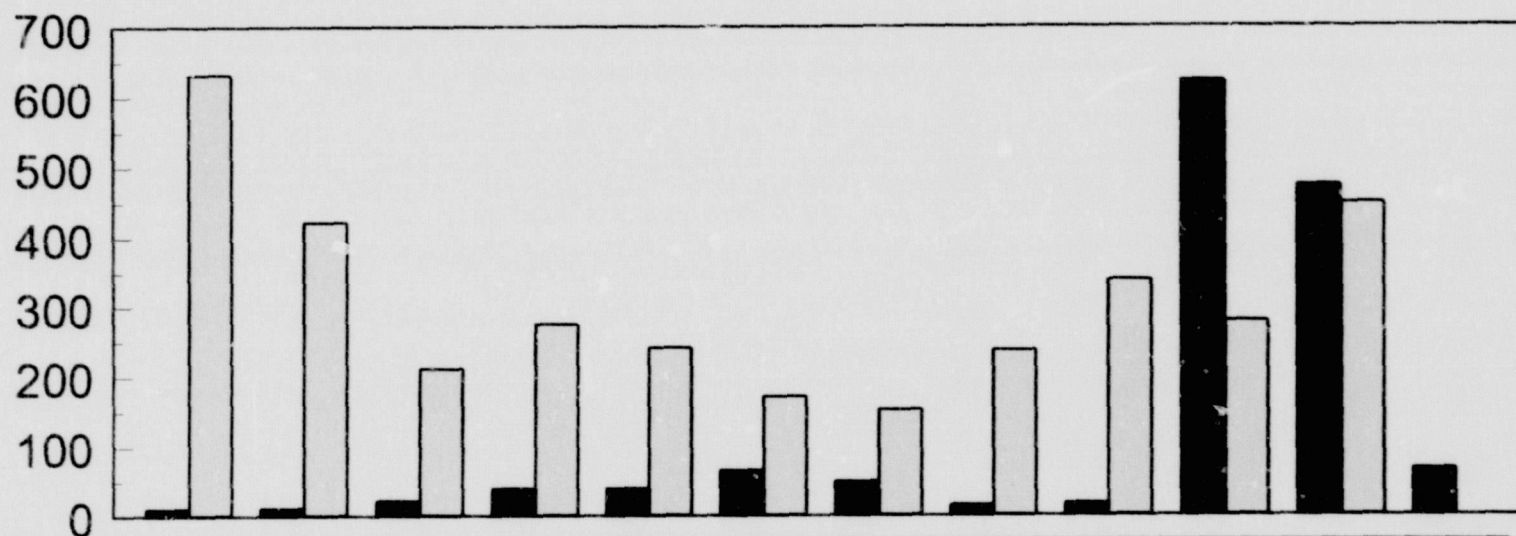
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
1997	2	17	19	16	22	20	10	16	10	23	73	49
1998	60	40	16	27	37	28	40	48	54	79	86	

Nov 98 Preliminary

ATTACHMENT 20

BNSF Destination Loads At "2-To-1" Points Nevada

Loads



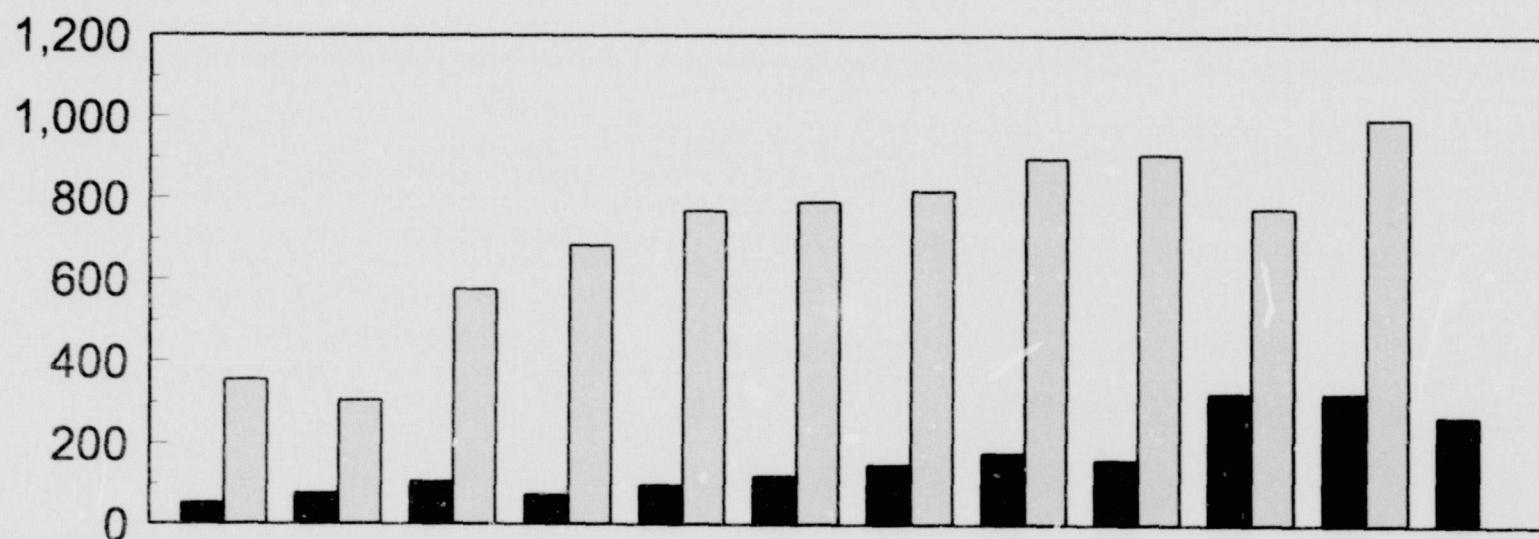
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
1997	11	12	22	39	39	65	49	15	18	623	474	67
1998	632	422	211	275	242	172	153	237	339	280	449	

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ATTACHMENT 21

BNSF Originated Loads At "2-To-1" Points Texas

Loads



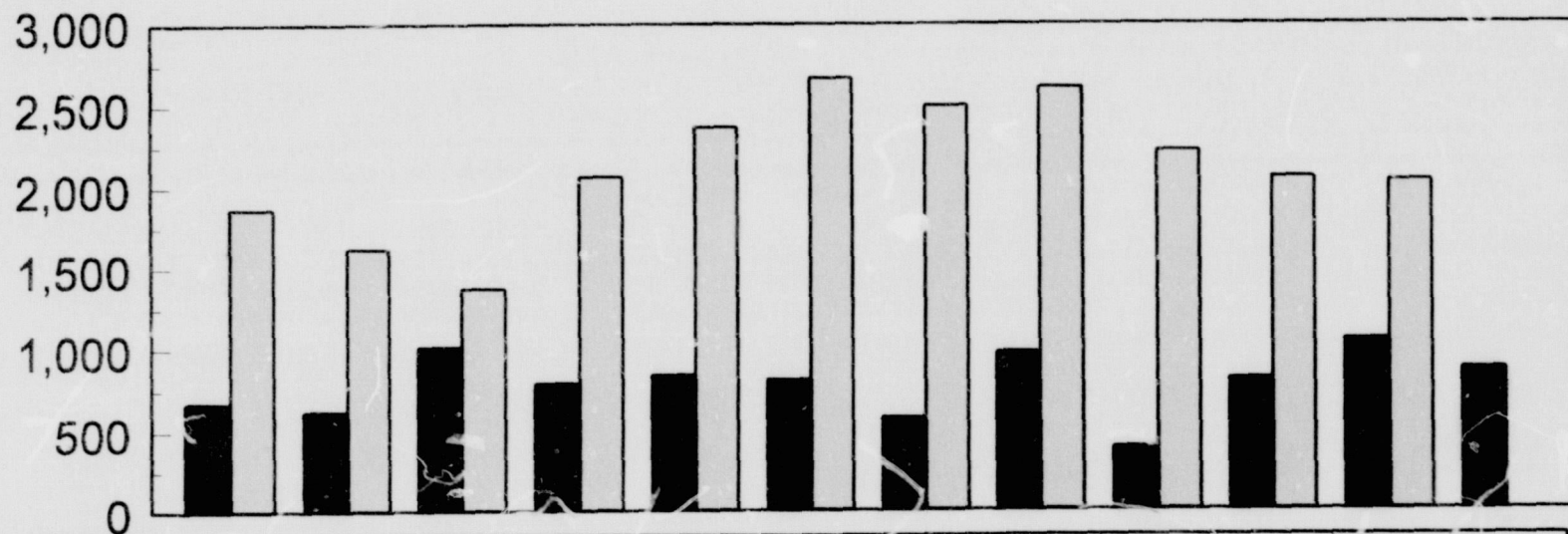
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
1997	53	77	106	73	97	120	149	178	163	324	323	269
1998	355	305	576	684	770	792	818	899	908	777	996	

Nov 98 Preliminary

ATTACHMENT 22

BNSF Destination Loads At "2-To-1" Points Texas

Loads



Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
1997	676	623	1,011	789	839	809	581	974	393	812	1,050	871
1998	1,867	1,620	1,372	2,063	2,368	2,669	2,499	2,610	2,221	2,058	2,035	

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ATTACHMENT 23

**UP/SP Served Facilities Accessed By BNSF
Other Than As A Result Of "50/50 Line" '98 Agreement**

Customer	Station	State	Status
Gilchrist Bag	Camden	AR	2:1
International Paper Bag Pak	Camden	AR	2:1
Intl Paper Southern Kraft	Camden	AR	2:1
Riceland Foods	Fair Oaks	AR	2:1
Planters Cotton Oil Mill Inc	Forrest City	AR	2:1
3M Industrial Mineral Prod (3M Arch St)	Little Rock	AR	2:1
3M Industrial Mineral Prod (3M Road)	Little Rock	AR	2:1
ADM Processing	Little Rock	AR	2:1
AFCO Steel Bond Street Plant	Little Rock	AR	2:1
AFCO Steel South Shop	Little Rock	AR	2:1
AFCO Steel Thomas Street Shop	Little Rock	AR	2:1
Alman, Sol Co	Little Rock	AR	2:1
Arkansas Power & Light	Little Rock	AR	2:1
Asphalt Products	Little Rock	AR	2:1
Barrett Hamilton	Little Rock	AR	2:1
Choctaw Inc	Little Rock	AR	2:1
Darragh Co	Little Rock	AR	2:1
Georgia Pacific Corp	Little Rock	AR	2:1
Goff Distribution Warehouse	Little Rock	AR	Transload
Kaufman Lumber Whse (7th St)	Little Rock	AR	2:1
Northwest Hardwoods	Little Rock	AR	2:1
Sears Roebuck & Co	Little Rock	AR	2:1
Smith Fiberglass Prod Inc	Little Rock	AR	2:1
Sterling Paint Inc (6th St)	Little Rock	AR	2:1
Stone Container Corp	Little Rock	AR	2:1
Sysco Food Svcs of Arkansas	Little Rock	AR	2:1
Thibault Milling	Little Rock	AR	2:1
Unisource	Little Rock	AR	2:1
Winburn Tile Mfg Co	Little Rock	AR	2:1
Central Terminal Distributing Centers, Inc	North Little Rock	AR	2:1
Koppers Industries Inc.	North Little Rock	AR	2:1
Koppers Industries Inc.	North Little Rock	AR	2:1
Mid South Seeds	North Little Rock	AR	2:1
Mountaire Feeds Inc	North Little Rock	AR	2:1
Oakley Bruce Inc	North Little Rock	AR	2:1
Onesource Home Building Center	North Little Rock	AR	2:1
Pgi Nonwovens Polymer Group, Inc. Chicopee Div	North Little Rock	AR	2:1
Pgi Nonwovens Polymer Group, Inc. Chicopee Div	North Little Rock	AR	2:1
S F Services Inc	North Little Rock	AR	2:1
S F Services Inc (Cooperative Mills Inc)	North Little Rock	AR	2:1
S F Services Inc (S F Svcs Fertilizer)	North Little Rock	AR	2:1
Southern Cotton Oil Co Div of ADM	North Little Rock	AR	2:1

Tenenbaum, A Co	North Little Rock	AR	2:1
ACF Industries	Paragould	AR	2:1
Ameri Steel (Florida Steel)	Paragould	AR	2:1
Century Tube Corporation	Pine Bluff	AR	2:1
Cloud Oak Flooring	Pine Bluff	AR	2:1
Gaylord Container Paper	Pine Bluff	AR	2:1
General Chemical Corp	Pine Bluff	AR	2:1
Hixson Lumber Sales	Pine Bluff	AR	2:1
Hixson Lumber Sales	Pine Bluff	AR	2:1
Hoover Treated Wood Prod	Pine Bluff	AR	2:1
International Paper Mill	Pine Bluff	AR	2:1
Johnson Metal Recyclers	Pine Bluff	AR	2:1
Mid America Packaging Inc. - Div of Gaylord	Pine Bluff	AR	2:1
Mid South Terminal Four	Pine Bluff	AR	2:1
Mid South Terminal One	Pine Bluff	AR	2:1
Mid South Terminal Two	Pine Bluff	AR	2:1
Mid South Term 4 (Pine Bluff Whse #4)	Pine Bluff	AR	2:1
Pine Bluff Arsenal	Pine Bluff	AR	2:1
Planters Cotton Oil Mill	Pine Bluff	AR	2:1
Planters Cotton Seed	Pine Bluff	AR	2:1
Southern Bag	Pine Bluff	AR	2:1
Southern Compress Whse	Pine Bluff	AR	2:1
Stronglite Products	Pine Bluff	AR	2:1
T W Pelton & Co	Pine Bluff	AR	2:1
Tyson Foods Feedmill	Pine Bluff	AR	2:1
Tyson Foods Protein Blend Plant	Pine Bluff	AR	2:1
Viking Bag	Pine Bluff	AR	2:1
California Cereal (Nabisco Brands)	Elmhurst	CA	2:1
Fleenor Packing	Elmhurst	CA	2:1
Fleischman's Yeast	Elmhurst	CA	2:1
Longview Fibre Co	Elmhurst	CA	2:1
Pacific America Whse	Elmhurst	CA	2:1
General Motors	Fremont	CA	2:1
New United Motor Manufacturing	Fremont	CA	2:1
Toyota Logistics Svcs	Fremont	CA	2:1
Toyota Logistics Svcs	Fremont	CA	2:1
Truck Rail Handling	Fremont	CA	Transload
Truck Rail Handling	Fremont	CA	Transload
United States Gypsum	Fremont	CA	2:1
U S Army, Sierra Army Depot	Herlong	CA	2:1
Standard Iron & Metals Co	Kohler	CA	2:1
Sunshine Biscuit - Vacant Bldg	Kohler	CA	2:1
Christian Salvason Inc. (CSI)	La Habra	CA	2:1
Lucky Sav-On Distribution Center	La Habra	CA	2:1
Vacant (Lucky Food Stores)	La Habra	CA	2:1
U S Army, Sharpe Depot	Lathrop	CA	2:1
Brown Strauss Steel	Livermore	CA	2:1
G S Roofing Products	Livermore	CA	2:1

Gaylord Graphics	Livermore	CA	2:1
Livermore Whse	Livermore	CA	2:1
Salinas Reinforcing Inc	Livermore	CA	2:1
Mid-City Iron & Metal Corp	Los Angeles	CA	2:1
American Brass & Iron (ABI)	Melrose	CA	2:1
Armour Equipment Sales	Melrose	CA	2:1
Mother Cake & Cookies	Melrose	CA	2:1
Nabisco Brands	Oakland	CA	2:1
Coast Grain Co (Transload)	Ontario	CA	Transload
Kruse (O H) Grain & Milling Co	Ontario	CA	2:1
Intermod Industries	Ortega	CA	2:1
Kaiser Sand Gravel	Pleasanton	CA	2:1
California Builders Supply Co	Sacramento	CA	2:1
Capitol Plywood	Sacramento	CA	2:1
Continental Chemical Co	Sacramento	CA	2:1
Sacramento Bee (McClatchy Newspaper)	Sacramento	CA	2:1
Burke Flooring Products, Div Burke Industries	San Jose	CA	2:1
Coors Distributing Co of Santa Clara	San Jose	CA	2:1
Del Monte Corp, Plant #3	San Jose	CA	2:1
Ecolab Inc	San Jose	CA	2:1
Floor Service Supply	San Jose	CA	2:1
Frank Lin Distillers Products Ltd	San Jose	CA	2:1
Frito Lay	San Jose	CA	2:1
International Paper Bag Pak Div	San Jose	CA	2:1
Laidlaw Environmental Services	San Jose	CA	2:1
Markovits & Fox	San Jose	CA	2:1
Northern California Fertilizer	San Jose	CA	2:1
Red Wing Co Inc (National Preserve)	San Jose	CA	2:1
San Jose Distribution Services	San Jose	CA	2:1
Stapleton-Spence Packing	San Jose	CA	2:1
Sun Garden Packing Co	San Jose	CA	2:1
U S Pollution Control	San Jose	CA	2:1
Western Beverage Co	San Jose	CA	2:1
Chem-World Supply Inc	South Gate	CA	2:1
EKA Chemicals/EKA Nobel	South Gate	CA	2:1
Los Angeles Chemical Co (LACCO)	South Gate	CA	2:1
P Q Corporation	South Gate	CA	2:1
Titan Terminal & Transport	South Gate	CA	2:1
Refrigerated Distribution Specialist (RDS)	Tracy	CA	Transload
Hardwoods Inc	Trevarno	CA	2:1
Trans Western Polymers	Trevarno	CA	2:1
A L Gilbert	Turlock	CA	2:1
Americold Plant 1	Turlock	CA	2:1
Facility vacant/for lease (Snider Lb?)	Turlock	CA	2:1
Feedstuffs Processing Co.	Turlock	CA	2:1
International Paper	Turlock	CA	2:1
Purina Mills Inc	Turlock	CA	2:1
Rogers Food (Div Universal Foods)	Turlock	CA	2:1

Tab Products Co
 Turlock Fruit
 Capital Coors
 Cargill
 Crum & Crum Enterprises Inc.
 Farmers Rice Coop
 Karrolton Envelope
 Montgomery Ward & Co Distr Ctr
 PFX Pet Supply
 Port Of Sacramento (Yolo Port Dist)
 The Ink Company
 Treasure Chest
 Unocal
 American Metals Corp
 California Distribution Center
 Weyerhaeuser Lumber
 Conoco Inc
 Total Petroleum
 Agri Producers
 Cairo Coop Equity Exchange
 Crowley American Transport
 Farmers Rice Milling Co Inc
 Lake Charles Carbon Co, Div Reynolds Metals
 Lake Charles Stevedores
 M I Drilling Fluids
 Calcasieu Steel & Pipe Inc
 Lake Charles American Press
 Lake Charles Harbor Terminal
 Lake Charles Public Elevator
 Allen Millwork Inc
 Bell Industries
 Custom Bilt Cabinet & Supply #1
 G S Roofing Products Co Inc
 Georgia Pacific Corp
 Hart Lumber Co Inc
 Murphy Bonded Whse Inc
 National Biscuit Co (Nabisco)
 Purina Mills Inc
 S F Services Inc
 Sears Roebuck & Co
 Southwestern Electric Power Co
 Conoco (Gulf Coast Lube Plant)
 Arco Chemical (Olin Corp)
 Condea Vista Co
 Conoco Inc
 Dunham Price Inc
 Excel Paralubes
 Holnam Inc

Turlock	CA	2:1
Turlock	CA	2:1
West Sacramento	CA	2:1
West Sacramento	CA	2:1
West Sacramento	CA	Transload
West Sacramento	CA	2:1
West Sacramento	CA	2:1
West Sacramento	CA	2:1
West Sacramento	CA	2:1
West Sacramento	CA	2:1
West Sacramento	CA	2:1
West Sacramento	CA	2:1
Yolo Port	CA	2:1
Yolo Port	CA	2:1
Yolo Port	CA	2:1
Durham	CO	New Facility
Durham	CO	New Facility
Herington	KS	2:1
Preston	KS	2:1
Harbor	LA	2:1
Harbor	LA	2:1
Harbor	LA	2:1
Harbor	LA	2:1
Harbor	LA	2:1
Lake Charles	LA	Agreement
Lake Charles	LA	Agreement
Lake Charles	LA	Agreement
Lake Charles	LA	Agreement
Shreveport	LA	Agreement
Shreveport	LA	Agreement
Shreveport	LA	Agreement
Shreveport	LA	Agreement
Shreveport	LA	Agreement
Shreveport	LA	Agreement
Shreveport	LA	Agreement
Shreveport	LA	Agreement
Shreveport	LA	Agreement
Shreveport	LA	Agreement
Shreveport	LA	Agreement
Sulphur	LA	Agreement
West Lake	LA	Agreement
West Lake	LA	Agreement
West Lake	LA	Agreement
West Lake	LA	Agreement
West Lake	LA	Agreement
West Lake	LA	Agreement

Jupiter Chemicals/Jupiter Nash	West Lake	LA	Agreement
M I Drilling Fluids	West Lake	LA	Agreement
Martin Marietta Aggregates	West Lake	LA	Agreement
Montell USA	West Lake	LA	Agreement
PPG Industries Inc	West Lake	LA	Agreement
R E Heidt Construction	West Lake	LA	Agreement
Reagent Chemical & Research	West Lake	LA	Agreement
Tetra Chemicals	West Lake	LA	Agreement
ABB Randall Corp	West Lake Charles	LA	Agreement
Baroid Drilling Fluids	West Lake Charles	LA	Agreement
Baroid Petroleum Services	West Lake Charles	LA	Agreement
Cit Con Oil	West Lake Charles	LA	Agreement
Citgo Petroleum Corp	West Lake Charles	LA	Agreement
Conoco Inc, Coke Termi	West Lake Charles	LA	Agreement
Equistar Chemicals LP	West Lake Charles	LA	Agreement
Firestone Synthetic Rubber & Latex	West Lake Charles	LA	Agreement
Grace Davison (W R Grace)	West Lake Charles	LA	Agreement
Southern Ionics Inc	West Lake Charles	LA	Agreement
Venco Conoco, Calcining Plant	West Lake Charles	LA	Agreement
West Lake Petrochemicals	West Lake Charles	LA	Agreement
West Lake Polymers	West Lake Charles	LA	Agreement
West Lake Styrene	West Lake Charles	LA	Agreement
Ag Processing	Dexter	MO	2:1
Cargill	Dexter	MO	2:1
Hudson Foods	Dexter	MO	2:1
Monarch Feed Mills	Dexter	MO	2:1
Baker Hughes Inteq	Argenta	NV	2:1
Saga Exploration Co	Barth	NV	2:1
Atlas Towing Co	Battle Mountain	NV	New Facility
M I Drilling Fluids	Battle Mountain	NV	2:1
Sierra Chemical NV	Battle Mountain	NV	2:1
Cortez Gold Mines	Beowawe	NV	2:1
Fleischli Transload	Beowawe	NV	2:1
SS Supply	Beowawe	NV	2:1
Union Pacific Fuels Inc	Beowawe	NV	2:1
Anschutz Marketing Transport	Carlin	NV	2:1
Continental Lime	Carlin	NV	2:1
Dust Chemical	Carlin	NV	2:1
Kilborn International	Carlin	NV	2:1
Thatcher Chemical Co - Nevada	Carlin	NV	2:1
Turner Gas	Carlin	NV	2:1
Baroid Drilling Fluids	Dunphy	NV	2:1
Kennecott Utah Copper	Dunphy	NV	2:1
Mine Service & Supply	Dunphy	NV	2:1
Alpark Petroleum	Elko	NV	2:1
Ash Grove Cement Co	Elko	NV	2:1
Blach Distributing	Elko	NV	2:1
Cashman Equipment	Elko	NV	2:1

Franklin Lumber Bldg Supply	Elko	NV	2:1
Nevada Freeport	Elko	NV	2:1
Nevada Ice & Cold Storage	Elko	NV	2:1
Par Gas	Elko	NV	2:1
Petro Source	Elko	NV	2:1
Petro Source Asphalt Terminal	Elko	NV	2:1
Tricon Metals & Services, Inc.	Elko	NV	2:1
Quebecor Printing Nevada Inc	Fernley	NV	New Facility
Valley Joist Corp	Fernley	NV	New Facility
Continental Lime	Golconda	NV	2:1
Diamond Plastics Co	Golconda	NV	2:1
U S Barium	Golconda	NV	2:1
Kennecott Utah Copper	Jayhawk	NV	2:1
Transwood Inc	Jayhawk	NV	2:1
Kennecott Utah Copper	Redhouse	NV	2:1
Transwood Inc	Redhouse	NV	2:1
Coastal Chemical	Rennox	NV	2:1
Sierra Chemical Of Nevada	Rennox	NV	2:1
BNSF Nevada Quality Distr Center (QDC)	Sparks	NV	New Facility
Sierra Pacific Power	Valmy	NV	2:1
Dupont	Vivian	NV	2:1
Van Waters Rogers	Vivian	NV	2:1
Mobil Chemical	Amelia	TX	2:1
Econo Rail Corp	Baytown	TX	2:1
Exxon Chemical Americas	Baytown	TX	Agreement
Exxon Chemical Plastics	Baytown	TX	Agreement
Exxon Company USA	Baytown	TX	Agreement
Jindal United Steel Corp	Baytown	TX	2:1
Rhodia	Baytown	TX	2:1
SAW Pipes USA Inc	Baytown	TX	2:1
Seapac Inc	Baytown	TX	2:1
United States Steel/USX	Baytown	TX	2:1
Thompson Consumer Electronics (RCA)	Belen	TX	New Facility
City Of Brownsville	Brownsville	TX	2:1
Milwhite	Brownsville	TX	2:1
Premier Services Corp	Brownsville	TX	2:1
Tex Mex Cold Storage	Brownsville	TX	2:1
Farstad Oil	Buford	TX	2:1
Lopez Scrap Metal	Buford	TX	2:1
El Paso Valley Cotton Assn	Clint	TX	2:1
T & R Chemicals Inc	Clint	TX	2:1
Valley Feed Mills	Clint	TX	2:1
American Chrome Chemicals	Corpus Christi	TX	2:1
Citgo Petroleum East Plant	Corpus Christi	TX	2:1
Citgo Petroleum West Plant	Corpus Christi	TX	2:1
Coastal Refining & Mktg	Corpus Christi	TX	2:1
Encycle Texas Inc.	Corpus Christi	TX	2:1
Esco Distributors Inc	Corpus Christi	TX	2:1

Interstate Grain Corp	Corpus Christi	TX	2:1
Koch Industries	Corpus Christi	TX	2:1
Nueces Grain	Corpus Christi	TX	2:1
Zarsky Lumber	Corpus Christi	TX	2:1
Defense Distribution Depot	Defense	TX	2:1
Penreco	Dickinson	TX	2:1
Gulf States Asphalt	Dumont	TX	2:1
Houston L&P #1	Dumont	TX	2:1
Houston L&P #3	Dumont	TX	2:1
South Houston Lumber	Dumont	TX	2:1
General Tire	East Waco	TX	2:1
Amoco Chemical	Eldon	TX	Agreement
Bayer Chemical	Eldon	TX	Agreement
Borden Chemical	Eldon	TX	2:1
Chevron Chemical	Eldon	TX	Agreement
City Public Service Board of San Antonio	Elmendorf	TX	2:1
Richard Bills Feedlot	Fabens	TX	2:1
Romney Implement	Fabens	TX	2:1
Swig Cotton Compress	Fabens	TX	2:1
Ashland Chemical	Genoa	TX	2:1
Pioneer Concrete Texas	Genoa	TX	2:1
Sunbelt Asphalt Materials	Genoa	TX	2:1
Amc Warehouses	Great Southwest	TX	2:1
Boise Cascade	Great Southwest	TX	2:1
Carry Companies	Great Southwest	TX	2:1
Carry Companies (Imperial Sugar)	Great Southwest	TX	2:1
Champion Recycling	Great Southwest	TX	2:1
Coors Brewing	Great Southwest	TX	2:1
D D Recycling	Great Southwest	TX	2:1
D S Plastics	Great Southwest	TX	2:1
DSC Logistics	Great Southwest	TX	Transload
DSC Logistics (Lever)	Great Southwest	TX	Transload
DSC Logistics (Pillsbury)	Great Southwest	TX	Transload
Frito Lay	Great Southwest	TX	2:1
G E Appliances	Great Southwest	TX	2:1
General Hardwoods	Great Southwest	TX	2:1
Ink	Great Southwest	TX	2:1
Intsel Southwest	Great Southwest	TX	2:1
Lmd Warehouse Distribution	Great Southwest	TX	2:1
Mackie Automotive Southwest	Great Southwest	TX	2:1
Matlack Systems	Great Southwest	TX	2:1
McGregor Printing	Great Southwest	TX	2:1
National Starch Chemical	Great Southwest	TX	2:1
Pennzoil Prod	Great Southwest	TX	2:1
Pepsi Cola	Great Southwest	TX	2:1
Porter Warner Ind	Great Southwest	TX	2:1
Professional Food Systems	Great Southwest	TX	2:1
Quality Logistics Services	Great Southwest	TX	2:1

Solvay Engineered Polymers (DS Plastics)	Great Southwest	TX	2:1
Tenneco Packaging	Great Southwest	TX	2:1
Texas Plywood Lumber	Great Southwest	TX	2:1
Tucker Housewares	Great Southwest	TX	2:1
Tulco Oil	Great Southwest	TX	2:1
Uvtec	Great Southwest	TX	2:1
Wainwright Ind	Great Southwest	TX	2:1
Western Reclamation	Great Southwest	TX	2:1
Weyerhaeuser	Great Southwest	TX	2:1
Willamette Industries Bag	Great Southwest	TX	2:1
Willamette Industries Corrug	Great Southwest	TX	2:1
LCRA Plant	Halsted	TX	2:1
Alamo Forest Products	Harlingen	TX	2:1
Brown and Joiner	Harlingen	TX	2:1
Cameron Wm & Co	Harlingen	TX	2:1
Earthgrains	Harlingen	TX	2:1
Georgia Pacific	Harlingen	TX	2:1
Harlingen Valley Compress	Harlingen	TX	2:1
Rio Grande Oil Mill	Harlingen	TX	2:1
Valley Compress Warehouse	Harlingen	TX	2:1
Valley Coop Oil Mill (Valco Chemical)	Harlingen	TX	2:1
Valley Morning Star	Harlingen	TX	2:1
M G Building Materials	Heafer	TX	2:1
Wheelwright & Associates	League City	TX	2:1
Exxon Chemical Americas	Mont Belvieu	TX	Agreement
Allied Signal	Orange	TX	2:1
Bayer Fibers Additives/Rubber	Orange	TX	2:1
Chevron Chemical	Orange	TX	2:1
Dupont De Nemours, E I	Orange	TX	2:1
Equitable Bag	Orange	TX	2:1
Firestone Syn Rubber Latex	Orange	TX	2:1
Lewis Plastics	Orange	TX	2:1
Neches Inc	Orange	TX	2:1
Orange City Of	Orange	TX	2:1
Orange Port Of	Orange	TX	2:1
Orange Ship Building	Orange	TX	2:1
Precinct One Orange County	Orange	TX	2:1
PrintPak (James River)	Orange	TX	2:1
Rescar Inc	Orange	TX	2:1
Sabine Warehouse	Orange	TX	2:1
Schulman Plant (Burnett St)	Orange	TX	2:1
Schulman Plant (Thomas St)	Orange	TX	2:1
Texas Polymer Services	Orange	TX	2:1
West Orange City Of	Orange	TX	2:1
Wilson Warehouse	Orange	TX	2:1
Alamo Iron Works	San Antonio	TX	2:1
Allen & Allen Co	San Antonio	TX	2:1
Big Tex Grain	San Antonio	TX	2:1

Block Distributing, Wine Div	San Antonio	TX	2:1
Browning Ferris Industries (BFI)	San Antonio	TX	2:1
California Fruit Co.	San Antonio	TX	2:1
Crystal Cold Storage	San Antonio	TX	2:1
Fiesta Warehousing Distribution	San Antonio	TX	Transload
Fite Distribution Services	San Antonio	TX	2:1
Georgia Pacific Corp	San Antonio	TX	2:1
GLI Distributing	San Antonio	TX	2:1
Halo Distributing	San Antonio	TX	2:1
Hart Lumber	San Antonio	TX	2:1
Hood Clays Vr	San Antonio	TX	2:1
Imperial Bedding	San Antonio	TX	2:1
Lone Star Brewing	San Antonio	TX	2:1
Newell Industries Inc	San Antonio	TX	2:1
Newell Recycling of San Antonio, L.P.	San Antonio	TX	2:1
Pearl Brewing	San Antonio	TX	2:1
Pioneer Flour Mills	San Antonio	TX	2:1
Salt Exchange Inc	San Antonio	TX	2:1
Savage Industries, Industrial Rail Services	San Antonio	TX	Transload
South Texas Liquid Terminal	San Antonio	TX	Transload
Southern Merchandise Stge Co	San Antonio	TX	2:1
Star Seed & Grain	San Antonio	TX	2:1
Superior Tomato-Avocado Co Inc	San Antonio	TX	2:1
Trinity Industries Inc	San Antonio	TX	2:1
Westland Specialty Oil Company Inc	San Antonio	TX	2:1
Wright Oil	San Antonio	TX	2:1
Merco Joint Venture	Sierra Blanca	TX	2:1
San Patricio County One	Sinton	TX	2:1
A E Staley @ Imperial Holly facility	Sugar Land	TX	2:1
Imperial Holly	Sugar Land	TX	2:1
Nalco Exxon Energy Chemicals	Sugar Land	TX	2:1
Baroid Corp	Texarkana	TX	2:1
Commercial Stg & Distribution Co	Texarkana	TX	2:1
Cooper Tire & Rubber Co	Texarkana	TX	2:1
General Electric Railcar Repair	Texarkana	TX	2:1
J J S Distributing	Texarkana	TX	2:1
Kerr McGee Chemical Corp	Texarkana	TX	2:1
Miller Bowie County Farmers Assn	Texarkana	TX	2:1
Texarkana Milling Supply	Texarkana	TX	2:1
Tri State Iron & Metal Co	Texarkana	TX	2:1
Drake Enterprises	Tornillo	TX	2:1
American Plant Food Co	Tyler	TX	2:1
Bonar Packaging	Tyler	TX	2:1
Cameron Whse (Cameron Wm & Co)	Tyler	TX	2:1
Jewell Concrete Products	Tyler	TX	2:1
Kelly Springfield Tire	Tyler	TX	2:1
Sunbelt Cement	Tyler	TX	2:1
Transit Mix Concrete Material	Tyler	TX	2:1

Kamin Furniture	Victoria	TX	2:1
Cameron Wm & Co Inc	Waco	TX	2:1
Central Forwarding Co	Waco	TX	2:1
Central Texas Iron Works	Waco	TX	2:1
Central Warehouse Co	Waco	TX	2:1
Certainfeed	Waco	TX	2:1
Continental General Tire	Waco	TX	2:1
Equalizer	Waco	TX	Transload
Exporters & Traders Compress & Whse Co	Waco	TX	2:1
Fleetwood Homes	Waco	TX	2:1
Fleetwood Trailer Co	Waco	TX	2:1
Gross Yowell Lumber	Waco	TX	2:1
Gulf States Paper	Waco	TX	2:1
Jarvis Paris Murphy	Waco	TX	2:1
Jewell Concrete Products	Waco	TX	2:1
M Lipsitz	Waco	TX	2:1
M M Mars	Waco	TX	2:1
Metro Lumber Industries	Waco	TX	2:1
Mid State Beverage Inc	Waco	TX	2:1
Owens Brockway	Waco	TX	2:1
Tejas Warehouse System	Waco	TX	2:1
Terra Nitrogen Corp (Terra Intl Inc)	Waco	TX	2:1
Vacant Facility (McCoys Bldg Supply Center)	Waco	TX	2:1
Veterans Administration	Waco	TX	2:1
Houston Shell & Concrete	Webster	TX	2:1
McCoys Bldg Supply Center	Webster	TX	2:1
Sunbelt Asphalt Materials	Webster	TX	2:1
Featherlite Building Products Corp	Ysleta	TX	2:1
International Paper, Container Div	Ysleta	TX	2:1
Rhinehart Oil	American Fork	UT	2:1
Alpine Transfer	Clearfield	UT	2:1
Americold	Clearfield	UT	2:1
Ashland Chemical	Clearfield	UT	2:1
Birmingham Bolt	Clearfield	UT	2:1
Del Monte Foods	Clearfield	UT	2:1
DSC Logistics	Clearfield	UT	2:1
Excel Mining	Clearfield	UT	2:1
FABPRO Oriented Polymers Inc	Clearfield	UT	2:1
Freeport Center	Clearfield	UT	2:1
Freeport Cold Storage	Clearfield	UT	2:1
Gatx Logistics	Clearfield	UT	2:1
Lifetime Products	Clearfield	UT	2:1
Malnova	Clearfield	UT	2:1
Naptech Inc	Clearfield	UT	2:1
Oborn Transfer & Storage	Clearfield	UT	2:1
Poli Twine	Clearfield	UT	2:1
Quintex	Clearfield	UT	2:1
Ryerson Son J T	Clearfield	UT	2:1

Tech Steel	Clearfield	UT	2:1
Thiokol	Clearfield	UT	2:1
Watkins Shepard	Clearfield	UT	2:1
Geneva Steel	Geneva	UT	2:1
LaRoche Industries	Geneva	UT	2:1
Western Pipe Coaters (c/o Geneva Steel)	Geneva	UT	2:1
Reilly Industries	Ironton	UT	2:1
Great Salt Lake Minerals	Little Mountain	UT	2:1
Kennecott Utah Copper Corp	Magna	UT	2:1
Flying J Inc	North Salt Lake City	UT	2:1
Red Man Pipe & Supply Co	North Salt Lake City	UT	2:1
American Nutrition	Ogden	UT	2:1
Atlas Steel	Ogden	UT	2:1
Cache Commodities DRGW	Ogden	UT	2:1
Cargill Flour Milling	Ogden	UT	2:1
Cargill Nutrena Feeds	Ogden	UT	2:1
Cereal Food Processors	Ogden	UT	2:1
David Grant Trucking Inc	Ogden	UT	Transload
Defense Depot	Ogden	UT	2:1
Durbano Metals	Ogden	UT	2:1
Dyce Chemical Ind	Ogden	UT	2:1
Great Salt Lake Minerals	Ogden	UT	2:1
Harsac	Ogden	UT	2:1
Kimberly Clark	Ogden	UT	2:1
Koch Agri Services West	Ogden	UT	2:1
L Bloom & Sons	Ogden	UT	2:1
McNabb Grain	Ogden	UT	2:1
Nutrena Feed	Ogden	UT	2:1
Wasatch Distributing	Ogden	UT	2:1
Western Gateway Storage	Ogden	UT	2:1
Pipe Fabricating	Pioneer	UT	2:1
A Y Building Supply	Provo	UT	2:1
Atlas Steel	Provo	UT	2:1
Big Four Distributing	Provo	UT	2:1
Pacific States Cast Iron Pipe	Provo	UT	2:1
Pitt Des Moines (PDM)	Provo	UT	2:1
A K Railroad Materials	Provo	UT	2:1
Alta Industries	Salt Lake City	UT	2:1
American Excelsior	Salt Lake City	UT	2:1
Amerigas Propane Lp	Salt Lake City	UT	2:1
Amoco Oil	Salt Lake City	UT	2:1
Asphalt Systems Inc	Salt Lake City	UT	2:1
Associated Food Stores	Salt Lake City	UT	2:1
Atlas Steel Inc	Salt Lake City	UT	2:1
Baker Hughes Inteq	Salt Lake City	UT	2:1
Bee Hive Brick	Salt Lake City	UT	2:1
Benergy dba Star Carbon Divn	Salt Lake City	UT	2:1
Border Steel	Salt Lake City	UT	2:1

Bruce Transfer & Storage	Salt Lake City	UT	2:1
Capitol Lumber	Salt Lake City	UT	2:1
Cenex Land O Lakes	Salt Lake City	UT	2:1
Cereal Food Processors	Salt Lake City	UT	2:1
Certified Warehouse Transfer	Salt Lake City	UT	2:1
Chevron Products	Salt Lake City	UT	2:1
Chris & Dicks Lbr & Hardware	Salt Lake City	UT	2:1
Church Of Jesus Christ LDS	Salt Lake City	UT	2:1
Conoco Inc	Salt Lake City	UT	2:1
Corp Of The President (LDS Church)	Salt Lake City	UT	2:1
Corporation Of The Presiding	Salt Lake City	UT	2:1
Crawford Door Sales	Salt Lake City	UT	2:1
Crus Distributing	Salt Lake City	UT	2:1
E F Mariani	Salt Lake City	UT	Transload
Eaton Metal Products	Salt Lake City	UT	2:1
Eimco Process Equipment	Salt Lake City	UT	2:1
Engelhard	Salt Lake City	UT	2:1
Farwest Steel	Salt Lake City	UT	2:1
General Distributing	Salt Lake City	UT	2:1
General Felt Industries	Salt Lake City	UT	2:1
Great Western Chemical	Salt Lake City	UT	2:1
Harrington Trucking Inc	Salt Lake City	UT	Transload
Hill Brothers Chemical	Salt Lake City	UT	2:1
Holnam	Salt Lake City	UT	2:1
Liquid Sugars	Salt Lake City	UT	2:1
Mark Steel (W 200)	Salt Lake City	UT	2:1
Marmon Keystone	Salt Lake City	UT	2:1
May Foundry	Salt Lake City	UT	2:1
Metro Group Inc	Salt Lake City	UT	2:1
Mountain Cement	Salt Lake City	UT	2:1
Nalco Chemical	Salt Lake City	UT	2:1
Newspaper Agency	Salt Lake City	UT	2:1
Pacific Steel	Salt Lake City	UT	2:1
Pax	Salt Lake City	UT	2:1
Peerless Oil	Salt Lake City	UT	2:1
Petrolane	Salt Lake City	UT	2:1
Pioneer Wholesale Supply Inc	Salt Lake City	UT	2:1
Resource Net (aka Western Paper Co)	Salt Lake City	UT	2:1
Salt Lake Auto Auction	Salt Lake City	UT	2:1
Semling Menke	Salt Lake City	UT	2:1
Specialized Rail Service	Salt Lake City	UT	Transload
Sport Court	Salt Lake City	UT	2:1
Steelco	Salt Lake City	UT	2:1
Stone Container	Salt Lake City	UT	2:1
Sutherland Lumber	Salt Lake City	UT	2:1
Tenneco Packaging Drgw	Salt Lake City	UT	2:1
Terminal Freight Handling	Salt Lake City	UT	2:1
Thatcher Company	Salt Lake City	UT	2:1

Transwood
United States Postal Service
United States Welding
Utah Barrel
Utah Metal Works
Utah Paper Box
Valley Steel Processing Inc
Van Water Rogers
Westinghouse Electric Co
Weyerhaeuser (Matl Dist)
Weyerhaeuser (Recycling)
Wholesale Stationers Corp
Wholesale Transfer & Whse
Inland Refining Inc
Koch Performance Asphalt Co
Peak Profile
Phillips 66W

Salt Lake City	UT	Transload
Salt Lake City	UT	2:1
Salt Lake City	UT	2:1
Salt Lake City	UT	2:1
Salt Lake City	UT	2:1
Salt Lake City	UT	2:1
Salt Lake City	UT	2:1
Salt Lake City	UT	2:1
Salt Lake City	UT	2:1
Salt Lake City	UT	2:1
Salt Lake City	UT	2:1
Woods Cross	UT	2:1
Woods Cross	UT	2:1
Woods Cross	UT	2:1
Woods Cross	UT	2:1

2-To-1" points Where UP Has Advised BNSF Has Access To "All Customers"

<u>Customer</u>	<u>Station</u>	<u>State</u>	<u>Status</u>
All Customers	Altamont	CA	2:1
All Customers	Hearst	CA	2:1
All Customers	Livermore	CA	2:1
All Customers	Midway	CA	2:1
All Customers	Modesto	CA	2:1
All Customers	Niles Jct	CA	2:1
All Customers	Pleasanton	CA	2:1
All Customers	Radum	CA	2:1
All Customers	Trevarno	CA	2:1
All Customers	Alazon	NV	2:1
All Customers	Barth	NV	2:1
All Customers	Beowawe	NV	2:1
All Customers	Carlin	NV	2:1
All Customers	Coin	NV	2:1
All Customers	Deeth	NV	2:1
All Customers	Dunphy	NV	2:1
All Customers	Elburz	NV	2:1
All Customers	Elko	NV	2:1
All Customers	Ellison	NV	2:1
All Customers	Golconda	NV	2:1
All Customers	Hunter	NV	2:1
All Customers	Jayhawk	NV	2:1
All Customers	Kampos	NV	2:1
All Customers	Knight	NV	2:1
All Customers	Nardi	NV	2:1
All Customers	Pardo	NV	2:1
All Customers	Rasid	NV	2:1
All Customers	Redhouse	NV	2:1
All Customers	Rennox	NV	2:1
All Customers	Russells	NV	2:1
All Customers	Ryndon	NV	2:1
All Customers	Tulasco	NV	2:1
All Customers	Weso	NV	2:1
All Customers	Buford	TX	2:1
All Customers	Clint	TX	2:1
All Customers	Dickinson	TX	2:1
All Customers	Dumont	TX	2:1
All Customers	Fabens	TX	2:1
All Customers	Fondren	TX	2:1
All Customers	Ft Hancock	TX	2:1
All Customers	Genoa	TX	2:1
All Customers	Great Southwest	TX	2:1

All Customers	Gypsum Spur	TX	2:1
All Customers	Hulen Park	TX	2:1
All Customers	Iser	TX	2:1
All Customers	La Marque	TX	2:1
All Customers	League City	TX	2:1
All Customers	McDonough	TX	2:1
All Customers	McNary	TX	2:1
All Customers	Olcott	TX	2:1
All Customers	Sierra Blanca	TX	2:1
All Customers	Texas City Jct	TX	2:1
All Customers	Torrillo	TX	2:1
All Customers	Webster	TX	2:1
All Customers	Ysleta	TX	2:1

**Customers Accessed By BNSF Directly
On Lines Purchased As A Result Of The UP/SP Merger**

Customer	Station	State	Status
Anchor Drilling Fluids USA Inc	Cade	LA	Direct
Baroid Corp	Berwick	LA	Direct
Broussard Rice Mill Inc	Mermentau	LA	Direct
Cargill Inc. (Refinery)	Fullerton	CA	Direct
Hunt Wesson (Bldgs 18, 22 & 28)	Fullerton	CA	Direct
Ico Tubular	Boeuf	LA	Direct
J Ray McDermott	Boeuf	LA	Direct
J & L Cameco Honiron Div	Jeanerette	LA	Direct
Lafayette Power Plant	Lafayette	LA	Direct
M I Drilling Fluids	Boeuf	LA	Direct
Monsanto Co	Boutte	LA	Direct
Patterson Truck Lines	Morgan City	LA	Direct
Pipe Distributors	Boeuf	LA	Direct
Port of Morgan City	Morgan City	LA	Direct
Tenneco	Morgan City	LA	Direct
Texaco Inc	Paradis	LA	Direct
Tuboscope	Morgan City	LA	Direct
Tuboscope Vetco International	Boeuf	LA	Direct

Customers Accessed By BNSF Located on "2-To-1" Shortlines/Regional Carriers

Customer	Station	State	Serving Carrier	Status
American Fiber Industries	Little Rock	AR	LRPA	2:1 SL
Ben E Keith of Arkansas	Little Rock	AR	LRPA	2:1 SL
Best Foods Div CPC Intl Inc	Little Rock	AR	LRPA	2:1 SL
Democrat Printing & Lithographing Co	Little Rock	AR	LRPA	2:1 SL
G E Appliances	Little Rock	AR	LRPA	2:1 SL
Interstate Highway Sign Co	Little Rock	AR	LRPA	2:1 SL
Little Rock Distributing	Little Rock	AR	LRPA	2:1 SL
Logistics Services Inc. (LSI)	Little Rock	AR	LRPA	2:1 SL
Logistics Svcs Inc (LSI) (Ryan Walsh Inc)	Little Rock	AR	LRPA	2:1 SL
National By Products	Little Rock	AR	LRPA	2:1 SL
Oneal Steel Inc.	Little Rock	AR	LRPA	2:1 SL
Pind Supply Inc	Little Rock	AR	LRPA	2:1 SL
Recycle America	Little Rock	AR	LRPA	2:1 SL
River Cement	Little Rock	AR	LRPA	2:1 SL
Safety Kleen	Little Rock	AR	LRPA	2:1 SL
Schick Steel	Little Rock	AR	LRPA	2:1 SL
Schueck Steel	Little Rock	AR	LRPA	2:1 SL
Sloane, George Fischer Mfg Co Inc	Little Rock	AR	LRPA	2:1 SL
Southern Bldg Products	Little Rock	AR	LRPA	2:1 SL
Southern Scrap	Little Rock	AR	LRPA	2:1 SL
Southland Products	Little Rock	AR	LRPA	2:1 SL
Vincent Metals Div Rio Algom Inc	Little Rock	AR	LRPA	2:1 SL
Vinyl Building Products	Little Rock	AR	LRPA	2:1 SL
Wheatland Tube - Omega Div	Little Rock	AR	LRPA	2:1 SL
Continental Grain Corp	Danville	AR	LRWN	2:1 SL
Greenbay Pkg Inc Ark Kraft Div	Danville	AR	LRWN	2:1 SL
Wayne Poultry & Feed (Div Continental Grain)	Danville	AR	LRWN	2:1 SL
Deltic Farm & Timber	Ola	AR	LRWN	2:1 SL
Greenbay Pkg Inc Arkansas Kraft Div	Perry	AR	LRWN	2:1 SL
Greenbay Pkg Inc (Paper)	Perry	AR	LRWN	2:1 SL
Collins Pine	Chester	CA	AL	2:1 SL
Helena Chemical Co	Bunkie	LA	AKDN	2:1 SL
Acadiana Scrap Salvage	Crowley	LA	AKDN	2:1 SL
Falcon Rice Mill	Crowley	LA	AKDN	2:1 SL
Francis Drilling Fluids Ltd	Crowley	LA	AKDN	2:1 SL
G & H Seed	Crowley	LA	AKDN	2:1 SL
Helena Chemical	Crowley	LA	AKDN	2:1 SL
Krielow Bros	Crowley	LA	AKDN	2:1 SL
Liq Quick Fertilizer	Crowley	LA	AKDN	2:1 SL
Riceland Foods (ADM)	Crowley	LA	AKDN	2:1 SL
Southwest Rice Mill	Crowley	LA	AKDN	2:1 SL
Southwest Rice Mill	Crowley	LA	AKDN	2:1 SL

Allen Tank	New Iberia	LA	LDRR	2:1 SL
Ambar	New Iberia	LA	LDRR	2:1 SL
Bayou Pipe Coating	New Iberia	LA	LDRR	2:1 SL
Carbo Ceramics	New Iberia	LA	LDRR	2:1 SL
Coastal Chemical	New Iberia	LA	LDRR	2:1 SL
Coastal Timbers	New Iberia	LA	LDRR	2:1 SL
Creole Fermentation	New Iberia	LA	LDRR	2:1 SL
Degussa Carbon Black Corp	New Iberia	LA	LDRR	2:1 SL
Iberia Sugar	New Iberia	LA	LDRR	2:1 SL
Iberia Threading	New Iberia	LA	LDRR	2:1 SL
Liberty Connell	New Iberia	LA	LDRR	2:1 SL
Olin	New Iberia	LA	LDRR	2:1 SL
Premiere Casing	New Iberia	LA	LDRR	2:1 SL
Patout M A & Son Ltd	Patoutville	LA	LDRR	2:1 SL
Dufrene Building Materials Inc	Raceland	LA	LDRR	2:1 SL
Tri-State Delta Inc	Schriever	LA	LDRR	2:1 SL
National Beverage	Thibodaux	LA	LDRR	2:1 SL
Miller Brands	Harahan	LA	NOPB	2:1 SL
Ribelin Distribution Inc	Harahan	LA	NOPB	2:1 SL
Lincoln Big Three	Harvey	LA	NOPB	2:1 SL
M I Drilling Fluids Co	Harvey	LA	NOPB	2:1 SL
Cajun Distributing	Jefferson	LA	NOPB	2:1 SL
Distron	Jefferson	LA	NOPB	2:1 SL
Transoceanic Shipping/ Intl Export Packers of La	Kenner	LA	NOPB	2:1 SL
A To Z Paper Co	New Orleans	LA	NOPB	2:1 SL
Advance Paper Co Janitorial	New Orleans	LA	NOPB	2:1 SL
Baroid Sales Co (NI Ind)	New Orleans	LA	NOPB	2:1 SL
Barriere Construction Co	New Orleans	LA	NOPB	2:1 SL
Better Boxing	New Orleans	LA	NOPB	2:1 SL
Bourg Wilson Lbr & Bldg Inc	New Orleans	LA	NOPB	2:1 SL
Bubbas Produce	New Orleans	LA	NOPB	2:1 SL
Bulk Materials Transfer	New Orleans	LA	NOPB	2:1 SL
Cargill	New Orleans	LA	NOPB	2:1 SL
Citadel Cement/ Laforet Co	New Orleans	LA	NOPB	2:1 SL
Crown Oil Chemical	New Orleans	LA	NOPB	2:1 SL
Dbi R Equine Feed Supply	New Orleans	LA	NOPB	2:1 SL
Deavo Lime Pellican Divn	New Orleans	LA	NOPB	2:1 SL
Depuy Stg & Fwd	New Orleans	LA	NOPB	2:1 SL
Dravo Basic Materials	New Orleans	LA	NOPB	2:1 SL
Equitable Shipyards	New Orleans	LA	NOPB	2:1 SL
Gats Masonry	New Orleans	LA	NOPB	2:1 SL
Glazer Steel and Aluminum	New Orleans	LA	NOPB	2:1 SL
Halter Marine	New Orleans	LA	NOPB	2:1 SL
Holnam	New Orleans	LA	NOPB	2:1 SL
Horizon Intl	New Orleans	LA	NOPB	2:1 SL
Hug Condon & Mayflower Moving & Storing	New Orleans	LA	NOPB	2:1 SL
Lane & Co	New Orleans	LA	NOPB	2:1 SL
Lengsfeld Bros - Lengsfeld Pkg	New Orleans	LA	NOPB	2:1 SL

Levitz Furniture
 Liquid Sugars Inc
 Marzoni & Associates
 Missionary Expeditors Inc
 Namasco
 Neeb Kearney Inc
 New Orleans Cold Storage
 New Orleans Distribution
 New Orleans Marine Cont
 New Orleans Metal Works
 North Star Steel Co
 Orleans Matls Equipment Co
 Patent Scaffolding
 Paulsen-Weber
 Pelican Paper
 Pelican Tomato Co
 Pennzoil Products
 Plymouth Cordage
 Plywood Panels
 Pontchartrain Matl Corp
 Port Cargo Service
 Public Bulk Terminal
 Puerto Rican Marine Mgt
 Reily Chemical Co
 Reily Wm B - Blue Plate Fine Foods
 Ribelen Sales Inc
 Rippner Inc
 Ryan Timber Co
 Sealand
 Second Harvester
 Sequoia Supply Inc
 Sewerage & Water Board of New Orleans
 Southeast Recycling
 Southern Scrap Matl Co
 Southern Steel & Aluminum
 Standard Coffee
 Tri Ro Pa Mills
 Triple E Transport Inc
 Turner Marine Bulk Inc
 US Army Corp of Engineering
 US Gypsum Co
 W R Grace
 BHP Copper
 Amfels Inc
 Anbel Corporation
 Best Group Marine
 Brownsville Navigation
 Brownsville Refining

New Orleans	LA	NOPB	2:1 SL
New Orleans	LA	NOPB	2:1 SL
New Orleans	LA	NOPB	2:1 SL
New Orleans	LA	NOPB	2:1 SL
New Orleans	LA	NOPB	2:1 SL
New Orleans	LA	NOPB	2:1 SL
New Orleans	LA	NOPB	2:1 SL
New Orleans	LA	NOPB	2:1 SL
New Orleans	LA	NOPB	2:1 SL
New Orleans	LA	NOPB	2:1 SL
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New Orleans	LA	NOPB	2:1 SL
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New Orleans	LA	NOPB	2:1 SL
New Orleans	LA	NOPB	2:1 SL
New Orleans	LA	NOPB	2:1 SL
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New Orleans	LA	NOPB	2:1 SL
New Orleans	LA	NOPB	2:1 SL
New Orleans	LA	NOPB	2:1 SL
New Orleans	LA	NOPB	2:1 SL
New Orleans	LA	NOPB	2:1 SL
New Orleans	LA	NOPB	2:1 SL
New Orleans	LA	NOPB	2:1 SL
Riepetown	NV	BHP	2:1 SL
Brownsville	TX	BRG	2:1 SL
Brownsville	TX	BRG	2:1 SL
Brownsville	TX	BRG	2:1 SL
Brownsville	TX	BRG	2:1 SL
Brownsville	TX	BRG	2:1 SL

Carl & Carol Meyer	Brownsville	TX	BRG	2:1 SL
Chem USA Corp	Brownsville	TX	BRG	2:1 SL
Columbia Western Clay	Brownsville	TX	BRG	2:1 SL
Comercializadora Lajunta	Brownsville	TX	BRG	2:1 SL
Dix Industries Inc	Brownsville	TX	BRG	2:1 SL
Duropaper Bag Mfg	Brownsville	TX	BRG	2:1 SL
Elgo Internacional	Brownsville	TX	BRG	2:1 SL
Frontier Services	Brownsville	TX	BRG	2:1 SL
Galbreath Inc	Brownsville	TX	BRG	2:1 SL
Garva Corp	Brownsville	TX	BRG	2:1 SL
Global Stone Lc	Brownsville	TX	BRG	2:1 SL
Groendyke Transport	Brownsville	TX	BRG	2:1 SL
Gulf Facilities Inc	Brownsville	TX	BRG	2:1 SL
Gulf Stream Marine Of Brownsville	Brownsville	TX	BRG	2:1 SL
Gulmar Inc	Brownsville	TX	BRG	2:1 SL
Inter Transfer	Brownsville	TX	BRG	2:1 SL
Interlube Terminals	Brownsville	TX	BRG	2:1 SL
International Shipbreaking	Brownsville	TX	BRG	2:1 SL
International Stainless Steel	Brownsville	TX	BRG	2:1 SL
Itapco Border Termi	Brownsville	TX	BRG	2:1 SL
Itapco Bville Termi	Brownsville	TX	BRG	2:1 SL
Itapco Tejano Termi	Brownsville	TX	BRG	2:1 SL
John Houlihan	Brownsville	TX	BRG	2:1 SL
Liberty Engr Inc	Brownsville	TX	BRG	2:1 SL
Lower Valley Trans	Brownsville	TX	BRG	2:1 SL
Marine Scrap Corp	Brownsville	TX	BRG	2:1 SL
Oglebay Norton	Brownsville	TX	BRG	2:1 SL
Open Sesame Commodity	Brownsville	TX	BRG	2:1 SL
Penn Octane Corp	Brownsville	TX	BRG	2:1 SL
Petroliquids Terminal	Brownsville	TX	BRG	2:1 SL
Plitt Crane & Equipment Inc	Brownsville	TX	BRG	2:1 SL
Port Elevator-Brownsville	Brownsville	TX	BRG	2:1 SL
Port Of Brownsville	Brownsville	TX	BRG	2:1 SL
Quimica Fluor Sa	Brownsville	TX	BRG	2:1 SL
R M Walsdorf Co	Brownsville	TX	BRG	2:1 SL
Rio Plastics Inc	Brownsville	TX	BRG	2:1 SL
Roll & Hold	Brownsville	TX	BRG	2:1 SL
RR Maintenance & Constr	Brownsville	TX	BRG	2:1 SL
Sanco International Inc	Brownsville	TX	BRG	2:1 SL
Satellite I Inc	Brownsville	TX	BRG	2:1 SL
South Pacific Plywood Lumber	Brownsville	TX	BRG	2:1 SL
South Texas Grain	Brownsville	TX	BRG	2:1 SL
South Texas Grain (Tip C Tex Elevator)	Brownsville	TX	BRG	2:1 SL
Southwest Grain	Brownsville	TX	BRG	2:1 SL
STG Leasing Co	Brownsville	TX	BRG	2:1 SL
Texas International Ry	Brownsville	TX	BRG	2:1 SL
Transforma Marine	Brownsville	TX	BRG	2:1 SL
TransMontaigne Terminating Inc	Brownsville	TX	BRG	2:1 SL

Trico Technologies Corp
 Valley Warehousing
 Anglo Iron & Metal
 Brownsville Gulfside Warehouse
 Duro Bag
 Garva Corp
 Gulf Facilities Inc
 Gulmar Inc
 Schaefer Stevedoring
 STF Inc
 Texas Intl Rwy (Rail Transport Svcs)
 Union Carbide
 Westway Terminal (Trading)
 ADM Growmark
 Aimcor
 BHP Copper
 Continental Grain
 Corpus Christi Caller Times
 Corpus Christi Pub Compress
 Corpus Christi Public Elevator
 Dix Fairway Terminals LLC
 Farrell Cooper Mining
 Phelps Dodge
 Port Of Corpus Christi
 Scholl Forest Industries
 Texas Lehigh Cement
 Timet
 Valls Shipping
 Vista Trading
 McCoy Lumber
 Calcasieu Lumber Co
 Strawn Explosives
 Team Track Feld
 Austin Marble
 Hope Lumber Co
 McCoy Lumber
 Transit Mix Inc
 Calcasiey Lbr Co
 Top Dollar Cement
 ABC Supply
 Acco
 Alar Distribution
 Alliant Food Service
 Austin Steam Train Ass'n
 Boonesborough Inc
 Brown Dist
 Capital Beverage
 Foxworth - Galbraith

Brownsville	TX	BRG	2:1 SL
Brownsville	TX	BRG	2:1 SL
Port of Brownsville	TX	BRG	2:1 SL
Port of Brownsville	TX	BRG	2:1 SL
Port of Brownsville	TX	BRG	2:1 SL
Port of Brownsville	TX	BRG	2:1 SL
Port of Brownsville	TX	BRG	2:1 SL
Port of Brownsville	TX	BRG	2:1 SL
Port of Brownsville	TX	BRG	2:1 SL
Port of Brownsville	TX	BRG	2:1 SL
Port of Brownsville	TX	BRG	2:1 SL
Port of Brownsville	TX	BRG	2:1 SL
Port of Brownsville	TX	BRG	2:1 SL
Corpus Christi	TX	CCTR	2:1 SL
Corpus Christi	TX	CCTR	2:1 SL
Corpus Christi	TX	CCTR	2:1 SL
Corpus Christi	TX	CCTR	2:1 SL
Corpus Christi	TX	CCTR	2:1 SL
Corpus Christi	TX	CCTR	2:1 SL
Corpus Christi	TX	CCTR	2:1 SL
Corpus Christi	TX	CCTR	2:1 SL
Corpus Christi	TX	CCTR	2:1 SL
Corpus Christi	TX	CCTR	2:1 SL
Corpus Christi	TX	CCTR	2:1 SL
Corpus Christi	TX	CCTR	2:1 SL
Corpus Christi	TX	CCTR	2:1 SL
Corpus Christi	TX	CCTR	2:1 SL
Corpus Christi	TX	CCTR	2:1 SL
Corpus Christi	TX	CCTR	2:1 SL
Corpus Christi	TX	CCTR	2:1 SL
Belton	TX	GRR	2:1 SL
Feld	TX	GRR	2:1 SL
Feld	TX	GRR	2:1 SL
Feld	TX	GRR	2:1 SL
Georgetown	TX	GRR	2:1 SL
Georgetown	TX	GRR	2:1 SL
Georgetown	TX	GRR	2:1 SL
Georgetown	TX	GRR	2:1 SL
Round Rock	TX	GRR	2:1 SL
Weir	TX	GRR	2:1 SL
Austin	TX	LHRR	2:1 SL
Austin	TX	LHRR	2:1 SL
Austin	TX	LHRR	2:1 SL
Austin	TX	LHRR	2:1 SL
Austin	TX	LHRR	2:1 SL
Austin	TX	LHRR	2:1 SL
Austin	TX	LHRR	2:1 SL
Austin	TX	LHRR	2:1 SL
Austin	TX	LHRR	2:1 SL

Huntsman
 Joe Pinelli
 Kraft Food Service
 Shiner
 Warren Furniture
 Hoover Building Supply
 Pioneer Concrete
 84 Lumber
 Acme Brick
 Elgin Butler Brick
 Elgin Warehouse
 Greenline Chemical Co
 U S Brick
 Valcones Recycling
 Cactus Canyon
 Capitol Aggregates, Ltd.
 Chemical Lime
 J M Huber
 Texas Granite
 Abbott Labs
 Guthrie Lumber
 J H Supply
 Alar Distribution
 Capital Beverage
 Foxworth - Galbraith
 McCoy's
 Agua Dulce Co-op
 Agua Dulce Grain Co
 Barr Iron & Metal
 Bell Processing
 Dowell Schlumberger Inc
 Halliburton Energy Svc
 Hammock Distribution
 Milchem
 Santrol
 Tetra Oil & Gas Svc
 Tetra Services Inc
 Titan Services
 Western
 Banquete Co-op
 Banquete Grain & Elevator
 Alamo Concrete Prod Ltd
 Alford Refrigerated Whse
 Andrews Distributing
 Atlas Iron Metal
 Barnup & Simms of Texas Inc
 Bay Limited
 Berry Contracting

Austin	TX	LHRR	2:1 SL
Austin	TX	LHRR	2:1 SL
Austin	TX	LHRR	2:1 SL
Austin	TX	LHRR	2:1 SL
Austin	TX	LHRR	2:1 SL
Burnet	TX	LHRR	2:1 SL
Burnet	TX	LHRR	2:1 SL
Decker	TX	LHRR	2:1 SL
Elgin	TX	LHRR	2:1 SL
Elgin	TX	LHRR	2:1 SL
Elgin	TX	LHRR	2:1 SL
Elgin	TX	LHRR	2:1 SL
Elgin	TX	LHRR	2:1 SL
Elgin	TX	LHRR	2:1 SL
Marble Falls	TX	LHRR	2:1 SL
Marble Falls	TX	LHRR	2:1 SL
Marble Falls	TX	LHRR	2:1 SL
Marble Falls	TX	LHRR	2:1 SL
Marble Falls	TX	LHRR	2:1 SL
McNeil	TX	LHRR	2:1 SL
McNeil	TX	LHRR	2:1 SL
McNeil	TX	LHRR	2:1 SL
Scoobee	TX	LHRR	2:1 SL
Scoobee	TX	LHRR	2:1 SL
Scoobee	TX	LHRR	2:1 SL
Scoobee	TX	LHRR	2:1 SL
Agua Dulce	TX	TM	2:1 SL
Agua Dulce	TX	TM	2:1 SL
Alice	TX	TM	2:1 SL
Alice	TX	TM	2:1 SL
Alice	TX	TM	2:1 SL
Alice	TX	TM	2:1 SL
Alice	TX	TM	2:1 SL
Alice	TX	TM	2:1 SL
Alice	TX	TM	2:1 SL
Alice	TX	TM	2:1 SL
Alice	TX	TM	2:1 SL
Alice	TX	TM	2:1 SL
Alice	TX	TM	2:1 SL
Banquete	TX	TM	2:1 SL
Banquete	TX	TM	2:1 SL
Corpus Christi	TX	TM	2:1 SL
Corpus Christi	TX	TM	2:1 SL
Corpus Christi	TX	TM	2:1 SL
Corpus Christi	TX	TM	2:1 SL
Corpus Christi	TX	TM	2:1 SL
Corpus Christi	TX	TM	2:1 SL
Corpus Christi	TX	TM	2:1 SL
Corpus Christi	TX	TM	2:1 SL

[illegible]

Brennan & Co	Laredo	TX	TM	2:1 SL
Caseo Guerra	Laredo	TX	TM	2:1 SL
Chemical Leaman	Laredo	TX	TM	2:1 SL
Continental Exim (G Bolano)	Laredo	TX	TM	2:1 SL
Despachos del Norte	Laredo	TX	TM	2:1 SL
Fernando Garcia Whse	Laredo	TX	TM	2:1 SL
Flores R L	Laredo	TX	TM	2:1 SL
Galveston Paper inc	Laredo	TX	TM	2:1 SL
Gateway Transfer	Laredo	TX	TM	2:1 SL
J O Alvarez CHB	Laredo	TX	TM	2:1 SL
Laredo Moving & Storage	Laredo	TX	TM	2:1 SL
MB Forwarding	Laredo	TX	TM	2:1 SL
Mesa Processing	Laredo	TX	TM	2:1 SL
Milwhite Inc	Laredo	TX	TM	2:1 SL
Pasquel Hermanos	Laredo	TX	TM	2:1 SL
Texas Intl Forwarding	Laredo	TX	TM	2:1 SL
Wright Materials Inc	Robstown	TX	TM	2:1 SL
Butterfield Bldg Matl (Lumber)	Midvale	UT	SL	2:1 SL
Dunn Oil Company	Salt Lake City	UT	SL	2:1 SL
Georgia Pacific Corp.	Salt Lake City	UT	SL	2:1 SL
Henderson Wheel & Whse Supply	Salt Lake City	UT	SL	2:1 SL
Hudson Printing Blaire	Salt Lake City	UT	SL	2:1 SL
Intermountain Furniture	Salt Lake City	UT	SL	2:1 SL
Intermountain Lumber Co	Salt Lake City	UT	SL	2:1 SL
Sears Roebuck & Co	Salt Lake City	UT	SL	2:1 SL
Standard Builders Supply	Salt Lake City	UT	SL	2:1 SL
Wasatch Metal Salvage	Salt Lake City	UT	SL	2:1 SL
Wasatch Shippers	Salt Lake City	UT	SL	2:1 SL
Boise Cascade	City Limits	UT	SLGW	2:1 SL
Certified Warehouse	City Limits	UT	SLGW	2:1 SL
Comstar International	City Limits	UT	SLGW	2:1 SL
National Distribution	City Limits	UT	SLGW	2:1 SL
Pacific Cold Storage	City Limits	UT	SLGW	2:1 SL
Sauder Woodworking	City Limits	UT	SLGW	2:1 SL
Pacificorp	Gadsby	UT	SLGW	2:1 SL
Constar International	Salt Lake City	UT	SLGW	2:1 SL
Mountain Fuel Supply	Salt Lake City	UT	SLGW	2:1 SL
Pacific Cold Storage	Salt Lake City	UT	SLGW	2:1 SL
Pacificorp	Salt Lake City	UT	SLGW	2:1 SL
Utah State Board Education	Salt Lake City	UT	SLGW	2:1 SL
Valley Oil Transportation	Salt Lake City	UT	SLGW	2:1 SL
Western Zirconium (Westinghouse Electric)	Little Mountain	UT	UCRY	2:1 SL
Amalgamated Sugar Co	Ogden	UT	UCRY	2:1 SL
BMC West	Ogden	UT	UCRY	2:1 SL
Infiltrator Systems	Ogden	UT	UCRY	2:1 SL
Intermountain Grain	Ogden	UT	UCRY	2:1 SL
Pioneer Door Sales	Ogden	UT	UCRY	2:1 SL
Centennial Gas Liquids	Ogden Sugar Works	UT	UCRY	2:1 SL

Larkin Cattle Co
McFarland Cascade Corp
Northwest Trading Co
Round Butte Products
Trinity Industries Inc

Ogden Sugar Works	UT	UCRY	2:1	SL
Ogden Sugar Works	UT	UCRY	2:1	SL
Ogden Sugar Works	UT	UCRY	2:1	SL
Ogden Sugar Works	UT	UCRY	2:1	SL
Ogden Sugar Works	UT	UCRY	2:1	SL

**UP/SP Customers Accessed By BNSF As A Result Of
The "98 "50/50" Line Agreement"**

Customer	Station	State	Status
Trailer Marine Transport Corp	Harbor	LA	98 Agreement
City of Lafayette	Lafayette	LA	98 Agreement
Conco Food Distributors	Lafayette	LA	98 Agreement
Butcher Distributors Inc	Lake Charles	LA	98 Agreement
East Lake Oil Inc/Eastlake Oils	Lake Charles	LA	98 Agreement
Milpark Drilling Fluids (Baker Hughes)	Lake Charles	LA	98 Agreement
Spartech Polycom	Lake Charles	LA	98 Agreement
Transit Mix Concrete & Matl Co of LA	Lake Charles	LA	98 Agreement
Century Steps Inc, Sulphur Div	Sulphur	LA	98 Agreement
Entergy Inc/Gulf States Utilities	Sulphur	LA	98 Agreement
E W Services	West Lake	LA	98 Agreement
Certainfeed Corp	West Lake	LA	98 Agreement
Port of Lake Charles Bulk Terminal 1	West Lake Charles	LA	98 Agreement
Betz Dearborn Hydrocarbon	Amelia	TX	98 Agreement
Doguet Rice Milling Co	Amelia	TX	98 Agreement
Koppers Ind	Amelia	TX	98 Agreement
Pipe Distributors	Amelia	TX	98 Agreement
Huntsman Petrochemical Corp	Audrey	TX	98 Agreement
Sunbelt Works Inc	Audrey	TX	98 Agreement
Inman Service Co	Baytown	TX	98 Agreement
International Group Inc	Baytown	TX	98 Agreement
Baxter Oil Co	Beaumont	TX	98 Agreement
Beaumont Brick & Stone	Beaumont	TX	98 Agreement
Beaumont Rice Mills Inc	Beaumont	TX	98 Agreement
Burris Transfer & Storage	Beaumont	TX	98 Agreement
C L Sherman & Son Lumber	Beaumont	TX	98 Agreement
Chevron Chemical	Beaumont	TX	98 Agreement
Continental Grain Co	Beaumont	TX	98 Agreement
Cowboy Concrete	Beaumont	TX	98 Agreement
Eastex Farm & Home	Beaumont	TX	98 Agreement
Equistar Chemicals LP	Beaumont	TX	98 Agreement
Giglio Distributing Co	Beaumont	TX	98 Agreement
Gilchrist Polymer Center	Beaumont	TX	98 Agreement
L D Construction	Beaumont	TX	98 Agreement
Mobil Chemical, Petrochemical Div	Beaumont	TX	98 Agreement
National Concrete Products Inc	Beaumont	TX	98 Agreement
Port of Beaumont	Beaumont	TX	98 Agreement
Sampson Steel Corp	Beaumont	TX	98 Agreement
Southern Iron & Metal Co	Beaumont	TX	98 Agreement
Transit Mix Concrete & Matl (Dollinger)	Beaumont	TX	98 Agreement
Transit Mix Concrete & Matl (Longhorn Rd)	Beaumont	TX	98 Agreement
Wilson Warehouse Co	Beaumont	TX	98 Agreement

Gulf States Utilities	Bobsher	TX	98 Agreement
A & A Fertilizer	Chaison	TX	98 Agreement
Chemical Waste Management	Chaison	TX	98 Agreement
Econo Rail Corp	Chaison	TX	98 Agreement
Elf Atochem North America	Chaison	TX	98 Agreement
Martin Gas Sales Inc	Chaison	TX	98 Agreement
Mobil Chemical Specialty (Mobil Oil Corp)	Chaison	TX	98 Agreement
Neches Industrial Park	Chaison	TX	98 Agreement
Olin Corp	Chaison	TX	98 Agreement
Poly Glycol (Oxychem)	Chaison	TX	98 Agreement
R J Gallagher Co	Chaison	TX	98 Agreement
Transit Mix Concrete & Matl (South Plant)	Chaison	TX	98 Agreement
Entergy Services	China	TX	98 Agreement
Werco Inc	China	TX	98 Agreement
Trinity Industries Inc	Connell	TX	98 Agreement
A to Z Terminal Corp	Crosby	TX	98 Agreement
Enfab Industries Inc	Crosby	TX	98 Agreement
KMCO Inc	Crosby	TX	98 Agreement
Seaberg Rice Co	Dayton	TX	98 Agreement
Trevor Boyce	Dayton	TX	98 Agreement
Amoco Chemical Co	Dayton SIT	TX	98 Agreement
Chevron Chemical Co	Dayton SIT	TX	98 Agreement
Dayton Plastic Storage	Dayton SIT	TX	98 Agreement
Exxon Chemical Americas	Dayton SIT	TX	98 Agreement
Fina Oil & Chemical Co	Dayton SIT	TX	98 Agreement
Millennium Petrochemicals Inc	Dayton SIT	TX	98 Agreement
Montell USA Inc	Dayton SIT	TX	98 Agreement
Phillips Chemical	Dayton SIT	TX	98 Agreement
Redland Stone Prod	Dayton SIT	TX	98 Agreement
Engineered Carbons (Div of Ameripol Synpol)	Echo	TX	98 Agreement
River Cement Co	Echo	TX	98 Agreement
Baychem International	Eldon	TX	98 Agreement
Engineered Carbons (Div of Ameripol Synpol)	Eldon	TX	98 Agreement
Houston Light & Power Co	Eldon	TX	98 Agreement
Progress Rail Service	Eldon	TX	98 Agreement
U S Ink	Eldon	TX	98 Agreement
G & G Enterprise	Francis	TX	98 Agreement
Transit Mix Concrete & Materials	Francis	TX	98 Agreement
Wilson Warehouse Co of Texas	Francis	TX	98 Agreement
X L Systems	Gaffey	TX	98 Agreement
Houston Brick & Tile	Houston	TX	98 Agreement
Texas Steel Compressor	Houston	TX	98 Agreement
Tuboscope Vetco Intl	Houston	TX	98 Agreement
A & R Logistics	Houston (Fauna)	TX	98 Agreement
BMA / Sunrise Plastics	Houston (Fauna)	TX	98 Agreement
Tek Rap Inc	Houston (Fauna)	TX	98 Agreement
Horsehead Resource Development	Korf	TX	98 Agreement
North Star Steel Co	Korf	TX	98 Agreement

Liberty Forge Inc	Liberty	TX	98 Agreement
Mississippi Chemical	Liberty	TX	98 Agreement
Dynegy Inc	Mont Belvieu	TX	98 Agreement
Enterprise Products	Mont Belvieu	TX	98 Agreement
Ferrell North America	Mont Belvieu	TX	98 Agreement
Pol-Tex International	Mont Belvieu	TX	98 Agreement
Texas Eastern	Mont Belvieu	TX	98 Agreement
Ultramar Diamond Shamrock (Martin Gas)	Mont Belvieu	TX	98 Agreement
Dupont de Nemours, E I (marked whse)	Orange	TX	98 Agreement
Offshore Pipeline	Orange	TX	98 Agreement
Trinity Industries	Orange	TX	98 Agreement
Chevron	Port Arthur	TX	98 Agreement
City of Port Arthur	Port Arthur	TX	98 Agreement
Motiva Enterprises LLC	Port Arthur	TX	98 Agreement
Star Enterprise	Port Arthur	TX	98 Agreement
Transit Mix Concrete & Materials	Port Arthur	TX	98 Agreement
A & A Tubular Services Inc	Sheldon	TX	98 Agreement
Arrow Trucking Co	Sheldon	TX	98 Agreement
Baker Hughes Inteq	Sheldon	TX	98 Agreement
Champion Pipe & Supply	Sheldon	TX	98 Agreement
Cypress Creek Pipe	Sheldon	TX	98 Agreement
Delta Tubular Processing	Sheldon	TX	98 Agreement
Donohue Industries Inc	Sheldon	TX	98 Agreement
Donohue Recycling Corp	Sheldon	TX	98 Agreement
E L Farmer & Co	Sheldon	TX	98 Agreement
Evans Cooperage Co Inc	Sheldon	TX	98 Agreement
Five Star Transportation	Sheldon	TX	98 Agreement
ICO Tubular Services	Sheldon	TX	98 Agreement
J D Fields & Co	Sheldon	TX	98 Agreement
LA Utilities	Sheldon	TX	98 Agreement
Luzenac America	Sheldon	TX	98 Agreement
Mandel Kahn Industries	Sheldon	TX	98 Agreement
North Star Steel of Houston	Sheldon	TX	98 Agreement
Premier Pipe Inc	Sheldon	TX	98 Agreement
Quality Trucking Inc	Sheldon	TX	98 Agreement
Quality Tubing Inc	Sheldon	TX	98 Agreement
Sheldon Pipe Yard	Sheldon	TX	98 Agreement
T K Pipe & Rail Inc	Sheldon	TX	98 Agreement
Tex Fab Inc	Sheldon	TX	98 Agreement
Texas Oilfield Pipe Svcs	Sheldon	TX	98 Agreement
Total Pipe Service Inc	Sheldon	TX	98 Agreement
Triad Transport Inc	Sheldon	TX	98 Agreement
Tuboscope Vetco Intl Inc	Sheldon	TX	98 Agreement
Turner Brothers Trucking Co	Sheldon	TX	98 Agreement
Uni Form Components	Sheldon	TX	98 Agreement
Union Tank Car	Sheldon	TX	98 Agreement
Venture Trucking	Sheldon	TX	98 Agreement
W M Dewey & Son Inc	Sheldon	TX	98 Agreement

Woodard Transportation
BASF Corp Ag Prod Div
County of Jefferson
Chevron Chemical Co
Clark Refining & Mktg
Gulf Maritime Whse Co
KM Tex/KM Co
L & L Oil Co Inc
Port of Port Arthur
Equistar (Millennium Petrochemical)

Sheldon	TX	98 Agreement
Viterbo	TX	98 Agreement
Viterbo	TX	98 Agreement
West Port Arthur	TX	98 Agreement
West Port Arthur	TX	98 Agreement
West Port Arthur	TX	98 Agreement
West Port Arthur	TX	98 Agreement
West Port Arthur	TX	98 Agreement
West Port Arthur	TX	98 Agreement
Williams	TX	98 Agreement

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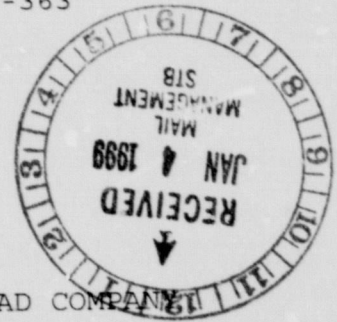
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UP/SP-363

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

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



APPLICANTS' FOURTH QUARTER 1998 PROGRESS
REPORT WITH RESPECT TO MERGER CONDITIONS

ENTERED
Office of the Secretary

JAN 04 1999

Part of
Public Record

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January 4, 1999

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY

-- CONTROL AND MERGER --

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

APPLICANTS' FOURTH QUARTER 1998 PROGRESS
REPORT WITH RESPECT TO MERGER CONDITIONS

Applicants UPC, UPRR and SPR^{1/} hereby submit their fourth quarter 1998 progress report with respect to the conditions imposed on the Board's approval of the UP/SP merger in Decision No. 44, served August 12, 1996. Submission of this progress report was required by ordering paragraph 10 of Decision No. 44. See also id., p. 146 ("We require as a condition that applicants submit on or before October 1, 1996, a progress report and implementing plan regarding their compliance with the conditions to this merger, and further progress reports on a quarterly basis."); Finance Docket No. 32760 (Sub-No. 21), Decision served Oct. 27, 1997, p. 19 ("UP and BNSF shall continue to report quarterly, with comprehensive summary presentations included in their progress reports due on July 1, 1998.").

^{1/} Acronyms used herein are the same as those in Appendix B of Decision No. 44.

As in our prior quarterly reports, items are included only if there have been developments since the prior report, and the information contained in this report is more abbreviated in nature than the more comprehensive presentation that Applicants filed on July 1, 1998. See id., p. 18. Applicants are not reporting on service issues, which are the subject of biweekly reports in Ex Parte No. 573.

I. BNSF, TEX MEX AND UTAH RAILWAY CONDITIONS

A. BNSF

BNSF Trackage Rights and Haulage. BNSF trackage rights traffic continued at high levels during the past quarter. As shown in Charts #1, #2 and #3 in Appendix A, BNSF averaged more than 710 through trackage rights trains in September, October and November, down slightly from the prior three months but above other previous quarterly totals. The tonnage handled on those trains averaged slightly more than 3.3 million tons in September, October and November, just below the 3.4 million in the preceding three months but again above other previous quarterly totals. And loaded and empty cars on BNSF through trackage rights trains averaged 42,125 in September, October and November, compared to 42,944 in the preceding three months. BNSF continued to operate at least daily through trackage rights train service in all major corridors.

Local train volumes of BNSF and its agent, UTAH, remained strong. BNSF and UTAH operated 706 local trains in September, October and November, handling 15,337 loaded and empty cars and 1,188,561 tons of freight, compared with the previous three months' totals of 539 trains, 13,805 cars, and 1,135,414 tons of freight.

UP's expenditures on the lines over which BNSF has trackage rights have continued to exceed substantially the fees received from BNSF. The latest available data in this regard, through September 30, 1998, are presented in Appendix B.

Implementation Steps. The UP-BNSF Joint Service Committee met most recently in October. At that meeting, BNSF and UP agreed that train performance in the Denver to Stockton/San Jose corridor had improved, and BNSF said that it had no service issues at that time. At the meeting, BNSF indicated that it remained interested in providing its own crews west of Salt Lake City, and the parties agreed to work to identify suitable crew change locations. BNSF has recently informed UP, however, that it has reevaluated establishing its own crew base, and that it has decided to continue utilizing UP crews for the present time. At the meeting, BNSF also indicated that it was continuing to evaluate whether to establish an intermediate crew change point between Denver and Grand Junction. UP and BNSF also discussed service on the

Baytown Branch, which has also been discussed in subsequent UP-BNSF meetings. The next Joint Service Committee meeting will be held later this January or in early February.

The "problem log" process for resolving issues with regard to the administration of the BNSF rights has been working increasingly well. In November, UP responded within four hours to 97% of problem log entries with an answer or an action plan to solve the problem.

Line Sales. On September 29, the Board exempted the exchange of ownership interests on contiguous line segments between Houston (Dawes) and New Orleans (Avondale) that was agreed to between UP and BNSF in February. Finance Docket No. 33630, Burlington Northern & Santa Fe Ry. & Union Pacific R.R. -- Acquisition Exemption -- Lines Between Dawes, TX, & Avondale, LA, Decision served Sept. 29, 1998. Details of final agreements remain under discussion.

Connections. Construction of the new connection at Stockton, California, is complete. All signal work is scheduled for completion in April 1999. BNSF has also completed its construction of a new connection at Longview, Texas, to support directional operations in the Houston-Memphis corridor. The signal work for the connection was completed in early October.

Definition of "2-to-1" Points. UP continues to respond in a timely fashion to BNSF inquiries in accordance

with the applicable protocol. In Decision No. 81, served October 5, 1998, the Board resolved a dispute concerning BNSF access to South Texas Liquid Terminal.

Opening 50% of Contract Traffic at "2-to-1" Points to BNSF. UP continues to be in compliance with this condition, as clarified in Decision No. 57, served Nov. 20, 1996. No issues with regard to this condition arose during the past quarter.

New Facilities and Transloading Condition. UP continues to be in compliance with this condition. UP has been discussing one El Paso-area facility with BNSF.

B. Tex Mex

Tex Mex has continued to use its trackage rights to handle significant volumes of traffic, as shown in the charts in Appendix A. As can be seen in Charts #4, #5 and #6, and Charts #7, #8 and #9, Tex Mex traffic levels exceed those of a year ago, after adjusting for the effects of the Board's service order. Tex Mex averaged 58 through trains in September, October and November, compared to 30 in the same period last year, after adjustment for service order traffic. The tonnage handled on those trains averaged more than 205,392 tons in September, October and November, compared to 188,310 in the same three months in 1997, after adjustment. And loaded and empty cars on Tex Mex through trackage rights trains averaged 2,644 in September, October and November,

compared to 2,391 in the same period a year earlier, after adjustment.

C. Utah Railway

As already discussed, UTAH has moved substantial volumes of local trains as BNSF's agent in the Utah Valley area. In June of this year, UP entered into a settlement of a rate complaint brought by Sierra Pacific Power and Idaho Power in regard to Utah coal movements to their "2-to-1" power plant at North Valmy, Nevada. Following the consummation of the resulting transportation contract, the shipper has not been utilizing UTAH-BNSF interline service. However, as previously reported, Sierra Pacific/Idaho Power's actual use, and threatened future use, of UTAH-BNSF routings clearly had a very real impact. In late December, Utah handled a coal train from the Savage transloading facility to Wasco, California, in interline service with BNSF.

II. ABANDONMENTS

On November 25, 1998, discontinued service on a 14.0-mile portion of its DeCamp-Edwardsville, Illinois, line (Docket No. AB-33 (Sub-No. 97X)). The remaining 0.6 miles of line covered by the Notice of Interim Trail Use of Abandonment served in this docket has been sold to Norfolk Southern Railway as part of the transaction exempted by the Board in Finance Docket No. 33610, Norfolk Southern Ry. - Lease &

Operation Exemption — Union Pacific R.R., served Nov. 20, 1998.

On November 25, 1998, UP also discontinued service on a 7.2-mile portion of its Edwardsville-Madison, Illinois, line (Docket No. AB-33 (Sub-No. 98X)). An additional 4.2 miles of line covered by the Notice of Interim Trail Use of Abandonment served in this docket has been reclassified to industrial track, which UP will continue to use for railroad purposes. As has been previously reported (UP/SP-303, p. 59), UP has determined that it will not abandon the remaining 3.58-mile segment of this line.

Finally, on November 25, 1998, UP discontinued all common carrier rail operations on its Barr-Girard, Illinois, line (Docket No. AB-33 (Sub-No. 96)). UP is temporarily continuing use of the line solely for overhead movements of certain contract traffic pending construction of a new connection between two other lines.

III. LABOR PROTECTIVE CONDITIONS

UP continues to move forward to reach implementing agreements with labor unions in accordance with the New York Dock process. As of December 31, 1998, UP had reached implementing agreements with the BLE and UTU for the following hubs: Denver, Salt Lake City, Salina (Phase I), Roseville, Houston, Longview and North Little Rock/Pine Bluff, St. Louis, Kansas City and Portland. Successful negotiation and

ratification of an agreement had been achieved with the UTU for the Los Angeles hub, and an agreement for the Los Angeles hub had been negotiated with the BLE and was out for ratification by the employees. Negotiations continue for the Salina (Phase II), San Antonio and Dallas/Ft. Worth hubs. Negotiations will start in the near future for the El Paso and Dalhart hubs. UP anticipates all hub agreements should be in place by the beginning of the fourth quarter 1999.

As previously reported, UP has essentially completed the implementing agreement process with respect to all non-operating crafts except the signalmen, maintenance-of-way employees and yardmasters. Negotiations with the maintenance-of-way employees and the signalmen are in the final stages. Negotiations with the yardmasters continue to progress on a terminal-by-terminal basis.

IV. ENVIRONMENTAL MITIGATION CONDITIONS

The following is a report on steps taken, and plans for future steps, in regard to the environmental mitigation conditions, which are addressed in the order they are listed in Appendix G to Decision No. 11:

A. System-wide Mitigation

1-9. These conditions have been satisfied, as previously reported.

10. Security Forces. As previously reported, UP has extended to SP territory its policy of "zero tolerance" of

vagrancy and trespassing on railroad property. UP is participating in a new nationwide initiative by Operation Lifesaver to reduce trespassing on railroad property. UP met with the Reno Police Department regarding a "zero tolerance" program in late June of 1997. These discussions were placed on hold by the City of Reno pending a legal determination. It does not appear that the City of Reno is interested in pursuing the matter.

11-13. These conditions have been satisfied, as previously reported.

B. Corridor Mitigation

14. EPA Emissions Standards. EPA's national locomotive emissions rule was published in the Federal Register on April 16, 1998. No appeals were filed, and the rule is now final. UP is working with locomotive industry suppliers to develop its compliance plan.

15. Consultations With Air Quality Officials. UP has held detailed discussions with environmental officials in the states of Arizona, Colorado, Illinois, Nevada, Oregon, Texas, Washington and Wyoming. Dialogue continues between UP and California officials to address ongoing improvement in UP/California air quality issues.

16. Noise Impacts. UP has implemented a noise comment hotline and has advised each affected county and requested comments. UP monitors the noise hotline and will

compile and analyze data to determine whether a noise abatement plan is required.

17. Use of Two-Way End-of-Train Devices. This condition has been satisfied, as previously reported.

C. Rail Line Segment Mitigation

18. Priority List for Upgrading Grade Crossing Signals. UP provides train density information to states on a regular basis, which they use to prioritize their grade crossing improvements. UP provides the states of Arizona, California, Kansas, Nevada, Oregon, Texas and Colorado with train density data for approximately 500 individual crossing improvements annually.

19. East Bay Regional Park District MOU. The MOU is being implemented in accordance with its specifications. UP is reviewing the Crockett Trail Feasibility Study and is awaiting property descriptions from the District for all trails.

20. Town of Truckee MOU. The MOU is being implemented in accordance with its specifications. UP has completed construction of its portion of the bridge at the 1-80 Central Truckee off ramp and is working with the city on roadway approaches. The railroad continues to work with local and federal agencies in the development of a Truckee River hazardous material spill response plan.

21. Placer County MOU. The MOU is being implemented in accordance with its specifications. UP continues to meet with the City of Roseville on a regular basis to discuss the yard design and operations plan. UP has installed train control mechanisms to facilitate passenger operations. UP is in the process of conveying property and drafting leases for numerous properties, as specified in the MOU. In one case, UP executed the deed in favor of the city and the conveyance is pending the city's acceptance of the deed. Several improvement projects specified in the MOU have been deferred or canceled at the request of the county and/or city involved.

22. City of Reno. UP is in compliance with the limit of 14.7 through freight trains per day through Reno. On December 8, 1998 the Board granted the joint request of UP and Reno to approve their negotiated agreement on environmental mitigation and impose that agreement as a condition upon the Board's approval of the UP-SP merger, in lieu of any other mitigation. This Board decision will not become effective until the first issuance of bonds for the depressed railway project.

23. City of Wichita/Sedgwick County. The Board approved an MOU among UP and these parties which provides for mitigation of merger effects, as well as other agreements, in lieu of any other mitigation.

D. Rail Yards and Intermodal Facilities

24. Noise Abatement Plans for Rail Yards. Before UP undertakes any rail yard construction at the specified locations, UP will contact appropriate state and local officials and will report to SEA on the results of those consultations. No construction is planned for these facilities at this time.

25. Intermodal Facilities. Before any changes are made at the specified intermodal facilities, UP will contact appropriate state and local air quality officials in the states of California and Illinois and will report to SEA on the results of those consultations. No construction or operating changes are planned for these facilities at this time.

E. Abandonments

26-61. As abandonments are carried out, UP will comply with all conditions. UP has developed a process to ensure that contractors and railroad personnel comply with all general conditions. Progress on specific abandonment conditions is reported below.

41. This condition has been satisfied, as previously reported.

43. This condition has been satisfied, as previously reported.

44. This condition has been satisfied, as previously reported.

47. This condition has been satisfied, as previously reported.

48. This condition has been satisfied, as previously reported.

49. This condition has been satisfied, as previously reported.

52. This condition has been satisfied, as previously reported.

55. This condition has been satisfied, as previously reported.

57. This condition has been satisfied, as previously reported.

58. Suman-Benchley, TX. UP has decided to retain this line. The Board vacated the abandonment exemption for the line on June 12, 1998. This condition is no longer applicable.

59. This condition has been satisfied, as previously reported.

60. This condition has been satisfied, as previously reported.

61. This condition has been satisfied, as previously reported.

F. Construction Projects

62-108. As construction projects are carried out, UP will comply with all listed conditions. UP has developed a process to ensure that contractors and railroad personnel comply with all general conditions. A number of projects have been deferred to 1999 or beyond as a result of new priorities established during the service crisis. Progress on specific construction provisions is reported below.

70. This condition has been satisfied, as previously reported.

78. This condition has been satisfied, as previously reported.

79. This condition has been satisfied, as previously reported.

80. This condition has been satisfied, as previously reported.

81. This condition has been satisfied, as previously reported.

84. This condition has been satisfied, as previously reported.

92. This condition has been satisfied, as previously reported.

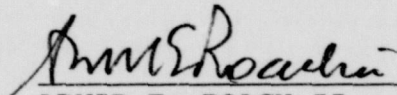
97. This condition has been satisfied, as previously reported.

101. This condition has been satisfied, as previously reported.

Respectfully submitted,

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January 4, 1999

APPENDIX A

Chart #1
**BNSF Trackage Rights
Number of Through Trains**

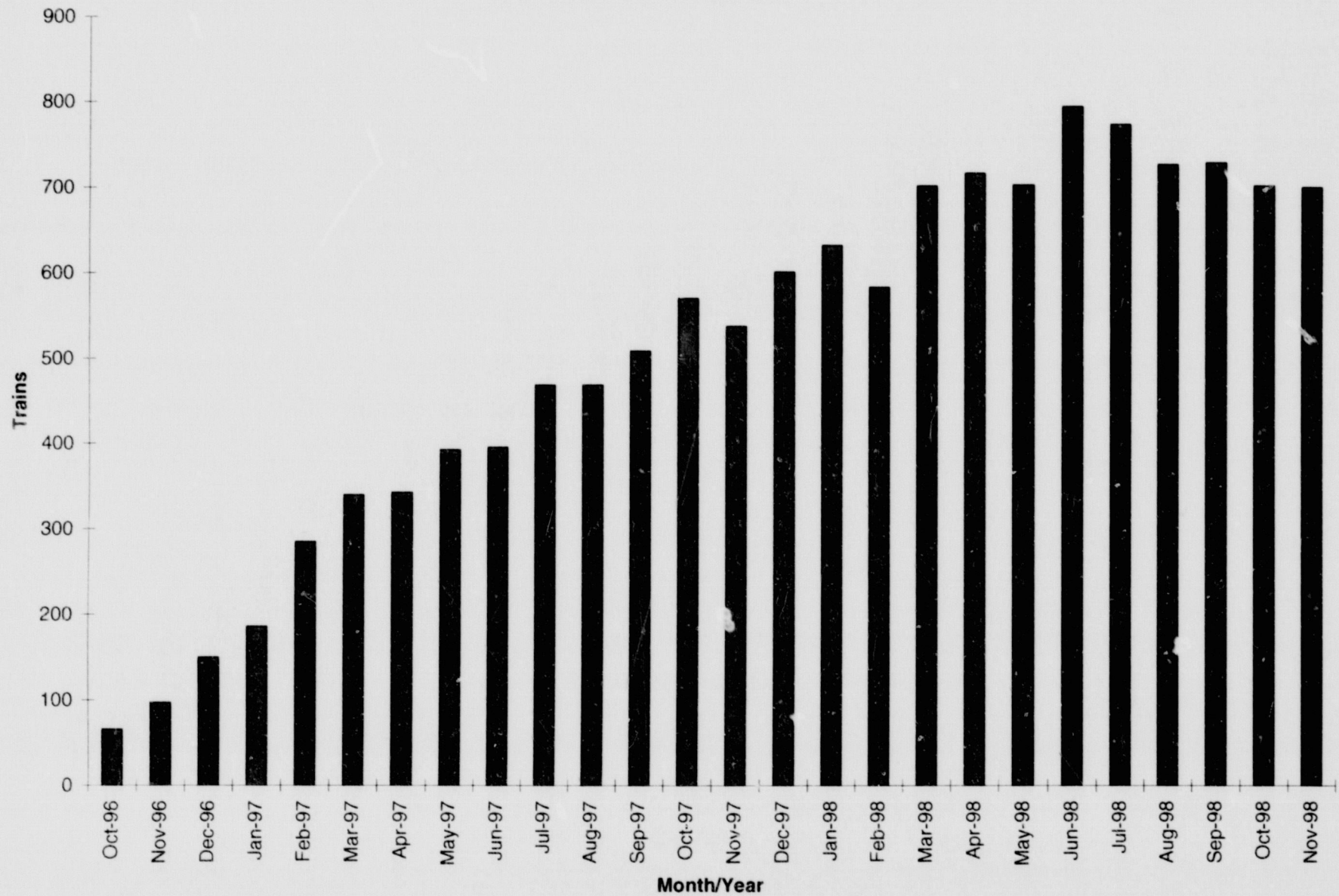


Chart #2
BNSF Trackage Rights
Number of Cars (Through Trains)

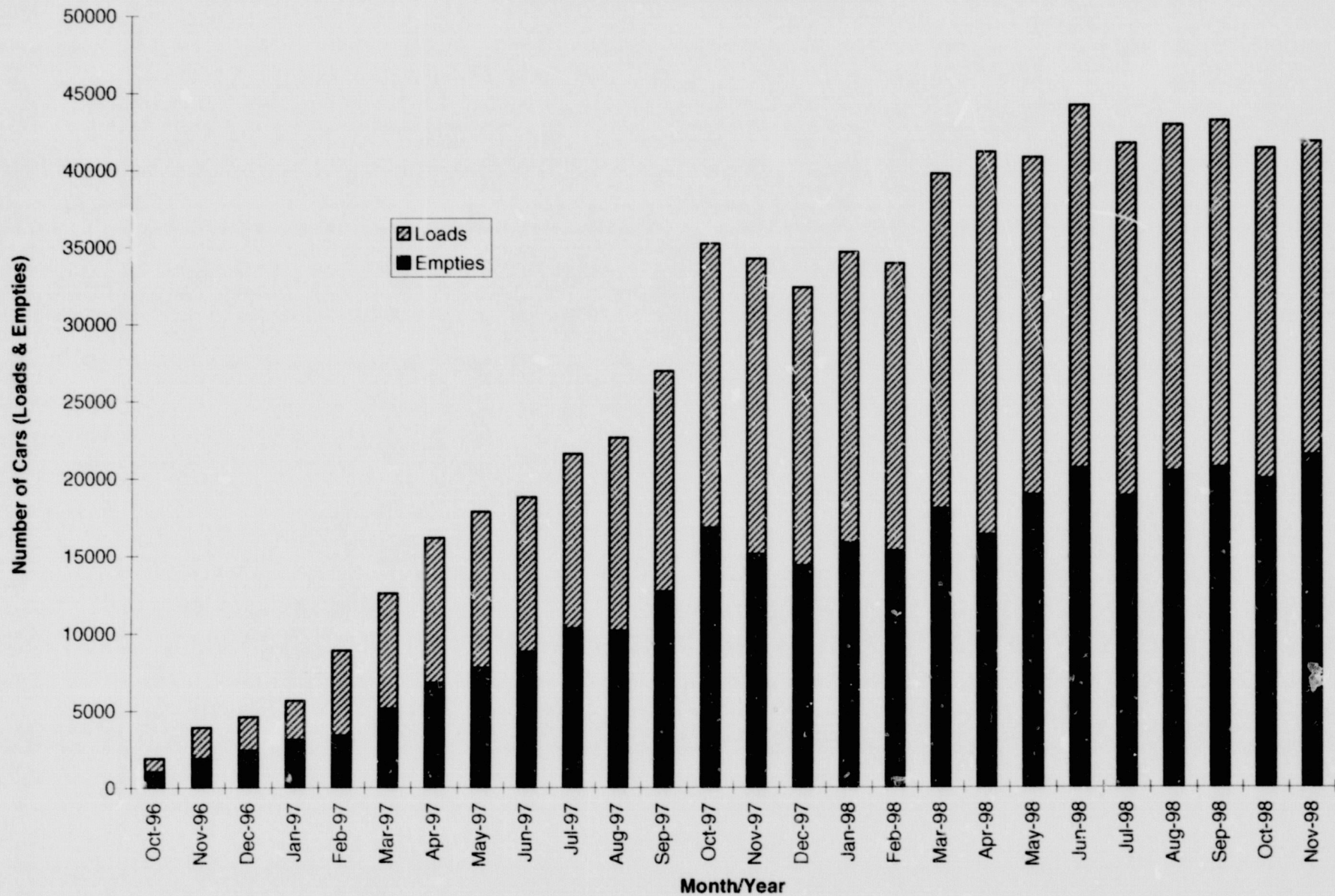


Chart #3
**BNSF Trackage Rights
Gross Tons (Through Trains)**

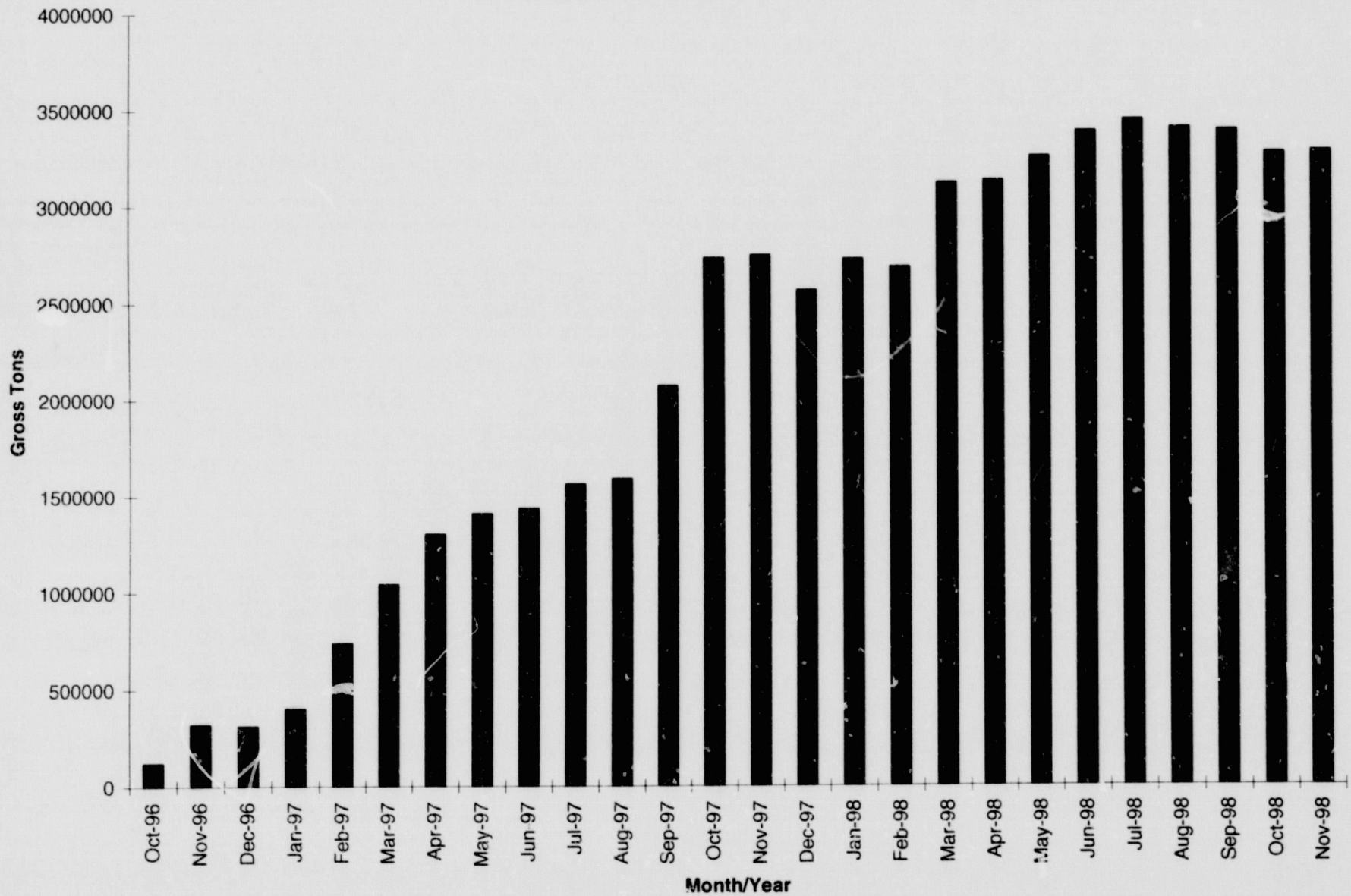


Chart #4
Tex Mex Trackage Rights
Number of Through Trains
(All Traffic Included)

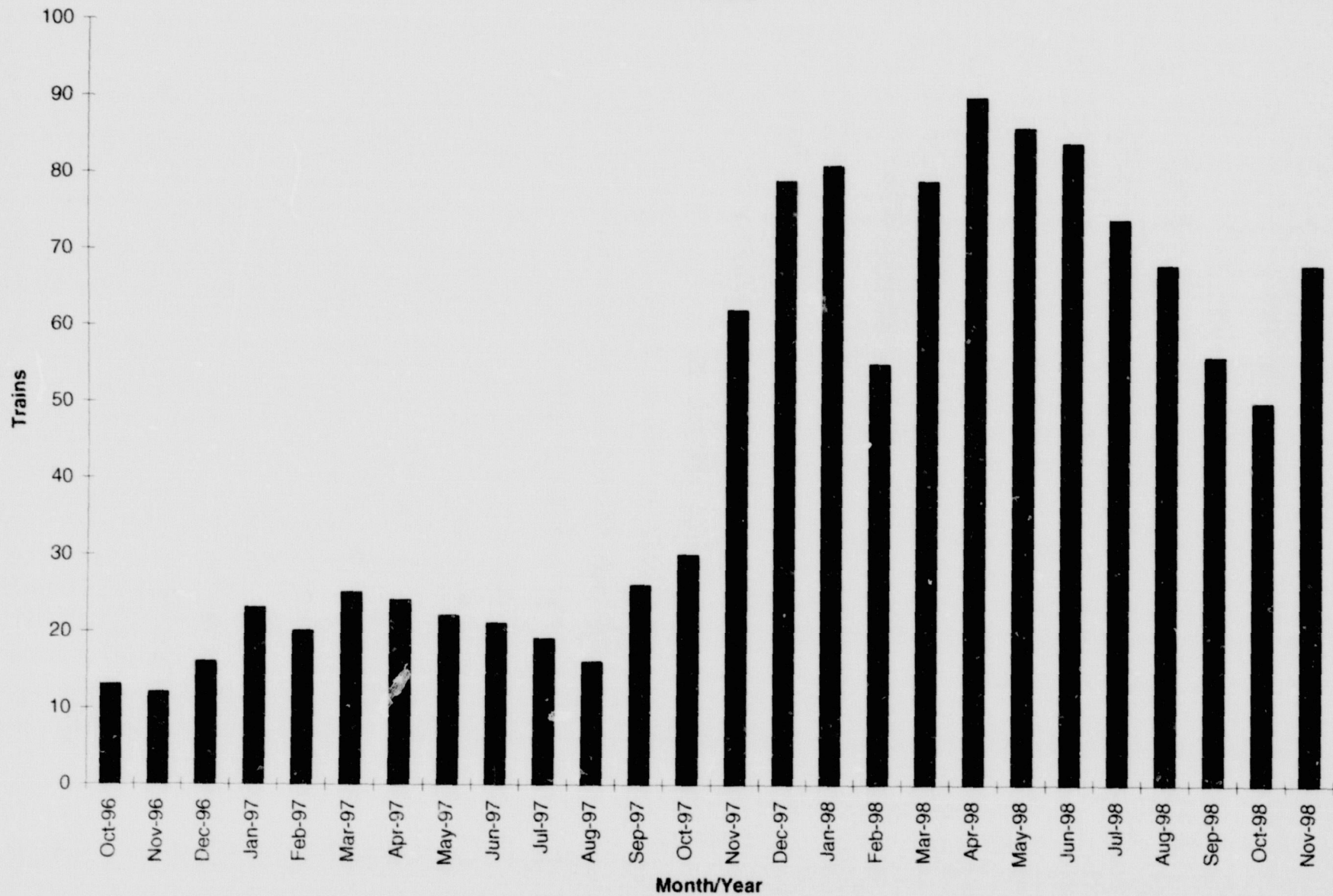


Chart #5
Tex Mex Trackage Rights
Number of Cars (Through Trains)
 (All Traffic Included)

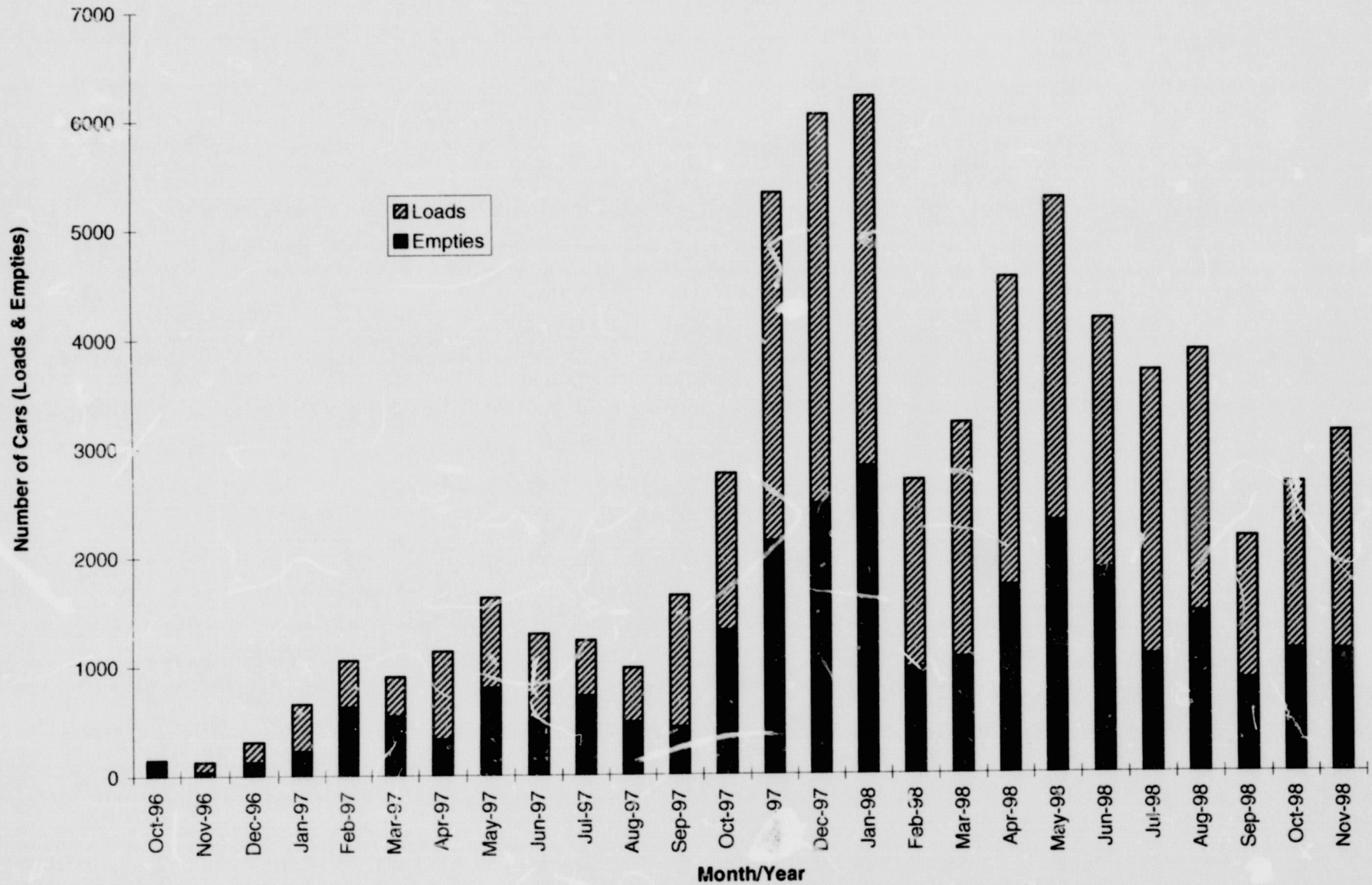


Chart #6
Tex Mex Trackage Rights
Gross Tons (Through Trains)
(All Traffic Included)

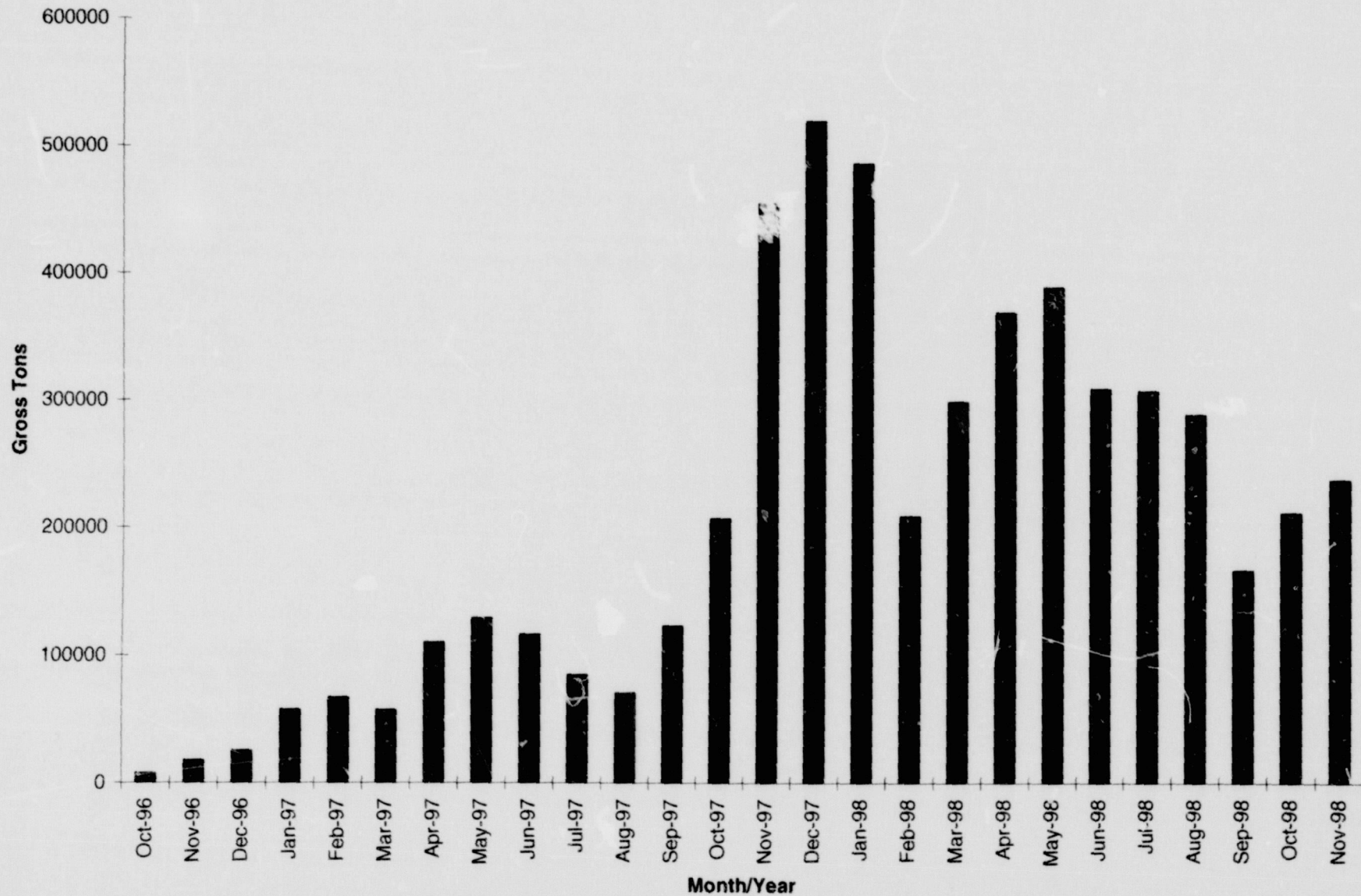


Chart #7
Tex Mex Trackage Rights
Number of Through Trains
(Estimated Service-Order-Related Traffic Excluded)

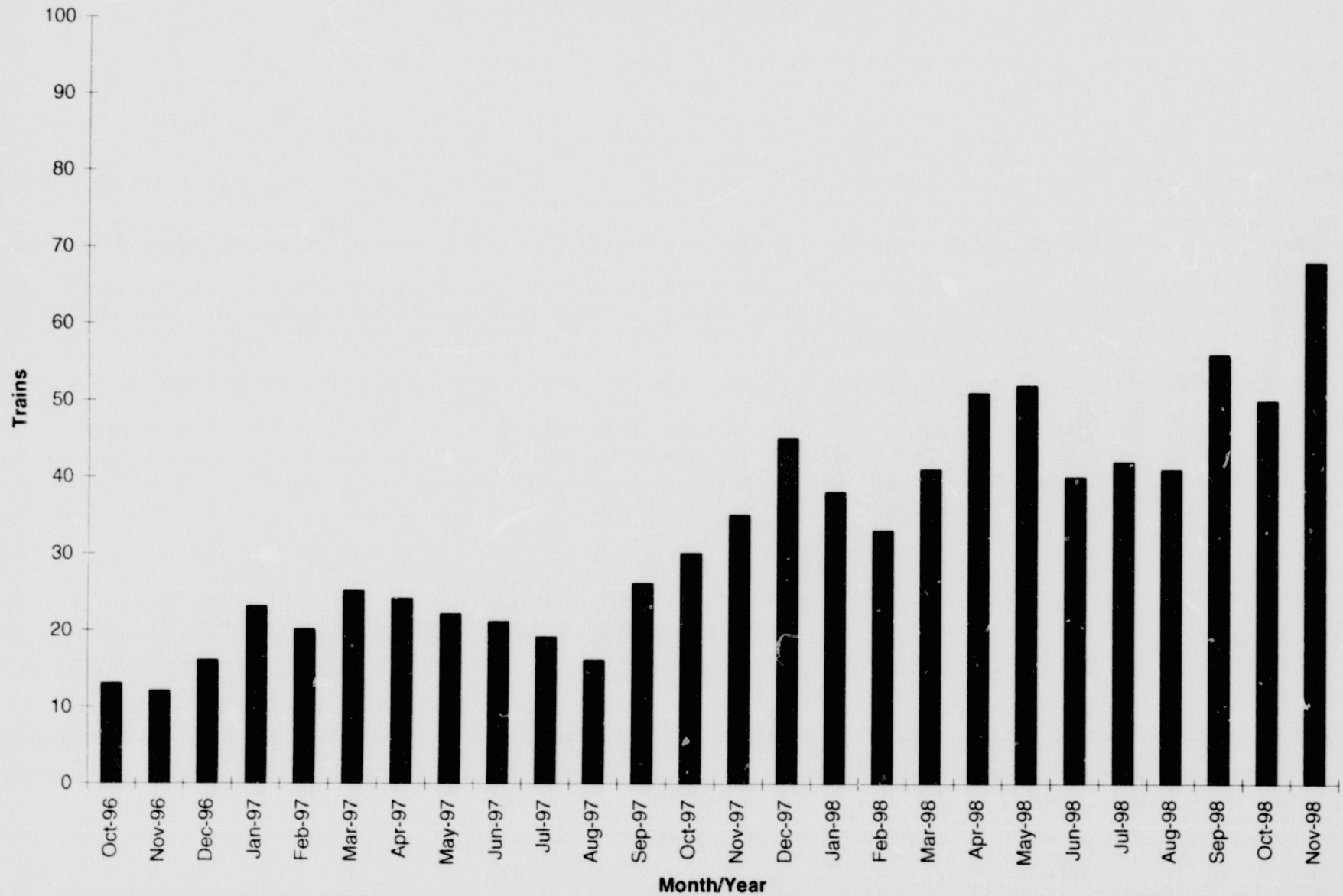


Chart #8
Tex Mex Trackage Rights
Number of Cars (Through Trains)
(Estimated Service-Order-Related Traffic Excluded)

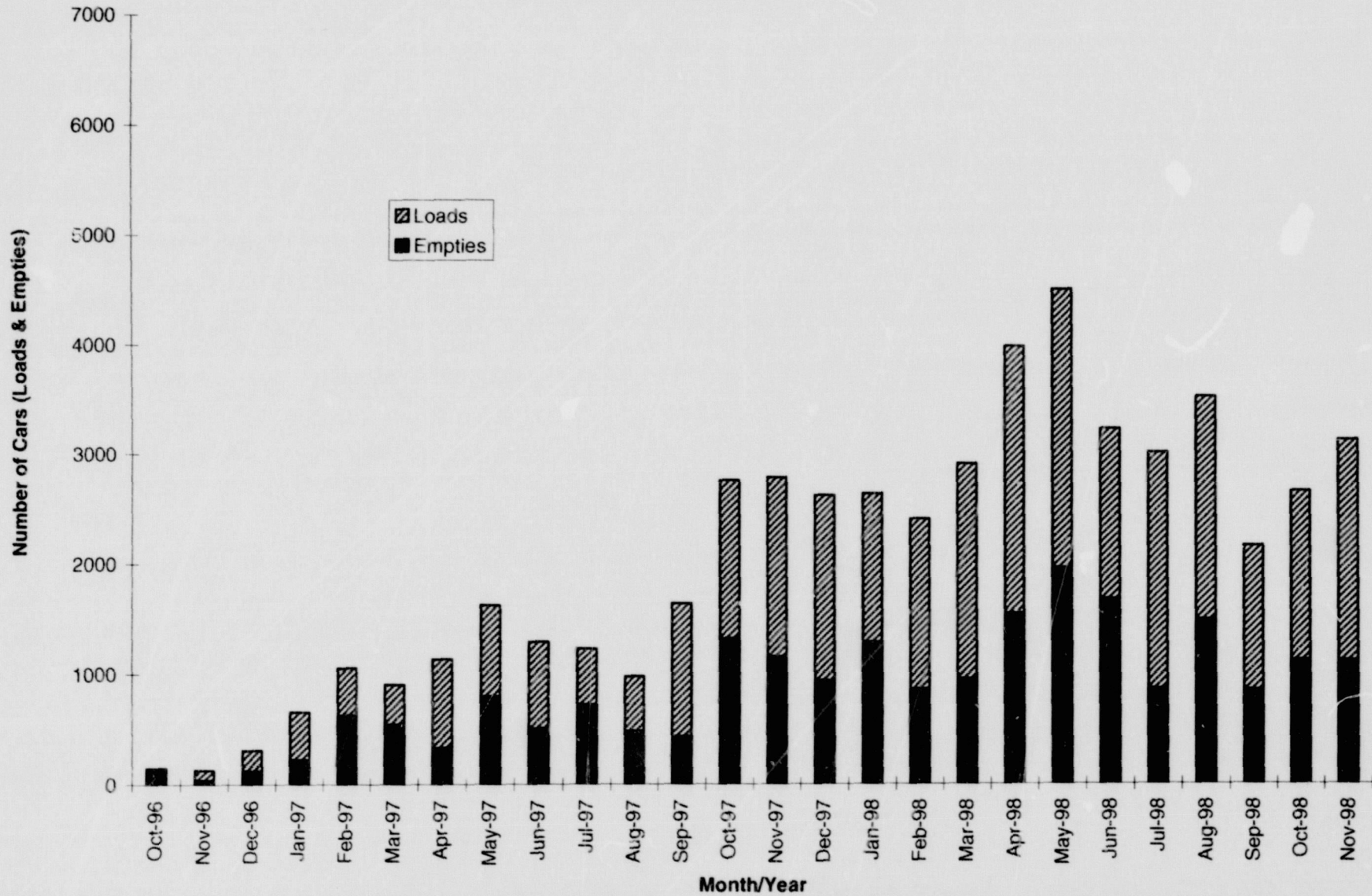
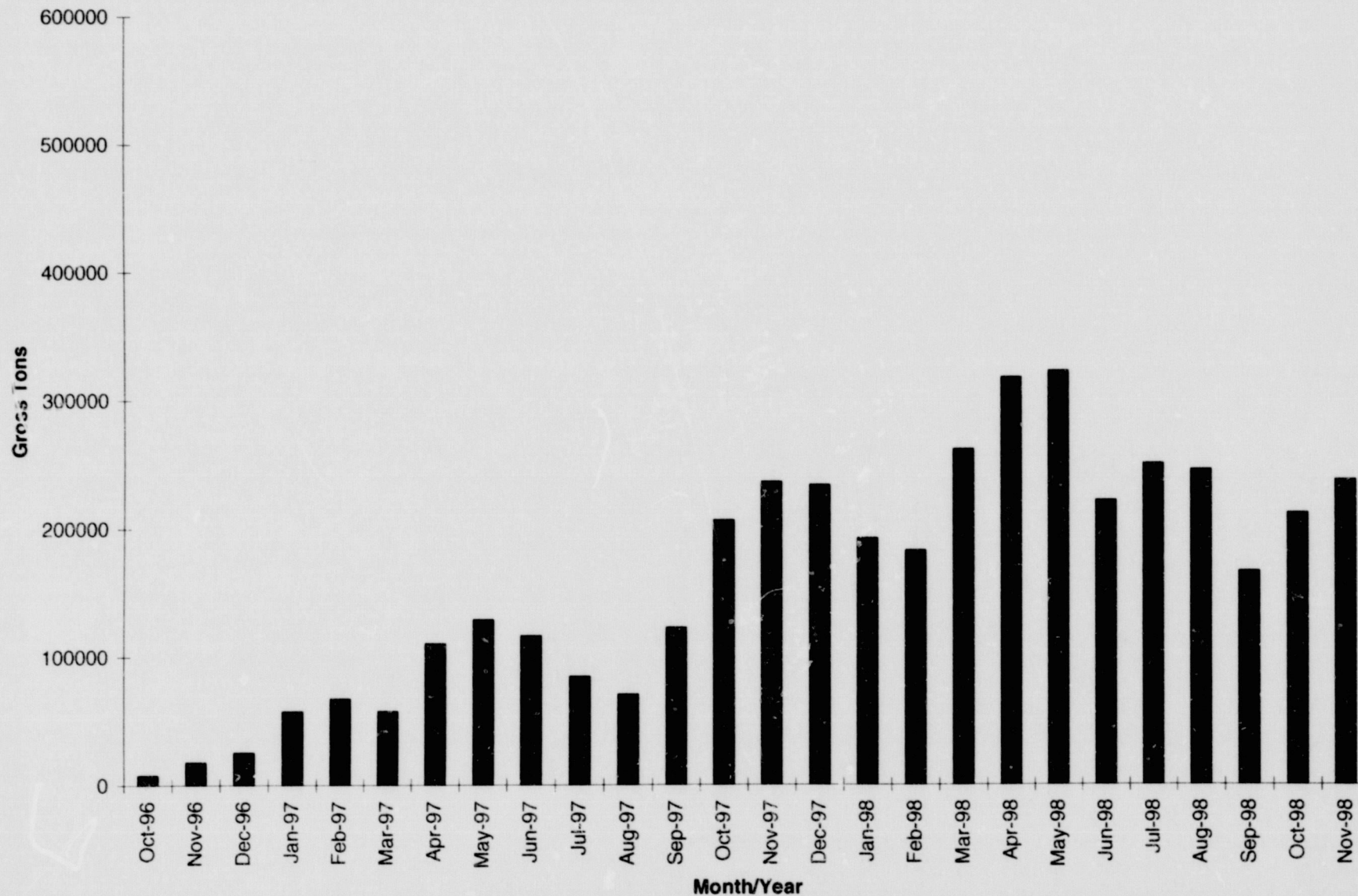


Chart #9
Tex Mex Trackage Rights
Gross Tons (Through Trains)
(Estimated Service-Order-Related Traffic Excluded)



APPENDIX B

APPENDIX B

TRACKAGE RIGHTS FUNDS

In Section 6 of Applicants' settlement agreement with CMA, Applicants agreed to place trackage rights fees received under the BNSF settlement agreement into two dedicated funds, one with respect to the trackage rights lines in Texas, Louisiana, Arkansas, Missouri and Illinois and one with respect to the trackage rights lines in the Central Corridor and California. Applicants agreed that the money in those funds would be spent on (a) maintenance on those lines, (b) offsetting depreciation of those lines, (c) capital improvements on those lines, and (d) costs for accounting necessary to administer the two funds. The following table provides information regarding the two funds through the quarter ending September 30, 1998, the latest date for which the data has thus far been compiled. Capital expenditures were not calculated because the calculations would be time-consuming and would not affect the result. See UP/SP-344, p. 64.

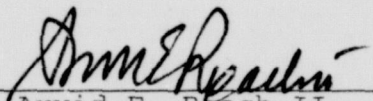
	<u>Texas, Louisiana, Arkansas, Missouri and Illinois</u>	<u>California and Central Corridor</u>
REVENUE		
Trackage Rights Fees	\$27,268,623	\$33,503,692
Capacity Improvement Fees	<u>0</u>	<u>0</u>
Total Revenue	<u>\$27,268,623</u>	<u>\$33,503,692</u>
EXPENSES		
Maintenance	\$67,920,145	\$47,834,312
Depreciation	68,346,616	51,790,592
Capital Expenditures	not calculated	not calculated
Accounting Expenses	<u>41,622</u>	<u>41,622</u>
Total Expenses	<u>\$136,308,383</u>	<u>\$99,666,526</u>

CERTIFICATE OF SERVICE

I, Arvid E. Roach II, certify that on this 4th day of January 1999, I caused a copy of the foregoing document to be served by first-class mail, postage prepaid, or by a more expeditious manner of delivery on parties of record in Finance Docket No. 32760, and on

Director of Operations
Antitrust Division
Suite 500
Department of Justice
Washington, D.C. 20530

Premerger Notification Office
Bureau of Competition
Room 303
Federal Trade Commission
Washington, D.C. 20580


Arvid E. Roach II

STB

FD-32760

7-1-98

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ID-189181

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D
BNSF-PR-8

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY

-- CONTROL AND MERGER --

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

THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY'S
QUARTERLY PROGRESS REPORT

ENTERED
Office of the Secretary

JUL 02 1998

Part of
Public Record

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Attorneys for The Burlington Northern and Santa Fe Railway Company

July 1, 1998

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY

-- CONTROL AND MERGER --

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

THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY'S
QUARTERLY PROGRESS REPORT

Pursuant to the Surface Transportation Board's ("Board") Decision No. 44 in Finance Docket No. 32760, The Burlington Northern and Santa Fe Railway Company ("BNSF") hereby submits its eighth Quarterly Progress Report. Union Pacific Corp., et al. -- Control and Merger -- Southern Pacific Rail Corp., et al., Fin. Dkt. No. 32760, Decision No. 44 at 147 (served Aug. 12, 1996) (BNSF shall submit quarterly progress reports). Further, in accordance with Decision No. 10 served by the Board on October 27, 1997, this Progress Report provides a comprehensive summary of the efforts undertaken by BNSF from July 1, 1997, to July 1, 1998, to be an effective long-term

competitor with UP and the results BNSF has achieved to date using the trackage rights and other rights on the lines of UP and SP (the "UP/SP lines") that BNSF was granted in the UP/SP merger proceeding.^{1/}

This Progress Report will address the steps that BNSF has undertaken since its July 1, 1997 Progress Report to implement the rights it received, from both marketing and operating standpoints, and the marketplace results of those actions. This Report will further address the status of the various operational changes and marketing efforts initiated as a result of the February 12, 1998 Agreement ("Term Sheet Agreement") between UP and BNSF relating to the two carriers' operations in and around Houston, TX and along the Gulf Coast between Houston and New Orleans, LA.

However, this Report will also describe how BNSF's ability to provide shippers with reliable, dependable and consistent service over the UP/SP lines is continuing to be thwarted by certain structural deficiencies in the rights BNSF received in the UP/SP merger proceeding, particularly, but not exclusively, in the Houston and Gulf Coast area, and how congestion and service problems on UP's lines have had a disproportionate impact on BNSF's operations. In addition, this Report will describe how post-merger developments involving the relationship between Tex Mex and KCS and the structure of the Mexican rail system have adversely affected BNSF's ability to provide rail shippers with a viable competitive alternative to UP at Laredo, TX. As a result of these events,

^{1/} In Decision No. 10, the Board indicated that UP and BNSF should continue to file quarterly reports, "with comprehensive summary presentations to be filed in the July 1, 1998 reports"

BNSF is seriously concerned about its ability to provide shippers with reliable, dependable and consistent service.

While BNSF has made continuing efforts to bring the problems it is facing to the attention of UP and its senior management and has proposed solutions that would result in benefits to not only BNSF's customers but also to UP's customers, UP has so far refused to adopt any of those BNSF proposals. Indeed, UP's current practices dealing with these problems, whether intentional or not, are having the effect of favoring UP's interests over those of all other affected parties and are creating a competitive advantage in UP's favor. These practices have resulted in a troubling number of instances of UP's traffic being favored over BNSF's traffic with BNSF unable to properly utilize the rights it obtained over UP to provide the necessary service in order to compete effectively with UP. While UP has taken the position in its discussions with BNSF that the service problems BNSF is facing are no worse than the service problems UP itself has to deal with, that is not a sufficient answer because, even if true, shippers are still not receiving the effective competitive service envisioned by the Board when it approved the UP/SP merger.

As mentioned, other post-merger developments involving the relationship between Tex Mex and KCS and the structure of the Mexican rail system have adversely affected BNSF's ability to provide rail shippers a viable competitive alternative to UP at the critical Laredo, TX gateway. Because Tex Mex, under KCS's apparent guidance and direction, has refused to agree to long-term revenue divisions that would enable customers using a BNSF-Tex Mex routing to receive rates and service competitive with those provided

by other carriers in the Laredo market, including KCS, BNSF is unable to offer long-term commitments to shippers on competitive terms, and its inability to do so is a substantial impediment to BNSF's competitiveness at Laredo. BNSF's ability to compete at Laredo has also been adversely affected by the lack of competition among the privatized Mexican railroads. The failure of such competition to materialize has caused shippers to increasingly differentiate between the various Mexican gateways, and the adverse effects of the other problems BNSF is facing have been magnified by these unexpected developments.

Further, the dispatching service BNSF has been receiving in moving its trains over the former SP line between Kern Junction (Bakersfield) and Mojave, CA (the "Tehachapis Line") has deteriorated since the UP/SP merger, and BNSF has been experiencing unacceptable delays in moving its traffic. This line is critical to BNSF's ability to provide competitive alternative service to shippers in northern California. BNSF service is being adversely affected as a result of operating changes stemming from UP's acquisition of SP, and it appears that BNSF trains are not receiving equal dispatch in obtaining access to the Tehachapis Line. Unless BNSF receives such equal dispatching, shippers will be denied the effective competitive service to which they are entitled and which they previously had enjoyed.

Impediments to Fully Competitive Service

As discussed below, BNSF has encountered numerous impediments to full utilization of the merger conditions.

A. Laredo Gateway

As a condition of the UP/SP merger, BNSF received permanent trackage rights over a UP route to Tex Mex and the Laredo gateway via Algoa, Corpus Christi and Robstown, TX. Presently in order to accommodate UP's directional running, BNSF serves the Laredo gateway via temporary trackage rights on the Caldwell-Flatonia-Placedo line for southbound traffic. BNSF is operating northbound between Placedo and Algoa. The Placedo to Algoa route, however, is heavily congested with the through trains of UP, BNSF and Tex Mex, as well as with substantial local switching activity by UP for major chemicals and metals customers along the Gulf Coast. Further, traffic moving northbound from Laredo through Algoa to reach BNSF's Temple, TX yard must traverse the Houston/Galveston area, thereby adding to the congestion problems at Houston.

One solution for the problems that are plaguing south Texas would be to route a considerable amount of traffic permanently off of the Placedo to Algoa line and therefore away from Houston. For example, traffic destined for the Laredo gateway on BNSF as well as UP could be funneled through UP's directional operations from Temple to San Antonio and then onto UP's San Antonio-Laredo route. Such a reroute would immediately remove one to two trains per day from the substantially more congested and more circuitous route now traveled by BNSF to reach Laredo. Customers shipping to and from Mexico would benefit. Additionally, local customers and communities between Robstown and Algoa would benefit because the elimination of a portion of the through traffic on this busy UP route would improve local switch service to online industries.

In addition, KCS' acquisition of a 49% ownership interest in Tex Mex has affected BNSF's ability to replace the competition provided by SP at Laredo as an interline carrier with Tex Mex in ways not anticipated at the time of the UP/SP merger. As BNSF previously advised the Board in its April 1, 1998 Progress Report, BNSF has conducted extensive negotiations with Tex Mex in an attempt to reach a long-term agreement that would make a BNSF/Tex Mex routing via Laredo competitive to UP's service. The absence of such an agreement on commercially reasonable terms precludes BNSF from offering long-term commitments to shippers and is a substantial impediment to BNSF's use of its Mexico-related rights to provide a competitive discipline on UP at Laredo. Such an agreement is also necessary to protect the capital investments BNSF will need to make in order to establish a long-term viable competitive alternative to UP for Mexico traffic at that critical gateway.

BNSF's negotiations with Tex Mex have been unsuccessful.^{2/} BNSF believes that Tex Mex's ability to cooperate with BNSF may be impeded by an only recently-disclosed provision in a December 1995 agreement between KCS and Transportacion Maritima Mexicana ("TMM"). That provision apparently has limited Tex Mex's ability to accept the terms under discussion in the BNSF/Tex Mex negotiations. In BNSF's view, the revenue divisions that it has proposed in those negotiations would merely ensure that customers

^{2/} Negotiations between BNSF and Tex Mex, completed during May, resulted in a proposed short-term agreement for interline pricing to and from the Laredo gateway. Tex Mex can unilaterally cancel this agreement during the second year. The short-term agreement does nothing to enhance competition in that it does not provide for long-term stable pricing structures or service commitments. As a result, BNSF declined to agree to the proposed terms, and negotiations have not formally resumed.

using a BNSF-Tex Mex routing would have access to rates and service competitive in the market with those provided by other carriers, including KCS. KCS is, however, interpreting the provision in the KCS-TMM agreement to preclude Tex Mex from agreeing to revenue divisions with BNSF that would (in KCS' view) undermine the KCS/TMM partnership. Indeed, in a March 16, 1998 letter to Chairman Morgan, KCS's counsel suggested that "rather than constantly complaining about the 'lack of cooperation' by Tex Mex" in BNSF's efforts to establish a viable, long-term competitive presence at Laredo, "BNSF should spend time developing the Eagle Pass and Brownsville gateways". Since that letter, KCS has maintained its position that BNSF should not be afforded competitive equal access to the Mexican market via Tex Mex. As a result of KCS's position and influence on Tex Mex, a long-term competitive BNSF/Tex Mex service offering via Laredo is yet to be established. Because of the critical importance of that gateway to shippers in the U.S. and Mexico, action needs to be taken to restore the competition that such shippers enjoyed before the UP/SP merger, when there was competition at Laredo between UP and SP-Tex Mex.

Further, while it was well-known at the time of the UP/SP merger that the government-owned Mexican rail system would be privatized, the competition between the two resulting northern privatized regional networks via trackage rights and reciprocal switching that had been expected at major common points within Mexico has not materialized. Instead, those two networks remain closed systems, interlining but not yet competing head-to-head, with many Mexican customers served by only one carrier. This lower-than-expected level of competition in Mexico means that the gateways between

Mexico and the United States have become increasingly segmented and differentiated by the serving Mexican carrier to a degree not expected prior to the merger and that it is of increasing importance to shippers which Mexican carrier will carry their traffic to/from its destination/origin. Accordingly, the importance of providing competition in servicing Laredo north of the border for Transportacion Ferroviaria Mexicana ("TFM") customers has likewise increased, and the Board should act to assure that competition to that gateway is vigorous and viable for BNSF as a post-merger replacement for SP.

In sum, when the UP/SP merger was approved, the Board contemplated that BNSF would be able to provide effective competition to UP at the Laredo gateway under the conditions it imposed on the merger. The problems and concerns discussed above threaten to undercut that competition.

B. Structural Deficiencies and UP's Practices

Houston and Gulf Coast Area. Since the end of the second quarter of 1997, BNSF's rail operations in and around Houston have been adversely affected (i) by structural deficiencies in certain of BNSF's rights on UP's lines in the Houston and Gulf Coast area, and (ii) by UP's practice of favoring its trains over the trains of other carriers in situations where the continuing congestion and service problems on UP's lines preclude normal operations. Although there have been some periods of sporadic improvement, it is clear that the service problems are continuing and are likely to persist. The establishment of the Spring Consolidated Dispatching Center ("Spring Center")^{3/} has

^{3/} The Spring Center was established pursuant to the Term Sheet Agreement as a regional dispatching center located at UP's command center in Spring, TX. It became operational on March 15, 1998, and BNSF completed its relocation to the Spring Center

significantly helped the situation, but, in many cases, BNSF's trains are still being delayed due to the volume of trains and UP's handling of trains beyond the Spring Center's control. As a result, BNSF has been unable to provide the consistent and reliable service to its shippers that they deserve. Further, in the corridor between Houston and Memphis, BNSF remains unable to provide reliable scheduled service because of the erratic and unpredictable service provided by UP. It is necessary for BNSF, in terms of the use of its assets -- locomotives, cars, and employees -- and for its customers in terms of managing their assets and meeting their customers' needs, to restore BNSF's scheduled service to its scheduled and committed running times to, from, and through the Houston area and along the Gulf Coast.

Customers seeking to use BNSF service from points BNSF gained access to as a result of the UP/SP merger, or other customers accessed by BNSF in the Houston area via reciprocal switch service from UP, continue to find that their traffic is being delivered late. In some cases, these delays are attributable to congestion on UP lines over which BNSF has trackage rights operations. For example, because the Alcoa to Corpus Christi route is heavily congested with the through trains of UP, BNSF and Tex Mex, as well as with substantial local switching activity by UP for major chemicals and metals customers along the Gulf Coast, traffic moving over this route is frequently delayed and additional crews are required. In other cases, traffic has been delayed because UP has failed to adequately perform its switching or haulage functions for BNSF

on April 26, 1998. Tex Mex has committed to relocating its dispatchers to the Spring Center by the second week in September, 1998.

and its customers. For example, Baytown Branch shipments moving via haulage on the UP have often been delayed because UP gives preference to its trains over BNSF trains, otherwise fails to switch BNSF trains in a timely manner, or does not deliver outbound cars to BNSF at the Dayton, TX interchange. As discussed below, while service to customers has recently improved, that is due to intensive management of individual shipments by a BNSF customer service team. UP service on the branch has not changed.

BNSF has made numerous other efforts to assist in resolving the congestion and other service problems during the past year. For example, BNSF provided UP with 30 locomotives; permitted UP to operate one to two trains per day from Algoa to Ft. Worth; permitted UP to use BNSF trackage from Sealy to Smithers Lake to move unit coal trains for Houston Lighting & Power; permitted UP to operate from Rosenberg to Sweetwater, TX using BNSF crews; and provided BNSF power for northbound directional flows from Brownsville.

Notwithstanding these efforts, because of the congestion and service problems in the Houston area, BNSF is still a long way from providing reliable, dependable and consistent service to the shippers to which it gained access in the UP/SP merger proceeding. UP's problems are continuing and are likely to persist. BNSF, other carriers and Houston area shippers are now experiencing alternating cycles of several days of sporadic improvement in UP service followed by a number of days when service returns to near crisis levels. It is difficult for BNSF to provide the vigorous competition the Board anticipated in such an environment of unpredictable and unreliable service.

Because it is BNSF's preference to work first with UP to address and resolve these types of problems whenever possible, senior BNSF management met with senior UP management on June 1, 1998, to present several proposals for the structural realignment of BNSF's merger condition rights to enable it to provide rail shippers with effective competitive service. BNSF's representatives explained their view that congestion in Houston could be substantially lessened by the rerouting of BNSF traffic neither originating nor terminating in Houston so as to bypass Houston on less congested routes, i.e., a significant amount of BNSF traffic currently routed through Houston could be routed through Temple or elsewhere, and they discussed several proposals for achieving that result with UP's representatives. BNSF's representatives also identified several other proposals designed to overcome severe operational handicaps that are being imposed on BNSF's ability to compete elsewhere in south Texas by rerouting BNSF traffic to less congested UP routes and by joining UP directional operations in additional corridors. To date, UP has refused to accept any of BNSF's proposals.

Accordingly, because of UP's refusal to consider any of BNSF's proposals and to work with BNSF to resolve the continuing congestion and service problems, BNSF intends to file an application in Finance Docket No. 32760 (Sub-No. 26) on July 8, 1998, requesting several structural realignments to BNSF's trackage rights to redistribute BNSF traffic to less congested, lower density routes and to enable BNSF to provide shippers with the effective and efficient competitive options envisioned by the Board when it approved the UP/SP merger.

Brownsville Service. Pursuant to the Settlement Agreement which was imposed as a condition of the UP/SP merger, BNSF received access to Brownsville, TX (a "2-to-1" point), TFM at Matamoros, and the Brownsville & Rio Grande International Railroad (BRGI), a "2-to-1" shortline. BNSF has been relying on UP haulage service for handling traffic to and from Brownsville, Matamoros and BRGI. However, both BNSF and its customers have found that UP's extremely poor haulage service is causing unacceptable delays. Therefore, BNSF is considering beginning trackage rights operations over these lines. However, UP has indicated that, if BNSF wishes to commence trackage rights service, it must select either the SP or the UP route between Harlingen and Brownsville. Because, as discussed below, the physical track layout in the Brownsville area makes it impractical to use only the UP or SP route to serve both the Brownsville and Mexico markets, BNSF has been unable to begin trackage rights operations.

Prior to their merger, UP and SP maintained parallel lines between Harlingen and Brownsville. The UP route runs west of downtown Brownsville and is the direct route to the Brownsville & Matamoros Bridge Company's bridge (hereinafter referred to as the B&M Bridge) across the Rio Grande to connect with TFM. However, traffic moving between UP's Harlingen-Brownsville line and the Port of Brownsville or Brownsville local customers located on UP's Port Lead track has to move along as well as across downtown Brownsville city streets creating congestion.

The SP route, which diverges from UP at Harlingen and includes a presently unused SP yard at Harlingen, runs east of UP. The SP track terminates at a point on the UP trackage in the middle of a street in downtown Brownsville.

Some years ago, in recognition of the congestion, capacity constraints, and public interest concerns inherent in the extensive use of streets in Brownsville, the railroads and governmental agencies began construction of new bypass trackage north of Brownsville. The construction of the bypass trackage was intended to permit the eventual abandonment of the SP and UP lines in the downtown area, and to improve infrastructure for access to the growing Port of Brownsville, served by BRGI. This new trackage is now complete between the SP track and the Port; however, the link between the UP track and the SP track, approximately three miles long, remains unfinished. The three mile link is not expected to be completed until late in 2000, if then. When it is completed, the UP and SP trackage in downtown Brownsville can be removed.

In order to provide consistent and reliable service to customers shipping to or from Brownsville, the Port of Brownsville and Mexico, BNSF needs trackage rights over both the UP and SP lines between Harlingen and Brownsville. Unit train business with Mexico, primarily grain, would move via the UP route direct to the B&M Bridge, therefore avoiding the congested and circuitous downtown Brownsville area. All other business, primarily to the Port of Brownsville area, would move via the SP route between Harlingen and BRGI, also keeping traffic out of downtown Brownsville. In providing such service, BNSF would use BRGI as its agent on a permanent basis between Harlingen, Brownsville and the connection with TFM at Matamoros, Mexico.

Taylor-Milano. BNSF received trackage rights in the UP/SP merger proceeding to handle shipments for Texas Crushed Stone and other customers at Kerr/Round Rock, TX served by the Georgetown Railroad, a "2-to-1" shortline. BNSF currently moves this traffic to or from UP's Conroe subdivision over the Temple-Taylor line. Heavy congestion on this route has caused considerable delays in BNSF's delivery of stone and aggregates from Texas Crushed Stone.

The congested and circuitous route BNSF currently uses for handling Texas Crushed Stone's shipments could be avoided by moving the Texas Crushed Stone shipments over UP's line between Taylor and Milano, a less heavily used route. Congestion on the Temple-Taylor line would be reduced, benefiting UP, as well as shippers and BNSF. In addition to diverting traffic away from a heavily congested UP line, this routing would allow BNSF to access the Conroe Subdivision more directly than its present circuitous route.

Directional Operations. In a number of areas, BNSF has been adversely impacted by UP's decision to commence directional operations over its lines, and BNSF's subsequent inability to secure the trackage rights necessary to join in the directional flows. In such cases, BNSF trains are forced to run "against the flow" of UP on the trackage rights line. This has adversely impacted BNSF's operations in that trains are consistently delayed, and, when operated, contribute to UP congestion by consuming capacity on a non-directional basis.

For example, in the Dallas-Fort Worth area, BNSF has bidirectional trackage rights over UP's former SP route between Waxahachie and Fort Worth. UP has recently

commenced a northbound flow over this route, making BNSF's use of the trackage rights for southbound traffic unusable -- BNSF cannot consistently get its southbound trains out on this line. Currently, to move southbound traffic, BNSF is running its trains from Fort Worth to Dallas over the DART commuter rail line, then south to Waxahachie on the line BNSF purchased from UP as part of the BNSF Settlement Agreement. Use of the DART line is not satisfactory, as BNSF schedules must be operated around windows for commuter train operation. Other routes where UP has commenced directional operations include UP's routes between Taylor and San Antonio, TX via Ajax, and on the UP Baytown Branch between Houston and Baytown.

In order to avoid congestion rather than cause it in these directional flow situations in the future and to ensure that the right of shippers to receive competitive service from BNSF is not hindered, UP should be required to provide BNSF with advance notice of its intent to implement directional operations on BNSF's trackage rights lines, to seek BNSF's concurrence in revised operations, and to provide BNSF with the alternative to join the directional flow with the appropriate trackage rights. If the parties are unable to agree upon a mutually acceptable plan for such operations, the issue could be submitted to arbitration or resolved by the Board.

Baytown Branch. BNSF has been working with UP and local customers on the Baytown Branch to provide competitive service since shortly after the UP/SP merger became effective in September, 1996. When BNSF commenced operations to and from

the Baytown Branch,^{4/} BNSF relied on UP reciprocal switch and haulage between customers on the Baytown Branch and Houston for interchange to BNSF at Dayton, TX. To further facilitate the interchange with UP, BNSF constructed two 9,000 foot interchange tracks adjacent to the Dayton Storage-In-Transit (SIT) facility. These tracks opened for service in December, 1997.

At approximately the same time that BNSF commenced operations on the Dayton interchange tracks, UP announced plans to initiate directional operations on the UP and SP Baytown Branches. These directional operations commenced on December 16, 1997. As a result of UP's directional operations, BNSF has been forced to interchange with UP at Houston for traffic destined to Baytown Branch customers. UP continues to interchange with BNSF at Dayton for business from the Baytown Branch.

BNSF's Baytown Branch customers have not been satisfied with the service that BNSF has been able to provide using UP haulage and reciprocal switching. As evidenced by the graph attached hereto as Attachment 1, UP has not followed through on its commitment to BNSF that cars released and billed by customers on the branch by 5:00 PM on Day 1 would be available to BNSF at its Dayton interchange tracks by 11:59 PM on Day 2, and instead, has consistently delivered cars late or not at all.^{5/}

^{4/} Prior to the Term Sheet Agreement, BNSF had access to "2-to-1" and build-in customers on the Baytown Branch, which amounted to approximately one half of the total customers on the line. The Term Sheet Agreement, however, granted BNSF access to all customers and facilities on the Baytown Branch.

^{5/} In order to manage BNSF's commercial and operational service offerings to customers on the Baytown Branch, BNSF set up a team of marketing, customer service, operations and other personnel to: (a) determine BNSF's service capabilities for customers on the Baytown Branch, using a combination of UP reciprocal switch and

Further, on a number of occasions, BNSF shipments from Baytown Branch customers were delivered by UP to BNSF at Houston or other points, further increasing transit times. Accordingly, in February, 1998, BNSF informed UP of its intention to offer direct switching of customers to which it had access on the Baytown Branch which desired such switching. BNSF began working with customers to provide direct switching service to their facilities, and began direct service to Ultramar Diamond Shamrock.

However, for a number of reasons, BNSF direct switching is not a practical or long-term solution to the need to provide shippers with competitive service to and from points such as those on the Baytown Branch, where previously customers had enjoyed switching service from only one carrier. At the local plant level, customers have concerns with allowing two carriers instead of one to switch their facilities. Among other things, customers are concerned with the implications of allowing twice as much switching activity through their facilities; the need to separate shipments for two carriers rather than one; the potential for doubling the administrative work associated with switching services; and the potential need for additional track space to place shipments

haulage, and BNSF linehaul services; (b) monitor service through an intense car-by-car day-to-day tracking of every shipment onto or off of the branch to identify causes for service failures and apply necessary "fixes;" and (c) provide a competitive service using the terms of the Settlement Agreement and conditions which would meet BNSF's customers' expectations.

UP service to BNSF and BNSF's customers has improved considerably for Baytown Branch traffic. This improvement, however, is in large part attributable to BNSF's intense car-by-car management process which consumes large amounts of time and resources. Further, although there has been some improvement, UP's reciprocal switching still does not consistently meet the service standards necessary for BNSF to provide fully competitive service.

for one carrier versus another. Additionally, customers are concerned with the timing issue of needing to fit a second switching carrier into a plant's operational cycle at a different time of day or night to avoid impacting the switching cycle of the first carrier.

These issues affect the operation of the Baytown Branch itself. The Baytown Branch is not signaled and is congested by growing business and multiple train operations daily. BNSF has had to fit its local switch service in among UP's local operations without causing disruption to UP or its customers. Further, if BNSF performs switching on the Baytown Branch, it would be adding additional trains to a line and potentially increasing congestion.

The problems associated with two carrier switching could be alleviated if operations on the Baytown Branch were to be directed on a neutral basis by a third party, using the UP and BNSF personnel already in place to conduct the switching operations. This would permit customers to revert to being served by a single local switch carrier, reduce train movements on the Baytown Branch, and provide customers equal operational access to the line haul services of BNSF and UP.

Clinton Branch. UP's Clinton Branch, located in Houston and Galena Park, TX is a 5.4 mile branch serving 22 customers along the north side of the Houston Ship Channel. In order to service the Houston Public Elevator, BNSF delivers cars to UP's North Yard. UP then delivers the cars to the Houston Public Elevator.

BNSF has been unable to provide timely, reliable and competitive service to the Houston Public Elevator under the current arrangement. On some occasions, UP has given its own trains preference over BNSF trains, thereby causing BNSF trains to

experience considerable delays. On other occasions, BNSF trains have experienced delays because UP inefficiently coordinated operations on the Clinton Branch. For example, on May 8, 1998, a BNSF train was held for 5 ½ hours at the North Yard because UP was unable to contact the UP Yardmaster to receive clearance for the train.

Service would be improved if the Clinton Branch were to be controlled by the Port Terminal Railroad Association ("PTRA"), which has trackage surrounding the Clinton Branch, and which is in a better position than UP to monitor and manage on a neutral basis inbound grain train flows to the public elevator facility, thereby reducing congestion on the branch and elsewhere in the Houston terminal area.

Houston Terminal Area. Presently, BNSF operations through Houston are restricted to the former Houston Belt & Terminal Railway Company ("HBT") East and West Belt routes. When these routes are congested, UP will not permit BNSF (and Tex Mex) to use alternative routes, even though alternative routes are available, unless prior agreements are in place.

For example, a May 7, 1981 Supplement to the SP-ATSF Rosenberg-Virginia Point Agreement provided ATSF (and now BNSF) with the ability to operate grain trains on trackage rights over the former SP between Rosenberg and Englewood via West Junction, Chaney Junction, and Tower 26 for traffic moving to elevators on the Clinton Branch. By broadening these rights to permit all traffic to move on this route as required, business moving through the Houston terminal could be routed around, as required, congestion on the East and West Belt lines, leaving those routes clear for business moving to and from Houston local and area customers.

Houston-Valley Junction. There has been a reoccurrence in UP congestion on the UP directional routes between Houston and Valley Junction, IL (East St. Louis) shared by BNSF and UP over which BNSF has trackage rights as well as access to "2-to-1" customers and new facilities. This congestion impacts BNSF's ability to provide scheduled through and local service to customers on these routes, as well as flows into and out of the Houston Terminal for both UP and BNSF. This situation could be improved if the routes were dispatched under neutral supervision by the Spring Center.

AL&M at Fordyce. On May 12, 1998, The Arkansas, Louisiana & Mississippi Railroad Company ("AL&M") filed a petition requesting the Board to permit BNSF to interchange traffic with AL&M at Fordyce, AR, where AL&M's line connects with the former SP line between Memphis and Houston over which BNSF was granted overhead trackage rights as a condition of the UP/SP merger. On June 1, 1998, BNSF filed its reply to AL&M's petition in which BNSF set forth its proposed operating plan for serving AL&M.

The Board has recognized that shippers can be deemed "2-to-1" shippers because route circuitry or other service impediments effectively limit their commercially realistic, efficient, and competitively priced rail carrier options to one carrier (even if two carriers have nominal access to their facilities). If AL&M is correct that AL&M's use of KCS routings adds circuitry and cost which render KCS service noncompetitive, AL&M is no different than a "2-to-1" shipper, and the granting of AL&M's petition would further the competitive goals of the Board's decision approving the UP/SP merger.

B. Central Corridor

Congestion. Throughout the second quarter, congestion along UP lines in the Central Corridor has adversely impacted BNSF service. For example, UP is increasing its coal business in the Grand Junction, CO area, and there has been significant build up of traffic on the former SP line between Denver and Grand Junction. UP did not consult with BNSF prior to this increase in traffic, and BNSF had no opportunity to accommodate the increase in UP's operations. Similarly, the lines between Denver and Pueblo are increasingly congested, and coordinated dispatching control of those lines would improve BNSF's ability to offer full competitive service to shippers.

BNSF also remains extremely concerned about its train operations between Denver and Stockton. The level of service that BNSF has been able to provide over its trackage rights line does not allow BNSF to meet its commitments to customers, and therefore, does not allow BNSF to be competitive with UP on a consistent basis. UP and BNSF are evaluating operations over this line to determine whether congestion, or some other problem, is the cause of BNSF's service deficiencies.

Crew Shortages. From Denver to Salt Lake City, UT, BNSF uses its own crews to operate its trains over its trackage rights lines. West of Salt Lake City, it uses UP crews to move the trains to Stockton, CA. Because of its own crew shortages, UP has been unable to provide sufficient crews to allow BNSF to operate efficiently, and the practice has been that, whenever there is a shortage of crews, UP's needs for crews are met before BNSF's needs.

In order to address some of the crew shortage problems, BNSF requested that UP allow BNSF to provide its own crews between Stockton and Portola, CA, and between Richmond and Roseville, CA and Stockton and Roseville immediately. If UP agrees to this proposal, BNSF should be able to implement the changes by the end of 1998.

Salt Lake City Southern. Salt Lake City Southern Railway ("SLS") is a "2-to-1" shortline to which BNSF gained access as a condition of the UP/SP merger. SLS provides reciprocal switch service to customers at Midvale, UT. UP has required BNSF to interchange with SLS through the UP at Salt Lake City. In order to accomplish this interchange, BNSF must take its trains into UP's yards at Salt Lake City, thereby adding traffic to UP's heavily congested Salt Lake City yards.

BNSF could use the already existing connection between the BNSF trackage rights line and the directly adjacent SLS at Midvale to interchange with SLS. BNSF would use Utah Railway as its agent to interchange with SLS. This would decrease the transit times for cars to be interchanged with SLS and decrease congestion in UP's Salt Lake City yards. To date, however, UP has not permitted BNSF to interchange directly with SLS at Midvale.

Switching at Salt Lake City. Utah Railway performs switching functions for BNSF at Salt Lake City. BNSF's service to and from Amoco, Chevron, Inland and Phillips in Salt Lake City, using Utah Railway as its agent, has been adversely impacted by UP's practice of parking trains and blocking switching leads that are used by Utah Railway to service the facilities.

As an example, the switch used by Utah Railway to service Amoco comes off of UP's mainline # 2. UP has parked trains blocking the lead into Amoco on a number of occasions during the second quarter of 1998, including on June 4-5 when a UP train was parked on the mainline for two days blocking both the Amoco and Chevron facilities. During this period, Utah Railway switch jobs were repeatedly recrewed as they waited to perform the required switching for Amoco and Chevron. This is despite the fact that the switch windows for Utah Railway to service BNSF customers have been agreed to by UP and designed to minimize delays for UP.

On June 12, 1998, BNSF and Utah Railway representatives met with UP to put a system in place to resolve the switching issues. At that meeting, it was decided that Utah Railway would call the UP dispatchers on a daily basis to advise them of the time that Utah Railway would reach the Amoco facility so that UP could ensure that the track was clear. In the event that the contact with UP dispatchers did not resolve any switching issues, the parties agreed on a series of back-up plans. Initially, Utah Railway would contact UP's terminal manager. In the event that contact did not resolve the issues, Utah Railway would next contact the Harriman Center, then UP's Manager of Terminal Operations for the Mountain Division, and then UP's Vice President, Trackage Rights Operations, until the issues were resolved. If Utah Railway was required to contact each of these individuals, at least 8-12 hours would have passed, and the switch job would have to have been recrewed.

Since June 12, Utah Railway has continued to face problems switching Amoco and BNSF's other Salt Lake City customers. For example, on June 13, Utah Railway

used three crews before being able to access the Amoco facility. While UP has on occasion recently permitted Utah Railway to run around Salt Lake area congestion on the SP trackage by using adjacent UP trackage, this has not resolved all of the service problems.

Of most concern is the fact that, although Utah Railway continues to be blocked out of the Amoco facility, UP has not missed a single switch to the same facility. Indeed, at a June 24 meeting, Amoco informed BNSF that, although UP trains continue to block the Amoco facility during Utah Railway's scheduled switching windows, UP trains have had no problem accessing the facility during their own switching windows. UP's uninterrupted switch service to Amoco, compared to BNSF's erratic service caused by UP's blocking of switching leads, will eventually cost BNSF this traffic. This has considerable impacts on BNSF's traffic between Texas City, TX and Salt Lake City, and BNSF is subject to monetary penalties for this traffic.

Facilities for BNSF Operations at "2-to-1" Points. At a number of points on the Central Corridor, BNSF's ability to offer fully effective competitive service has been impeded by UP's refusal to make available to BNSF unused or vacant facilities. For example, in November, 1997, BNSF requested that it be permitted to use two out-of-service tracks at the former SP Ogden Yard. Initially, notwithstanding the fact that UP did not use the tracks, UP advised BNSF that the tracks were important to UP operations. UP then placed bad order equipment on the tracks to prevent use of the tracks by BNSF or Utah Railway. BNSF persisted in its request to lease the tracks, and UP continued to decline such requests. In January, 1998, UP spiked the switches

leading to the two tracks and took them out of service. At this point, BNSF renewed its request for lease of the tracks. While UP eventually consented to the lease, the delay hampered BNSF's ability to provide competitive service to our Utah customers.

Further, although BNSF has commenced local operations at Grand Junction, CO, UP has refused to provide BNSF adequate track capacity at the Grand Junction Yard to enable BNSF to increase its capacity to serve the demand for its service. UP has indicated that it will allow BNSF to use two depot tracks at Grand Junction; however, this is not adequate track to support local operations. UP has been scaling back operations at the Grand Junction Yard, and currently several tracks remain unused and out of service.

Additionally, throughout the second quarter, BNSF's Central Corridor operations continued to be harmed by UP's refusal to allow BNSF to operate over unused track at Winnemucca and Sparks, NV. These tracks are needed to support local operations providing service to new shippers located between Winnemucca and Sparks and to shippers using BNSF's transload at Sparks. Notwithstanding BNSF's offer to rehabilitate and maintain the track, UP has refused to allow BNSF to use either track. UP indicated that it intends to use the Winnemucca track for planned track work. UP has not, however, offered any reason for its refusal to allow BNSF to use the track at Sparks. During the week of June 29, 1998, a team of BNSF representatives toured this area to identify possible alternative facilities or property that BNSF could use without adversely impacting UP, and at least one alternative has been identified and is the subject of further discussions.

If BNSF is not given access to adequate tracks at Grand Junction, Winnemucca and Sparks, it will be forced to construct its own facilities. Given the fact that tracks and facilities remain unused by UP at these locations (and, in many cases, out of service), this appears to be an unnecessary capital expenditure and delays commencement of the competitive service expected by customers.

In addition to becoming increasingly insistent that BNSF establish its own facilities in lieu of using UP's facilities along trackage rights lines, UP is also insisting that these facilities not be tied directly into a mainline, such as at Midvale, UT. BNSF believes that the merger settlement agreement and conditions do not preclude BNSF from tying directing into the UP mainline.

Nevada. BNSF has had ongoing service problems handling movements of sulphuric acid from Kennecott Utah Copper's Magna, UT facility to Jayhawk, NV. Most of these problems appear to be caused by maintenance of separate UP and SP data operating systems west of Elko, NV. Currently, BNSF movement information for haulage by UP over the UP line or former SP line is in either, or both, UP's TCS and SP's TOPS systems. The use of both systems has caused considerable problems. For example, loaded cars destined for Jayhawk have been returned to Magna without ever being unloaded. During the first three weeks of April, 1998, 22 acid cars returned to Kennecott loaded instead of empty. As a result, customers expecting delivery are faced with product shortages, and the shipments have had to be shipped by truck to protect deliveries to Nevada customers.

Other problems caused by the dual UP and SP systems include empty cars that were to be picked up for westbound movements being placed in the eastbound block for pick-ups at Elko. Further, BNSF has encountered significant problems with haulage service for another Nevada customer, Anshutz Marketing ("Anshutz") at Carlin. Anshutz has attempted four times to use BNSF service. Each time, cars were either not delivered by UP for up to 7 days after they arrived in Elko, or empties were not pulled from the Anshutz facility for a similar period of time.

UP is scheduled to cutover to one data operating system on July 1, 1998. BNSF is hopeful that UP's elimination of TOPS will put an end to many of these problems.

C. I-5 Corridor/California

Tehachapis Line. As the Board is aware, BNSF, as successor to Santa Fe, operates over the former Tehachapis Line between Kern Junction (Bakersfield) and Mojave, CA, a distance of approximately 68 miles. These operations are conducted pursuant to an Operating Agreement prescribed by the ICC in Atchison, Topeka & Santa Fe Railway Co.-Operating Agreement-Southern Pacific Co., 331 I.C.C. 367 (1967), as modified in 333 I.C.C. 342 (1968). The service BNSF has received since the UP/SP merger has deteriorated significantly, and BNSF has been experiencing numerous unacceptable delays in moving its trains over the Tehachapis Line.

Condition 14 of the Operating Agreement provides that BNSF's trains are to be given "equal dispatch" with those of UP. Despite this requirement, BNSF's trains appear not to be receiving equal dispatch in obtaining access to the Tehachapis Line. In many cases, BNSF's trains are being prevented from entering the Tehachapis Line while the

increased volume of UP trains is allowed to move over the line. Previously established schedules for the movement of BNSF trains, which predate the UP-SP merger, are not being met. BNSF is investigating this matter and, if appropriate, will seek relief from the Board to ensure that Condition 14 is being observed by UP in dispatching the Tehachapis Line and that BNSF service is not be adversely affected as a result of operating changes stemming from UP's acquisition of SP.

BNSF believes that an important step to addressing this problem is to establish a joint dispatching facility to dispatch this line. The joint dispatching facility would be similar to the Spring Center recently established by UP and BNSF, and it could also dispatch other jointly operated lines in Southern California.

Delivery of Cars. UP has consistently been unable to perform to its plans for the delivery of cars in Sacramento, CA, for BNSF customers. For instance, on April 21, 1998, UP changed its local operations for Sacramento area customers without informing BNSF or the customers beforehand. It declared that no trains, BNSF or UP, were to set out at Del Paso Yard in Sacramento effective that date. The lack of notice affected BNSF's ability to provide service to Farmers Rice at West Sacramento using UP haulage and reciprocal switch service. Indeed, as evidenced by the graph attached hereto as Attachment 2, UP's delivery of cars to BNSF consistently has not met acceptable service standards. To date UP has not implemented viable replacement service which would

allow BNSF to meet its service commitments.^{6/} UP and BNSF are again exploring remedies for this ongoing haulage problem.

D. General Issues

Service Standards for Reciprocal Switch. BNSF has found that in most cases where UP is performing either haulage or reciprocal switch service for BNSF, BNSF has been unable to provide timely, reliable and competitive service. On some occasions, UP has given its own trains preference over BNSF trains, thereby causing BNSF trains to experience considerable delays. On other occasions, BNSF trains experienced delays because UP inefficiently coordinated operations. BNSF believes that service standards or commitments by UP are needed in order to ensure that BNSF is able to offer customers fully competitive service.

Additional Access Rights

Term Sheet Agreement. As was previously discussed in the April 1, 1998 Progress Report, on February 12, 1998, UP and BNSF entered into the Term Sheet Agreement to allow greater coordination between railroads along the Gulf Coast and to improve operations and reduce congestion. However, BNSF has been unable to reach a definitive agreement with UP implementing the Term Sheet Agreement because of a dispute that has arisen between BNSF and UP concerning the width of the right of way to be included in the exchange of ownership interests contemplated by the Term Sheet

^{6/} UP did eventually offer an alternative service plan that provided for a standard on this traffic of 66.5 hours from cutoff at Farmers Rice's facility to the interchange with BNSF at Stockton, CA. This service standard is not acceptable to BNSF or its customer.

Agreement. To date, UP has been unwilling to proceed with the exchange with BNSF of the full right-of-way along the "50/50" line by which the full right-of-way would be part of the joint facility, but rather, is merely willing to provide BNSF with a 50 ft. wide strip on the line.

The Term Sheet Agreement provides for the establishment of a regional dispatching center at UP's command center in Spring, Texas which became operational on March 15, 1998. The Spring Center allows UP and BNSF to minimize train and service delays and congestion in the Houston terminal area and between Houston and New Orleans, and rail customers and the general public will benefit from better train flows along this critical Gulf Coast corridor. In addition, full implementation of the center's functions should also improve Gulf Coast trackage rights operations for Tex Mex.

Under the Term Sheet Agreement, BNSF has also agreed to grant UP overhead trackage rights over the BNSF line between Beaumont and Navasota, Texas, with the additional right to enter and exit the line at Cleveland and Conroe, Texas. This will improve Houston area rail operations by allowing UP to bypass the Houston terminal for trains containing traffic neither originating or terminating in the Houston area, moving through the region between the north, east and west of Houston. This "bypass" option gives UP something it and its customers have heretofore not had -- i.e., the ability to route regional and transcontinental traffic around, not through, the Houston terminal. To date, UP has not taken advantage of this option.

A key provision of the Term Sheet Agreement provides BNSF with access to all present and future industries and other shipper facilities, including team tracks and transloads, located on the 50/50 line and on all former SP branches and spurs, and on any new branches and spurs, appurtenant to the 50/50 line.

Build-Ins/Build-Outs, New Facilities and Transloads. BNSF is continuing to investigate and pursue opportunities for build-ins/build-outs, new facilities and transloads, and it is currently engaged in discussions with a number of interested customers concerning such facilities. These projects, which, by their nature, are highly confidential and competitively sensitive, are in varying stages of progression, ranging from early discussions, to negotiations with UP regarding installation of necessary trackage, to the establishment of rail service plans.

With respect to the development of new facilities, BNSF is working with a number of customers and has achieved a number of major successes to date. In the third quarter of 1997, BNSF and Qualitech Steel Corporation agreed on the siting of a new iron carbide processing plant at Corpus Christi, TX, along a UP trackage rights line, to be served by BNSF directly. This facility is expected to commence production in the third quarter of 1998. Also during the third quarter of 1997, BNSF established Metro Steel Recyclers at Salt Lake City, UT, as a metals transload facility. BNSF has worked to identify such sites during field surveys along trackage rights and acquired lines and at "2-to-1" points, conducted by its Marketing and Industrial Development teams. BNSF is also talking to its customer base about their transload needs along these lines to pinpoint areas of greatest opportunity for increased rail business.

As a result of the Board's Decision No. 75, served October 27, 1997, enabling BNSF to establish a new transloading facility at Sparks, NV to serve an R.R. Donnelley printing plant in Reno, NV, BNSF established a BNSF "Quality Distribution Center" (or "QDC") in Sparks, which will provide paper transloading for Donnelley. BNSF began service to Donnelley through this facility in January, 1998. This marked BNSF's first direct service to the Reno area.

During the second quarter of 1998, BNSF also worked with customers to establish transload facilities. Such facilities were established for: Wes Moser & Sons at Fruita, CO, and Valley Oil Transportation at Salt Lake City, UT.

Overall, notwithstanding these obstacles, there is considerable interest with customers and communities to have access to BNSF service ~~along~~ trackage rights lines, by means of build-in/build-out, new facilities and transload rights in areas which for years relied totally on the competition between UP and SP. Many of these type of projects are underway but not yet at the point of laying track or commencing shipping and receiving.

Summary of BNSF's Operations Over Trackage Rights

This section of the Progress Report details the current status of BNSF's progress towards implementation of service over the lines to which it has been granted access under the Board's Decision No. 44, including the specific implementation steps BNSF has taken during the period from July 1, 1997, to July 1, 1998. For ease of reference, this presentation will be organized by corridors as follows: Gulf Corridor, Central Corridor and I-5 Corridor. A list of current trains running over the trackage rights lines is attached hereto as Attachment 3.

A. Gulf Corridor

1. Direct BNSF Train Service.

a. Beaumont-Houston

- On February 1, 1998, BNSF and UP began directional flow operations between Houston and Beaumont. BNSF and UP traffic moves east along the UP line and west along the SP line.

b. Houston-Corpus Christi/Robstown

- BNSF is now providing direct train service operations between Houston and Corpus Christi/Robstown, TX six days per week. This had been tri-weekly since October 1, 1996, and had increased to a 5 day operation in March, 1997.
- On November 12, 1997, UP, Tex Mex and BNSF agreed to directional operations between Houston, Flatonia and Bloomington/Placedo to further improve service over this route, resulting in directional interchanges between BNSF and Tex Mex: southbound via Flatonia, northbound via Algoa.^{2/}
- On January 29, 1998, BNSF and Tex Mex eliminated the temporary Flatonia, TX interchange initiated on November 10,

^{2/} BNSF and UP have executed a trackage rights agreement that permits BNSF to operate southbound between Caldwell and Placedo via Flatonia as long as UP operates directionally in the corridor.

1997, pursuant to STB Service Order No. 1518 and restored the Robstown, TX interchange for traffic moving to and from Mexico via Laredo, TX, as well as for traffic to and from Laredo itself. BNSF is operating its own trains from Temple, TX south via Flatonia to Corpus Christi and Robstown, and north from Corpus Christi and Robstown via Algoa, TX to Temple. The directional operations on BNSF are made possible by trackage rights over UP granted to BNSF southbound between Flatonia and Placedo, TX. The rights, granted in December, 1997, remain in effect as long as UP continues similar directional operations between Houston, Flatonia and Placedo, to ease congestion and improve service to local customers.

c. Houston/Memphis

- BNSF and UP began directional flow operations between Houston and Memphis beginning on February 1, 1998. BNSF traffic originating or terminating in Houston as well as UP traffic is moving north along the UP line and south along the SP line.
- On July 10, 1997, to prevent congestion at HBT's South Yard, BNSF began operating a train from Galesburg-Houston that only handles PTRS traffic from Galesburg and East St.

Louis. A separate train that handles only PTRAs from Memphis is also operated on a daily basis. These trains go directly to the PTRAs for processing and transferring, thus avoiding HBT's South Yard. This increases the speed of both loaded and empty trains into the Houston area, and limits the amount of processing that must be conducted at UP's congested Englewood Yard.

d. Pine Bluff-Memphis

- Due to excessive delays for BNSF's eastward trains between Pine Bluff and Memphis, a directional flow operation was established, with UP agreeing to allow BNSF to operate eastward trains over the former UP between Fair Oaks and Bridge Junction, and westward over the former SP lines between those same points. Transit times for these trains have significantly improved; however, BNSF trains are still consistently not making schedules on that route.

e. Houston/New Orleans/Iowa Junction-Avondale

- On October 13, 1997, BNSF instituted daily train service in each direction between Temple and Lafayette via Silsbee in place of its prior operations between Temple and New Orleans. The Temple-Lafayette train combines at Lafayette with merchandise traffic from Houston, and operates as one

train from Lafayette to New Orleans. On October 13, 1997, BNSF also began operating a Lafayette-Barstow merchandise train via Silsbee and Temple, bypassing Houston.

- On October 1, 1997, the Lafayette Yard began classifying New Orleans interchange traffic in both directions. Non-run-through interchange traffic to connecting lines in New Orleans is being delivered by BNSF crews to the New Orleans Public Belt for delivery to those connections.

f. Eagle Pass

- In early November, 1997, BNSF increased its Temple-Eagle Pass service from three days per week to five days per week due to increasing traffic volumes. In December, 1997, BNSF further increased that service to six days per week in each direction, as traffic continued to increase.
- In order to reduce congestion, BNSF has instituted customs preclearance (Dispacho Previo) at Eagle Pass. Further, grain sampling has been handled in Mexico, rather than the United States for all grain traffic through Eagle Pass. This has reduced border congestion and improved the speed of the interchange on Eagle Pass Mexican traffic.

g. Strang

- During the first week in February, 1998, BNSF, UP and the PTRA agreed to establish an interchange at Pasadena, TX for the movement of cars originating on the former SP trackage in the Sinco-Strang area. UP now interchanges cars at Pasadena through PTRA for BNSF movement to South Yard, eliminating the circuitous and time-consuming movement of interchange traffic through Englewood Yard between UP and BNSF. By implementing this change, BNSF and UP have seen improved service transit times and consistency for customers, and have kept unnecessary carload traffic out of Englewood Yard thereby reducing congestion.

2. Local Service

a. Houston-Dayton/Dayton-Silsbee

- On May 9, 1998, BNSF discontinued its Dayton-Houston local service and began operating from Dayton-Silsbee. This has allowed BNSF to divert Baytown Branch traffic onto BNSF's Silsbee subdivision, away from the congested Houston terminal area.
- On May 9, 1998, BNSF began new local service between Dayton and Houston in order to provide service to customers

along the "50/50" line to whom BNSF gained access pursuant to the Term Sheet Agreement.

- During the second quarter of 1998, BNSF began to run its first local train between Baytown and Dayton, TX. BNSF gained access to all customers on this line pursuant to the Term Sheet Agreement.

b. Temple-Waco/Elgin

- The local between Temple and Waco is scheduled to operate tri-weekly. However, because of extreme congestion between these points, BNSF has been unable to run more than 50% of its scheduled trains.

c. Eagle Pass

- On September 8, 1997, a local switcher was established at Eagle Pass to switch BNSF trains and interchange with Pacifico Norte six days/week. This improves service for BNSF customers and eases congestion at the interchange.
- On February 18, 1998, FXE commenced operations on the trackage connecting with BNSF at Eagle Pass (and El Paso), TX. Start-up of this privatized carrier is expected to bring renewed commercial focus to customers south of the Eagle Pass gateway, and should further strengthen BNSF

operations and plans to provide competitive service through this gateway.

- On May 22, 1998, BNSF, UP and Ferrocarril Mexicano ("FXE") representatives met to discuss service issues relating to Eagle Pass. FXE indicated that it is committed to taking 150 cars/day six days/week from BNSF southbound. The parties also agreed to steps to coordinate operations. As a result, BNSF began an early morning (6:00 a.m.) interchange on business to FXE, outside the hours used by UP for Mexican interchange, in order to reduce congestion on BNSF, UP and FXE. After some initial problems (tracks or interchange blocked by UP), this process has been established and appears to be functioning satisfactorily. A follow-up meeting was held on June 25 in Piedras Negras. As a result of these meetings, interchange problems at Eagle Pass, while not totally resolved, have been mitigated.
- Because of congestion on FXE lines, BNSF has agreed to accept returning empty equipment from FXE at El Paso rather than Eagle Pass. BNSF and FXE will continue to use this substantially more circuitous and expensive route to return empty cars to BNSF until they are convinced that the traffic can be reinstated at Eagle Pass without a negative

impact on the overall operations at Eagle Pass. UP empties continue to be interchanged at Eagle Pass northbound.

d. New Iberia - Lake Charles

- On October 1, 1997, Louisiana & Delta Railroad, a "2-to-1" shortline, began operating sugar cane container trains between New Iberia, LA and Lake Charles, LA for M. A. Patout Sugar over trackage rights provided by BNSF on the Avondale-Iowa Junction line. This seasonal movement is a direct diversion from truck traffic, involves cooperation between the railroads, the customers, and various departments of the State of Louisiana, and offers considerable growth potential in future years. This seasonal movement ended December 10, 1997. It should recommence during the fourth quarter of 1998.

e. Little Rock-Pine Bluff

- BNSF commenced local Little Rock-Pine Bluff service on January 15, 1998, to serve BNSF customers in Little Rock, including those switched by UP and those on two "2-to-1" shortlines, the Little Rock Port Authority Railroad ("LRPA") and the Little Rock & Western ("LRWN"). This service start-up was required because of repeated service failures experienced by BNSF and its customers using UP haulage

service via either the UP or SP route between Pine Bluff and Little Rock. Traffic from both locations is moved tri-weekly from Little Rock in the directional flow north over the UP line to Memphis and returned over the SP line southbound from Memphis to Pine Bluff and then to Little Rock. This traffic is switched and blocked at the Port Authority of Little Rock pursuant to a separate agreement between BNSF and the Port Authority.

- Direct BNSF service to International Paper and General Chemical at Pine Bluff, AR began during the first part of March, 1998. BNSF's Memphis-Little Rock train sets out and picks up cars directly with the contract switcher providing plant switching services to International Paper and General Chemical for connections with BNSF's Memphis-Little Rock local.

f. Dawes-Iowa Junction

- As a result of gaining access to nearly 150 additional customers on the former SP main line, branches and spurs between Dawes (Houston), TX and Iowa Junction, LA pursuant to the Term Sheet Agreement, BNSF commenced direct service to several customers, including North Star Steel, Korf, TX, North Star Steel of TX, other pipe receivers

on the Sheldon, TX team track, and Kemco and several other customers at Crosby, TX during the week of March 16, 1998.

3. Haulage.

a. Brownsville

- As discussed earlier, BNSF continues to use haulage by UP to serve customers in the Harlingen and Brownsville area, as well as interchange traffic to TFM via Matamoros. Grain train haulage movements to Brownsville in the past were considerably hampered by UP's inability to provide power at Flatonia, TX. Under an agreement with UP, BNSF has been supplying locomotive power for these movements. UP is obligated to return the power to BNSF within 24 hours of delivery of the traffic of those trains to FNM at Brownsville. For the most part, the agreement is working satisfactorily, although, on occasion, UP has appropriated BNSF power for UP's use in the past.
- Depending on volumes, haulage interchange either takes place at Houston or Flatonia. Larger volume trains, including grain trains, interchange at Flatonia, where BNSF power moves the traffic through to its destination or interchange point.

b. Dayton/Baytown

- BNSF is continuing to rely on UP for reciprocal switching on the Baytown Branch.

4. Dispatching.

- On August 12, 1997, BNSF placed a supervisory employee as its representative in UP's Omaha dispatching center pursuant to the provisions of the dispatching protocol required under the Chemical Manufacturers Association Agreement dated April 18, 1996 ("CMA Agreement"). BNSF is adding two new employees to the Omaha dispatching center, effective July 1, 1998.
- A regional UP/BNSF dispatching center at UP's command center in Spring, TX became operational on March 15, 1998. UP and BNSF completed their respective transfers of dispatching functions to the Spring Center on April 26, 1998. The dispatching center has responsibility for jointly dispatching the 50/50 line, the lines of the HBT, the lines of the PTRR previously dispatched by UP, and the trackage in the Houston terminal area that was owned and dispatched by SP. The lines are dispatched in accordance with the dispatching protocol adopted pursuant to the CMA Agreement in the UP/SP merger proceeding. That protocol provides that trains of the same class will be treated equally so that all carriers in Houston and along the Gulf Coast will be able to provide the same quality of

service to shippers. The dispatching center also coordinates operations of routes in and out of Houston to regulate flows and avoid route and terminal congestion by better planning and coordination.

- Tex Mex has a representative at the center, and Tex Mex has agreed to place a dispatching supervisor in the Spring Center by the second week of September, 1998.

5. Other Capital Projects.

- On October 15, 1997, BNSF began operating over a new crossover at M.P. 12.25 at Avondale. This crossover allows movements from the UP mainline to the SP mainline and to the BNSF yard at Avondale.
- During the first week of December, 1997, BNSF completed the construction of two 9,000 ft. operating tracks at Dayton. These two new tracks, designated Tracks 600 and 601, are located directly south of the Dayton SIT and provide a point of interchange between UP and BNSF for business moving to and from customers on the Baytown Branch accessible to BNSF, potentially reducing main track congestion in this area. BNSF is considering building additional trackage in the near future.
- On May 2, 1998, BNSF signed a construction contract for the installation of a third storage track at Eagle Pass. The anticipated

completion date of this track is July 7, 1998. This additional storage track will provide BNSF with greater capacity in staging trains for interchange to FXE and reduce congestion at other staging points, including Temple, TX.

- During the second quarter of 1998, a new track connection between BNSF and UP was placed in service at Longview, TX. This connection permits BNSF through trains coming on line at Longview to pull directly into UP's northbound directional flow between Houston and Little Rock, without extra delay or runaround movements. This connection will be fully operational when the switch at the end of the UP connection is powered which is expected to occur at the end of the third quarter of 1998.
- During the past year, BNSF continued its program upgrading the condition of the main line between Iowa Junction and Avondale, LA. In addition to continuing to work on the installation of ties, other critical work was completed on the line, including extensive repairs to numerous bridges, the repair of sinkholes, the widening of banks in several areas, and the replacement of numerous switches, "frogs", and "diamonds". Everywhere ties have been installed, rail surfacing has also been completed, and there has been a substantial reduction in slow orders which has benefited not only BNSF but also UP and Amtrak trains using the line. As a result of

these efforts, the maximum train speed has been increased from 40 to 60 mph. In addition, seventeen yard tracks at Lafayette, LA have been rehabilitated to allow BNSF to switch long blocks of cars relieving other congestion. BNSF has offered to lease a portion of that new trackage to UP for its use. UP has accepted that offer.

- BNSF has completed a \$600,000 project to rehabilitate and upgrade industry trackage from six cars to thirty-two cars for Texaco at Vallier, LA.
- The installation of a Centralized Traffic Control ("CTC") between Iowa Jct. and Echo, TX is being completed in six phases. The first phase included Iowa Junction to West Iowa, LA and Echo, TX to East Brimstone, LA. This was complete at the end of the second quarter of 1998. Three more phases, including East Brimstone to East Lockmoor, LA, East Lockmoor to West Lake Charles, LA and West Lake Charles to Mallard Junction, LA, are anticipated to be completed by the end of the third quarter of 1998. The final phase, involving West Lake Charles to Mallard Junction, LA, is on hold pending the construction of additional track capacity through Lake Charles which is anticipated for 1999. The total cost of the project will be funded from the \$25 million capital reserve fund that was provided for in the Settlement Agreement. The siding and CTC will

reduce congestion on the line between Houston and New Orleans and improve the fluidity of traffic flow in the Corridor.

- UP is constructing an 8,500 foot siding at Iowa Junction, LA, where the ownership of both the UP and BNSF begins on the former SP Houston-New Orleans route. This will provide additional capacity for both UP and BNSF. Track and signal work is expected to be completed by the end of the third quarter of 1998.

B. Central Corridor

1. Direct BNSF Train Service. BNSF is operating direct train service over the following lines in this region:

a. Denver-Stockton/Richmond

- Between Denver and Stockton/Richmond, BNSF direct train service has been operating since October 8, 1996. On July 14, 1997, BNSF commenced daily service over this route. This train is now part of a new daily service operating each way between Riverbank, CA and Galesburg, IL.
- Beginning July 14, 1997, BNSF started routing some merchandise flows from other corridors -- primarily the Southern Corridor -- over the Denver-Stockton route. This has improved BNSF's overall service and eased congestion on the Southern Corridor route.

b. Denver/Salt Lake City

- BNSF has increased Central Corridor service between Denver and Salt Lake City from three days to seven days per week in each direction.
- Because of the growth in BNSF traffic levels in the Central Corridor, BNSF is taking or has taken the following steps to increase track capacity:
 1. Restored two 50 car tracks at Ogden which were out of service in the DRGW yard.
 2. A crossover has been constructed from the east end of Utah Railway's yard to the UP main line at Provo.
 3. UP has leased to BNSF two yard tracks at Midvale yard. BNSF plans to construct, at its expense, two long tracks and five classification tracks at Midvale Yard on property leased from UP at that location. However, to date, UP has not agreed to allow the installation of a switch into its operating siding at Midvale which is necessary for this construction. UP and BNSF are currently in discussions on this issue.

c. Denver/Provo

- BNSF increased its train service from Denver-Provo to 5 days/week on April 4, 1998.

d. Klamath Falls/Provo

- On September 25, 1997, UP agreed to permit BNSF to set-out and pick-up merchandise trains between the I-5 Corridor and the Central Corridor at Keddie, CA. In mid-December, 1997, BNSF began using a siding at the east end of Keddie, CA, for traffic moving between points on the I-5 Corridor and points in Nevada and Utah along the Central Corridor. BNSF is now able to handle traffic between I-5 points Keddie and north and Central Corridor points east of Keddie. BNSF provides this service with its twice-weekly merchandise train service between Klamath Falls and Provo.

e. Provo/Helper

- On July 4, 1997, BNSF and Utah Railway began helper service in both directions for all trains between Provo, UT, and Helper, UT. This permits the operation of longer, more efficient trains. Additionally, it will allow a substantial upgrade of Central Corridor service. In part as a result of this service, train tonnage ratings were raised to 5,100 tons/train westbound and 5,300 tons/train eastbound. Further, for unit trains with high strength drawbars, train tonnage ratings were raised to 7,700 tons/train westbound and 8,000 tons/train eastbound.

f. Pittsburgh, CA/Birmingham, AL

- On April 4, 1998, BNSF began operating 3 steel trains/week between Pittsburgh, CA and Birmingham, AL.

2. Local Service

a. Provo-Salt Lake City-Ogden

- Utah Railway is continuing to serve as BNSF's agent for local merchandise, reciprocal switch and haulage service for customers in the Provo-Salt Lake City-Ogden Corridor. Utah Railway now has six switchers working in this territory to provide service to BNSF customers in the area.
- Although delays at Grant Tower and north Salt Lake City continue to be a problem, there has been some improvement. As discussed above, however, BNSF, through its agent Utah Railway, has had an increasing problem in serving its north Salt Lake City chemical and other customers due to UP trains tied up on the mainline which are blocking switches into the customers' plants for a full day or more.
- BNSF added SLS as the seventeenth "2-to-1" short line which BNSF now accesses. However, as discussed above, not all SLS customers can be reached by BNSF due to pre-merger agreements between SLS and UP/SP. BNSF's current interchange with SLS is through UP, and BNSF has

requested UP to allow a direct BNSF-SLS interchange at Midvale.

b. Winnemucca and Sparks

- On January 27, 1998, BNSF began local train operations via UP trackage rights between Sparks and Winnemucca, Nevada, with service to a BNSF transload facility at Sparks, to which BNSF received access pursuant to the Board's Decision No. 75. The new train service operates three times a week. Additionally, this local now serves Valley Joist at Fernley, NV.

c. Grand Junction

- On May 11, 1998, UP agreed to permit BNSF to establish local switching service at Grand Junction, CO to service new customers located in the area. This local service has replaced haulage and reciprocal switching service provided by UP for BNSF and its customers. UP leased BNSF two depot tracks to facilitate this service. BNSF is now requesting the lease of additional out-of-service trackage at Grand Junction to support the continued growth in its operations and service to local customers.

3. Haulage.

UP is continuing to provide haulage/switching service for all BNSF customers in Nevada but those of Sparks and Fernley. Interchange occurs at Winnemucca and Elko to interface with BNSF through train operations.

4. Other Capital Projects.

- During the second quarter of 1998, BNSF and UP continued construction of new connections at Stockton and El Pinal, CA, between both BNSF and UP lines and between UP and former SP lines in the area.
- On January 5, 1998, BNSF began leasing three tracks totaling 1,232 feet in length and 34,525 square feet of land at Murray, UT, for use as teamtracks. This facility is being used by BNSF as teamtrack for our Salt Lake City area customers. Currently, BNSF is doing lube oil and other rail-truck transfer at this site.
- In November, 1997, BNSF and Utah Railway completed the construction of three tracks and a crossover between the Utah Railway and the former DRGW mainline at Provo, UT, over which BNSF has trackage rights. These new facilities are important to BNSF's growing Utah Railway origin and destination business, to its use of Utah Railway's Provo Yard as the hub of BNSF's Utah operations, and to provide public

loading/ unloading (team) tracks for customers in the Provo area.

C. **I-5 Corridor**

1. Line Purchases.

The closing of the Bieber to Keddie, CA line occurred on July 15, 1997. Direct BNSF train service on that line also began on July 15, 1997. Seven-day per week service in each direction is being provided between Pasco, WA and Barstow, CA using BNSF's I-5 route.^{8/}

2. Direct BNSF Train Service.

a. Richmond/Sacramento-Warm Springs

- Direct train service between Richmond, CA and Warm Springs, CA is operating three days per week with additional service provided on an as needed basis. Bay area customers south of Warm Springs continue to be served via haulage.

b. Klamath Falls/Stockton/Riverbank

- On October 6, 1997, BNSF began operating a second train between Klamath Falls and Stockton/Riverbank. This train operates five days per week in each direction: Tuesday through Sunday.

^{8/} Initially, this direct train service was provided between Klamath Falls, OR and Barstow, CA. On October, 6, 1997, however, BNSF changed this train to a Pasco-Barstow train.

c. Keddie/Stockton

- BNSF continues to face problems in operations over the trackage rights lines between Keddie and Stockton because of erratic operations by UP. This situation will be greatly improved with the installation of the agreed-upon connections at El Pinal and Stockton. To expedite the process, BNSF and UP have agreed to install temporary connections until permanent connections are in place. It was anticipated that the temporary connections would be in place by early April, but due to complications involving city permits, installation of those connections has been delayed for some period of time.

3. Other Capital Projects

- A new track connection between BNSF and UP was placed in service on March 27, 1998, at Basta (Fullerton), CA. Establishment of this connection permits BNSF to directly serve the Cargill Refinery, a "2-to-1" customer facility, and Buildings 18, 22, and 28 in the Hunt-Wesson Fullerton, CA complex.

Service Improvements

BNSF has made substantial additional progress in the past quarter in implementing the operations and the service necessary to implement the rights it received. Several of those recent operational and service improvements have

significantly increased BNSF's ability to compete with UP. BNSF is now operating daily merchandise train service in all of the major trackage rights corridors. The ability to provide rail users with daily merchandise service on trackage rights lines in these corridors is the cornerstone for effective rail competition -- customers prefer routings where shipments can move on a daily basis. The following table details our current scheduled through daily service in major trackage rights lanes:

SCHEDULED THROUGH TRAIN OPERATIONS ON TRACKAGE RIGHTS

June 30, 1998

Line Segment	Train Service - Each Direction
Central Corridor	Daily merchandise service Daily intermodal service between Salt Lake City and Denver
I-5 Corridor	Daily merchandise service
Gulf East/Southern Corridor - Houston-Lafayette	Daily merchandise service Daily intermodal service
Gulf North Corridor - Houston-Memphis (including IC via Effingham)	Daily merchandise service
Gulf South Corridor - Temple-Corpus Christi	Daily merchandise service
Eagle Pass Corridor	Six days/week merchandise service

In a number of areas and in a number of lanes, BNSF has increased the frequency of operations in response to customer demands and growing volumes. As service frequency increases, it becomes more attractive and competitive to a larger

number of customers in meeting their transportation needs, resulting in further volume growth and competitiveness for BNSF against UP.

Efforts to Market BNSF's New Service to Customers

Since beginning service on BNSF's new lines, BNSF has continually communicated with its customers about its new access rights, both through personal contact with customers directly and through participation in and presentations to industry associations. Additionally, BNSF continues to issue service updates to its customers which are circulated to customers and posted on the Internet. Copies of these service updates are attached hereto as Attachment 4. These contacts are critical to BNSF's success as a competitor to UP/SP, and BNSF is working to expand and strengthen its efforts in this area.

Identification of and Contacts with "2-to-1" and Other New Customers

BNSF has also continued its efforts to identify all UP/SP customer facilities to which it received access as a result of the UP/SP merger. These facilities include access to "2-to-1" customers and transload facilities on its trackage rights lines, facilities which can be served by the seventeen "2-to-1" shortlines to which it received access, and other facilities to which it gained access through reciprocal switch over carriers other than UP or the seventeen "2-to-1" shortlines. BNSF's efforts to identify these customer facilities have included direct customer contact both with customers located on the trackage rights lines as well as with customers throughout the nation which ship to or from "2-to-1" points, and telephone surveys and on-the-ground site reviews of "2-to-1" points by BNSF teams.

The process of contacting potential customers has been facilitated by a newly-formed system-wide Direct Account Resource Team ("DART") account management group. This group, contained in the Merchandise Business Unit in Fort Worth, began operation on March 2, 1998, and is charged with contacting small and inactive BNSF accounts not otherwise covered by BNSF's commercial organization. DART will report to a managing director and, at full staffing, will consist of two sales directors and eight account managers. It has been following-up with a number of our smaller "2-to-1" customers to establish and maintain contact to ensure that they remain aware of BNSF service availability to meet their transportation needs.

Major accomplishments during the second quarter include:

- BNSF has identified several new facilities to which it has access;
- BNSF obtained a number of new customers along the trackage rights lines and at "2-to-1" points, including Conoco, Inc. at Durham, CO; Valley Joist Corporation at Fernley, NV; and Pilgrim's Pride at Tenaha, TX.
- BNSF secured a significant new volume of business from Conoco, Inc., which exercised its rights under the contract modification condition. The traffic moves from origins in Commerce City, CO and East Billings and Laurel, MT to Woods Cross, UT.

BNSF has also engaged in intensive efforts to ensure that, once it has identified a "2-to-1" customer, it is able to offer that customer service that is fully competitive with UP service. BNSF's interactions during the second quarter with Mobil Oil in relation to Mobil's Amelia, TX facility illustrates BNSF's commitment to providing fully competitive

service. In order to provide Mobil with such service, BNSF undertook a number of steps. First, BNSF made a commitment to switch Mobil's facility three times per week. In order to meet this commitment, BNSF added another road switcher at Beaumont, thereby permitting much more consistent service. BNSF also established a Beaumont SIT yard to handle Mobil traffic. Prior to establishing this yard, BNSF was taking seven to eight days to get cars out of storage and onto a train. BNSF has now pledged that it will take no more than 48 hours from the release of traffic to departure. BNSF has consistently met this commitment since June 5, 1998, when it added a new switcher.

BNSF has also made improvements with respect to the exchange of information which have positively affected its service to Mobil. In this regard, Mobil has both carload waybills and switching bills. BNSF's system in Minneapolis does not permit it to input switching bills. In order to ensure proper handling of Mobil's bills, BNSF has begun sending switching bills to Topeka, KS where they are manually inputted.

BNSF also assigned a customer service representative to the Mobil account. By having a representative assigned specifically to the Mobil account who has knowledge of the Mobil plant, BNSF is able to ensure that issues relating to service to the plant are resolved promptly.

Finally, BNSF has been tracking its service performance to the Mobil facility. BNSF has formulated service goals for Mobil, and has begun tracking service on a weekly basis to determine if it is meeting those goals. BNSF's service to Mobil has been improving weekly.

BNSF is continuing to review and update the list of customer facilities accessible to BNSF as a result of the merger to assure that the list is current and accurate. During the upcoming quarter, BNSF and UP will consider the establishment of an Industrial Development Protocol that would outline BNSF's and UP's responsibilities with regard to locating new customer facilities along trackage rights lines and "2-to-1" points.

Pursuant to the Board's Decision No. 11 served on January 23, 1998, in the oversight proceeding, BNSF and UP have completed their negotiations on a protocol for the identification of "2-to-1" shipper facilities open to service by BNSF as a result of the conditions imposed in the UP/SP merger. A copy of the "2-to-1 Point Identification Protocol" executed by the parties is attached hereto as Attachment 5.

Notwithstanding the protocol, one area of concern remains BNSF's interactions with UP relating to adding customer facilities to the list of facilities accessible by BNSF under the terms of the settlement agreements, the Board's merger conditions, and subsequent decisions. At San Antonio, TX, UP has reversed its earlier approval permitting BNSF access to a transload facility, South Texas Liquid Terminals. This has placed in jeopardy a major movement of corn syrup now moving via BNSF from a Midwest shipper. Although UP agrees the facility is a transload, it now denies that the facility is within the reciprocal switch limits of San Antonio, a "2-to-1" point, as defined by applicable tariffs. BNSF anticipates a filing with the Board in the near future to permit our access to this facility, in line with merger settlement agreements and conditions.

Current listings of all "2-to-1" customer facilities and transloads, "2-to-1" shortline customer facilities, customer facilities on connecting carriers open to reciprocal switch,

and customer facilities on purchased lines and "50/50" lines served directly by BNSF are attached as Attachment 6.

Increasing Traffic Volumes

Despite the problems discussed above, BNSF has been able to increase its traffic volumes. As the chart attached hereto as Attachments 7 reflects, BNSF traffic volumes over the lines to which it received access as a result of the merger continue to grow. The commodity makeup of traffic volumes handled on the UP/SP merger condition lines for the period from January 1, 1998 to May 31, 1998, is depicted in a pie chart at Attachment 8.

The charts attached hereto as Attachments 9 through 14 reflect the volumes of traffic for each train in the major traffic lanes to which BNSF received access. For instance, as the chart at Attachment 11 reflects, BNSF's traffic volumes between Houston and Memphis increased from 1,346 units in May, 1997, to 3,775 units in May, 1998. BNSF expects that these traffic volumes will continue to increase. For example, during the second quarter, BNSF gained the following significant traffic:

- NYK: a long-term contract commencing in May, 1998, for handling traffic between LA/Long Beach and New Orleans traffic. BNSF will handle 8500 eastbound units and 3500 westbound units annually in this corridor;
- Sealand: a long-term contract commencing in May, 1998, for handling LA/Long Beach to New Orleans traffic. BNSF will handle 3200 eastbound units and 2000 westbound units annually in this corridor;
- K Line: a long-term contract commencing in June, 1998, for handling traffic between LA/Long Beach and New Orleans traffic. BNSF will handle 470 eastbound units and 2,000 westbound units annually in this corridor;

- Archer Daniels Midland: BNSF began handling corn syrup movements from Cedar Rapids, IA to Laredo, TX. These will move in 54 car units operating once/week.
- BNSF also has been able to grow its Mexico business, including significant new business from Volkswagen and General Motors.

Coordination and Information Exchange

Issues of coordination and information exchange between UP and BNSF continue to be addressed, with the focus on resolving as many outstanding issues resulting from the merger agreements and conditions between the two carriers as possible. As evidenced by the chart attached hereto as Attachment 15, there has been a recent trend of reduced contacts between UP and BNSF personnel relating to system problems. In the third quarter of 1998, BNSF intends to add two Manager, Trackage Rights Operations positions reporting to the existing Superintendent, Trackage Rights Operations position that BNSF currently maintains at UP's Harriman Dispatch Center in Omaha. The addition of these positions will provide BNSF and UP with additional capabilities for proactive problem identification and resolution relating to BNSF's operations over its trackage rights lines.

As reported in prior Quarterly Progress Reports, BNSF and UP information systems personnel maintain a log process to track data exchange problems and the resolution of such problems that impact service quality along trackage rights lines and at "2-to-1" points. Overall, the number of open problems continued to decline during the second quarter of 1998. This is evidenced by the graph attached hereto as Attachment 16. As the second quarter ended, however, UP personnel responsible for this tracking

process were diverted to handle the cutover of the SP TOPS data operating system to the UP TCS data operating system along the West Coast.

Phase 1 EDI 161 programming by BNSF and UP has been completed and was placed on line April 14, 1998, with 90% accuracy in transmission achieved. Successful implementation of this program involved six different project teams at BNSF and close coordination between BNSF and UP. As a result, BNSF train symbols for all regularly scheduled BNSF trains operating over trackage rights lines on UP for tracking purposes have been added into the UP computer during the second quarter. This permits UP to provide measurements against schedules for UP and BNSF trains operating over these lines by corridor segment. On BNSF, all regularly scheduled UP trains will be placed in the BNSF system by August 15, 1998, permitting similar tracking of UP trains over BNSF. This system will also provide dispatchers with automated schedules on trains moving in these corridors. To make this system and process more effective, BNSF and UP are considering installation of additional Automatic Equipment Identification readers along UP and BNSF lines for additional monitoring and data input points.

As a result, a regular process for reviewing train performance issues will be instituted on a weekly, monthly, and quarterly escalation basis to handle issues as they develop and to resolve those issues promptly between BNSF and UP. These measurements will also permit accurate comparison between BNSF and UP service on trackage rights lines to determine dispatching protocol compliance and necessary corrective measures.

During the second quarter of 1998, in response to a request by BNSF's Service Assurance Group, UP's National Customer Service Center agreed to permit BNSF direct access to UP's secured Internet tracing information to examine BNSF waybills and complete car history for BNSF cars in haulage status on UP. This capability, which became available to BNSF in mid-June, permits BNSF to provide increasingly competitive service to its customers on cars in haulage on UP, pursuant to the merger agreements and conditions, by insuring cars have proper disposition in the UP system. Also, it permits BNSF to provide customers with more timely and accurate information on shipment status when inquiries are received.

Service standards are required for those areas where UP provides reciprocal switch and haulage service for BNSF at "2-to-1" points and along trackage rights lines. In the absence of these standards, UP has no obligation to provide BNSF or BNSF's customers with competitive service in order to be fully competitive with UP. Progress was made during the second quarter in discussions between the two carriers on the establishment of a system for measuring haulage performance, providing for automated car movement records for dock-to-dock performance. Proper functioning of the EDI 417 (car movement) messaging for movement notification from BNSF to UP and EDI 451 (car waybill) messaging for car movement records from UP to BNSF (as mentioned earlier) is required. BNSF and UP information systems personnel continued to make progress during the second quarter in enhancing and improving these electronic information exchange processes.

As part of its efforts to identify the problems impeding consistent and reliable service along the Baytown Branch, BNSF conducted two tests relating to the exchange of 451 reports by UP and BNSF. During the first test period which lasted from April 22, 1998 to May 14, 1998, BNSF sampled 840 cars traveling to or from the Baytown Branch to determine if 451 reports were being prepared by UP and properly handled by BNSF. UP only reported initiating or terminating events to BNSF for 33% of the sampled train movements. No initiating or terminating events were reported by UP for 67% of the train movements. UP provided BNSF with reports of movement events for 38% of the shipments and reports of partial movement events for 54% of the traffic.

BNSF's second test period lasted from May 26, 1998, to June 8, 1998, during which 395 cars were sampled. UP only reported initiating or terminating events to BNSF for 46% of the sampled train movements. No initiating or terminating events were reported by UP for 54% of the train movements. UP provided BNSF with reports of movement events for 34% of the shipments and reports of partial movement events for 54% of the traffic. Thus, UP provided BNSF with no movement event information for 20% of the sampled traffic.

BNSF has continually highlighted the 451 reporting problems to UP; however, there has been very little improvement. The inability of BNSF to provide customers with information relating to the status of their shipments that move via UP reciprocal switch or haulage does not permit BNSF to offer shippers service that is competitive to UP service.

Other BNSF information system team projects include resolving joint information exchange problems with the team's UP counterpart. The number of open problems has dropped from the high-forties last summer to the mid-teens presently. Further, the percentage of BNSF waybills transmitted to the UP systems for UP haulage accepted by UP without manual intervention has risen over the same period from 70% to 98%.

An effort is now planned to develop processes for information systems and customer service support where industries are jointly served by BNSF and UP, which would include nearly all Utah customers and all customers along the 50/50 line and branches between Dawes, TX and Avondale, LA. Information exchange integrity remains a major issue, with focus by both BNSF and UP, on providing customers with competitive service along trackage rights lines and at "2-to-1" points.

Conclusion

BNSF's efforts to provide reliable, dependable and consistent service over its trackage rights lines are continuing to be hampered by the structural deficiencies in BNSF's rights discussed above and by the disproportionate impact, whether intentional or not, that the congestion and service problems on UP's lines are having on BNSF's operations. In addition, other post-merger developments involving the relationship between Tex Mex and KCS and the structure of the Mexican rail system have adversely affected BNSF's ability to provide rail shippers a viable competitive alternative to UP at Laredo, TX. Despite these problems, BNSF's capabilities and business are growing steadily, and many customers are benefiting from BNSF's new access.