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v5
TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
WEDNESDAY MARCH 25, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1GTJUP-23	9:05 AM	1MROSTB-22	8:55 AM
1AOAKS-24	12:00 AM	1AKSBE-22	8:20 AM
1ZOACH-25	12:05 AM	1ZG1OA-23	4:25 AM
1MRYRO-23	6:40 PM	1MNPSTB-22	6:35 PM
1MSTNPB-22	6:50 AM		
1MOARO-23	3:50 AM		

EAST TRAINS: 6
TOTAL FREIGHT TRAINS: 10

WEST TRAINS: 4

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

PSGR TRAINS: (#6 RENO 0503 PM) 1
PSGR TRAINS: (#5 RENO 1116 AM) 1
YARD ENGINES: 0

HELPERS: 0

LITE ENGINE: 1

WORK TRAINS: 0

SNOW EQUIPMENT: 0

DETOUR TRAINS: 0

SWITCH 2

TOTAL: 4

v5
TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
THURSDAY MARCH 26, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1MRVRO-24	9:20 AM	1GUPPY-18	1:50 AM
1AOAKS-25	12:20 PM	1MROSTB-23	7:25 AM
1MSTNPB-23	11:40 AM	2MROSTB-26	10:25 AM
1ZOACH-21	1:00 PM	1MROSTB-24	8:55 PM
1MSTNPB-24	5:45 PM		
1GTJUP-25	7:05 PM		
1MSTNPB-26	11:40 PM		

EAST TRAINS:
TOTAL FREIGHT TRAINS:

7
11

WEST TRAINS: **4**

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

PSGR TRAINS: (#6 RENO 0535 PM)	1
PSGR TRAINS: (#5 RENO 1137 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
 FRIDAY MARCH 27, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1MOARO-26	5:50 AM	1ZG1OA-24	2:20 AM
1ZOACH-27	11:35 AM	1AKSBE-24	8:40 AM
2MRVRO-26	4:40 PM	1MNPSTB-23	10:25 AM
1MRVRO-26	8:00 PM	1ZGG1OA-25	7:40 PM

EAST TRAINS: 4
 TOTAL FREIGHT TRAINS: 8

WEST TRAINS: 4

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

PSGR TRAINS: (#6 RENO 0532 PM)	1
PSGR TRAINS: (#5 RENO 1218 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
 SATURDAY MARCH 28, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1PEMSK-27	10:20 AM	1ZG1QA-25	7:40 AM
1AOAKS-26	4:00 AM	2GUPTJ-18	1:00 AM
1AOAKS-08	1:18 PM	1CGOPN-24	5:50 AM
1ZOACH-20	12:30 PM	2MROSTB-27	5:45 PM
1MSTNPE-27	11:30 PM	1AKSBE-25	4:45 PM

EAST TRAINS: 5
 TOTAL FREIGHT TRAINS: 10

WEST TRAINS: 5

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

PSGR TRAINS: (#6 RENO 0432 PM, SSFCH-27) 2
 PSGR TRAINS: (#5 RENO 1047 AM) 1
 YARD ENGINES: 0

HELPERS: 0

LITE ENGINE: 0

WORK TRAINS: 0

SNOW EQUIPMENT: 0

DETOUR TRAINS: 0

SWITCH 2

TOTAL: 5

v5
 TRAIN MOVEMENT ACTIVITY THROUGH CITY OF RENO
 SUNDAY MARCH 29, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1MRVRO-27	12:28 AM	1AKSBE-25	4:45 PM
1GPYUP-27	5:10 AM	2MROSTB-27	5:45 PM
1AOAKS-28	6:20 AM	1ZG1OA-26	11:10 PM
1ZOACH-29	11:20 AM	1MNPSTBK-25	5:05 AM
1AOAKSB-28	12:35 PM	1PSKEM-29	10:30 AM
1CRIGV-28	2:30 PM	1ZG1OA-27	4:00 PM
2MSTNPB-28	4:15 PM	1MNPSTB-24	7:00 PM

EAST TRAINS:
TOTAL FREIGHT TRAINS:

7
14

WEST TRAINS: 7

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

PSGR TRAINS: (#6 RENO 0448 PM)	1
PSGR TRAINS: (#5 RFNO 0130 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
MONDAY MARCH 30, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD :		WESTWARD :	
TRAIN ID	RENO(EST)	TRAIN ID	RENO(EST)
1AOAKS-29	7:55 AM	2AKSBE-25	1:00 AM
1MRVRO-28	12:05 PM	1MROSTBK-27	7:20 AM
		1GUPPY-24	5:10 AM
		1ZG10A-28	4:35 PM
		1MROSTB-25	9:10 PM

EAST TRAINS:
TOTAL FREIGHT TRAINS:

2
7

WEST TRAINS: **5**

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

PSGR TRAINS: (#6 RENO 0533 PM)	1	
PSGR TRAINS: (#5 RENO 1041 AM)	1	
YARD ENGINES:	0	
HELPERS:	0	
LITE ENGINE:	0	
WORK TRAINS:	1	WEKRV
SNOW EQUIPMENT:	0	
DETOUR TRAINS:	0	
SWITCH	0	
TOTAL:	3	

v5
 TRAIN MOVEMENT ACTIVITY THROUGH C'TY OF RENO
 TUESDAY MARCH 31, 1998

CATEGORY 1 (THROUGH FREIGHT TRAIN MOVEMENTS)

EASTWARD : TRAIN ID	RENO(EST)	WESTWARD : TRAIN ID	RENO(EST)
1AOAKS-30	4:20 AM	2MROSTBK-29	2:20 AM
1MOARO-30	7:40 AM	1MROSTB-28	6:20 AM
1MOARO-28	10:25 AM	1MNPSTB-26	10:40 AM
1ZOACH-31	11:00 AM	1AKSBE-27	3:45 PM
1GBKOG-29	4:35 PM	1ZG1OA-29	6:25 PM
		1MROSTB-29	9:20 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 0515 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	2
TOTAL:	4

STB

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4-1-98

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BEFORE THE
SURFACE TRANSPORTATION BOARD

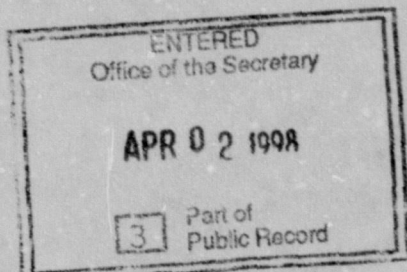


Finance Docket No. 32760

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' FIRST QUARTER 1998 PROGRESS
REPORT WITH RESPECT TO MERGER CONDITIONS

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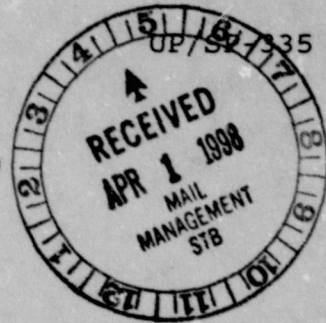
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Pacific Rail Corporation

April 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

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

Applicants UPC, UPRR and SPR^{1/} hereby submit their first 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 ("Oversight Decision"), 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. UPRR and SPT merged on February 1, 1998.

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 will file on July 1, 1998. See Oversight Decision, p. 18. Applicants are not reporting on service issues, which have been addressed in separate reports and weekly data submissions in Ex Parte No. 573 and Service Order No. 1518.

I. BNSF, TEX MEX AND UTAH RAILWAY CONDITIONS

A. BNSF

BNSF Trackage Rights and Haulage. BNSF trackage rights traffic continued to grow over the past quarter. The most recent data reflect some seasonal fall-off, the effects of winter storms, and the effects of a short month in February, but the overall trend is clearly one of continued BNSF growth. As shown in Charts #1, #2 and #3 in Appendix A, BNSF averaged more than 605 through trackage rights trains in December, January and February, compared to 538 in the previous three months.^{2/} The tonnage handled on those trains averaged 2.7 million tons in December, January and February,

^{2/} In previous quarterly reports, the number of BNSF through trains was underreported because Halsted-Temple and Caldwell-Elmendorf trains were not included in the total (data from these trains were, however, included in the figures for BNSF tonnage and carloads). The data being filed herewith reflect this correction for all periods.

compared to 2.5 million in the previous three months. And loaded and empty cars on BNSF through trackage rights trains averaged 33,640 in December, January and February, compared to 32,117 in the preceding three months. BNSF continued to operate at least daily through trackage rights train service in all major corridors. In addition, BNSF and its agent, Utah Railway, operated 496 local trains in December, January and February, handling over 12,248 loaded and empty cars and 972,580 tons of freight, down slightly from the previous three months' totals of 579 trains, 12,870 cars, and 1,071,245 tons of freight.

BNSF has continued to compete vigorously with UP/SP. BNSF continues to win substantial business from UP/SP in competition for "2-to-1" traffic. For example, BNSF has recently been handling the vast majority of crude barite shipments from a customer in Dunphy, Nevada, to West Lake Charles, Louisiana. BNSF was also the successful bidder on paper traffic from a customer in Pine Bluff, Arkansas, to points served by NS and IC.

UP/SP'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 December 31, 1997, is contained in Appendix B.

Implementation Steps. UP/SP commenced Houston-Beaumont and Houston-Memphis directional operations on

February 1. BNSF converted its Little Rock-Pine Bluff haulage to trackage rights on January 16. BNSF commenced local train operations to and from Sparks, Nevada, on January 27.

The UP/SP-BNSF Joint Service Committee held a teleconference on January 15, 1998, and met on January 29 and dealt with a range of issues including: implementation of the system for measurements for performance of trackage rights trains, as provided for in the UP/SP-BNSF dispatching protocol; use of common criteria to measure blocked sidings; joint dispatching on UP/SP and BNSF lines in the Gulf Coast area, which began on March 15 with the creation of a regional dispatching center in Spring, Texas; billing issues at Dayton and Lake Charles; maintenance-of-way detours; and plans for the connection at Stockton, California. The Joint Service Committee also discussed the creation of a regional dispatching center and the exchange of ownership interests in UP's and BNSF's portions of the former SP's Houston-New Orleans line, both of which are described below.

Line Sales. All of the UP/SP line sales to BNSF provided for in the merger settlement agreement have closed. In December, UP/SP and BNSF agreed to settle their dispute relating to the sale to BNSF of SP's line between Iowa Junction and Avondale, Louisiana, and the parties have signed a settlement agreement. As explained to the Board in a February 18 letter filed in Service Order No. 1518 (copy

attached hereto as Appendix C), BNSF and UP have entered into a Term Sheet agreement under which BNSF and UP will exchange 50% undivided interests in BNSF's Iowa Junction-Avondale line and UP's line between Iowa Junction and Dawes, Texas. The agreement also clarifies limitations on UP's liability for expenditures that have been and may in the future be made to upgrade the Iowa Junction-Avondale line. In addition, as described more fully in the letter, the agreement between BNSF and UP created a regional dispatching center for Houston and Gulf Coast traffic, created new UP trackage rights over BNSF's line between Navasota and Beaumont, and allowed BNSF new access to customers along the former-SP line between Houston and Iowa Junction.

Connections. Construction of the connection at Stockton, California, has begun. BNSF has begun constructing a new connection at Longview, Texas, to support directional operations in the Houston-Memphis corridor.

Definition of "2-to-1" Points. Pursuant to the Board's Decision No. 10 in Finance Docket No. 32760 (Sub-No. 21), served Oct. 27, 1997, pp. 7-8, UP/SP and BNSF attempted to reach an agreement on a protocol to govern the resolution of disputes as to the list of "2-to-1" facilities that BNSF is entitled to serve pursuant to the UP/SP-BNSF Settlement Agreement and the Board's decisions in the UP/SP merger proceeding. UP/SP and BNSF were able to reach agreement on

most provisions of a protocol and submitted the remaining issues to the Board for resolution on November 26, 1997. In Decision No. 11 in the same docket, served Jan. 28, 1998, the Board resolved those issues. BNSF and UP have been proceeding in accordance with the protocol to resolve questions concerning "2-to-1" shippers.

Opening 50% of Contract Traffic at "2-to-1" Points to BNSF. UP/SP is in compliance with this condition, as clarified in Decision No. 57, served Nov. 20, 1996.

New Facilities and Transloading Condition. UP/SP is in compliance with this condition. UP/SP is not aware of any disputes with respect to the new facilities or transloading conditions.

New Orleans. On November 14, 1997, BNSF filed a petition seeking new access to New Orleans-area shippers that are open to reciprocal switching. In Decision No. 77, served Jan. 7, 1998, the Board denied BNSF's petition.

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 in Appendix A, Tex Mex traffic levels had increased sharply in November, and they remained elevated in December and January, as a result of the Board's decision in Service Order No. 1518, served Oct. 31, 1998. The Board order required UP/SP to

permit BNSF to use its Caldwell-Flatonia-Eagle Pass trackage rights to interchange Laredo runthrough traffic with Tex Mex at Flatonia. As a result, BNSF interchanged traffic with Tex Mex at Flatonia, rather than at Robstown, which had the effect of inflating the traffic levels moving on Tex Mex's trackage rights over UP/SP's Flatonia line. In December, to facilitate directional running, UP/SP agreed to allow BNSF to operate southbound from Caldwell through Flatonia to Bloomington, at which point BNSF uses its pre-existing trackage rights to reach the Tex Mex at Robstown. The return of Tex Mex trackage rights numbers to their pre-November levels in February reflects BNSF's discontinuance of its Flatonia interchange with Tex Mex. This "trade-off" between southbound traffic attributed to BNSF as compared to Tex Mex traffic can be observed in the change in the relative magnitudes of the red and green segments in the bars for January and February in Chart #8.

Although Tex Mex traffic figures reflect a dip in February as a result of the discontinuation of the BNSF-Tex Mex interchange that had been taking place in prior months, the overall picture demonstrates a continued upward trend in Tex Mex traffic. A March 12 joint letter from the chief executives of Transportacion Ferroviaria Mexicana, Tex Mex, and KCS to UP's Chairman stated: "BNSF, KCS and Tex-Mex are increasing market share in and out of Mexico each month."

because "all are aggressively competing for this important traffic."

In February, Tex Mex handled 55 trackage rights trains and 1,723 loaded cars of trackage rights traffic, compared with its 1997 average of 26 trackage rights trains and less than 950 loaded cars of trackage rights traffic per month. As Chart # 7 in Appendix A shows, Tex Mex's Laredo traffic has continued its upward trend.

In UP/SP's previous quarterly report, we noted that Tex Mex had asked to use UP/SP's West Belt line in Houston for its trackage rights operations, and UP/SP had advised Tex Mex that it is prepared to agree to these rights on a permanent basis in lieu of Tex Mex's present rights on the East Belt line, so long as Tex Mex or PTRR will arrange for the movement of cars between PTRR's lines and a track designated by UP/SP on the West Belt line. Tex Mex has not responded to this offer.

C. Utah Railway

In December, January and February, Utah Railway used the rights it gained in the UP/SP merger to operate 34 loaded and empty coal trains under a contract among Utah Railway, BNSF and Sierra Pacific Power and Idaho Power, owners of the North Valmy Station at Valmy, Nevada, in Utah Railway-BNSF interline service from Utah Railway origins to Valmy.

II. ABANDONMENTS

Service over the Whittier Junction-Colima Junction, California, line (Docket No. AB-33 (Sub-No. 93X)) was discontinued on March 1, 1998.

III. LABOR PROTECTIVE CONDITIONS

During the past quarter, the successful negotiation and ratification of agreements with the BLE and UTU involving the Houston, Longview and North Little Rock/Pine Bluffs Hub allowed UP/SP to commence directional running between Houston and Dexter Junction, Missouri, on February 1, 1998.

Agreements involving the Roseville Hub agreements have been ratified and are awaiting implementation. Negotiations are continuing for the St. Louis and Portland Hubs, and negotiations have begun for the Los Angeles and Kansas City Hubs.

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. 44:

A. Systemwide Mitigation

1. Track Inspection. This condition has been satisfied.
2. Tank Car Inspection. This condition has been satisfied.

3. Signal Crossing Devices. This condition has been satisfied.

4. Emergency Response Phone Number. This condition has been satisfied.

5. TRANSCAER Participation. This condition has been satisfied.

6. Hazardous Materials Supervision. This condition has been satisfied.

7. Training Programs for Emergency Response Personnel. This condition has been satisfied. The next tank car training program will be held in Pueblo in June 1998.

8. UP Training and Operating Practices. This condition has been satisfied.

9. Closing Boxcar Doors. This condition has been satisfied.

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 1997; these discussions are on hold pending a City of Reno legal determination.

11. Visible Smoke Reduction. This condition has been satisfied.

12. Use of Head-Hardened Rail on Mountain Curves.

This condition has been satisfied.

13. Compliance with FRA Rules and Regulations.

This condition has been satisfied, and UP is working closely with FRA on a number of new safety initiatives.

B. Corridor Mitigation

14. EPA Emissions Standards. On January 21, 1997, EPA released proposed rules that would establish nationwide regulatory requirements for the control of emissions from locomotives. EPA issued its final rules on December 17, 1997. They include standards for oxides of nitrogen, hydrocarbons, carbon monoxide, particulate matter and smoke. UP is reviewing the rules.

15. Consultations With Air Quality Officials. UP has held discussions with officials in the states of Arizona, California, Colorado, Illinois, Nevada, Oregon, Texas, Washington, and Wyoming. UP is engaged in ongoing discussions in California.

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 if a noise abatement plan is required.

17. Use of Two-Way End-of-Train Devices. This condition has been satisfied.

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 reprioritize their grade crossing programs. In August/September 1997, UP sent train density information to the states of Arizona, California, Kansas, Nevada, Oregon, Texas, and Colorado. UP also furnished these states with anticipated train volumes following complete implementation of the merger.

19. East Bay Regional Park District MOU. The MOU is being implemented in accordance with its specifications. UP completed a lease agreement for Eckley Station, and is waiting to receive property descriptions and other documentation from the District in order to complete conveyance of additional properties. UP has installed one pedestrian crossing at Crockett, CA and is waiting for the District to process applications for the others.

20. Town of Truckee MOU. The MOU is being implemented in accordance with its specifications. UP has completed construction of its portion of the western undercrossing. The town expects to complete road construction this spring. 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 completed lease agreements for intercity rail service platforms in Auburn and Rocklin. 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. 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. Pursuant to a Reno/UP request, the Board deferred its mitigation proceeding until November.

23. City of Wichita/Sedgewick County. UP is in compliance with the limit of 6.4 through freight trains per day on the Rock Island line through Wichita. Pursuant to a Wichita/UP request, the Board deferred its mitigation proceeding until further notice.

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. Gurden-Camden, AR. This condition has been satisfied as previously reported.

43. Gurden-Camden, AR. This condition has been satisfied as previously reported.

44. Magnolia Tower, Melrose CA. This condition has been satisfied as previously reported.

47. Towner-NA Junction, CO. This condition has been satisfied as previously reported.

48. Towner-NA Junction, CO. Confirm remediation complete. This condition has been satisfied.

49. Edwardsville-Madison, IL. Consult with agency. This condition has been satisfied.

52. Seabrook-San Leon, TX. This condition has been satisfied as previously reported.

55. Seabrook-San Leon, TX. This condition has been satisfied as previously reported.

57. Swan-Benchley, TX. Conduct survey and consult with agency. U.S. Fish & Wildlife staff have verbally agreed that salvage operations would not impact endangered species. UP is awaiting a formal reply.

59. Swan-Benchley, TX. Contact agency. This condition has been satisfied.

60. Sumann-Benchley, TX. This condition has been satisfied as previously reported.

61. Troup-Whitehouse, TX. Contact agency. This condition has been satisfied.

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.

78. Arkansas-Fair Oaks. This condition has been satisfied as previously reported.

79. Arkansas-Pine Bluff (east). This condition has been satisfied as previously reported.

80. Arkansas-Pine Bluff (west). This condition has been satisfied as previously reported.

81. Arkansas-Texarkana. This condition has been satisfied as previously reported.

84. Colorado-Denver. This condition has been satisfied as previously reported.

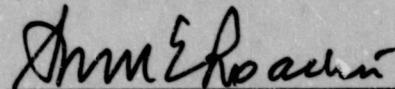
97. Missouri-Dexter. This condition has been satisfied as previously reported.

101. Missouri-Dexter. This condition has been satisfied as previously reported.

Respectfully submitted,

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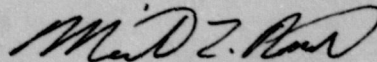
April 1, 1998

CERTIFICATE OF SERVICE

I, Michael L. Rosenthal, certify that, on this 1st day of April, 1998, 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 all parties of record in Finance Docket No. 32760, and on

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

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



Michael L. Rosenthal

APPENDIX A

Chart #1
BNSF Trackage Rights
Number of Through Trains

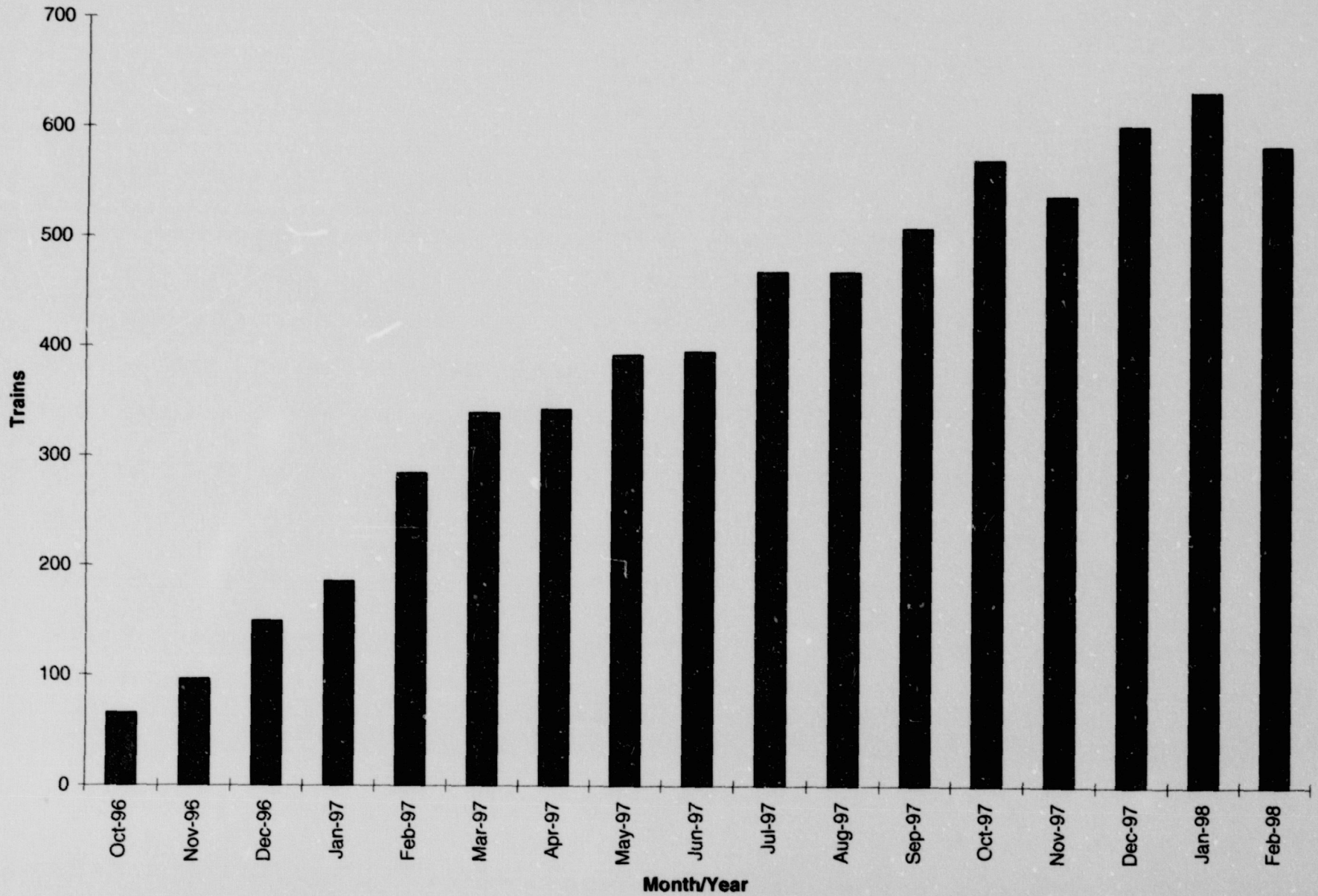


Chart #2
BNSF Trackage Rights
Number of Cars (Through Trains)

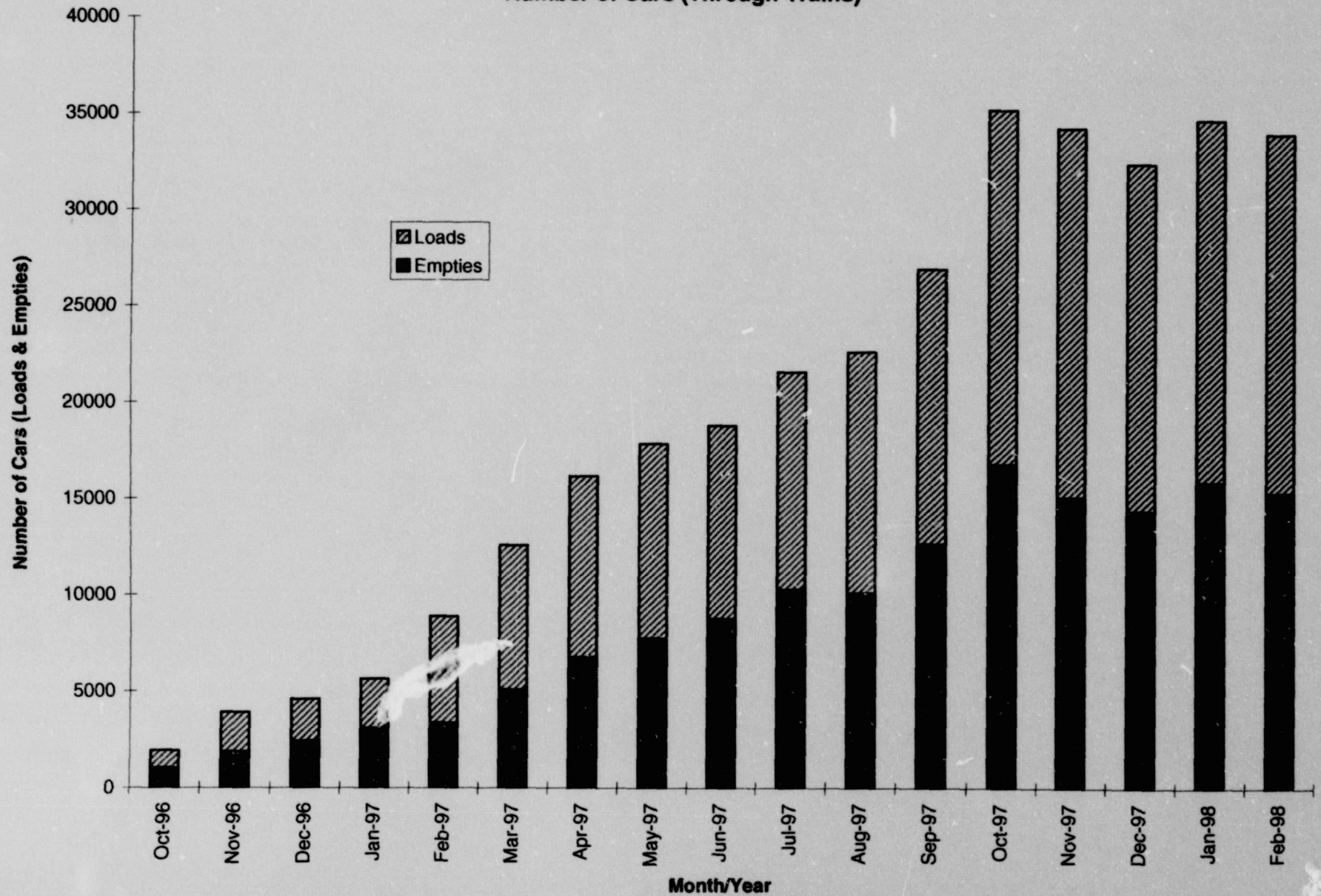


Chart #3
BNSF Trackage Rights
Gross Tons (Through Trains)

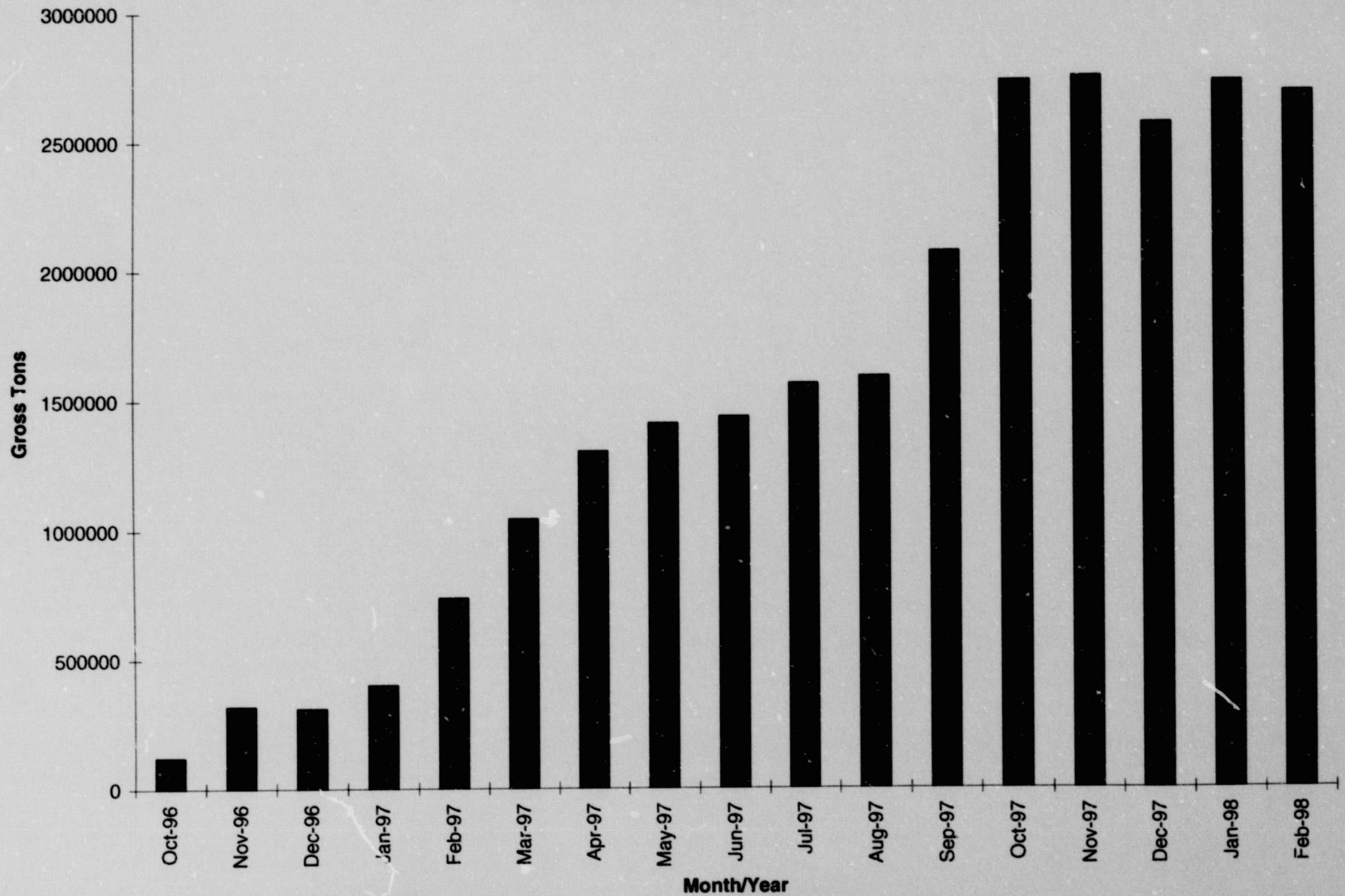


Chart #4
Tex Mex Trackage Rights
Number of Through Trains

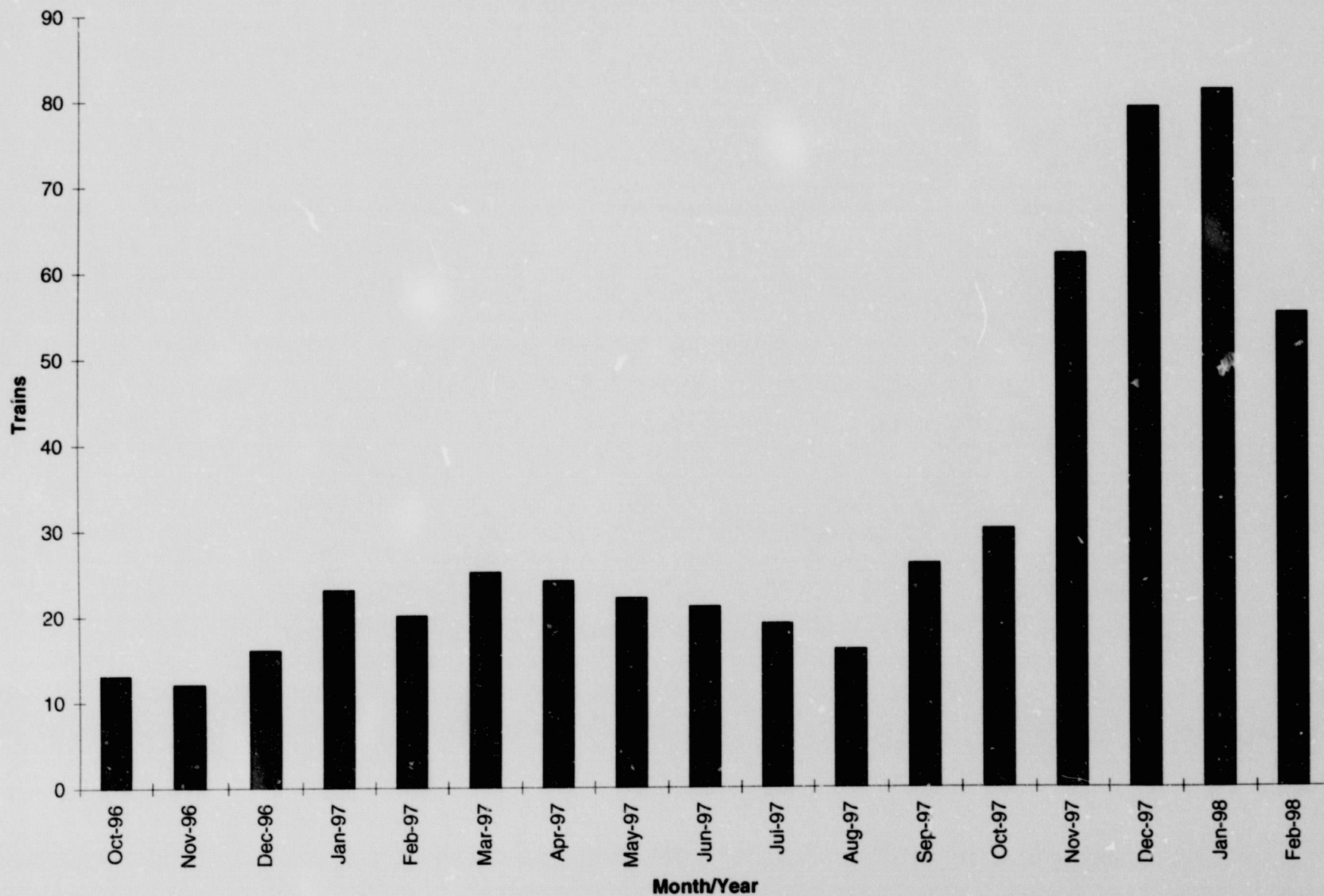


Chart #5
Tex Mex Trackage Rights
Number of Cars (Through Trains)

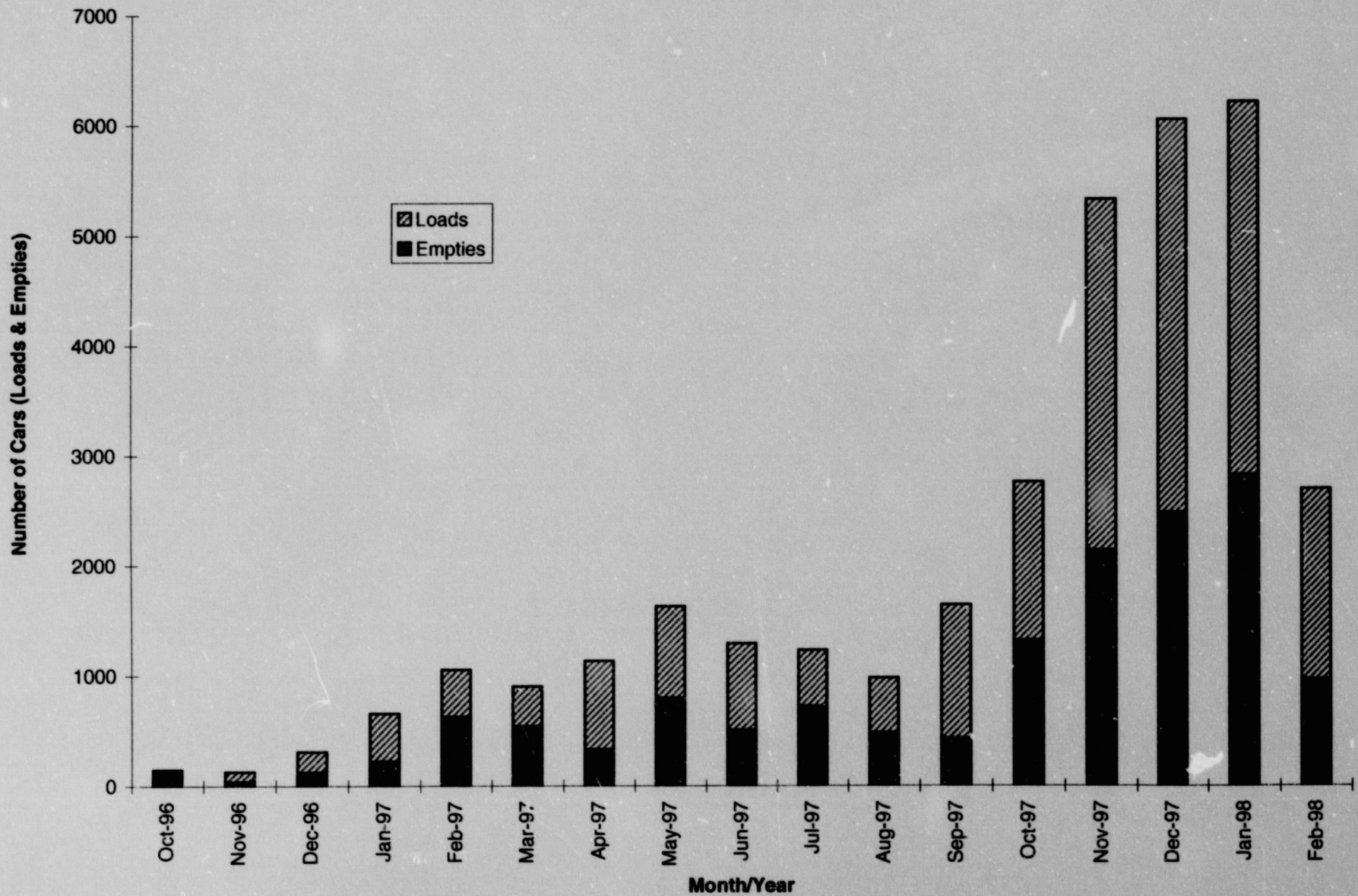


Chart #6
Tex Mex Trackage Rights
Gross Tons (Through Trains)

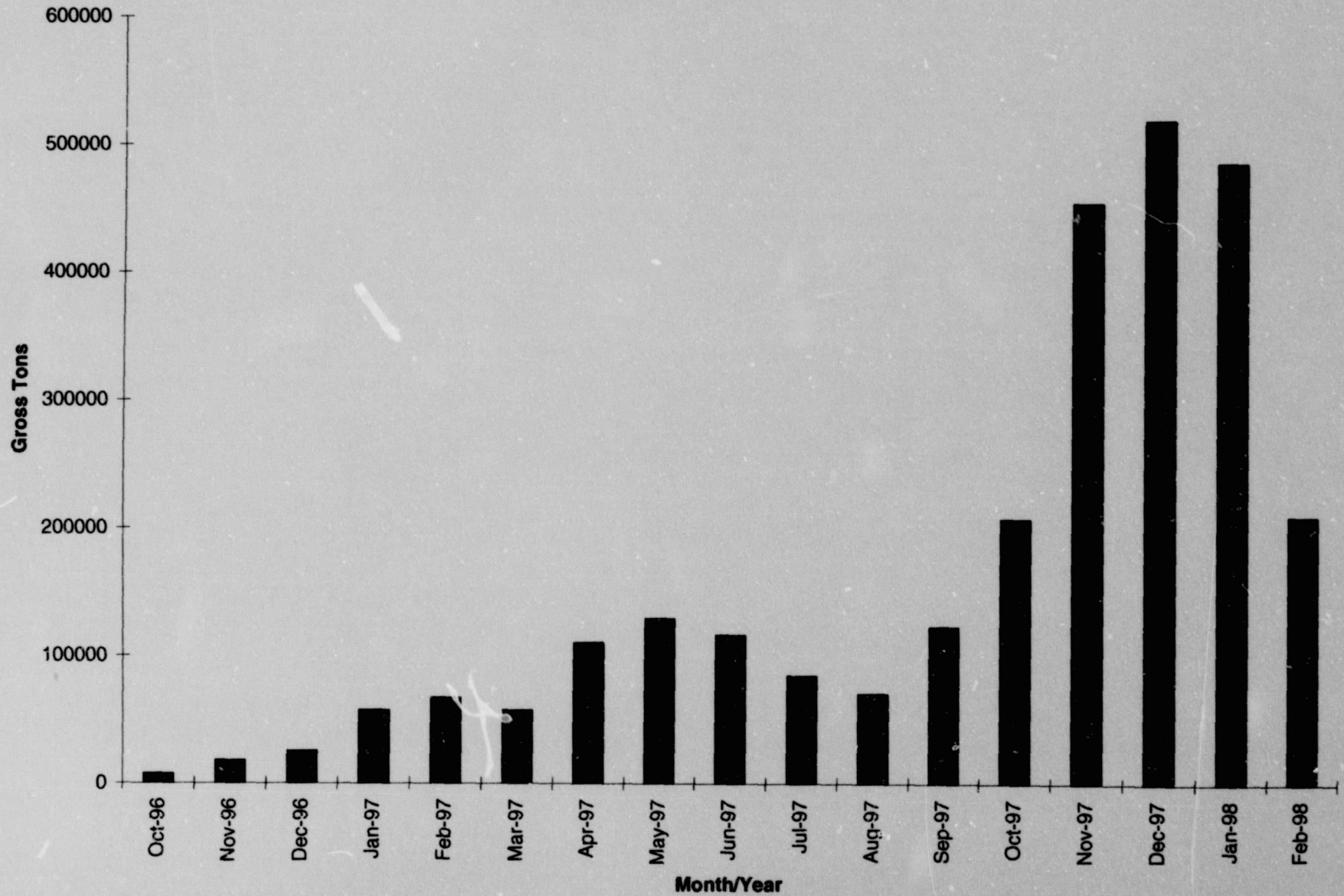


Chart #7
Tex Mex Laredo Traffic
(Loaded Cars)

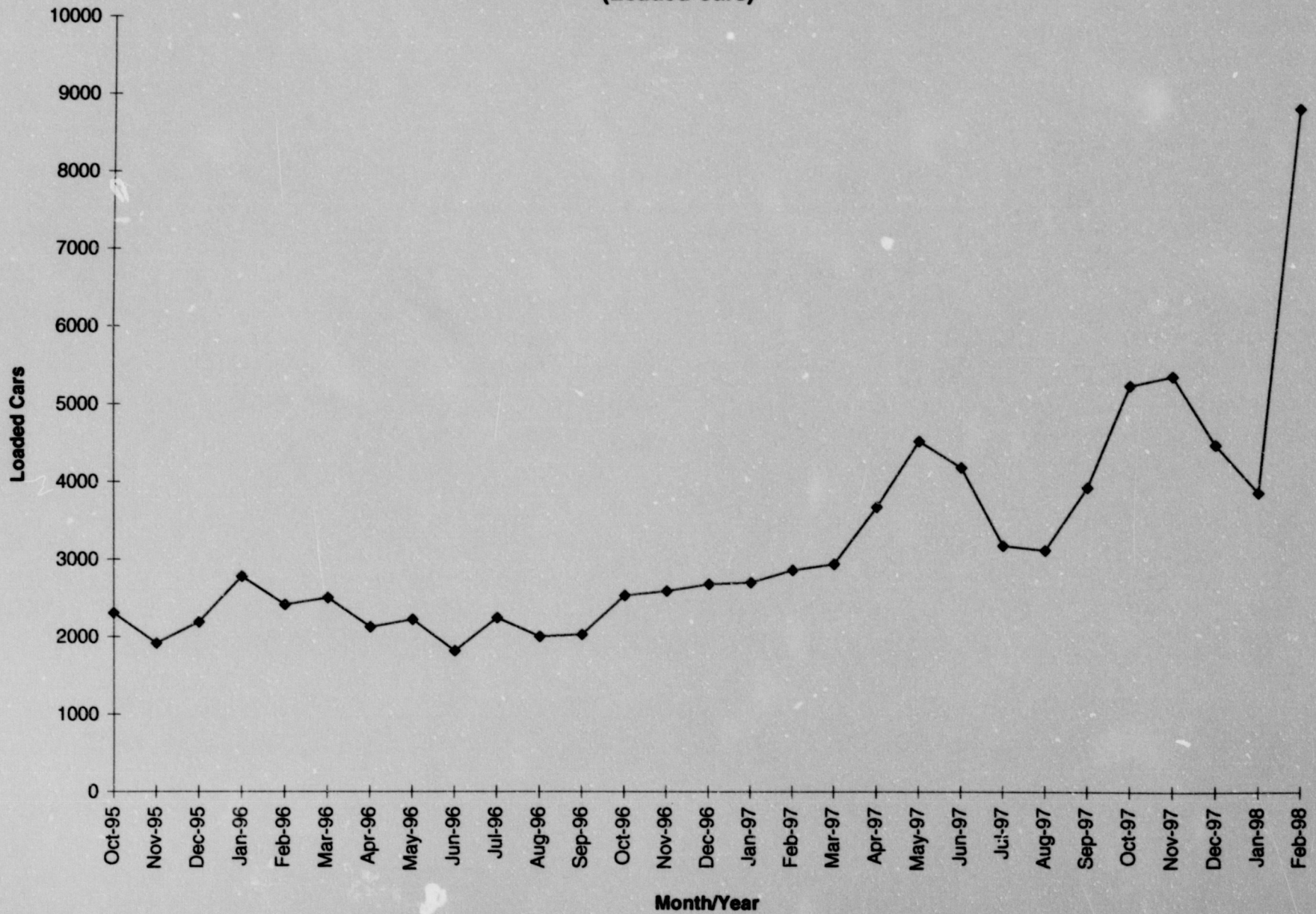
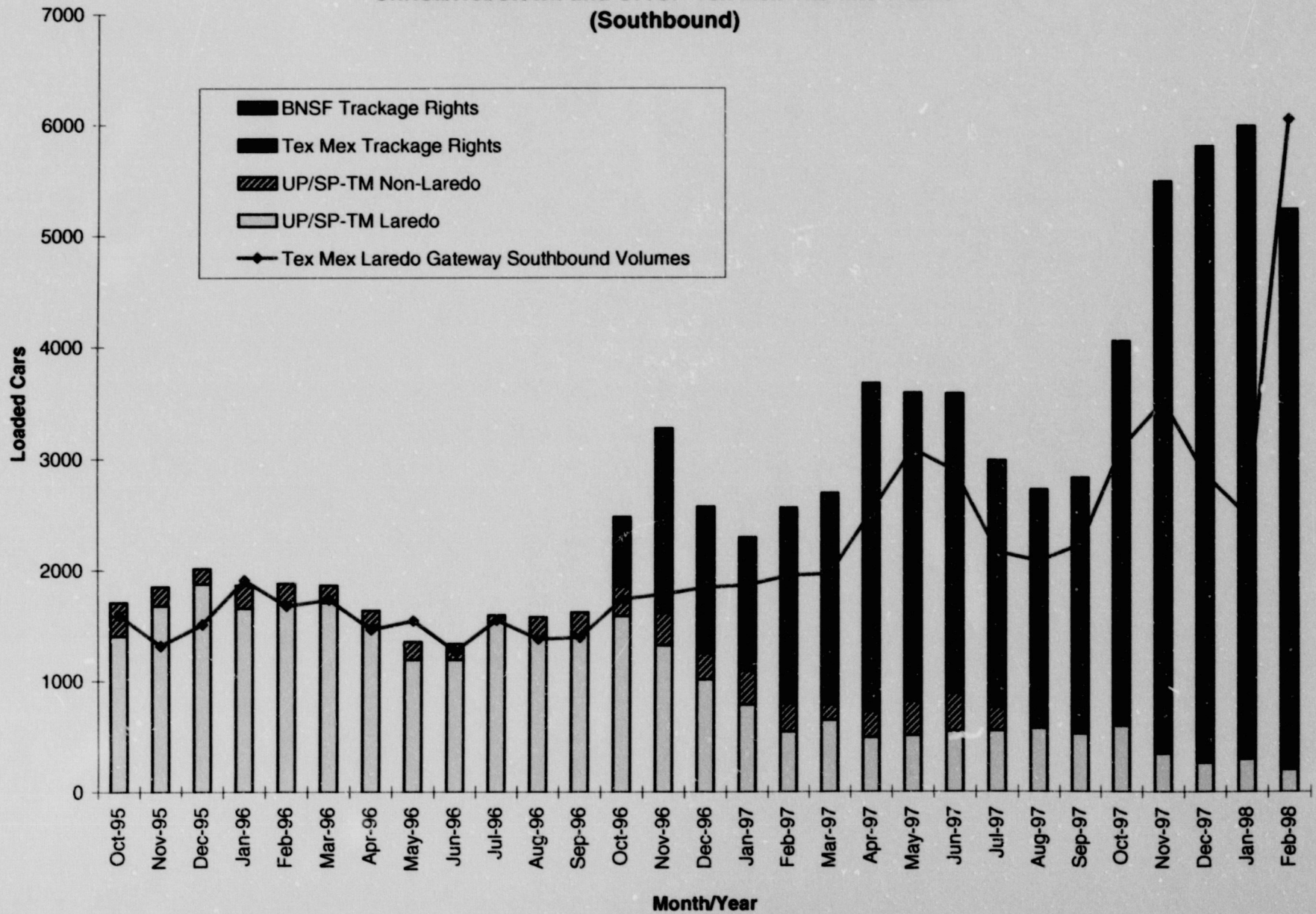


Chart # 8

Tex Mex and BNSF Trackage Rights Traffic to Corpus Christi/Robstown and UP/SP-Tex Mex Interline Traffic (Southbound)



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 December 31, 1997, the latest date for which the data has thus far been compiled.

	<u>Texas, Louisiana, Arkansas, Missouri and Illinois</u>	<u>California and Central Corridor</u>
REVENUE		
Trackage Rights Fees	\$12,289,715	\$13,214,793
Capacity Improvement Fees	<u>0</u>	<u>0</u>
Total Revenue	<u>\$12,289,715</u>	<u>\$13,214,793</u>
 EXPENSES		
Maintenance	\$41,043,691	\$29,408,374
Depreciation	42,716,635	32,369,120
Capital Expenditures	0	0
Accounting Expenses	<u>23,784</u>	<u>23,784</u>
Total Expenses	<u>\$83,784,110</u>	<u>\$61,801,278</u>

APPENDIX C

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February 18, 1998

BY HAND

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
Room 711
1925 K Street, N.W.
Washington, D.C. 20423-0001



Re: Service Order No. 1518

Dear Secretary Williams:

Since late last year, Union Pacific has been discussing with Burlington Northern Santa Fe the importance of creating a true joint dispatching center for UP and BNSF lines in Houston and in the areas surrounding Houston -- including the lines between Houston and New Orleans -- with unified personnel, unified technology, and full access by the joint dispatchers to information about the movements of the trains of both railroads. Last Thursday, UP and BNSF reached agreement on the establishment of such a joint dispatching center. A copy of the parties' agreement is attached hereto.

The agreement involves a number of elements of mutual, agreed-upon consideration:

First, as noted, BNSF has agreed to enter into the joint dispatching center, encompassing all the BNSF and UP/SP rail lines highlighted on the map attached to the agreement. Tex Mex and KCS are also welcome to participate, and it would be very helpful if they would; UP has repeatedly urged them to do so, but thus far they have refused.

Second, BNSF will grant UP overhead trackage rights over the BNSF line between Beaumont and Navasota, Texas, with the additional right to enter and exit at Cleveland and Conroe, Texas. This will improve Houston-area rail operations by allowing UP to bypass the Houston terminal for trains moving between points north and east of Houston.

Third, the parties will "swap" 50% ownership interests in (a) BNSF's former-SP line between Iowa Junction and Avondale, Louisiana, which BNSF purchased in 1996 as part of the UP/SP-BNSF settlement agreement in the UP/SP merger

Hon. Vernon A. Williams
February 18, 1998
Page 2

case, and (b) UP/SP's adjoining former-SP line between Houston and Iowa Junction, and will manage and operate this overall through line in much the same fashion that they do with joint facilities in the Powder River Basin. This will, among other things, resolve problems of lack of coordination in the imposition of "maintenance windows" on this line, which, in UP's view, have contributed significantly to UP's service problems.

Fourth, as an incident to BNSF's acquisition of a half interest in the former-SP Houston-Iowa Junction segment, and appurtenant branches, shippers that had been exclusively served by UP will be opened to service by BNSF. This involves more than 70 shipper facilities and some \$40 million in annual gross revenues.

Fifth, the agreement clarifies limitations on UP's liability for expenditures that have been and may in the future be made to upgrade the Iowa Junction-Avondale line to the standard that was agreed upon in the 1996 sale agreement. BNSF had contended that the sale-agreement standard had not been complied with, and UP had strongly disagreed with this contention. That dispute has now been fully resolved.

We are frank to say that UP entered into this agreement with reluctance. Granting BNSF the right to serve all shipper facilities on the Houston-Iowa Junction line and appurtenant branches (including the Dayton and Port Arthur branches) will be costly, and was absolutely not justified by any competitive impact of the UP/SP merger or any issue with regard to BNSF's clear competitiveness under its merger-case trackage rights. But UP concluded that this significant commercial concession was warranted by the overriding need to coordinate and improve BNSF and UP operations in the Houston area, including achieving optimally efficient operation of an integrated line between Houston and New Orleans.

The Houston/Gulf congestion problem has proven more severe and intractable than anyone imagined when it emerged last year. It is now clear that the railroad physical plant in the Houston/Gulf area -- and particularly the SP plant -- is taxed to its limit by the high traffic volumes and complex switching requirements of the chemical and other customers in this area. As the Board recognized in the Decision it served yesterday in this docket, much of the solution to this problem lies with the continuing attainment of the efficiencies of the UP/SP merger. UP has now completed the complex processes of (a) arriving at Houston-hub and associated labor implementing agreements, (b) implementing UP's TCS computer system on SP lines in the Houston/Gulf area, and (c) implementing directional running between Houston and Memphis. Each of

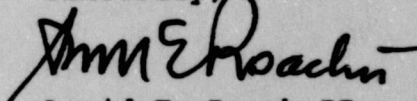
Hon. Vernon A. Williams
February 18, 1998
Page 3

these transitions has been difficult and has caused interim disruptions -- indeed, the transition to smooth directional running is still underway -- but their ultimate result will unquestionably be a tremendous improvement in operations. There is also an urgent ongoing need for capital investments in the area, and UP has committed more than \$570 million to that end during this year and next year. But in addition to all these essential steps, UP concluded that joint dispatching was also a critical element in reaching a clear assurance that the congestion problems in this area will be overcome.

Parts of the UP-BNSF agreement will go into effect without any need for Board action. These include the joint dispatching, which will be implemented as soon as the necessary technology can be put in place and the necessary training completed, and no later than 30 days from February 12; the opening of all industries on the Houston-Iowa Junction line and appurtenant branches to BNSF, which will go into effect as soon as practical, and, again, in all events within no more than 30 days from February 12; and the resolution of the dispute as to UP's liability for expenditures to upgrade the Iowa Junction-Avondale line, which is also effective immediately. The Beaumont-Navasota trackage rights will be the subject of a class exemption, to be filed shortly. Finally, the ownership "swap" will require Board action, and the parties expect to file an appropriate joint request for such action in the near future.

UP's entry into this agreement demonstrates its profound commitment to do whatever is necessary to overcome the service crisis which, since last fall, has affected the Houston-area rail system -- and indeed, for parts of the period, much of the West. We are confident that we are now on track to completely overcoming that unprecedented and extraordinarily persistent and difficult crisis.

Sincerely,



Arvid E. Roach II

Attorney for Union Pacific
Railroad Company

cc: Hon. Linda J. Morgan (courtesy copy)
Hon. Gus A. Owen (courtesy copy)
Melvin F. Clemens, Jr., Director, Office of
Compliance and Enforcement (courtesy copy)
All Parties of Record

STB FD 32760 4-1-98 D 186860 1/2

186860

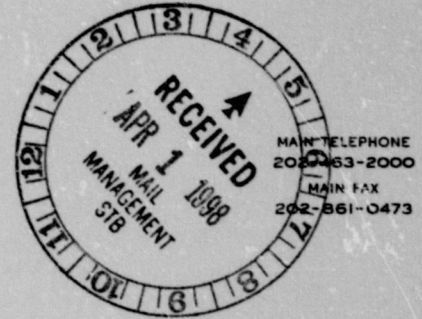
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ERIKA Z. JONES

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April 1, 1998

VIA HAND DELIVERY

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:

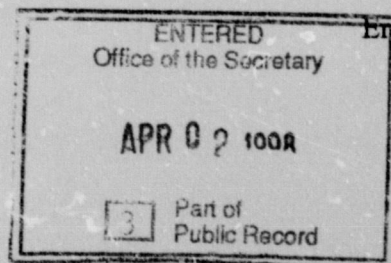
Enclosed for filing in the above-captioned proceeding are the original and twenty-five (25) copies of The Burlington Northern and Santa Fe Railway Company's Quarterly Progress Report (BNSF-PR-7). Also enclosed is a 3.5-inch disk containing the text of the Quarterly Progress Report in WordPerfect 6.1 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,

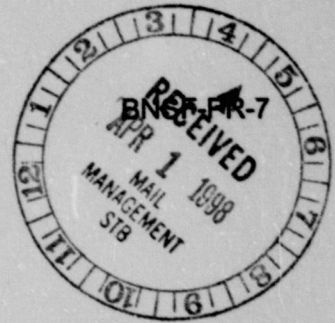
Erika Z. Jones

Enclosures



186860

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

Jeffrey R. Moreland
Richard E. Weicher
Michael E. Roper
Sidney L. Strickland, Jr.

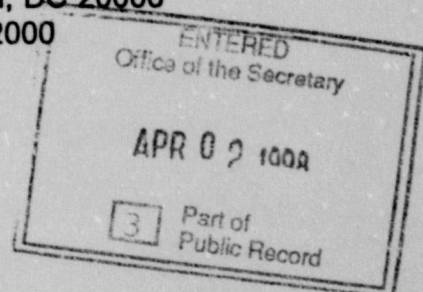
Erika Z. Jones
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Attorneys for The Burlington Northern and Santa Fe Railway Company

April 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 seventh 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).

In its last Quarterly Progress Report filed on January 2, 1998, BNSF provided a summary of the operational changes since October 1, 1997, in direct and local train service being provided by BNSF and in haulage service being provided by UP pursuant to the trackage and other rights on the lines of UP and SP (the "UP/SP lines") BNSF received access to as a consequence of the UP/SP merger and a summary of its

marketing activities on those lines during the fourth quarter of 1997. This Progress Report will discuss the operational changes that have occurred since January 2, 1998, as well as provide an update on BNSF's first quarter marketing efforts. Included in this Report is a discussion of the various operational changes and marketing efforts initiated during the first quarter of 1998 as a result of the February 12, 1998 Agreement ("Term Sheet Agreement") between UP and BNSF. These include (i) the establishment of a regional dispatching center at Spring, Texas for Houston and Gulf Coast train operations, and (ii) the operations that BNSF has implemented to serve all present and future industries and other shipper facilities located on the former SP Lafayette Subdivision between Dawes, Texas and Avondale, Louisiana.^{1/}

As documented by this Progress Report, BNSF has aggressively continued its efforts over the past three months to compete with UP on the UP/SP lines.

I. BNSF SERVICE IN THE FIRST QUARTER OF 1998

As was previously announced, 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. The Term Sheet Agreement will allow BNSF to improve service options for rail shippers using BNSF into and out of the Houston area by permitting BNSF to restore its scheduled train operations

^{1/} The exchange of 50% ownership interests by BNSF and UP in their respective main lines (including operating sidings) which constituted the former Southern Pacific 342-mile Houston-New Orleans line (the "50/50 line") is the subject of a Petition for Exemption which will be filed in the near future. In the statements that will be filed in support of the Exemption Petition, BNSF will detail both its operational and marketing activities related to the Term Sheet Agreement.

to meet those customers' transportation expectations of competitive service by BNSF in the place of SP following the UP/SP merger. It will also increase competitive alternatives for rail shippers along the 50/50 line and its branches and spurs by providing those shippers with access to BNSF as well as UP for their line haul rail transportation needs. Finally, the additional assets, such as crews, locomotives, and cars, which have been required because of the Gulf Coast congestion could be redeployed to other areas of need, increasing rail capacity in the region and across the nation overall.

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 dispatching center will allow 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 the Texas Mexican Railway Company ("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.

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 transloaders, located on the 50/50 line and on all former Southern Pacific branches and spurs, and on any new branches and spurs, appurtenant to the 50/50 line.

In addition, during the first quarter of 1998, BNSF has continued to work with "2-to-1" and other rail customers to provide a competitive alternative to UP in those areas to which it received access under the BNSF Settlement Agreement and the Board's conditions in the UP/SP merger proceeding. As reported to the Board in prior Quarterly Progress Reports, the traffic volumes over the lines to which BNSF received access continue to grow. The traffic volumes on those lines increased by approximately 10% from approximately 62,445 units in the fourth quarter of 1997 to a projected 68,668 units in the first quarter of this year. The first quarter 1998 volumes are more than triple the volumes for the first quarter of 1997.

Throughout the first quarter of 1998, BNSF has maintained its commitment to improving its service over the UP/SP lines and believes that the greater coordination between UP and BNSF as evidenced by the Term Sheet Agreement will result in continued improvements in operations and reductions in congestion in the Houston area and along the Gulf Coast. Nonetheless, as UP has advised the Board in its recent weekly service reports, the congestion and other service problems on UP's lines in the Houston terminal area have reached critical proportions again, and therefore it was

appropriate for the Board to extend the Service Order until August 2, 1998, in order to allow additional time for the problems to be resolved.

II. UPDATE ON BNSF PROGRESS ON IMPLEMENTATION

This section updates the status of BNSF's progress in implementing service over the lines to which it was granted access under the Board's Decision No. 44, including the specific implementation steps BNSF has taken during the period from January 1, 1998, through March 31, 1998.

BNSF and UP continue to improve the systems and processes for handling haulage and UP switched shipments. However, systems deficiencies remain an obstacle for BNSF in its efforts to provide a fully competitive service at "2-to-1" points. As example, shipments originating at "2-to-1" points which the shipper intends to be handled at the origin by BNSF but which are destined for final delivery by UP via either line haul or reciprocal switch are frequently not being billed as BNSF movements at all. Even though customers are providing accurate billing information, UP's information systems are not able to recognize the BNSF haulage route; rather, UP is billing the movement as if it handled the shipment directly from origin to destination entirely for its own account.

To address this problem, BNSF is in the process of developing systems that will measure and monitor haulage services provided by UP. These systems are designed to enable BNSF to quickly identify UP failures and to permit BNSF to take immediate corrective action. It is BNSF's intent to use these systems to ensure that its customers

receive the BNSF service they have requested in a manner consistent with their expectations.

A major project that the BNSF and UP information services teams have been working on will permit, when implemented, tracking and reporting of trains over trackage rights lines by both carriers. This project, the "161 Project", has been a high priority of both carriers during the first quarter. Reporting is now being tested, and implementation of this reporting system is expected during the second quarter.

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%.

A major effort is now underway by both carriers 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, Texas and Avondale, Louisiana. 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.

The following are highlights of BNSF's operational developments during the first quarter of 1998:

A. Gulf Corridor

1. First Quarter Service Update

- With excellent cooperation from elected officials in Little Rock, Arkansas as well as the hard work of the Little Rock Port Authority Railroad ("LRPA"), 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 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. Though initially commenced as a six day/week local service, because of the directional flow on the line between Houston and Memphis, BNSF's trains currently operate three days per week from Little Rock to Memphis and three days per from Memphis to Little Rock.
- On January 29, 1998, BNSF and Tex Mex eliminated the temporary Flatonia, Texas interchange initiated on November 10, 1997, pursuant to STB Service Order No. 1518 and restored the Robstown, Texas interchange for traffic moving to and from Mexico via Laredo, Texas, as well as for traffic to and from Laredo itself. BNSF is operating its own trains from Temple, Texas, south via Flatonia to Corpus Christi and Robstown, and north from Corpus Christi and Robstown via Algoa, Texas, to Temple. The directional operations on BNSF are made possible by trackage rights over UP granted to BNSF southbound between Flatonia and Placedo, Texas. 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. Since February 1998, BNSF's Brownsville traffic has been interchanged to UP at Flatonia for haulage to Brownsville, rather than at Houston, thereby keeping that traffic out of the Houston terminal and resulting in a service improvement for customers and flows involved.
- 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. BNSF's daily merchandise trains between Longview, Texas and Memphis are moving both northbound, against the current of traffic, and southbound on the former SP line. This operation "against the flow" will continue until installation of a new track connection is completed in May, 1998, permitting BNSF to join the northbound flow over the UP directional line from Longview, Texas.

- 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.
- During the first week in February, 1998, BNSF, UP and the Port Terminal Railroad Association ("PTRA") agreed to establish an interchange at Pasadena, Texas 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 improved service transit times and consistency for customers, and have kept unnecessary carload traffic out of Englewood Yard thereby reducing congestion.
- On February 18, 1998, Ferrocarril Mexicano ("FXE") commenced operations on the trackage connecting with BNSF at Eagle Pass (and El Paso), Texas. 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.
- Direct BNSF service to International Paper and General Chemical at Pine Bluff, Arkansas 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.
- A regional UP/BNSF dispatching center at UP's command center in Spring, Texas became operational on March 15, 1998. The center has responsibility for jointly dispatching traffic on the 50/50 line as well as UP's Houston to Beaumont line, lines of the Houston Belt & Terminal Railway Company ("HB&T"), and the trackage in the Houston terminal area that was jointly owned and dispatched by SP and PTRA between Sinco and Deer Park Junction. The lines are dispatched in accordance with the dispatching protocol adopted pursuant to the Chemical Manufacturers Association Agreement dated April 18, 1996 ("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 will also coordinate operations of routes in and out of Houston to regulate flows and avoid route and terminal congestion by better planning and coordination. Tex Mex involvement in the center, in

the form of an assigned representative, began during the week of March 16, 1998.

- As a result of gaining access to over 100 additional customers on the former SP main line, branches and spurs between Dawes (Houston), Texas and Iowa Junction, Louisiana, pursuant to the Term Sheet Agreement, BNSF commenced direct service to several customers, including North Star Steel, Korf, Texas and North Star Steel of Texas and other pipe receivers on the Sheldon, Texas team track during the week of March 16, 1998.

2. Status of Houston Area and Gulf Coast Operations

While various steps have been taken to improve operations in the Houston and Gulf Coast areas during the first quarter of 1998, the results of those efforts have so far not been adequate to meet customers' needs. BNSF still is unable to provide the competitive service that it desires in the Gulf Coast area, and its current service in the area is not up to the standard BNSF would like it to be because of the continuing operational problems in Houston and along the Gulf Coast. In recent weeks, in part due to implementation of the regional dispatching center at the Spring, Texas, BNSF has noted some improvement in operations through the Houston terminal and along lines to New Orleans and Memphis. We are hopeful this progress can be sustained and built upon.

However, in the most recent week, extreme congestion on the former SP "Sunset Route" east and west of San Antonio, as well as along the former SP route between Caldwell and Placedo, Texas, has negatively impacted BNSF service in these areas, specifically to and from south Texas, Laredo and Eagle Pass. BNSF's operations remain fluid to these points. However, these problems, coupled with the threat of congestion as a result of UP's embargo of the Laredo gateway for all but intermodal and automotive

traffic as of midnight, March 27, 1998, forced BNSF to adopt a permit system for metering traffic destined for Corpus Christi, Laredo, and Eagle Pass on Monday, March 30, 1998. This permit system, which BNSF hopes will be short-term in nature, will be accompanied by an embargo of traffic without a permit, which will allow BNSF to match volumes to these gateways with available capacity along the trackage rights lines. BNSF will also be better able to match the capacity of the two Mexican carriers, Transportation Ferroviaria Mexicana ("TFM") and FFE, to accept traffic on a timely basis at Laredo and Eagle Pass, respectively. BNSF is in regular communication with the Mexican carriers and with Tex Mex on a daily basis to ensure that the maximum amount of traffic which can be accommodated over these routes and through these gateways can be handled. BNSF is hopeful of handling up to three trains daily to the Laredo gateway, and two trains six days/week to the Eagle Pass gateway during the term of the U/P embargo.

3. Near Term 1998 Service Plans

BNSF will continue its current through and local train operations on the portion of the 50/50 line from Iowa Junction to Avondale. On the portion of the line between Dawes and Iowa Junction, operations to provide service to the shipper facilities to which BNSF has gained access under the Term Sheet Agreement are planned as follows:

- The local switcher currently operating between Houston and Dayton will provide service six days per week with one crew from Houston to Dayton and one crew from Dayton to Houston for shippers located between Dawes and Dayton. As mentioned above, this switcher service commenced serving new customers located on the Sheldon, Texas spur during the week of March 16, 1998.
- On the Baytown and Cedar Bayou Branches, BNSF will establish a local commencing in April 1998, and serve all industries with the exception of those shippers who specify otherwise. As traffic is increased and

agreements are made with shippers for BNSF to switch their facilities, an additional local may be added.

- Between Dayton and China, Texas, BNSF's existing Silsbee train will provide direct service to shippers on that line segment six days per week.
- On the Sabine Branch and Chaison Spur, BNSF plans to use UP haulage between Beaumont and Port Arthur, Texas in the near term. Traffic from that branch will be added to existing BNSF train service from Beaumont.
- Between Amelia and Korf, Texas, BNSF's existing Beaumont switcher will serve shippers accessed. As mentioned above BNSF commenced service to shippers at Korf, Texas with the spotting or empties for loading at North Star Steel.
- For shippers between Korf and West Lake Charles, except for Orange, Texas, BNSF plans to provide service on existing through trains unless the volume of traffic grows to necessitate adding dedicated local service. This would include service to and from the Sabine River & Northern Railway Company at Echo, Texas, where BNSF plans to seek authority to establish an interchange.
- At Orange, Texas, BNSF plans to continue to use UP's haulage services for BNSF traffic for the foreseeable future.
- In the Lake Charles area, while BNSF expects to continue to use UP's haulage services for BNSF traffic that area, it is continuing to study the feasibility of providing direct service to facilities there.
- Service to shippers on the Lake Arthur Branch will continue to be provided service using UP haulage via Lake Charles.

4. Capital Projects

- BNSF is continuing its capital projects program in the Gulf Coast area. It has completed its upgrade of the portion of the line between Avondale and Lafayette and is now beginning to upgrade the Avondale yard.

B. Central Corridor

1. First Quarter Service Update

- 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.

- A new BNSF director has been assigned to oversee BNSF operations in the Central Corridor and specifically in the Provo-Salt Lake-Ogden area.

2. Capital Projects

- BNSF is working with Utah Railway to add an additional 84 car track at Provo, Utah.
- BNSF has obtained approval from UP to establish a long-term lease of property at Midvale, Utah where BNSF intends to build six tracks in addition to the two tracks currently leased to BNSF by UP.
- BNSF is seeking to lease additional track from UP at Ogden, Utah to handle increases in BNSF's traffic. So far, UP has been unable or unwilling to enter into such lease. BNSF also has requested UP to agree to a lease of property suitable for building trackage adjacent to BNSF's existing leased track in Ogden and expects an answer from UP shortly.
- BNSF is seeking to lease sufficient track from UP at Grand Junction, Colorado to support the start-up of local operations in that area. UP has agreed to lease such track to BNSF, but the exact track has not been identified.

C. I-5 Corridor

1. First Quarter Service Update

- 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 signaling, installation of those connections has been delayed for some period of time.

D. Southern California

1. Capital Projects

- A new track connection between BNSF and UP was installed during March, and placed in service on March 27, 1998, at Basta (Fullerton), California. 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, California complex.

BNSF is now operating daily merchandise train service in all of the major trackage rights corridors except between Corpus Christi and Brownsville. As previously mentioned, since February 1998, BNSF's traffic for Harlingen and Brownsville, Texas as well as to and from the Brownsville & Rio Grande International Railroad Co. ("BRGI") connection at Brownsville and the TFM connection at Matamoros has been interchanged to UP at Flatonia for haulage, thereby keeping that traffic out of the Houston terminal and reducing congestion in the Houston area.

III. BNSF's MARKETING PLANS AND EFFORTS

A. Recent Activities

During the first quarter of 1998, BNSF has been involved in marketing activities with respect to (i) its new service to customers under the Term Sheet Agreement; (ii) expansion of its business to and from Mexico; and (iii) continued communications with customers concerning its new access rights.

Under the Term Sheet Agreement, UP's and BNSF's exchange of ownership interests in the 50/50 line will increase competition in the Gulf Coast area. Prior to the Agreement, BNSF had access to "2-to-1" customers and new facilities along the Dawes-Iowa Junction main line and on the former SP Baytown Branch. BNSF also had

access pursuant to the CMA Agreement to customers in the Lake Charles, Louisiana area. The Term Sheet Agreement, however, will allow BNSF to access at least 100 additional customers and facilities which are locally-served by UP and, in some cases, other carriers on portions of the 50/50 line, as well as on branches and spurs to the line formerly owned by the Southern Pacific and on any future branches and spurs to the 50/50 line. A list of the customers and facilities that BNSF has identified to date will gain access to BNSF for the first time under the Term Sheet Agreement is attached hereto as Attachment 1.

In addition to gaining access to the 100 customers and facilities presently located on the 50/50 line and its branches and spurs as identified in Attachment 1, BNSF will gain access to customers and facilities that locate along the 50/50 line and its branches and spurs in the future, or on branches and spurs which may be built off of any of this trackage by UP or any other party, including, but not limited to, new customers and facilities locating on the Cedar Bayou Branch, Lake Arthur Branch, the Sabine Branch, the West Lake Charles (Louisiana) Branch, and the Chaison and Sheldon (also known as Channelview) spurs, in addition to access to new customer facilities provided for in the BNSF Settlement Agreement along the Houston-Iowa Junction trackage rights line and the Baytown Branch.

For example, BNSF will gain access to:

- * The large number of iron and steel pipe, and other receivers which use the Sheldon, Texas team track facilities located at the end of the Sheldon (or Channelview) Spur;
- * Facilities jointly and directly served by both UP (formerly SP) and KCS, including industries at Chaison and Korf and in the Port Arthur, Texas area;

- * Access to the Southern Gulf Railway Company build-out spur from the Roy S. Nelson Generating Station near Mossville, Louisiana (Nelson) to a point on the 50/50 line at Sulphur, Louisiana;
- * Access to the Sabine River & Northern Railway Company, a shortline connecting with the 50/50 line at Echo, Texas; and

BNSF is currently preparing detailed information on the access to BNSF service for distribution to customers on the 50/50 line between Houston and Lake Charles, including main lines, spurs and associated branch lines.

Further, on February 23, 1998, BNSF marketing personnel began contacting the customers to which BNSF will gain access, acquainting them with their ability to access BNSF as well as UP for meeting their transportation requirements, and determining, from them, where BNSF could provide transportation services in response to their transportation needs. As with any survey, each contact reveals additional contacts which need to be made, as well as questions and concerns which need to be addressed. While this will be an ongoing process, all initial, in person or telephone contact with these customers had been made by March 6, 1998. Our dialogue with these new BNSF customers will continue to insure we can meet their rail transportation expectations before commencing service to them.

Facilitating in this contact process, as well as with contacts made to or from other customers BNSF gained access to as a result of UP/SP merger conditions, is our 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 our commercial organization. DART will report to a

managing director and, at full staffing, will consist of two sales directors and eight account managers. It is commencing a process of follow-up with a number of our smaller "2-to-1" customers to establish and maintain contact, ensure they remain aware of BNSF service availability to meet their transportation needs, help them build their businesses, and increase rail shipments for BNSF.

With regard to Mexican traffic, BNSF's Mexico Group's operation, a unit planned to facilitate and grow BNSF's business to and from Mexico through direct contact and interface with Mexican carriers and present and potential rail customers, became fully operational during the first quarter of 1998. This group, with seven commercial representatives in Mexico City and Monterrey, Mexico and additional border crossing support functions and US/Mexico operational coordination at BNSF's Fort Worth, Texas headquarters, in concert with other commercial groups at BNSF, increased Mexico units handled by BNSF 34% during the first quarter of 1998, compared with the same time period in 1997. In addition, representatives of this group spent considerable time becoming acquainted with their counterparts on TFM and FXE, as well as acquainting representatives of those carriers with the system capabilities of BNSF. Those activities will continue in the months ahead.

During the first quarter of 1998, BNSF continued its communications with shippers and shipper organizations. Each of these meetings and presentations addressed BNSF's implementation of the merger conditions. Copies of Customer Service Update communications from BNSF are attached as Attachment 2.

B. Traffic Volumes

As discussed earlier, and as the chart attached hereto as Attachment 3 reflects, BNSF traffic volumes over the lines to which BNSF received access as a result of the merger have continued to grow. Attachment 4 shows the breakdown by general commodity groups of this traffic.

Overall, the traffic volumes on these lines will have increased by over 10%, from 62,445 units in the fourth quarter to a projected 68,668 units in the first quarter of 1998. These first quarter 1998 volumes are more than triple the volumes for the first quarter of 1997. These increases in traffic volume have led BNSF to increase service frequency in several traffic corridors, principally the Gulf Coast and I-5 Corridors. The charts attached hereto as Attachment 5 reflect the volumes of traffic in each of the major traffic lanes in which BNSF received access since the beginning of 1997.

C. Customer Identification And Access Pursuant To Merger Conditions

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. As a result of these efforts, BNSF now has access to over 1,000 customer facilities pursuant to the UP/SP merger conditions.

Major accomplishments during the quarter include:

- Pursuant to the STB's January 23, 1998 decision, the terms for a "2-to-1" shipper protocol have been established, and an agreement implementing those terms is under review by BNSF and UP. The agreement is expected to be completed in the near future.
- As a result of inquiries begun in November, 1997 concerning BNSF access to customers located at Great Southwest, Texas, UP redefined 25 customers located at Great Southwest, including Carry Companies, which it had previously asserted were local UP points as "2-to-1" points accessible by BNSF on January 12, 1998. Although BNSF now has access to these customers, it should be noted that BNSF was unable to handle several hundred carloads of product destined for Carry Companies in 1997 while this dispute was being resolved.
- Following a dispute between BNSF and UP concerning BNSF access to Mariani Company at Salt Lake City, Utah under the terms of the BNSF Settlement Agreement and subsequent STB decisions concerning transloads, BNSF contact with and research into Mariani resulted in UP agreeing, on January 27, that Mariani is a transload facility to which BNSF has access.
- A long-running dispute between BNSF and UP involving BNSF access to Building 28, Hunt Wesson, Fullerton, California has been settled through the efforts of all three parties involved. On March 20, 1998, UP agreed to permit BNSF access to this facility, along with other adjacent facilities, although not as a "2-to-1" shipper facility. As this agreement met the needs of the customer involved, BNSF has also agreed to the terms of UP's access, and the matter is settled.

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. Current listings of all such "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 served directly by BNSF are attached as Attachment 6.

During the first quarter, UP responsiveness to BNSF inquiries concerning access to potential "2-to-1" customers and transloads is much improved, and UP is complying with the terms of the "2-to-1" shipper protocol. At this time, there are no major outstanding "2-to-1" or transload customer facility disputes outstanding between UP and BNSF.

D. Additional Access Rights

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. 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 several major successes to date. For example, working with various parties including UP and implementing the new facilities condition of the merger conditions, BNSF has located Qualitech Steel, Inc., at a new site in Corpus Christi, Texas, which, when operational during the third quarter of 1998, will have substantial shipments of iron oxide to new steel production points in the Midwest. BNSF secured this business in competitive bidding with UP in 1997.

Additionally, on January 26, 1998, BNSF began direct service to R.R. Donnelley through its new QDC transloading facility at Sparks, Nevada, marking BNSF's first direct service to the Reno area. BNSF recently gained a second customer using this facility, and several others are in discussions about additional business. In addition, BNSF is also working on exploring the establishment of team track facilities at a number of locations, including Winnemucca and Reno, Nevada, in response to inquiries from other customers. Overall, BNSF has over 50 industrial development projects at various stages of discussion for location along UP/SP lines.

One other issue resolved by the Term Sheet Agreement was BNSF access on competitive terms to customers switched by Louisiana & Delta Railroad ("L&D") on sections of track leased from SP near Lafayette, Louisiana, including customers on the Breaux Bridge branch, on the Power House Spur, and at Elks, Louisiana. The Term Sheet Agreement resolved on a prospective basis BNSF access to these customers by eliminating additional rental or other fees L&D would have otherwise owed UP for traffic to and from these customers routed via BNSF instead of UP. As a result, customers have begun to return business to BNSF line haul which had been diverted to UP while this issue remained unresolved.

IV. ISSUES AFFECTING BNSF'S IMPLEMENTATION OF TRACKAGE RIGHTS

In its January 2, 1998 Quarterly Progress Report, BNSF reported on various issues that were adversely affecting BNSF's competitiveness on the trackage rights lines, including the congestion and service deficiencies on UP's lines in south Texas. As the charts attached as Attachments 7 to 9 show, BNSF continues to experience significant

delays in moving traffic under the rights it was granted in the UP/SP merger proceeding due to the congestion and deficiencies. As Attachment 7 indicates, the percentage of traffic from the Baytown Branch delivered by UP to BNSF within the standard delivery time has increased substantially over the last month to the point where less than 50% of the traffic is being delivered within the standard. Similarly, as Attachment 8 reflects, BNSF traffic in the Houston terminal complex is consistently delayed -- often by as much as twice the standard running time. Finally, Attachment 9 reveals that, on the key through routes between Iowa Junction and Dawes and between Houston and Memphis, numerous sidings continue to be blocked, extra crews are required, and significant running time delays are the norm.

In addition to the adverse effects the UP service crisis continues to have on BNSF's competitiveness, new developments involving KCS and Tex Mex and other access issues are impacting BNSF's efforts to achieve full implementation of the rights granted to it by the Board.

A. Mexican Gateways

As the Board is aware, in its decision approving the UP/SP merger, the Board imposed two conditions that were intended to ensure that the merged UP/SP system faced competition for traffic crossing between the United States and Mexico at Laredo. The first condition, which had been embodied in the agreement between UP/SP and BNSF, gave BNSF a connection to Tex Mex to create a BNSF/Tex Mex routing over Laredo. The second condition, which the Board imposed over the objection of UP/SP and BNSF, gave KCS a connection to Tex Mex to create a KCS/Tex Mex routing over

Laredo. Laredo historically had been served by UP-direct and SP/Tex Mex routings, and the merger case proceeded on the understanding that the appropriate way to replace the competition lost as a result of the merger was to allow one or more Class I carriers to interconnect with Tex Mex to create new service over Laredo.

Since the merger, BNSF and Tex Mex have cooperated with each other to make the BNSF/Tex Mex routing a reality, and they have negotiated in an attempt to reach a durable, long-term agreement that would make the BNSF/Tex Mex routing attractive to shippers. The negotiations have not yet produced such a long-term agreement and, as explained further below, negotiations were stopped in mid-March because of serious issues concerning Tex Mex's ability to cooperate with BNSF. These issues were brought to our attention in a series of recent correspondence.^{2/}

For purposes of this Quarterly Progress Report, BNSF would like to summarize its views on the issues involving Tex Mex for the Board. First, BNSF was unaware until March 9 of any specific terms of the December 1995 agreement between KCS and TMM and was unaware that any provision of any agreement might materially limit the ability

^{2/} Although the Board has received the series of correspondence, BNSF will briefly reference it here. On March 9, Mr. Michael R. Haverty, President and CEO of KCS, sent a letter to Mr. Robert D. Krebs, Chairman, President and CEO of BNSF, concerning the ongoing negotiations between BNSF and Tex Mex. Mr. Haverty's letter invoked a December 1, 1995 contract that was never brought to the attention of the Board during the UP/SP merger case. According to Mr. Haverty, some possible outcomes of the BNSF/Tex Mex negotiations could result in a breach by Transportation Maritima Mexicana ("TMM"), the 51% owner of Tex Mex, of the December 1995 contract, and could render BNSF liable for tortious interference with that contractual relationship. Since KCS's March 9 letter, the following exchange of correspondence has occurred: Mr. Krebs responded to Mr. Haverty in a letter dated March 12, 1998; Mr. Haverty responded to Mr. Krebs on March 13, 1998; and Mr. William A. Mullins, counsel for KSC, wrote to The Honorable Linda J. Morgan on March 16, 1998.

of Tex Mex to accept the commercial terms under discussion in the ongoing BNSF/Tex Mex negotiations. Second, BNSF finds it very troubling that the Board, when it was considering the important question of how to replace the competition that would be lost at Laredo when UP and SP merged, was not informed that Tex Mex might be restricted in its ability to cooperate with any Class I carrier other than KCS. To carry out its responsibility to protect the public interest, the Board had to make predictive judgments about the effectiveness of the BNSF/Tex Mex and KCS/Tex Mex routings, yet a potentially significant factor affecting those judgments was not brought to the Board's attention.

It is BNSF's position that the Board intended and expected that the BNSF/Tex Mex routing provide an effective competitive alternative to UP service over Laredo. To the extent that an undisclosed term of a prior agreement between KCS and TMM impedes the competitiveness of a BNSF/Tex Mex routing, the Board's intentions and expectations may be defeated. BNSF may address these issues, depending on developments, in the new oversight proceeding commenced by the Board in its decision served March 31, 1998, as may be necessary to protect the public interest in competition over Laredo.

In the meantime, BNSF has ceased all negotiations with Tex Mex until this matter can be clarified. BNSF notes that Tex Mex has been very open in negotiations with BNSF. It has worked closely with Tex Mex and has had high expectations that BNSF and Tex Mex would reach a mutually acceptable commercial basis for the two carriers to work effectively on an arm's length interline basis that would be beneficial to the

shipping public. However, KCS has basically threatened a lawsuit on a vague and not fully disclosed basis if BNSF attempts too work closely with Tex Mex to encourage joint traffic. BNSF's business is transportation, and its desire is to compete for traffic. BNSF has no interest in litigation over these matters.

B. Other Access Issues

BNSF and UP continue to work through service problems concerning access by Farmer's Rice, West Sacramento, California and its customers to competitive service from BNSF using a combination of UP and SP^{3/} haulage through Sacramento to BNSF road haul. While these issues have not been resolved to the satisfaction of the customers, BNSF or UP, BNSF has noted a transit time improvement and reduction in dwell time on recent shipments. Problems impacting this shipper's business moving through UP to BNSF provide a microcosm of the issues BNSF and UP are continuing to work through if BNSF competition is to be meaningful, and include data exchange, local switch service through multiple yards, road train operation, and track capacity at critical yard facilities.

In Nevada, where UP provides haulage and reciprocal switch service between Elko and Winnemucca to service "2-to-1" customers, BNSF traffic continues to experience problems. As mentioned in BNSF's January 2, 1998 Quarterly Report, a "blitz" of customers in this area was conducted with UP's involvement to uncover

^{3/} In this area, UP and SP operations and information systems have not yet been combined.

structural problems impeding improved local BNSF service to "2-to-1" customers. The problems identified include:

- UP has requested BNSF not to transmit reverse route billing at haulage locations, but UP continually fails to properly route cars back to BNSF. UP also requests BNSF to send haulage billing via a manual process. Kennecott Copper is the customer most affected by these unresolved billing problems.
- UP's train reporting is hindering the ability of BNSF and its customers to manage traffic. Specifically, BNSF has to retrieve car location information from UP's internet site. Unfortunately, this information is often not current and results in BNSF's having incorrect information to provide its customers.
- All BNSF Nevada customers are being adversely impacted due to the still separate UP TCS and SP TOPS operating systems in Nevada Elko-West. Many times, BNSF haulage cars are given to SP by UP, but billing clearly has a haulage route via UP. This creates multiple problems with no bills, incorrect billing, conflicting reporting in UP and SP systems, resulting in customers being unable to trace shipments and BNSF not receiving required 451 reports to close haulage billing status reporting. BNSF is hopeful that the cutover from TOPS to TCS on May 1, 1998, will be successfully implemented and bring these reporting problems to an end.
- There are still problems between BNSF and UP concerning notice to BNSF of pickups at Elko, Nevada. Currently, BNSF and UP are trying to resolve the problem by having UP provide BNSF with a list of all BNSF traffic at all trackage locations twice daily. From this list, BNSF field support determines which cars are lined up for BNSF and completes the necessary support work. This solution has proven to be somewhat successful. Nonetheless, service remains unpredictable, and BNSF recently lost a major piece of traffic in this area to UP due to service considerations, while other business remains at risk of loss to UP or highway transport.

In Utah, while all parties are continuing to work together to expedite service to the various Utah customers, delays continue to be encountered in the same three areas as reported in prior quarters: Roper Yard, Grant Tower, and North Yard. The yard problems are caused by yard congestion; the situation at Grant Tower has improved but is still a source of delay from time to time. Another problem area is Utah Railway access

to Amoco, North Salt Lake, adjacent to the UP North Yard, where UP continues to park trains on the lead which Utah Railway must use to service Amoco, causing missed switches and overtime. At other times, Utah Railway gains access to Amoco for switching, but then is unable to secure track time to depart.

Other issues affecting BNSF's implementation of trackage rights involve its operations along the Gulf Coast over UP/SP trackage rights lines. While Service Order No. 1518 has addressed some of these issues, several issues with adverse impacts on BNSF and its customers remain:

- Implementation of a comprehensive directional operation over UP/SP between Houston and Beaumont commenced on February 1, 1998. This directional operation hopefully will provide relief in this key Houston-New Orleans corridor during the second quarter of 1998.
- Between Houston and Dayton, BNSF continues to experience delays to its locals caused by UP congestion on this route and in the Houston terminal complex. We expect improvement to result from operation of the regional dispatching center in Spring, Texas. However, BNSF customers on the Baytown Branch are also experiencing slow transit times on UP from interchange at Houston to availability at their facilities. With customers that desire direct BNSF service, BNSF will commence switching April 7, 1998, with our own Baytown local switcher.
- With respect to train operations on the line between Houston and Memphis, the directional flow has been far better for southbound traffic than northbound traffic. The reason for this discrepancy in operations is the congestion in the Houston terminal complex. As discussed above, BNSF has been experiencing delays for trains leaving the Houston area. Also, UP's operation of two to three trains against the directional flow has contributed to the congestion in the Houston area.

CONCLUSION

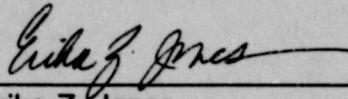
As the Board is aware, the service situation in the Houston and Gulf Coast areas is still dire. As UP has advised the Board in its recent weekly service reports, the

congestion and other service problems on UP's lines in the Houston terminal area have reached critical proportions again, and therefore it was appropriate for the Board to extend the Service Order until August 2, 1998, in order to allow additional time for the problems to be resolved.

While various steps have been taken to improve operations in the Houston area during the first quarter of 1998, the results of those efforts have so far not been adequate to meet BNSF's customers' needs. BNSF still is unable to provide the competitive service that it desires in the Gulf Coast area, and its current service in the area is not up to the standard BNSF would like it to be because of the continuing operational problems in Houston. BNSF is also unable to provide the competitive service that it desires in the Central Corridor, particularly at "2-to-1" points in Nevada, using UP or SP haulage service, which is costing BNSF business and denying shippers access to a competitive service offering.

BNSF is hopeful that the completion of merger implementation work by UP, not only with respect to its information systems but also with respect to the combination of UP and SP operations, particularly in the West, will end the kind of service problems BNSF and our customers are experiencing. In addition, the increase in cooperation and coordination between UP and BNSF pursuant to the Term Sheet Agreement should lead to improvements in operations and reductions in congestion in the Houston area and along the Gulf Coast.

Respectfully submitted,



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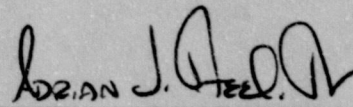
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April 1, 1998

CERTIFICATE OF SERVICE

I hereby certify that copies of The Burlington Northern and Santa Fe Railway Company's Quarterly Progress Report (BNSF-PR-7) are being served, by first-class mail or hand-delivery, on all Parties of Record in Finance Docket No. 32760.



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April 1, 1998

ATTACHMENT 1

**Customer Facilities Accessed By BNSF
As A Result Of The 1998 "50/50" Line Agreement
Dawes, TX - Iowa Junction, LA**

Customer	Station	State	Serving Carrier	Status
Baker Hughes Inteq	Lake Charles	LA	SP	98 Agreement
Calcasieu Steel & Pipe Inc	Lake Charles	LA	SP	98 Agreement
East Lake Oil Terminal	Lake Charles	LA	SP	98 Agreement
Lake Charles American Press	Lake Charles	LA	SP	98 Agreement
Milpark Drilling Fluids (Baker Hughes Co)	Lake Charles	LA	SP	98 Agreement
Polycom Huntsman	Lake Charles	LA	SP	98 Agreement
Transit Mix Concrete & Matl Co of Louisiana	Lake Charles	LA	SP	98 Agreement
Century Steps Inc	Sulphur	LA	SP	98 Agreement
Entergy Inc., Gulf States Utilities	Sulphur	LA	SP	98 Agreement
ABB Randall Corp	West Lake Charles	LA	SP/KCS	98 Agreement
Arco Chemical (Common St)	Westlake	LA	SP	98 Agreement
Betz Dearborn Hydrocarbon	Amelia	TX	SP	98 Agreement
Doguet Rice Milling Co	Amelia	TX	SP	98 Agreement
Koppers Ind	Amelia	TX	SP	98 Agreement
Pipe Distributors, Inc.	Amelia	TX	SP	98 Agreement
Huntsman Corp	Audrey	TX	SP	98 Agreement
Sunbelt Works Inc	Audrey	TX	SP	98 Agreement
Baychem	Baytown	TX	SP	98 Agreement
Houston Light & Power Co	Baytown	TX	SP	98 Agreement
Inman Services	Baytown	TX	SP	98 Agreement
BASF Corp Ag Prod Div	Beaumont	TX	SP	98 Agreement
Baxter Oil Co	Beaumont	TX	SP	98 Agreement
Beaumont Rice Mills Inc	Beaumont	TX	SP	98 Agreement
Giglio Distributing Co	Beaumont	TX	SP	98 Agreement
Gilchrist Polymer Center	Beaumont	TX	SP	98 Agreement
Sampson Steel Corp	Beaumont	TX	SP	98 Agreement
Southern Iron & Metal Div., Commercial Metals Co.	Beaumont	TX	SP	98 Agreement
Transit Mix Concrete & Materials	Beaumont	TX	SP	98 Agreement
Transit Mix Concrete & Matl (Dollinger)	Beaumont	TX	SP	98 Agreement
Beaumont Brick & Stone	Beaumont (teamtrack)	TX	SP	98 Agreement
C L Sherman & Son Lumber	Beaumont (teamtrack)	TX	SP	98 Agreement
Eastex Farm & Home	Beaumont (teamtrack)	TX	SP	98 Agreement
L D Construction	Beaumont (teamtrack)	TX	SP	98 Agreement
A & A Fertilizer	Beaumont/Chaison	TX	SP	98 Agreement
Continental Nitrogen Resources, L.P.	Beaumont/Chaison	TX	SP	98 Agreement
Elf Atochem North America, Inc., Organic	Beaumont/Chaison	TX	SP	98 Agreement
Martin Gas Sales Inc	Beaumont/Chaison	TX	SP	98 Agreement
Mobil Chemical Co., Beaumont Chemical Specialty Plant	Beaumont/Chaison	TX	SP	98 Agreement
Mobil Chemical Co., Chemical Coating Division, Chemic	Beaumont/Chaison	TX	SP	98 Agreement
Mobil Chemical Specialty (Mobil Oil Corp)	Beaumont/Chaison	TX	SP/KCS	98 Agreement
Mobil Oil Corp, Beaumont Refinery	Beaumont/Chaison	TX	SP/KCS	98 Agreement
Neches Industrial Park	Beaumont/Chaison	TX	SP	98 Agreement
Occidental Chemicals, PD Glycol	Beaumont/Chaison	TX	SP	98 Agreement
Olin Corp., Chemicals Group	Beaumont/Chaison	TX	SP	98 Agreement
R J Gallagher Co	Beaumont/Chaison	TX	SP	98 Agreement
Transit Mix Concrete & Materials	Beaumont/Chaison	TX	SP	98 Agreement
Wilson Warehouse Co.	Beaumont/Chaison	TX	SP	98 Agreement
X L Systems	Beaumont/Guffey	TX	SP	98 Agreement
Entergy, Inc., Gulf States Utilities	Bobsher	TX	SP	98 Agreement
Entergy Inc., Gulf States Utilities	China	TX	SP	98 Agreement
Wedco	China	TX	SP	98 Agreement

Trinity Industries Inc., Railcar Repair Plant #117
 A to Z Terminal Corp
 Enfab Industries Inc
 KMCO Inc
 Poltex
 Redland Stone Prod
 Seaberg Rice Co
 Trevor Boyce
 Engineered Carbons (Div of Ameripol Synpol)
 River Cement Co
 Engineered Carbons (Div of Ameripol Synpol)
 Houston Brick & Tile
 Texas Steel Compressor
 Horsehead Resource Development
 North Star Steel Texas, Inc.
 Liberty Forge Inc
 Mississippi Chemical
 National Pipe & Tube
 Enterprise Products
 Ferrell North America
 Texas Eastern
 Ultramar Diamond Shamrock (Martin Gas)
 Warren Petroleum Co
 Bayer Fibers Additives/Rubber
 Dupont de Nemours, E I (marked warehouse)
 Offshore Pipeline
 Rescar Inc
 Rescar Inc (Mini Repair Shop)
 Trinity Industries Inc.
 Transit Mix Concrete & Materials
 Wilson Warehouse Co. of Texas, Inc.
 Aimcor Inc
 Chevron Chemical Co
 Clark Refining & Marketing
 Port of Port Arthur Navigation
 Star Enterprise (Texaco)
 TDI Halter Inc (North Yard)
 City of Port Arthur
 A & A Rail & Storage
 API
 Baker Hughes Inteq
 Champion International
 Champion Recycling Corp
 Equity Trucking Co
 Evans Cooperage of Houston Inc
 Groendyke Transport Inc
 Luzenac America
 Sheldon Pipe
 Technical Industries Inc
 Texas Pipe Distributors (Southview Trucking Ltd)
 Triad Transport Inc
 Tuboscope Vetco - Grant Prideco EVI
 Tuboscope Vetco Intl
 Uni Form Components - Div Union Tank Car
 Union Tank Car
 W M Dewey & Son Inc
 West Side Transport

[illegible]

Arrow Trucking Co
 Champion Pipe & Supply
 Cypress Creek Pipe Inc.
 Delta Tubular Processing
 E L Farmer & Co
 Five Star Transportation Inc.
 ICO Houston Facility
 J D Fields & Co
 LA Utilities
 Mandell Kahn Industries
 North Star Steel Houston
 Premier Pipe Inc
 Quality Pipe Service
 Quality Trucking Inc
 T K Pipe & Rail Inc
 Tex Fab Inc
 Texas Oilfield Pipe Service
 Total Pipe Service Inc
 Turner Brothers Trucking Co
 Venture Trucking
 Woodard Transportation
 County of Jefferson
 Gulf Maritime Whse Co
 KM Tex
 L & L Oil Co Inc
 Port of Port Arthur
 Transit Mix Concrete & Materials
 Equistar (Millennium Petrochemical)

Sheldon (teamtrack)	TX	SP	98 Agreement
Sheldon (teamtrack)	TX	SP	98 Agreement
Sheldon (teamtrack)	TX	SP	98 Agreement
Sheldon (teamtrack)	TX	SP	98 Agreement
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Sheldon (teamtrack)	TX	SP	98 Agreement
Sheldon (teamtrack)	TX	SP	98 Agreement
Sheldon (teamtrack)	TX	SP	98 Agreement
Viterbo (teamtrack)	TX	SP	98 Agreement
West Port Arthur	TX	SP	98 Agreement
West Port Arthur	TX	SP	98 Agreement
West Port Arthur	TX	SP	98 Agreement
West Port Arthur	TX	SP	98 Agreement
West Port Arthur	TX	SP	98 Agreement
Williams	TX	SP	98 Agreement

ATTACHMENT 2

BNSF

Customer Service Update

January 8, 1998

This update is being sent to BNSF customers who have expressed interest in receiving regular service update communications from BNSF. If you would like to be taken off the fax list for all such communications, please let your BNSF marketing representative know.

BNSF to Expand Service on UP Trackage Rights Lines

Later this month, BNSF will provide new service over two segments of Union Pacific Railroad (UP) trackage over which BNSF was granted trackage rights as a condition of the merger between UP and Southern Pacific (SP).

On Jan. 13, BNSF will begin service between Pine Bluff and Little Rock, Ark., six days a week, replacing haulage service via UP, to better serve customers in the Little Rock area. In mid-January, BNSF plans to begin service between Winnemucca and Sparks, Nev., three days a week, to serve a new BNSF Quality Distribution Center (QDC) in Sparks.

The new services are described in a Jan. 2 filing with the Surface Transportation Board (STB), which requires BNSF to report quarterly on its progress in providing a competitive alternative to UP on those lines to which BNSF received access. The report also summarized the following service improvements on the trackage rights lines during the fourth quarter of last year:

Gulf Corridor

Daily carload train service between Temple, Texas, and Lafayette, La., for the New Orleans gateway was rerouted via Silsbee, Texas, bypassing the congested Houston area. Carload service between Temple and Eagle Pass, Texas, increased to six days a week from three days a week.

Pursuant to STB Emergency Service Order No. 1518, interchange with the Texas Mexican Railway Company (Tex Mex) began on Nov. 10 at Flatonia, Texas, instead of Robstown, avoiding the congested Houston area. BNSF, UP and Tex Mex commenced directional operations between Houston, Flatonia and Placedo, Texas, on Nov. 12, further improving service southwest of Houston, particularly to and from Mexico.

Two new 9,000-foot operating tracks, placed in service at Dayton, Texas, provide an improved interchange between BNSF and UP, better serving customer facilities BNSF can access on UP's Baytown Branch.

Maximum train speed increased to 60 mph from 40 mph along BNSF's main line between Iowa Junction and Avondale, La., as BNSF continued track rehabilitation between those points, with positive impacts on UP and Amtrak as well as BNSF.

Central Corridor

BNSF began using a siding at Keddie, Calif., in December for carload traffic moving between the I-5 Corridor and the Central Corridor, cutting several days off transit times.

I-5 Corridor

Through carload service between Barstow, Calif., and Pasco, Wash., replaced service between Barstow and Klamath Falls, Ore., improving Seattle- area customers' transit times.

A new carload train between Klamath Falls and Stockton, Calif., provides a second train five days a week between those points.

BNSF Customer Service Updates provide BNSF Merchandise customers with the latest available information on BNSF rail service. Customer Service Updates will be issued as needed but at least once each week.

For additional information, please contact your BNSF marketing representative.

Sent via fax at 5 p.m. CST
Thursday, Jan. 8, 1998

BNSF

Customer Service Update

January 28, 1998

This update is being sent to BNSF customers who have expressed interest in receiving regular service update communications from BNSF. If you would like to be taken off the fax list for all such communications, please let your BNSF marketing representative know.

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BNSF and Tex Mex restore Robstown, Texas, Interchange

At 12:01 a.m. Central Time tomorrow, Thursday, Jan. 29, BNSF and the Texas Mexican Railway (Tex Mex) will restore the Robstown, Texas, interchange for traffic moving to and from Mexico via Laredo, Texas, as well as for traffic to and from Laredo itself.

Today, Wednesday, Jan. 28, BNSF and Tex Mex will stop using the Flatonia, Texas, interchange to which BNSF gained access this past October as a result of the Surface Transportation Board's Emergency Service Order 1518.

Customers are being asked to continue to route southbound business to and from Laredo and Mexico via BNSF/Robstown/Tex Mex or the reverse routing for northbound business. Customers are being asked to continue routing business moving to and from Corpus Christi, Texas, via BNSF direct.

Resumption of the Robstown interchange, which had been requested last week by Tex Mex, will enable BNSF to use its locomotives more efficiently. BNSF will operate its own trains from Temple, Texas, south via Flatonia to Corpus Christi and Robstown and north from Corpus Christi and Robstown via Algoa, Texas, to Temple.

The directional operations on BNSF are made possible by trackage rights over Union Pacific Railroad (UP) granted to BNSF southbound between Flatonia and Placedo, Texas. The rights, granted in December, 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.

Local Service Begins between Sparks and Winnemucca, Nev.

BNSF on Tuesday, Jan. 27, began local train operations via UP trackage rights between Sparks and Winnemucca, Nev., with service to a BNSF Quality Distribution Center (QDC) at Sparks. The new train service operates three times a week.

For more information on using the Sparks QDC, contact Jack Looney, Director Distribution Services, at (817) 352-6526.

Sent via fax at 5 p.m. CST
Wednesday, Jan. 28, 1998

BNSF



Customer Service Update

February 13, 1998

This update is being sent to BNSF customers who have expressed interest in receiving regular service update communications from BNSF. If you would like to be taken off the fax list for all such communications, please let your BNSF marketing representative know.

BNSF and Union Pacific Agree to Set Up Joint Dispatching Center

Please refer to the press release accompanying this Customer Service Update for details on the agreement between BNSF and UP.

President's Day Weekend Operations Plan

Through train operations, including merchandise, coal, grain and intermodal trains, will continue normally over the President's Day weekend. Yard and industry switching and local train operations may be reduced during the weekend to reflect customer demand.

BNSF Customer Service Updates provide BNSF Merchandise customers with the latest available information on BNSF rail service. Customer Service Updates will be issued as needed but at least once each week.

For additional information, please contact your BNSF marketing representative.

Sent via fax
Friday, Feb. 13, 1998

Contact: John Bromley (UP)
(402) 271-3475

Richard Russack (BNSF)
(817) 352-6425

OMAHA and FORT WORTH, February 13, 1998 — Union Pacific Railroad and The Burlington Northern and Santa Fe Railway Company agreed today to proceed immediately to set up a joint regional dispatching center for all of their Gulf Coast train operations, and to exchange half interests in the two pieces of the former Southern Pacific 342-mile Houston-New Orleans line, now separately owned by each railroad. Additionally, both railroads will have access to all customers, including chemical, steel, gas and other companies, along the entire line, including former SP branch lines.

The agreement follows three months of negotiations between UP Railroad, a subsidiary of Union Pacific Corporation (NYSE: UNP), and BNSF (NYSE: BNI).

The joint dispatching center will be located at the current UP command center in Spring, a Houston suburb. The entire former Southern Pacific Houston-New Orleans line will be dispatched by UP/BNSF employees, who will report to supervisors of both railroads at the center, as well as the Union Pacific line from Houston to Beaumont, dispatched by UP employees. The joint dispatching center will also manage and coordinate UP, BNSF, as well as Houston Belt & Terminal (HB&T) and Port Terminal Railroad Association (PTRA) lines in the Houston area. The purpose will be to maintain the ability of the terminal area to handle through trains as well as trains serving customers and moving to and from area freight yards to minimize delays and congestion. Rail customers and the general public will benefit from better train flows through Houston, as will BNSF, UP and Tex-Mex.

Other lines in the Gulf Coast region running from Brownsville to New Orleans and radiating north and south from Houston will be dispatched by employees of the owner railroads working in close coordination at the same facility, using the same computer system. For example, UP employees will continue to dispatch the line from Houston to Brownsville while BNSF dispatchers will handle the lines from Temple and Teague to Houston. Kansas City Southern and the Texas Mexican Railway Company were invited to participate in the Joint Dispatching Center, but so far have declined.

more . . .

In addition, BNSF will grant UP overhead trackage rights between Beaumont and Navasota, Texas. This grant will improve UP's operations in the Houston area by permitting UP to bypass traffic around Houston as necessary to reduce congestion.

The trackage exchange is aimed at rationalizing the 1996 merger settlement agreement in which the former Southern Pacific line between Houston and New Orleans was divided between the two railroads. Currently, UP dispatches and operates the western 148 miles between Houston and Iowa Junction, near Lake Charles, Louisiana. BNSF dispatches and operates the eastern 194 miles from Iowa Junction to New Orleans. Both railroads operate through trains across the entire route. This proposal will restore the route's transportation capacity and provide for service improvements by managing the line's dispatch as a single through corridor.

"This is a major breakthrough in coordination of rail operations in and around Houston," said Dick Davidson, UP Chairman and Chief Executive Officer. He said the agreement also carries out the Surface Transportation Board mandate that railroads operating in the Houston area work to find a joint solution to rail congestion problems of the last several months.

BNSF Chairman, President and Chief Executive Officer Robert Krebs said, "The key here is greater coordination between railroads along the Gulf Coast to improve operations and reduce congestion. This will improve service options into and out of the Houston area, and increase competitive alternatives for rail customers along the former SP Houston to New Orleans line and its branches by providing access to BNSF."

BNSF's access to industries formerly served only by SP and then UP post-merger on the Houston-to-Iowa Junction portion of the route, as well as former SP branches off this route, provides customers access to two railroads to meet their transportation needs. About 100 additional customers now can select to use either UP or BNSF to meet their rail transportation needs under this unique line exchange.

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BNSF

Customer Service Update

February 19, 1998

This update is being sent to BNSF customers who have expressed interest in receiving regular service update communications from BNSF. If you would like to be taken off the fax list for all such communications, please let your BNSF marketing representative know.

Gulf Coast Agreement Implementation

BNSF is preparing detailed information for customers on BNSF's new competitive access to customers on former Southern Pacific (SP) lines between Houston and Lake Charles, La., including the main line and associated branch lines and spurs.

BNSF will gain access to more than 100 customers under an agreement between BNSF and Union Pacific Railroad (UP) covering coordinated dispatching in the Houston area and shared trackage between Dawes, Texas, near Houston and Avondale, La., near New Orleans. The agreement was announced Feb. 13.

Customers to whom BNSF will gain access will be contacted by BNSF marketing representatives and given additional information during coming weeks. Customers at other locations may contact their BNSF marketing representatives for additional information on this agreement. Implementation of the agreement also will be covered in future BNSF Customer Service Updates.

New BNSF Price Guide Rates Effective March 1

BNSF will distribute a new Doorstep Delivery Service Price Guide that will replace the rates listed in all previous publications. The new rates will be effective March 1, 1998.

The new DDS Price Guide consolidates all public prices associated with the program under one rate authority. The new guides have been simplified and consolidated, designed to make it easier for customers to use and understand the DDS program.

For additional information regarding this value-added transportation service, contact BNSF's DDS National Service Center at 1-800-648-5532.

BNSF Customer Service Updates provide BNSF Merchandise customers with the latest available information on BNSF rail service. Customer Service Updates will be issued as needed but at least once each week.

For additional information, please contact your BNSF marketing representative.

Sent via fax at 5 p.m. CDT
Thursday, Feb. 19, 1998

BNSF

Customer Service Update

February 24, 1998

This update is being sent to BNSF customers who have expressed interest in receiving regular service update communications from BNSF. If you would like to be taken off the fax list for all such communications, please let your BNSF marketing representative know.

BNSF Customer Service Updates provide BNSF Merchandise customers with the latest available information on BNSF rail service. Customer Service Updates will be issued as needed but at least once each week.

For additional information, please contact your BNSF marketing representative.

Main Line Issues

Heavy rains in Northern and Southern California continue to hamper operations. Some yard tracks at Los Angeles and Barstow have flooded, resulting in delays and congestion at these locations. Maintenance teams are working to monitor and restore track as soon as possible.

Flash flood warnings continue today at several Southern California locations, between Barstow and Los Angeles and between Barstow and Bakersfield. Some service interruptions may occur.

BNSF traffic to and from San Diego, National City and Escondido, Calif., will be delayed due to a bridge washout earlier today on the San Diego Northern Railway, used by BNSF trains operating between the Los Angeles and San Diego areas. The bridge, near San Onofre, Calif., is expected to be out of service two to four days.

Watch for additional Customer Service Updates or service interruption announcements for the latest news about this storm system. For information regarding specific shipments, contact BNSF Service Assurance at 1-800-769-2673.

UP Service Issues Affecting BNSF Traffic Flow

Due to service issues on Union Pacific Railroad (UP) and resulting interchange delays, BNSF is holding a significant amount of interline traffic destined for interchange with the UP at Seattle; Kansas City; Pine Bluff, Ark.; Alliance, Neb.; and Denver. The resulting congestion may delay some merchandise trains.

BNSF Initiates New Laurel-Galesburg Merchandise Train

On Monday, BNSF initiated a new merchandise train that expedites service for traffic from Laurel, Mont., destined for interchange with eastern carriers at Galesburg, Ill. Traffic affected is primarily soda ash, clay, sugar and forest products originating at Casper, Bonneville, and Greybull, Wyo. The service, which is offered four days a week, eliminates switching at three intermediate terminals and is expected to reduce transit times by about two days.

The new Laurel-Galesburg merchandise train is part of BNSF's effort to identify opportunities to improve efficiency and service by consolidating traffic wherever sufficient volume exists.

Sent via fax at 5 p.m. CST
Tuesday, Feb. 24, 1998

BNSF

Customer Service Update

February 26, 1998

This update is being sent to BNSF customers who have expressed interest in receiving regular service update communications from BNSF. If you would like to be taken off the fax list for all such communications, please let your BNSF marketing representative know.

BNSF Customer Service Updates provide BNSF Merchandise customers with the latest available information on BNSF rail service. Customer Service Updates will be issued as needed but at least once each week.

For additional information, please contact your BNSF marketing representative.

Main Line Issues

Heavy snowfall and severe winds in the Powder River Basin area of Wyoming have resulted in delays to merchandise traffic originating in or traversing the region. Several additional inches of snow are expected today, and merchandise trains traversing the region may experience up to 24 hours delay. Maintenance crews are working to clear track and switches. Heavy snow in the Minot, N.D., area may also result in some delays to merchandise traffic.

Weather has cleared through most of California, and maintenance teams are working to restore track and roadbed affected by the heavy rains. Minor service interruptions may occur.

The San Diego Northern Railway will remain closed most likely through the weekend, affecting BNSF traffic to and from San Diego, National City and Escondido, Calif. The bridge that washed out on Tuesday near San Onofre, Calif., is expected to be out of service through Saturday. North County maintenance crews are working to restore the bridge and are also working to shore up unstable track and roadbed that flooded on the San Diego Northern Railway near San Juan Capistrano. BNSF is offering engineering assistance to North County maintenance crews to expedite restoration of this track.

For information regarding specific shipments, contact BNSF Service Assurance at 1-800-769-2673.

Joint Regional Dispatching Center at Spring, Tex., Expected to Begin Operations March 15

Work is progressing toward establishing the joint BNSF/Union Pacific regional dispatching center at Spring, Tex., near Houston. Dispatching personnel and equipment for all jointly dispatched lines, including the Houston terminals and Houston to New Orleans lines, are expected to be in place and operational by March 15. Dispatch operations for adjacent territories, including BNSF's operations from Temple to Galveston, Beaumont to Silsbee, Silsbee to Somerville, and Dallas to Houston are projected to be in place by the end of April.

The consolidated dispatching center in Spring is designed to improve coordination and communication among all the railroads serving the Houston area, which will produce a more fluid operation through the Houston area complex for freight trains and industrial movements and improve the efficiency of yards serving the area. As a result, it should have a positive impact, with other steps the carriers are taking, on reducing congestion in the area.

Sent via fax at 5 p.m. CST
Thursday, Feb. 26, 1998

BNSF

Customer Service Update

March 5, 1998

This update is being sent to BNSF customers who have expressed interest in receiving regular service update communications from BNSF. If you would like to be taken off the fax list for all such communications, please let your BNSF marketing representative know.

Progress on Implementation of Joint UP/BNSF Operations on Gulf Coast

BNSF is well along in the process of contacting customers to which it will have access as a result of the agreement with Union Pacific Railroad (UP) covering coordinated dispatching in the Houston area and shared trackage between Dawes, Texas, near Houston and Avondale, La., near New Orleans. The agreement was announced Feb. 13.

BNSF plans to offer direct service to customers between Houston and Dayton, Texas, inclusive, beginning March 15, and will offer additional direct service to other locations on the shared trackage as customer demand warrants.

At Spring, Texas, near Houston BNSF telecommunications crews are installing the telephone and data communications links necessary to begin operation of the joint BNSF/UP regional dispatching center as scheduled March 15. Initially, the center will cover the Houston terminal area and main lines between Houston and New Orleans.

Dispatch operations for adjacent territories, including BNSF's operations from Temple to Galveston, Beaumont to Silsbee, Silsbee to Somerville, and Dallas to Houston are projected to be in place by the end of April.

Weather Conditions Improve

Weather conditions across the BNSF system generally have returned to normal after heavy rains in California and blizzards in the Northern Plains delayed traffic late last week and over the weekend. While rain is expected in California over the next 24 to 36 hours, current forecasts indicate rainfall amounts will not hamper train operations.

The main line between Los Angeles and San Diego, Calif., was returned to service late Sunday. However, traffic backlogged due to the prolonged outage is still being worked off. Normal operations should be restored in the area by the first part of next week.

BNSF Customer Service Updates provide BNSF Merchandise customers with the latest available information on BNSF rail service. Customer Service Updates will be issued as needed but at least once each week.

For additional information, please contact your BNSF marketing representative.

Sent via fax at 5 p.m. CST
Thursday, March 5, 1998

BNSF

Customer Service Update

March 11, 1998

BNSF Customer Service Updates provide BNSF Merchandise customers with the latest available information on BNSF rail service. Customer Service Updates will be issued as needed but at least once each week.

For additional information, please contact your BNSF marketing representative.

This update is being sent to BNSF customers who have expressed interest in receiving regular service update communications from BNSF. If you would like to be taken off the fax list for all such communications, please let your BNSF marketing representative know.

Weather Conditions Delay Interchange Traffic at Chicago:

BNSF traffic flows have returned to normal after blizzard conditions from Nebraska and Kansas east to Chicago slowed traffic earlier this week. Traffic to and from Chicago connections is expected to incur two to three days' delay as traffic to and from connecting lines at Chicago continues to be affected by the storm and its aftermath.

BNSF main lines stayed open during the blizzard due to the efforts of many dedicated BNSF people who worked through high winds, near-zero visibility and heavy snowfall. Switch crews and snow plows yesterday finished clearing secondary lines and cleaning snow- and ice-packed switches, sidings, spur and elevator tracks.

BNSF Leases Locomotives to UP:

BNSF is leasing 30 locomotives to Union Pacific Railroad (UP) to help ease congestion along the Gulf Coast. "We will provide 15 high horsepower and 15 medium horsepower locomotives to UP to be used in service between Houston and New Orleans, and between Houston and Pine Bluff, Ark.," says Dave Galassi, BNSF's assistant vice president, Locomotive Utilization.

"Obviously, BNSF does not have a surplus supply of locomotives sitting around," says Galassi. "We are **working** hard to take advantage of all the locomotives we have available. However, BNSF believes it is the right thing to do to assist UP with their congestion problems in the region."

The locomotives will be put into service on UP by Sunday, March 15, and BNSF expects UP to lease them for a couple of months. The lease is not expected to adversely affect BNSF service.

Sent via fax at 5 p.m. CDT
Thursday, March 11, 1998

BNSF

Customer Service Update

March 26, 1998

This update is being sent to BNSF customers who have expressed interest in receiving regular service update communications from BNSF. If you would like to be taken off the fax list for all such communications, please inform your BNSF marketing representative.

Weather Conditions Affect Traffic

Recent heavy rains have caused flash flooding, mudslides and train delays between Richmond and Barstow, Calif. on the Northern and Southern California Divisions. Heavy rains, flash flood warnings and mudslides are predicted to continue through Saturday, March 28.

Some train delays have been experienced in the Pacific Northwest due to heavy rain and snowfall throughout Washington and parts of Oregon. Up to 12 inches of precipitation is predicted to fall over the Hi-Line between Shelby, Mont., and Seattle and up to seven inches of precipitation is expected to fall between Klamath Falls, Ore., and Keddie, Calif., by March 28.

In addition to heavy rain and snowfall, power shortages are expected to affect all terminals in the Pacific Northwest. Minimal merchandise train delays should be experienced through Sunday, March 29.

BNSF Operations to Mexico Remain Fluid

As announced yesterday, Union Pacific (UP) has put into effect an embargo for all southbound rail traffic moving via the Laredo, Texas gateway, with the exception of automobile parts, finished automobiles and intermodal traffic. The embargo becomes effective Saturday, March 28, 1998 and includes UP Laredo traffic only. The Texas Mexican Railway is not included in this embargo and will continue to interchange traffic to the Transportacion Ferroviaria Mexicana (TFM) on a daily basis.

All BNSF operations to Mexico through Brownsville, Eagle Pass, El Paso and Laredo (via the Tex Mex Railway) remain fluid and BNSF service is considered to be normal. While BNSF is not in a position to guarantee that these favorable conditions will continue, as of today, March 26, the Mexico rail connections advise that they are in a position to continue handling the current levels of traffic and, in fact, have offered encouragement that they will accept additional southbound volumes from the BNSF.

BNSF will monitor traffic flows daily to ensure service remains constant. Every effort will be made to keep BNSF customers informed in advance if service problems develop and if any operational changes or other embargoes are required.

Guernsey Tunnel Work Scheduled April 1

Work on daylighting the Guernsey Tunnel is expected to close the Valley Subdivision to through traffic on April 1, 1998. The construction project is scheduled to be complete by mid-May.

Eastbound merchandise traffic originating in the Greybull and Casper, Wyo. areas will be rerouted to flow through Laurel, Mont., and Minneapolis, Minn., during the construction project.

BNSF estimates that rerouting will result in the additional transit time of one day.

No delays are expected for traffic moving to destinations in the Greybull and Casper areas from Eastern origins.

BNSF Customer Service Updates provide BNSF Merchandise customers with information on BNSF rail service. For the latest available information, visit the BNSF web site at www.bnsf.com. Customer Service Updates will be issued as needed but at least once each week.

For additional information, please contact your BNSF marketing representative.

Sent via fax at 5 p.m. CST
Thursday, March 26, 1998

BNSF

Customer Service Update

March 30, 1998

This update is being sent to BNSF customers who have expressed interest in receiving regular service update communications from BNSF. If you would like to be taken off the fax list for all such communications, please inform your BNSF marketing representative.

BNSF Customer Service Updates provide BNSF Merchandise customers with information on BNSF rail service. For the latest available information, visit the BNSF web site at www.bnsf.com. Customer Service Updates will be issued as needed but at least once each week.

For additional information, please contact your BNSF marketing representative.

BNSF Establishes Permit System for Traffic at Three Texas Points

To keep its operations to and from Mexico fluid despite Union Pacific Railroad's embargo effective last Saturday, BNSF today established a temporary permit system for all southbound traffic destined to Corpus Christi, Eagle Pass and Laredo, Texas. The latter two are among BNSF's gateways to Mexico. BNSF operations in the area remain fluid, and customers can route shipments to the three locations by obtaining a permit from BNSF.

The permit system is a necessary measure that will allow BNSF to handle more traffic to Mexico and to continue moving traffic in a timely fashion. The permit system applies to southbound traffic only; northbound shipments will continue to be accepted without permits. The permit system will remain in effect until the threat of congestion in the area is past.

Shipment permits can be arranged by contacting:

Agricultural Commodities

Ms. Larissa Silva

Agricultural Commodities

The Burlington Northern and Santa Fe Railway

2650 Lou Menk Drive

Fort Worth, TX 76131

Phone: (817) 234-7183

Fax: (817) 234-7082

All other traffic

International Team

Customer Service and Support

The Burlington Northern and Santa Fe Railway

Topeka, Kan.

Phone: (913) 559-7480

(800) 289-2673, Extension 7480

Fax: (913) 559-7439

(800) 277-2659

From Mexico

Phone: 95-800-010-0344

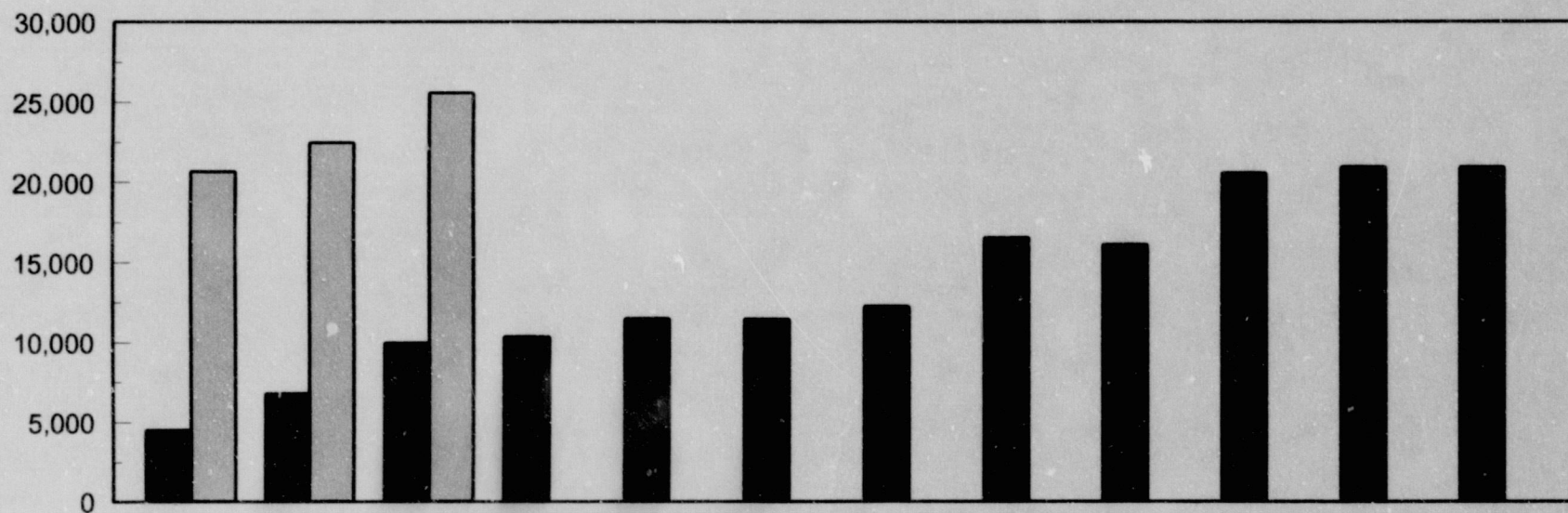
Fax: 95-800-277-2659

Sent via fax at 5 p.m. CST
Monday, March 30, 1998

ATTACHMENT 3

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

Loads



	January	February (* 98)	March (* 98)	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 □	20,645	22,455	25,568									

* = Preliminary

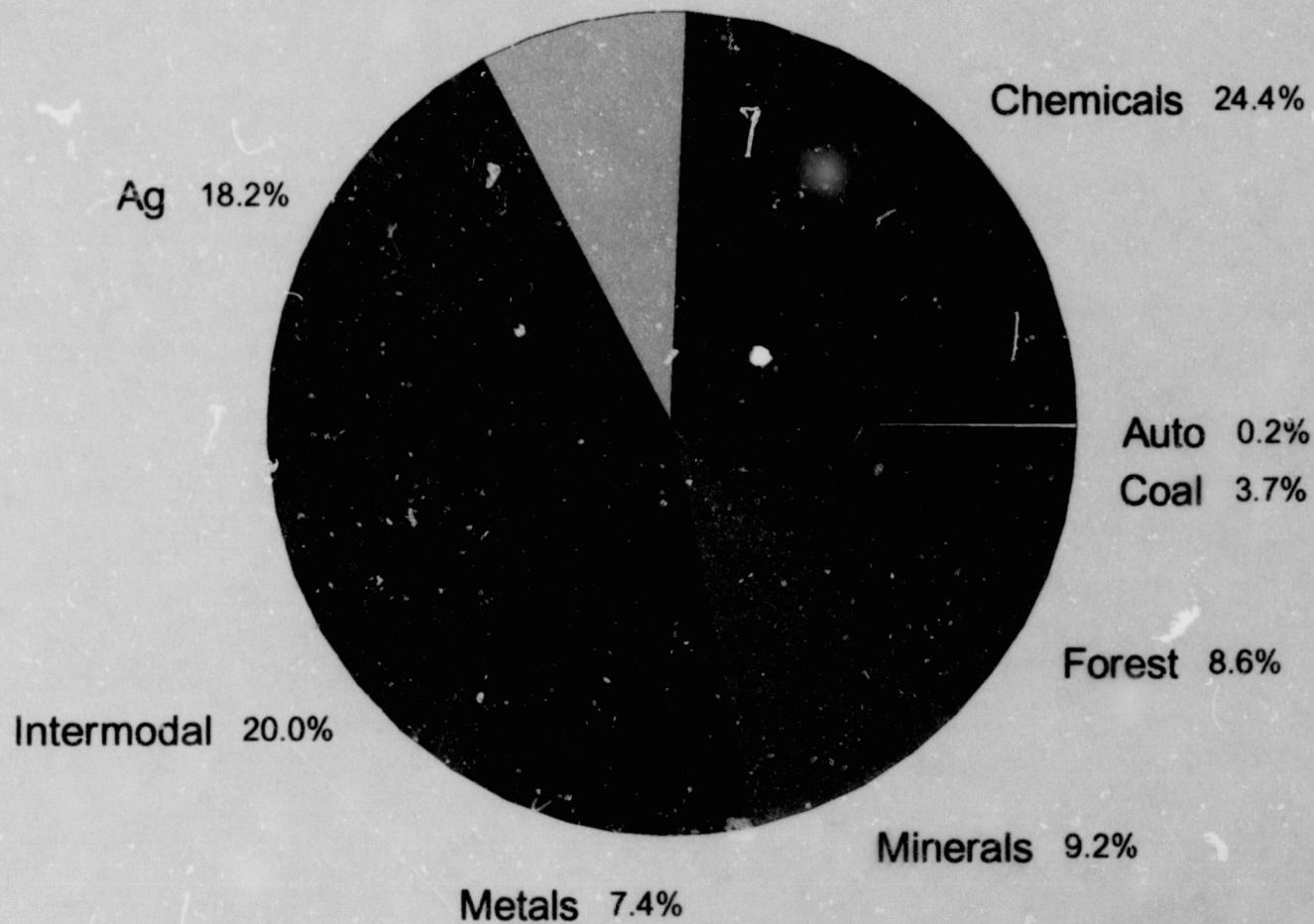
ATTACHMENT 4

Commodities Handled on UPSP Merger Condition Lines

All Traffic

January 1997 - December 1997

Consumer 8.3%

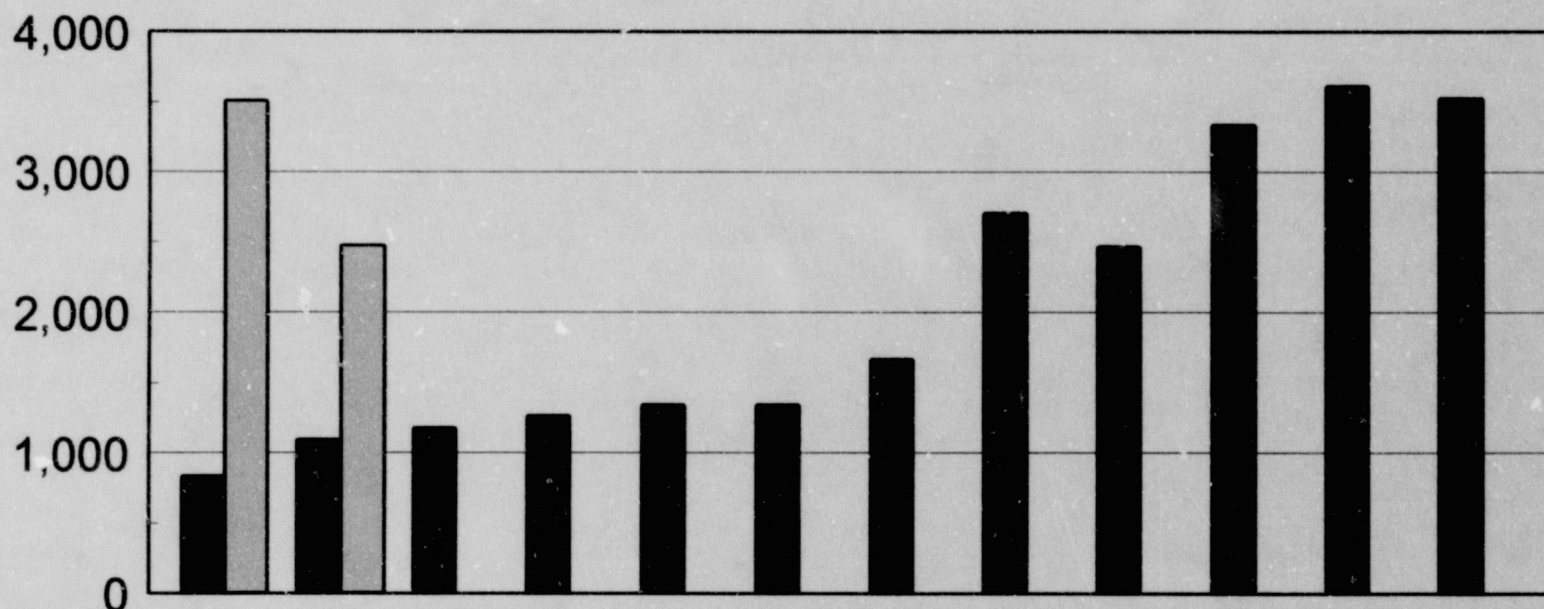


ATTACHMENT 5

1997-98 BNSF Loaded Units In Trackage Rights Corridors

Central Corridor

Between Denver, CO and Stockton, CA



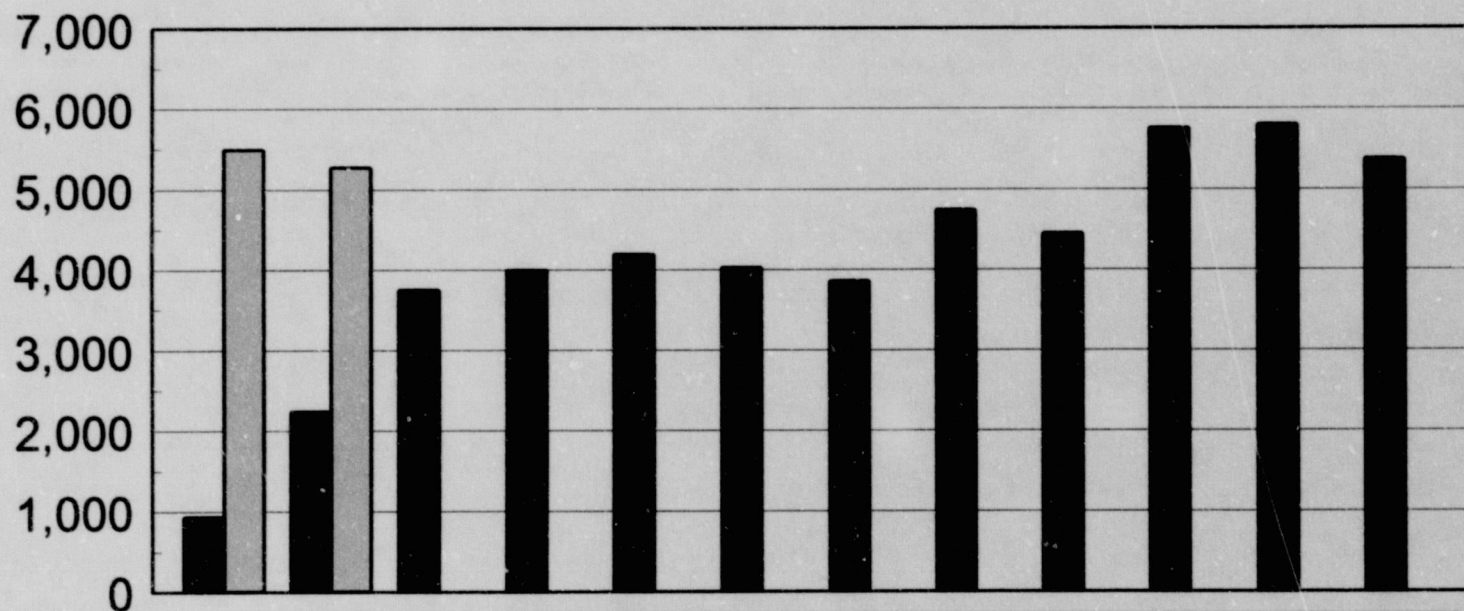
	Jan	Feb (* 98)	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Loaded Units 98	834	1,096	1,176	1,262	1,344	1,343	1,667	2,706	2,466	3,333	3,612	3,522
Loaded Units 98	3,505	2,476										



* = Preliminary

1997-98 BNSF Loaded Units In Trackage Rights Corridors

Gulf East Corridor

Between Houston, TX and New Orleans, LA



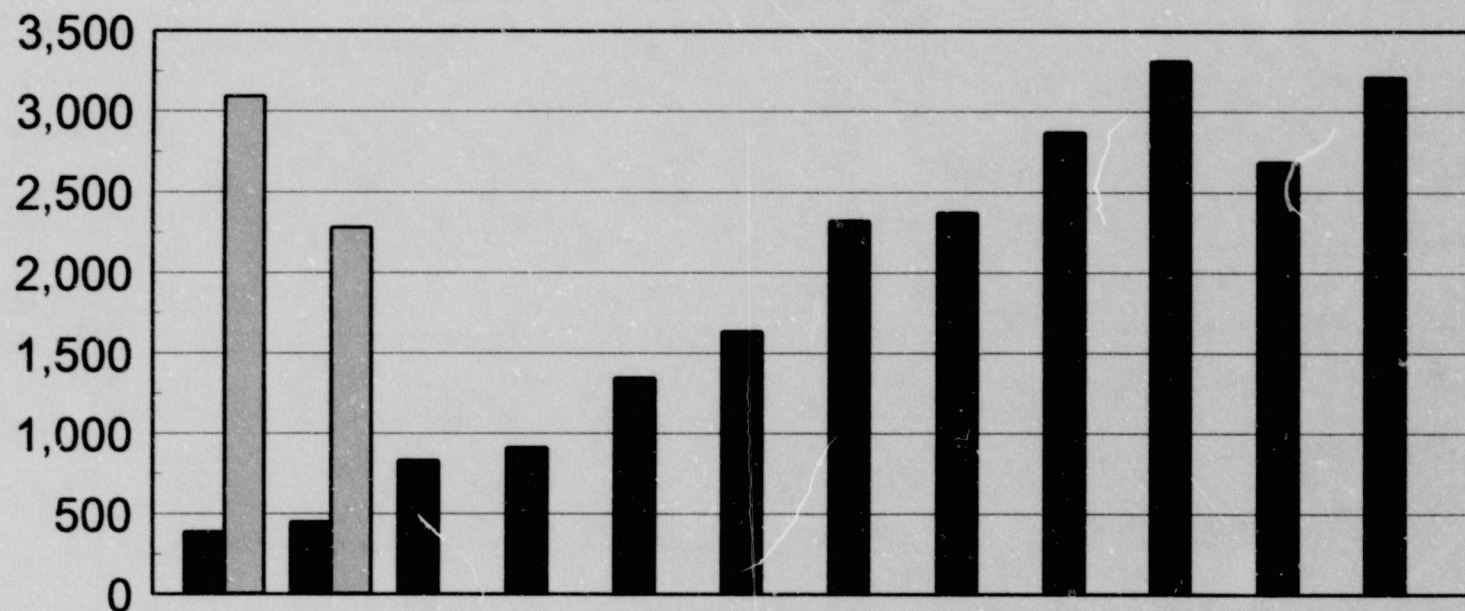
	Jan	Feb (*98)	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Loaded Units 97 	935	2,236	3,745	3,987	4,186	4,021	3,854	4,744	4,442	5,750	5,797	5,375
Loaded Units 98 	5,492	5,277										

* = Preliminary

1997-98 BNSF Loaded Units In Trackage Rights Corridors

Gulf North Corridor

Between Houston, TX and Memphis, TN



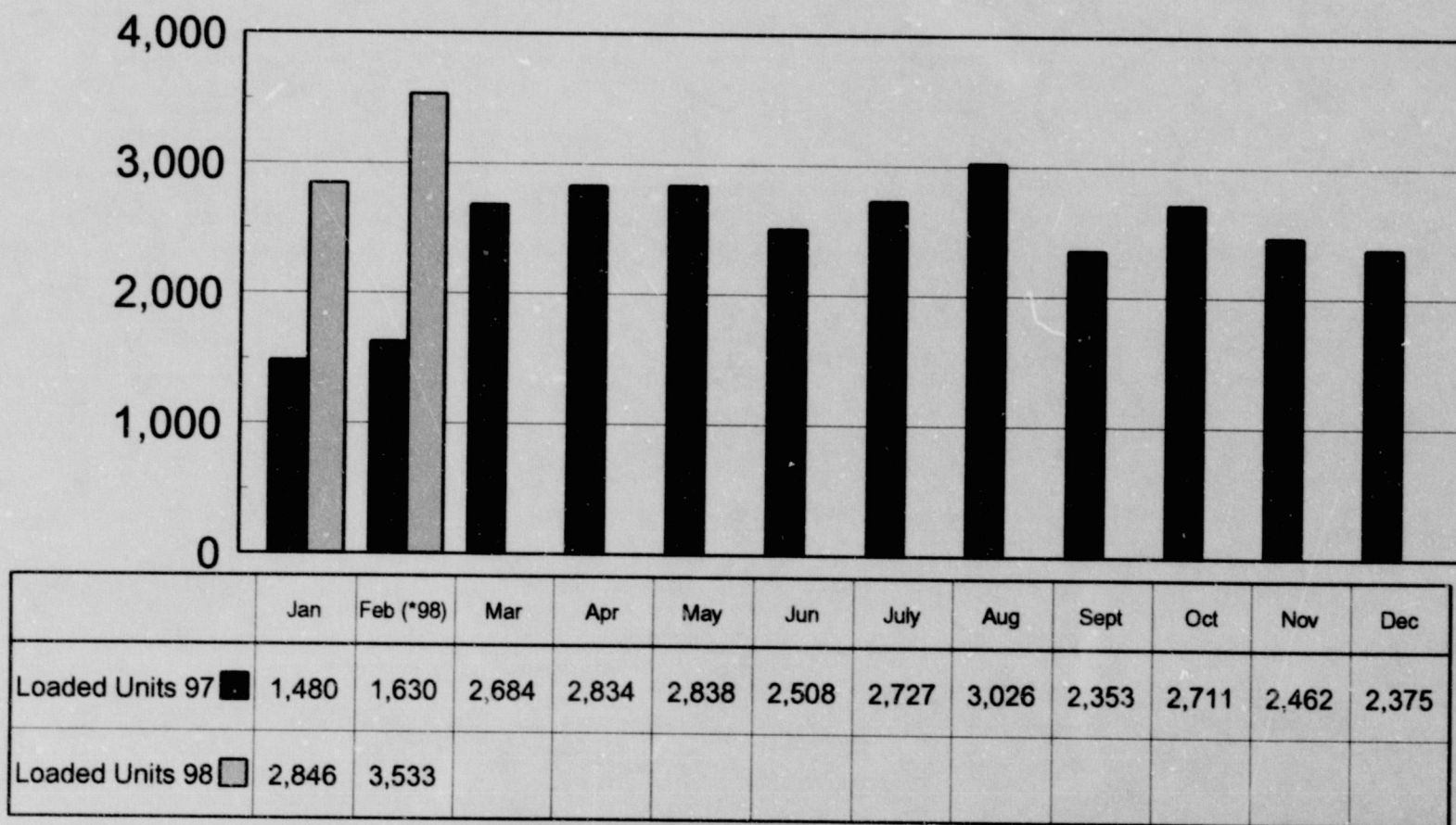
	Jan	Feb (*98)	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Loaded Units 97	387	448	830	911	1,346	1,636	2,321	2,373	2,868	3,318	2,686	3,214
Loaded Units 98	3,092	2,282										

* = Preliminary

1997-98 BNSF Loaded Units In Trackage Rights Corridors

Gulf South Corridor

Between Temple, Corpus Christi and Brownsville, TX

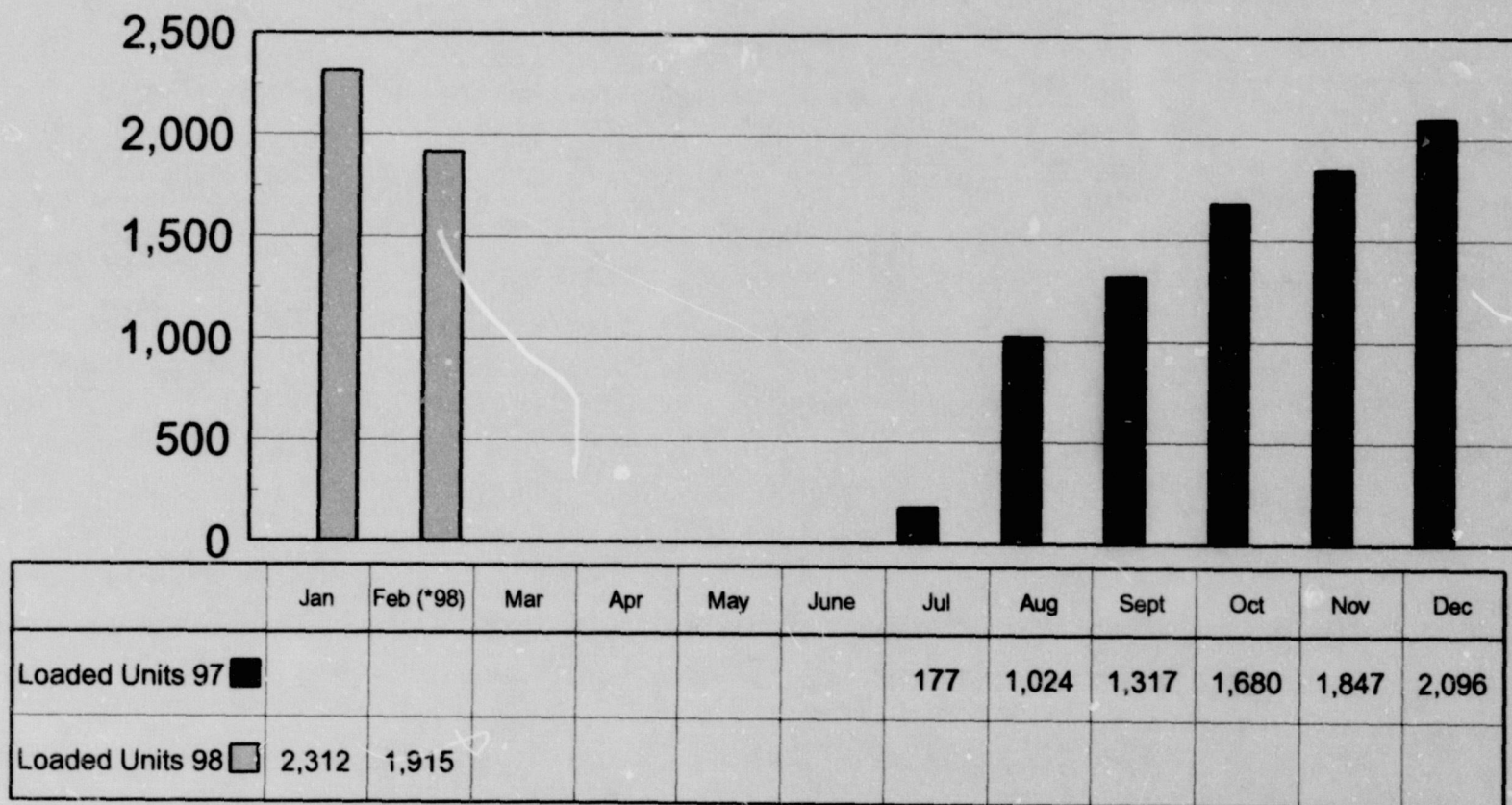


* = Preliminary

1997-98 BNSF Loaded Units In Trackage Rights Corridors

I-5 Corridor

Between Stockton, CA and Klamath Falls, OR



* = Preliminary

Note: Jan 97-Jun 97 no numbers available

STB

FD

32760

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D

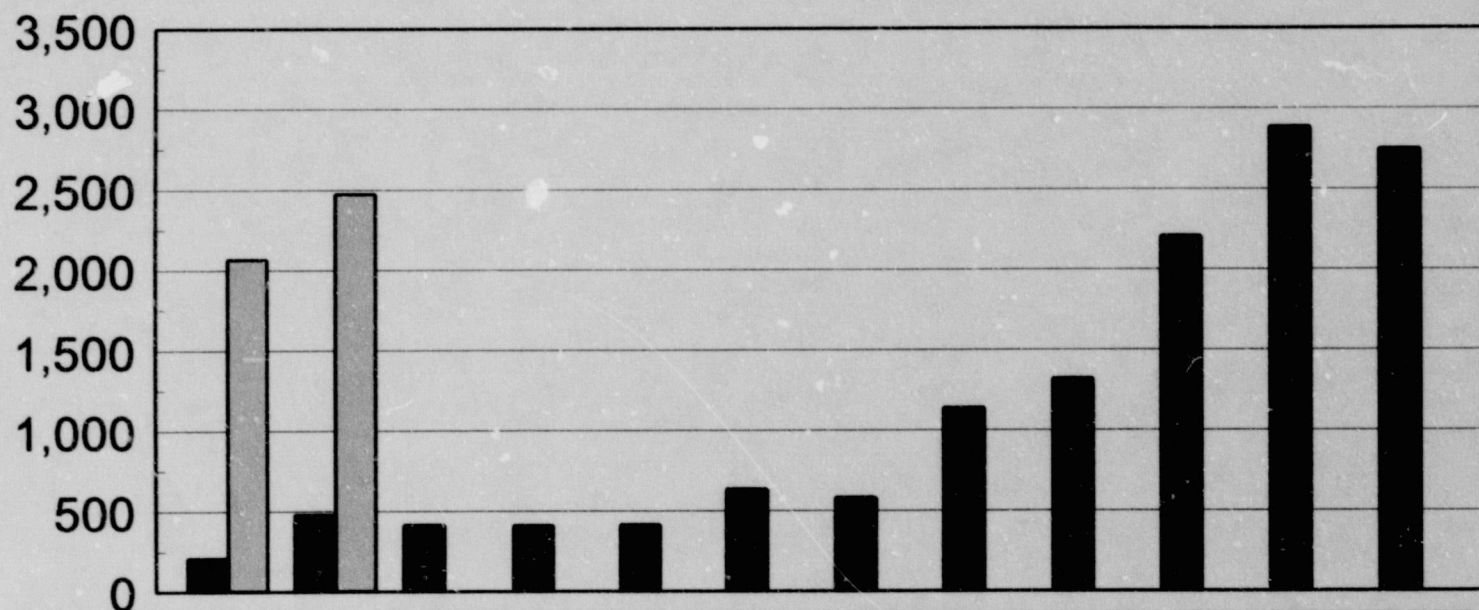
186860



2/2

1997-98 BNSF Loaded Units In Trackage Rights Corridors

Eagle Pass Corridor

Between Temple, San Antonio, and Eagle Pass, TX



	Jan	Feb (* 98)	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Loaded Units 97 	209	476	411	410	413	634	580	1,138	1,318	2,203	2,882	2,747
Loaded Units 98 	2,064	2,473										

* = Preliminary

ATTACHMENT 6

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
International Paper Southern Kraft	Camden	AR	2:1
Riceland Foods	Fair Oaks	AR	2:1
Cargill 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 Corporation	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
Central Terminal Distributing Centers Inc (Southern Corn	North Little Rock	AR	2:1
Chicopee Inc (Johnson - Johnson)	North Little Rock	AR	2:1
Chicopee Inc (Personal Products)	North Little Rock	AR	2:1
Koppers Industries Inc.	North Little Rock	AR	2:1
Mid South Seeds	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
Prime Quality Feeds	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 Services Fertilizer Inc)	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 Products - Pine Bluff Plant	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 Four (Pine Bluff Warehouse #4)	Pine Bluff	AR	2:1
Mid South Terminal One	Pine Bluff	AR	2:1
Mid South Terminal Two	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 Warehouse	Pine Bluff	AR	2:1
Stronglite Products	Pine Bluff	AR	2:1
Terra International Inc.	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 Prod (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 Warehouse	Elmhurst	CA	2:1
General Motors	Fremont	CA	2:1
New United Motor Manufacturing	Fremont	CA	2:1
Toyota Logistic Services	Fremont	CA	2:1
Toyota Logistics Services (Toyota Vehicle Processors)	Fremont	CA	2:1
Truck Rail Handling	Fremont	CA	Transload
Truck Rail Handling	Fremont	CA	Transload
United States Gypsum	Fremont	CA	2:1
Cargill	Fullerton	CA	2:1
Hunt Wesson, Inc.	Fullerton	CA	Agreement
Lucky Food Stores	Fullerton	CA	2:1
U S Army	Herlong	CA	2:1
Standard Iron & Metals Co	Kohler	CA	2:1
Sunshine Biscuit - Vacant Building	Kohler	CA	2:1
Christian Salvesson	La Habra	CA	2:1
Ralphs Grocery	La Habra	CA	2:1
Defense Depot/U.S. Gov.	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 Warehouse	Livermore	CA	2:1
Salinas Reinforcing Inc	Livermore	CA	2:1
Mid Cities Iron & Metal Corp	Los Angeles	CA	2:1
American Brass & Iron (aka. 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
Kruse Grain Milling Oh	Ontario	CA	2:1
Intermod Industries	Ortega	CA	2:1
Kaiser Sand Gravel	Pleasanton	CA	2:1
Capitol Plywood	Sacramento	CA	2:1
Continental Chemical Co	Sacramento	CA	2:1
Sacramento Bee (McClatchy Newspaper Inc)	Sacramento	CA	2:1
U S Cold Storage 9th St.	Sacramento	CA	2:1
Burke Flooring Products	San Jose	CA	2:1
Coors Brewing	San Jose	CA	2:1

Del Monte Foods	San Jose	CA	2:1
Ecolab	San Jose	CA	2:1
Floor Service Supply	San Jose	CA	2:1
Frank Lin Distillers Prod	San Jose	CA	2:1
Frito Lay	San Jose	CA	2:1
International Paper	San Jose	CA	2:1
Key West Wire	San Jose	CA	2:1
Laidlaw Environmental Svcs	San Jose	CA	2:1
Markovits & Fox	San Jose	CA	2:1
Northern California Fertilizer	San Jose	CA	2:1
Red Wing	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
Eka Chemical	South Gate	CA	2:1
Los Angeles Chemical	South Gate	CA	2:1
Pq 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 is vacant/for lease (Snider Lumber)	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 Corp)	Turlock	CA	2:1
Tab Products Co	Turlock	CA	2:1
Turlock Fruit	Turlock	CA	2:1
Cargill	W Sacramento	CA	2:1
Farmers Rice Cooperative	W Sacramento	CA	2:1
Karrolton Envelope	W Sacramento	CA	2:1
PFX Pet Supply	W Sacramento	CA	2:1
Port Of Sacramento (Sacramento-Yolo Port Dist)	W Sacramento	CA	2:1
The Ink Company	W Sacramento	CA	2:1
Unocal	W Sacramento	CA	2:1
Crum Crum	Yolo	CA	Transload
American Metals Corp	Yolo Port	CA	2:1
California Distribution Center (CDC-McLaughlin Draying)	Yolo Port	CA	2:1
Weyerhaeuser Lumber	Yolo Port	CA	2:1
Total Petroleum	Grand Jct	CO	2:1
Agri Producers	Herington	KS	2:1
Cairo Coop Equity Exchange	Preston	KS	2:1
Farmers Rice Mill	Harbor	LA	2:1
Lake Charles Carbon Div of Reynolds Metals	Harbor	LA	2:1
Lake Charles Stevedores	Harbor	LA	2:1
M I Drilling Fluids	Harbor	LA	2:1
Conoco Inc	Lake Charles	LA	CMA Agreement
Crowley American Transport	Lake Charles	LA	2:1
Lake Charles Harbor Terminal	Lake Charles	LA	CMA Agreement
Lake Charles Public Elevator	Lake Charles	LA	CMA Agreement
Montell USA	Lake Charles	LA	CMA Agreement
Venco Conoco	West Lake Charles	LA	CMA Agreement
Monsanto Co	Luling	LA	2:1
Allen Millwork Inc	Shreveport	LA	Agreement

Bell Industries	Shreveport	LA	Agreement
Custom Bilt Cabinet & Supply #1	Shreveport	LA	Agreement
G S Roofing Products Co Inc	Shreveport	LA	Agreement
Georgia Pacific Corp	Shreveport	LA	Agreement
Hart Lumber Co Inc	Shreveport	LA	Agreement
Murphy Bonded Warehouse Inc	Shreveport	LA	Agreement
National Biscuit Co (Nabisco)	Shreveport	LA	Agreement
Purina Mills Inc	Shreveport	LA	Agreement
S F Services Inc	Shreveport	LA	Agreement
Sears Roebuck & Co	Shreveport	LA	Agreement
Southwestern Electric Power Co	Shreveport	LA	Agreement
Alcoa Specialty Chemicals	West Lake Charles	LA	CMA Agreement
Baroid Petroleum Service	West Lake Charles	LA	CMA Agreement
Cit Con Oil	West Lake Charles	LA	CMA Agreement
Citgo Petroleum Corp	West Lake Charles	LA	CMA Agreement
Firestone Synthetic Rubber & Latex	West Lake Charles	LA	CMA Agreement
Grace Davison (W R Grace)	West Lake Charles	LA	CMA Agreement
Occidental Chemical	West Lake Charles	LA	CMA Agreement
Port of Lake Charles	West Lake Charles	LA	CMA Agreement
West Lake Polymers	West Lake Charles	LA	CMA Agreement
Arco Chemical (Olin Corp)	Westlake	LA	CMA Agreement
Condea Vista Co	Westlake	LA	CMA Agreement
Conoco	Westlake	LA	CMA Agreement
Excel Paralubes	Westlake	LA	CMA Agreement
Holnam	Westlake	LA	CMA Agreement
Jupiter Nash	Westlake	LA	CMA Agreement
PPG Industries	Westlake	LA	CMA Agreement
Tetra Chemical	Westlake	LA	CMA 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
Atlas Towing Co	Battle Mountain	NV	2:1
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 Traslod	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
Kilborn International	Carlin	NV	2:1
Turner Gas	Carlin	NV	2:1
Baroid Drilling Fluids	Dunphy	NV	2:1
Kennecott Utah Copper	Dunphy	NV	2:1
Alpark Petroleum	Elko	NV	2:1
Ash Grove Cement Company	Elko	NV	2:1
Blach Distributing	Elko	NV	2:1
Cashman Equipment	Elko	NV	2:1
Franklin Lumber Building Supply	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
Continental Lime	Golconda	NV	2:1
Kennecott Utah Copper	Jayhawk	NV	2:1
Transwood Inc (west of Carlin NV)	Jayhawk	NV	2:1

Kennecott Utah Copper	Redhouse	NV	2:1
Transwood Inc (Near Golconda, NV)	Redhouse	NV	2:1
Coastal Chem	Rennox	NV	2:1
Sierra Chemical Of Nevada	Rennox	NV	2:1
Sierra Pacific Power	Valmy	NV	2:1
Dupont	Vivian	NV	2:1
Van Waters & Rogers	Vivian	NV	2:1
Mobil	Arnelia	TX	2:1
Exxon Chemical Americas	Baytown	TX	2:1
Exxon Chemical Plastics	Baytown	TX	2:1
Exxon Company USA	Baytown	TX	2:1
Rhone Poulenc	Baytown	TX	2:1
Saw Pipes USA Inc	Baytown	TX	2:1
Seapac Inc	Baytown	TX	2:1
USS	Baytown	TX	2:1
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
El Paso Valley Cotton Assn	Clint	TX	2:1
T & R Chemicals	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 & Marketing	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 Light & Power #1	Dumont	TX	Agreement
Houston Light & Power #3	Dumont	TX	Agreement
South Houston Lumber	Dumont	TX	Agreement
General Tire	East Waco	TX	2:1
Amoco Chemicals	Eldon	TX	2:1
Bayer Cooperation	Eldon	TX	2:1
Borden Chemical	Eldo	TX	2:1
Chevron Chemical	Eldon	TX	2:1
City Public Service	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
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 Corrugated	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	2:1
Allied Signal	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
Miles Polysar	Orange	TX	2:1
Orange City Of	Orange	TX	2:1
Orange City Of (West Orange City Of)	Orange	TX	2:1
Orange Port Of	Orange	TX	2:1
Precint One Orange County (Orange County)	Orange	TX	2:1
PrintPak (James River)	Orange	TX	2:1
Rescar (Orange Mobil Ops)	Orange	TX	2:1
Sabine Warehouse	Orange	TX	2:1

Schulman Plant	Orange	TX	2:1
Schulman Plant (Schulman A)	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	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
South Texas Liquid Terminal	San Antonio	TX	Transload
Southern Merchandise Storage 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 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 Storage & 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
American Plant Food Company	Tyler	TX	2:1
Bonar Packaging	Tyler	TX	2:1
Cameron Wholesale (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

Certaiteed	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 (aka Fleetwood Homes)	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	Ysleta	TX	2:1
International Paper	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
Exxon Chemical	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
Malnove	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
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	Salt Lake City	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 Lumber & 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
Corporation Of The President (LDS Church)	Salt Lake City	UT	2:1
Corporation Of The Presiding	Salt Lake City	UT	2:1
Crawford Door Sales (aka Oscar E. Chytraus)	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
Mark Steel (W 200)
Marmon Keystone
May Foundry
Metro Steel Recyclers Inc
Mountain Cement
Nalco Chemical
Newspaper Agency
Pacific Steel
Pax
Peerless Oil
Petrolane
Pioneer Wholesale Supply Inc
Resource Net (aka Western Paper Company)
Salt Lake Auto Auction
Semling Menke
Specialized Rail Service
Sport Court
Steelco
Stone Container
Sutherland Lumber
Tenneco Packaging Drgw
Terminal Freight Handling
Thatcher Company
Transwood
United States Postal Service
United States Weiding
Utah Barrel
Utah Metal Works
Utah Paper Box
Valley Steel Processing Inc
Van Water Rogers
Westinghouse Electric Co
Weyerhaeuser
Wholesale Stationers Corp
Wholesale Transfer & Warehouse
Conoco
Crysen Refining
Peak Profile
Phillips 36W.

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
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Salt Lake City	UT	Transload
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Salt Lake City	UT	Transload
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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

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

Customer	Station	State	Serving Carrier	Status
Continental Grain Corporation	Danville	AR	LRWN	2:1 SL
Greenbay Pkg Inc Arkansas Kraft Division	Danville	AR	LRWN	2:1 SL
Wayne Poultry & Feed Div of Continental Grain	Danville	AR	LRWN	2:1 SL
American Fiber Industries	Little Rock	AR	LRPA	2:1 SL
Best Foods Division CPC International 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 Terminal)	Little Rock	AR	LRPA	2:1 SL
Logistics Services 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 Manufacturing 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 Division	Little Rock	AR	LRPA	2:1 SL
Deltic Farm & Timber	Ola	AR	LRWN	2:1 SL
Greenbay Pkg Inc Arkansas Kraft Division	Perry	AR	LRWN	2:1 SL
Greenbay Pkg Inc (Paper)	Perry	AR	LRWN	2:1 SL
Collins Pine	Chester	CA	AL	2:1 SL
Riviana Food Inc	Abbeville	LA	LDRR	2:1 SL
Cargill Salt	Baldwin	LA	LDRR	2:1 SL
Morton Salt	Baldwin	LA	LDRR	2:1 SL
Twin Bros Marine	Baldwin	LA	LDRR	2:1 SL
Cabot Corp	Bayou Sale	LA	LDRR	2:1 SL
Columbian Chemicals Co	Bayou Sale	LA	LDRR	2:1 SL
Enterprise Products	Breaux Bridge	LA	LDRR	2:1 SL
G & H Seed	Crowley	LA	AKDN	2:1 SL
Southwest Milling	Crowley	LA	AKDN	2:1 SL
Union Camp Corp	Elks	LA	LDRR	2:1 SL
Miller Brands	Harahan	LA	NOPB	2:1 SL
Liberty Rice	Kaplan	LA	LDRR	2:1 SL
American Manufacturing	Lafayette	LA	LDRR	2:1 SL
Branch Warehouse	Lafayette	LA	LDRR	2:1 SL
Catalyst Recovery	Lafayette	LA	LDRR	2:1 SL
Chastant Bros	Lafayette	LA	LDRR	2:1 SL
Elks Concrete Products	Lafayette	LA	LDRR	2:1 SL
Halliburton	Lafayette	LA	LDRR	2:1 SL
Lafayette Distributors	Lafayette	LA	LDRR	2:1 SL
Louisiana Southwest Scrap & Salvage	Lafayette	LA	LDRR	2:1 SL
Northpark Industrial Park	Lafayette	LA	LDRR	2:1 SL

Oneal Steel Inc	Lafayette	LA	LDRR	2:1	SL
OSCA Inc	Lafayette	LA	LDRR	2:1	SL
Quality Brands inc	Lafayette	LA	LDRR	2:1	SL
Schilling Distributing Co Inc	Lafayette	LA	LDRR	2:1	SL
Lockport Thermostats	Lockport	LA	LDRR	2:1	SL
Nicolas Paper	Lockport	LA	LDRR	2:1	SL
Olin	Lockport	LA	LDRR	2:1	SL
Raceland Sugar	Lockport	LA	LDRR	2:1	SL
Allen Tank	Lockport	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
Cajun Distributing	New Orleans	LA	LDRR	2:1	SL
Benhard Warehouse	Opelousas	LA	AKDN	2:1	SL
Cal-Chlor Inc	Opelousas	LA	AKDN	2:1	SL
FMC	Opelousas	LA	AKDN	2:1	SL
Galennie Lumber	Opelousas	LA	AKDN	2:1	SL
Lou Ana Foods	Opelousas	LA	AKDN	2:1	SL
PMG Inc.	Opelousas	LA	AKDN	2:1	SL
Prairie Construction Co	Opelousas	LA	AKDN	2:1	SL
Southwest Feed Farm	Opelousas	LA	AKDN	2:1	SL
Patout M A & Son Ltd	Opelousas	LA	AKDN	2:1	SL
Dufrene Building Materials Inc	Patoutville	LA	LDRR	2:1	SL
Krielow Brothers	Raceland	LA	LDRR	2:1	SL
Tri-State Delta Inc	Roanoke	LA	AKDN	2:1	SL
National Beverage	Schriever	LA	LDRR	2:1	SL
Union Tank Car	Thibodaux	LA	LDRR	2:1	SL
BHP Copper	Ville Platte	LA	AKDN	2:1	SL
ABC Supply	Riepetown	NV	BHP	2:1	SL
Acco	Austin	TX	LHRR	2:1	SL
Alar Distribution	Austin	TX	LHRR	2:1	SL
Alliant Food Service	Austin	TX	LHRR	2:1	SL
Austin Steam Train Ass'n	Austin	TX	LHRR	2:1	SL
Boonesborough Inc	Austin	TX	LHRR	2:1	SL
Brown Dist	Austin	TX	LHRR	2:1	SL
Capital Beverage	Austin	TX	LHRR	2:1	SL
Foxworth - Galbraith	Austin	TX	LHRR	2:1	SL
Huntsman	Austin	TX	LHRR	2:1	SL
Joe Pinelli	Austin	TX	LHRR	2:1	SL
Kraft Food Service	Austin	TX	LHRR	2:1	SL
Shiner	Austin	TX	LHRR	2:1	SL
Warren Furniture	Austin	TX	LHRR	2:1	SL
McCoy Lumber	Belton	TX	GRR	2:1	SL
Amfels Inc	Brownsville	TX	BRG	2:1	SL
Anbel Corporation	Brownsville	TX	BRG	2:1	SL
Best Group Marine	Brownsville	TX	BRG	2:1	SL
Brownsville Navigation	Brownsville	TX	BRG	2:1	SL
Brownsville Refining	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 Inc	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 Terminal	Brownsville	TX	BRG	2:1	SL
Itapco Brownsville Terminal	Brownsville	TX	BRG	2:1	SL
Itapco Tejano Terminal	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 Transportation	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 & Construction	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 O Tex Elevator)	Brownsville	TX	BRG	2:1	SL
Southwest Grain	Brownsville	TX	BRG	2:1	SL
Statia Terminals	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
Trico Technologies Corp	Brownsville	TX	BRG	2:1	SL
Valley Warehousing	Brownsville	TX	BRG	2:1	SL
Hoover Building Supply	Burnet	TX	LHRR	2:1	SL
Pioneer Concrete	Burnet	TX	LHRR	2:1	SL
ADM Growmark	Corpus Christi	TX	CCTR	2:1	SL
Aimcor	Corpus Christi	TX	CCTR	2:1	SL
BHP Copper	Corpus Christi	TX	CCTR	2:1	SL
Continental Grain	Corpus Christi	TX	CCTR	2:1	SL
Corpus Christi Caller Times	Corpus Christi	TX	CCTR	2:1	SL

Corpus Christi Public 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
 84 Lumber
 Acme Brick
 Elgin Butler Brick
 Elgin Warehouse
 Greenline Chemical Co
 U S Brick
 Valcones Recycling
 Calcasieu Lumber Co
 Strawn Explosives
 Team Track
 Austin Marble
 Hope Lumber Co
 McCoy Lumber
 Transit Mix Inc
 Brennan & Co
 Caseo Guerra
 Chemical Leaman
 Continental Exim (G Bolano)
 Despachos del Norte
 Fernando Garcia Warehouse
 Flores, R L
 Galveston Paper Inc
 Gateway Transfer
 J O Alvarez CHB
 Laredo Moving Storage
 MB Forwarding
 Pasquel Hermanos
 Texas Intl Forwarding
 Cactus Canyon
 Capitol Aggregates, Ltd.
 Chemical Lime
 J M Huber
 Texas Granite-Cold Spring Granit-Texas Division
 Abbott Labs
 J H Supply
 Guthrie Lumber
 Anglo iron & Metal
 Brownsville Gulfside Warehouse
 Duro Bag
 Garva Corp
 Gulf Facilities Inc
 Gulmar Inc
 Schaefer Stevedoring
 Texas Intl Rwy (Rail Transport Svcs)
 Union Carbide
 Westway Terminal (Trading)

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
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
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
Laredo	TX	TM	2:1 SL
Laredo	TX	TM	2:1 SL
Laredo	TX	TM	2:1 SL
Laredo	TX	TM	2:1 SL
Laredo	TX	TM	2:1 SL
Laredo	TX	TM	2:1 SL
Laredo	TX	TM	2:1 SL
Laredo	TX	TM	2:1 SL
Laredo	TX	TM	2:1 SL
Laredo	TX	TM	2:1 SL
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Laredo	TX	TM	2:1 SL
Laredo	TX	TM	2:1 SL
Laredo	TX	TM	2:1 SL
Laredo	TX	TM	2:1 SL
Laredo	TX	TM	2:1 SL
Laredo	TX	TM	2:1 SL
Laredo	TX	TM	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	GRR	2:1 SL
McNeil	TX	LHRR	2:1 SL
McNeil	TX	LHRR	2:1 SL
McNeil	TX	LHRR	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

Calcasiey Lbr Co
 Alar Distribution
 Capital Beverage
 Foxworth - Galbraith
 McCoy's
 Top Dollar Cement
 Boise Cascade
 Certified Warehouse
 Comstar International
 National Distribution
 Pacific Cold Storage
 Sauder Woodworking
 Pacificorp
 Butterfield Bldg Matl (Lumber)
 Amalgamated Sugar Co
 BMC West
 Infiltrator Systems
 Intermountain Grain
 Pioneer Door Sales
 Centennial Gas Liquids
 Larkin Cattle Co
 McFarland Cascade Corp
 Northwest Trading Co
 Round Butte Products
 Trinity Industries Inc
 Constar International
 Dunn Oil Company
 Georgia Pacific Corp.
 Henderson Wheel & Whse Supply
 Hudson Printing Blaire
 Intermountain Furniture
 Intermountain Lumber Company
 Mountain Fuel Supply
 Pacific Cold Storage
 Pacificorp
 Sears Roebuck & Co
 Standard Builders Supply
 Utah State Board Education
 Wasatch Metal Salvage
 Wasatch Shippers

Round Rock	TX	GRR	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
Weir	TX	GRR	2:1 SL
City Limits	UT	SLGW	2:1 SL
City Limits	UT	SLGW	2:1 SL
City Limits	UT	SLGW	2:1 SL
City Limits	UT	SLGW	2:1 SL
City Limits	UT	SLGW	2:1 SL
City Limits	UT	SLGW	2:1 SL
Gadsby	UT	SLGW	2:1 SL
Midvale	UT	SL	2:1 SL
Ogden	UT	UCRY	2:1 SL
Ogden	UT	UCRY	2:1 SL
Ogden	UT	UCRY	2:1 SL
Ogden	UT	UCRY	2:1 SL
Ogden	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
Ogden Sugar Works	UT	UCRY	2:1 SL
Ogden Sugar Works	UT	UCRY	2:1 SL
Salt Lake City	UT	SLGW	2:1 SL
Salt Lake City	UT	SL	2:1 SL
Salt Lake City	UT	SL	2:1 SL
Salt Lake City	UT	SL	2:1 SL
Salt Lake City	UT	SL	2:1 SL
Salt Lake City	UT	SL	2:1 SL
Salt Lake City	UT	SL	2:1 SL
Salt Lake City	UT	SLGW	2:1 SL
Salt Lake City	UT	SLGW	2:1 SL
Salt Lake City	UT	SLGW	2:1 SL
Salt Lake City	UT	SL	2:1 SL
Salt Lake City	UT	SL	2:1 SL
Salt Lake City	UT	SL	2:1 SL
Salt Lake City	UT	SLGW	2:1 SL
Salt Lake City	UT	SL	2:1 SL
Salt Lake City	UT	SL	2:1 SL

**Customers On Connecting Carriers
Other Than UP/SP Or "2-To-1" Shortlines**

Customer	Station	State	Serving Carrier	Status
Van Waters & Rogers	Los Angeles	CA	UP	Open
Dixie Produce & Packaging	Harahan	LA	IC	Open
Ludwig Buildings Inc	Harahan	LA	IC	Open
Ribelin Distribution Inc.	Harahan	LA	NOPB	Open
Lincoln Big Three	Harvey	LA	NOPB	Open
M I Drilling Fluids Co	Harvey	LA	NOPB	Open
Distron	Jefferson	LA	NOPB	Open
Elmwood Building Specialties	Jefferson	LA	IC	Open
Lehleitner Geo H Inc	Kenner	LA	IC	Open
A To Z Paper Co	New Orleans	LA	NOPB	Open
A & P Food Stores	New Orleans	LA	IC	Open
A & P Meat Warehouse Dist Ctr	New Orleans	LA	IC	Open
Advnace Paper Co Janitorial	New Orleans	LA	NOPB	Open
Alcoa Export Supply	New Orleans	LA	IC	Open
Ameritrend	New Orleans	LA	NS	Open
Amstar Corp	New Orleans	LA	NS	Open
Arabi Terminal	New Orleans	LA	NS	Open
Aristokraft (Kaye, Neal W)	New Orleans	LA	IC	Open
Atlas Edco Inc	New Orleans	LA	IC	Open
Baroid Sales Co (NI Ind)	New Orleans	LA	NOPB	Open
Barriere Construction Co	New Orleans	LA	NOPB	Open
Better Boxing	New Orleans	LA	NOPB	Open
Blue Circle Cement	New Orleans	LA	NS	Open
Blue Plate Foods Inc	New Orleans	LA	IC	Open
Bourg Wilson Lumber & Building Inc	New Orleans	LA	NOPB	Open
Branton Insulation Industries Inc	New Orleans	LA	IC	Open
Bridon E'm Inc	New Orleans	LA	IC	Open
Bubbas Produce	New Orleans	LA	NOPB	Open
Bulk Materials Transfer	New Orleans	LA	NOPB	Open
Bulk Materials Transfer	New Orleans	LA	NS	Open
Calcliner Industries Inc Producer of Kaier Carbon	New Orleans	LA	NS	Open
Cargill	New Orleans	LA	NOPB	Open
Chalmette Slip	New Orleans	LA	NS	Open
Citadel Cement/ Laforest Company	New Orleans	LA	NOPB	Open
Coastal Engineering Corp	New Orleans	LA	IC	Open
Coastal Enterprise of the Southeast	New Orleans	LA	IC	Open
Conco Food Service	New Orleans	LA	IC	Open
Crown Beverage	New Orleans	LA	NS	Open
Crown Oil Chemical	New Orleans	LA	NOPB	Open
Dbi R Equine Feed Supply	New Orleans	LA	NOPB	Open
Deavo Lime Pelican Divn	New Orleans	LA	NOPB	Open
Delta Beverage Group dba Miller Brands-Crescent Bev	New Orleans	LA	IC	Open
Dependable Customer Bagging	New Orleans	LA	IC	Open
Depuy Strg & Fwd	New Orleans	LA	NOPB	Open
Dravo Basic Materie's	New Orleans	LA	NOPB	Open
Equitable Shipyards, Halter Marine Trinity Yachts	New Orleans	LA	NOPB	Open
Fine Papers Inc	New Orleans	LA	IC	Open
Frank L & Co Inc	New Orleans	LA	IC	Open
Gats Masonry	New Orleans	LA	NOPB	Open
Georgia Pacific Corp	New Orleans	LA	CSXT	Open
Georgian Furnishing	New Orleans	LA	IC	Open

Glazer Steel and Aluminum	New Orleans	LA	NOPB	Open
Glazer Wholesale Drug	New Orleans	LA	IC	Open
Goodyear Tire & Rubber Co	New Orleans	LA	IC	Open
Goodyear Truck Tire Center/Baumer Foods Inc of Crysta	New Orleans	LA	IC	Open
Gulf State Marine Terminal A Brasso American Co	New Orleans	LA	NS	Open
Halter Marine	New Orleans	LA	NOPB	Open
Hayes Dockside Inc	New Orleans	LA	IC	Open
Hill - Behan Lumber Co	New Orleans	LA	IC	Open
Holnam	New Orleans	LA	NOPB	Open
Horizon International	New Orleans	LA	NOPB	Open
Hug Condon & Mayflower Moving and Storing	New Orleans	LA	NOPB	Open
Huttig Sash & Door	New Orleans	LA	IC	Open
Intralox (Lehleltner Geo H Inc)	New Orleans	LA	IC	Open
Intralox (was Neal W Kaye/Aristokraft)	New Orleans	LA	IC	Open
Jackson-Kearney Group	New Orleans	LA	NS	Open
Jackson-Kearney Group/Dupuy Storage and Forwarding	New Orleans	LA	NS	Open
Jefferson Feed And Garden Supply Co	New Orleans	LA	IC	Open
Kaiser Aluminum & Chemical	New Orleans	LA	NS	Open
Katz & Bestoff Inc	New Orleans	LA	IC	Open
Kellett George & Sons	New Orleans	LA	NS	Open
L H Hayward Co	New Orleans	LA	IC	Open
Lane & Co	New Orleans	LA	NOPB	Open
Lengsfeld Bros Inc/ Lengsfeld Packaging	New Orleans	LA	NOPB	Open
Levitz Furniture	New Orleans	LA	NOPB	Open
Levy Edward Metals	New Orleans	LA	IC	Open
Liquid Sugars Inc	New Orleans	LA	NOPB	Open
Lumber Importer's Service Corp	New Orleans	LA	NS	Open
Magnolia Chemicals & Solvents	New Orleans	LA	IC	Open
Magnolia Marketing Co	New Orleans	LA	IC	Open
Magnolia Marketing Co	New Orleans	LA	IC	Open
MariTrend	New Orleans	LA	NS	Open
Marzoni & Associates	New Orleans	LA	NOPB	Open
Masonry Products Inc	New Orleans	LA	NS	Open
Mehaffey & Daigle Inc	New Orleans	LA	IC	Open
Menard P A Co	New Orleans	LA	IC	Open
Miller Brands	New Orleans	LA	IC	Open
Missionary Expeditors Inc	New Orleans	LA	NOPB	Open
Mobil Oil (Chemical) Corp Refinery	New Orleans	LA	NS	Open
Morris Kirschman & Co Inc	New Orleans	LA	CSXT	Open
Murphy Oil Mureaux Refinery	New Orleans	LA	NS	Open
Namasco	New Orleans	LA	NOPB	Open
National Supermarkets	New Orleans	LA	IC	Open
Neeb Kearney Inc	New Orleans	LA	NOPB	Open
New Orleans Beverage Agency	New Orleans	LA	IC	Open
New Orleans Cold Storage	New Orleans	LA	NOPB	Open
New Orleans Distribution	New Orleans	LA	NOPB	Open
New Orleans Marine Cont	New Orleans	LA	NOPB	Open
New Orleans Metal Works	New Orleans	LA	NOPB	Open
North Star Steel Co	New Orleans	LA	NOPB	Open
Orleans Marble Inc	New Orleans	LA	IC	Open
Orleans Materials Equipment Co	New Orleans	LA	NOPB	Open
Oshsner Hospital (was Creole Cold Storage)	New Orleans	LA	IC	Open
Patent Scaffolding	New Orleans	LA	NOPB	Open
Paulsen-Weber	New Orleans	LA	NOPB	Open
Pelican Paper	New Orleans	LA	NOPB	Open
Pelican Tomato Co	New Orleans	LA	NOPB	Open
Pennzoi Products	New Orleans	LA	NOPB	Open

Plantation Marble/Advanced Building Products Sun Coun	New Orleans	LA	IC	Open
Plymouth Cordage	New Orleans	LA	NOPB	Open
Plywood Panels	New Orleans	LA	NOPB	Open
Pontchartrain Matl Corp	New Orleans	LA	NOPB	Open
Port Cargo Service	New Orleans	LA	NOPB	Open
Port Of New Orleans	New Orleans	LA	IC	Open
Public Bulk Terminal	New Orleans	LA	NOPB	Open
Puerto Rican Marine Management	New Orleans	LA	NOPB	Open
Reily Chemical Co	New Orleans	LA	NOPB	Open
Reily Wm B Co Inc Blue Plate Fine Foods	New Orleans	LA	NOPB	Open
Reily Wm B & Co Inc Blue Plate Fine Foods	New Orleans	LA	IC	Open
Ribelen Sales Inc	New Orleans	LA	NOPB	Open
Rippner Inc	New Orleans	LA	NOPB	Open
Ryan Timber Co	New Orleans	LA	NOPB	Open
Sathers Candy Mfg Co	New Orleans	LA	CSXT	Open
Sazarac Co	New Orleans	LA	IC	Open
Sazerac Co	New Orleans	LA	NS	Open
Sealand	New Orleans	LA	NOPB	Open
Sea-Mar Inc	New Orleans	LA	NS	Open
Sea-Mar Inc	New Orleans	LA	NS	Open
Second Harvester	New Orleans	LA	NOPB	Open
Sequoia Supply Inc	New Orleans	LA	NOPB	Open
Sewage & Water Board Of	New Orleans	LA	NS	Open
Sewage & Water Board Of	New Orleans	LA	NS	Open
Sewage & Water Board Of	New Orleans	LA	NS	Open
Sewerage & Water Board of New Orleans	New Orleans	LA	NOPB	Open
Sewerage & Water Board Of New Orleans	New Orleans	LA	IC	Open
Shell Oil Metairie Plant	New Orleans	LA	IC/KCS	Open
Southeast Recycling	New Orleans	LA	NOPB	Open
Southern Eagle	New Orleans	LA	IC	Open
Southern Quikrete Product Inc (Campbell Building Mtls In	New Orleans	LA	IC	Open
Southern Quikrete Products Inc	New Orleans	LA	IC	Open
Southern Scrap Materials Co/ Westank Metals	New Orleans	LA	NOPB	Open
Southern Steel & Aluminum	New Orleans	LA	NOPB	Open
Standard Coffee	New Orleans	LA	NOPB	Open
Texas Industries, Louisiana Industries Inc	New Orleans	LA	IC	Open
Texberry Container Corp	New Orleans	LA	IC	Open
Times Picayune Publishing Co	New Orleans	LA	IC	Open
Transoceanic Shipping/ International Export Packers of L	New Orleans	LA	NOPB	Open
Tri Ro Pa Mills	New Orleans	LA	NOPB	Open
Triple E Transport Inc	New Orleans	LA	NOPB	Open
Turner Marine Bulk Inc	New Orleans	LA	NOPB	Open
United Parcel Service	New Orleans	LA	IC	Open
United Stationers Distributing	New Orleans	LA	IC	Open
Universal Machinery Co Inc	New Orleans	LA	IC	Open
US Army Corp of Engineering	New Orleans	LA	NOPB	Open
US General Services Admn	New Orleans	LA	IC	Open
US Gypsum Co	New Orleans	LA	NOPB	Open
W R Grace	New Orleans	LA	NOPB	Open
West Cash & Carry Co	New Orleans	LA	IC	Open
Weyerhaeuser Co, Wood Prod	New Orleans	LA	IC	Open
Winn Dixie of Louisiana	New Orleans	LA	IC	Open
Alford Refrigerated Warehouse	Corpus Christi	TX	TM	Open
Andrews Distributing	Corpus Christi	TX	TM	Open
Atlas Iron Metal	Corpus Christi	TX	TM	Open
Barnup & Simms of Texas Inc	Corpus Christi	TX	TM	Open
Big Three Welding Co	Corpus Christi	TX	TM	Open

Butt H E Bakery Co
 Butt H E Grocery
 Century Paper Co
 City of Delivery Service
 Coastal Storage Inc
 Coors Distributing Co of Corpus Christi
 Corpus Christi Produce Co
 Corpus Christi Wholesale Hardware
 Featherlite Co (hopper cars only)
 Georgia Pacific Corp
 Gulf Concrete
 Gulf Iron Works
 Gulf Supply Co
 Industrial Salvage
 Naylor Farm & Ranch Supply
 Penland Distributing Co
 Ray West Warehouses
 Sears Roebuck & Co
 South Texas Recycling Co
 Southeastern Public Service Co
 Sterett Supply Co
 Suniland Furniture Co
 Swift Train Co
 Texas Industries Inc
 Thorpe Insulation Co
 Van Waters & Rogers
 Wallace Co Inc
 Western Steel Co
 Wholesalers
 Wuensche Grain & Elevator
 Chevron
 Inland Paperboard & Packaging

Corpus Christi	TX	TM	Open
Corpus Christi	TX	TM	Open
Corpus Christi	TX	TM	Open
Corpus Christi	TX	TM	Open
Corpus Christi	TX	TM	Open
Corpus Christi	TX	TM	Open
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Corpus Christi	TX	TM	Open
Corpus Christi	TX	TM	Open
El Paso	TX	SP	Open
Orange	TX	SRN	Open

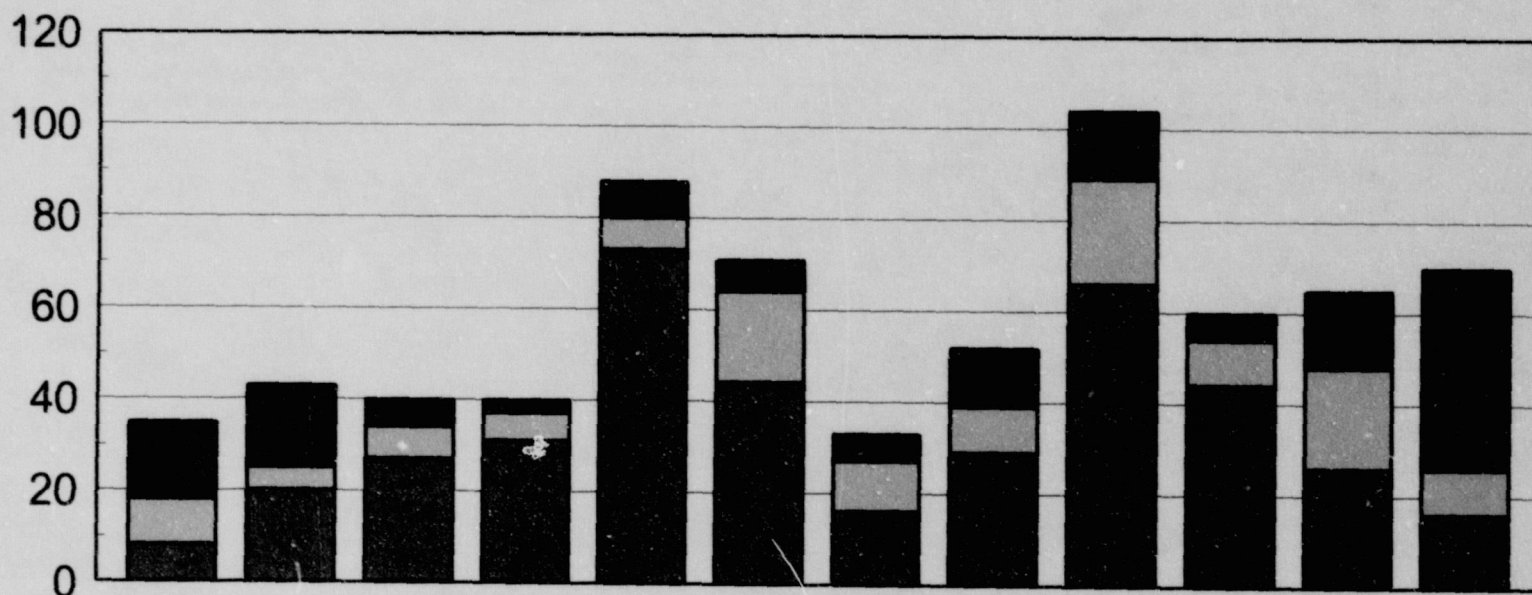
**Customers Accessed By BNSF Directly
On Lines Purchased As A Result Of The UP/SP Merger**

Customer	Station	State	Status
Baroid Corp	Berwick	LA	Direct
Ico Tubular	Boeuf	LA	Direct
J Ray McDermott	Boeuf	LA	Direct
M I Drilling Fluids	Boeuf	LA	Direct
Pipe Distributors	Boeuf	LA	Direct
Tuboscope Vetco International	Boeuf	LA	Direct
Anchor Drilling Fluids USA Inc	Cade	LA	Direct
Acadiana Scrap Salvage	Crowley	LA	Direct
Falcon Rice Mill	Crowley	LA	Direct
Francis Drilling Fluids Ltd	Crowley	LA	Direct
G H Seed	Crowley	LA	Direct
Heler a Chemical	Crowley	LA	Direct
Liq Quick Fertilizer	Crowley	LA	Direct
Riceland Foods (ADM)	Crowley	LA	Direct
Southwest Rice Mill Co Inc	Crowley	LA	Direct
Supreme Rice Mill Inc	Crowley	LA	Direct
J & L Cameco Honiron Div	Jeanerette	LA	Direct
Monsanto Co Luling	Luling	LA	Direct
Broussard Rice Mill Inc	Mermentau	LA	Direct
Patterson Truck Lines	Morgan City	LA	Direct
Port of Morgan City	Morgan City	LA	Direct
Tenneco	Morgan City	LA	Direct
Tuboscope	Morgan City	LA	Direct
Texaco Inc	Paradis	LA	Direct
BNSF Nevada Quality Distribution Center (QDC)	Sparks	NV	Direct

ATTACHMENT 7

Baytown Branch - Gathering Effectiveness

Standard = Release by 1700 Day 0 and Deliver to BNSF by 2359 Day 1



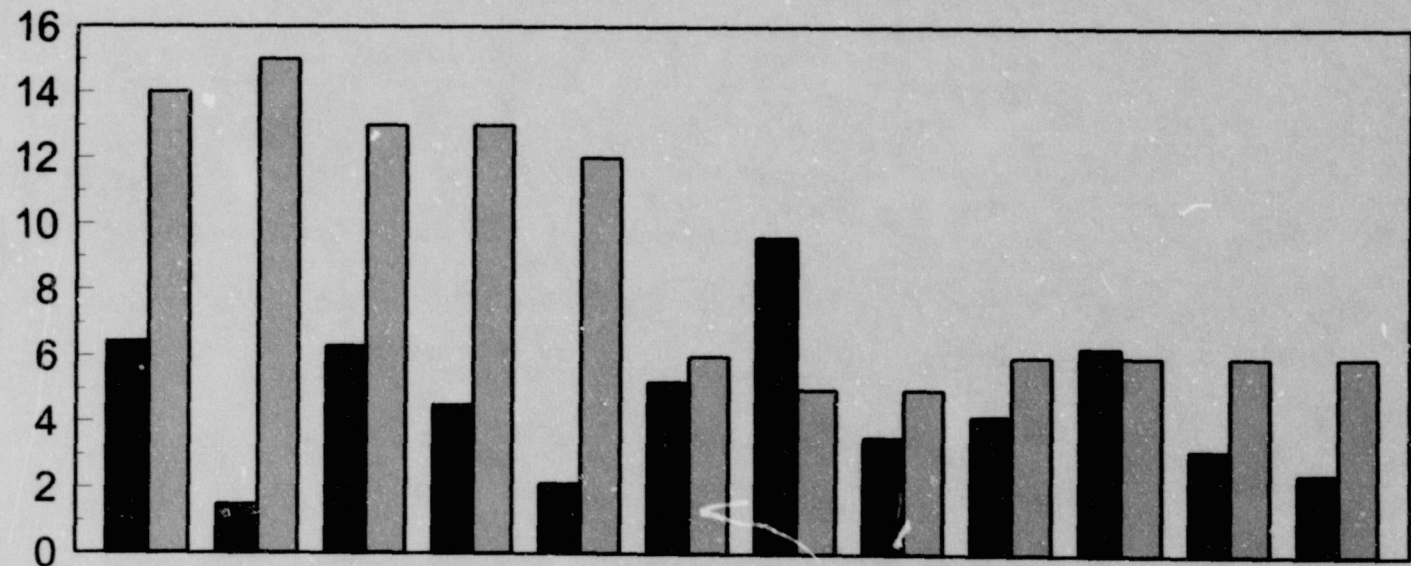
Week Ending:	01/04/98	01/11/98	01/18/98	01/25/98	02/01/98	02/08/98	02/15/98	02/22/98	03/01/98	03/08/98	03/15/98	03/22/98
# within Standard	8	20	27	31	73	44	16	29	66	44	26	16
# over Standard 1 Day	10	5	7	6	7	20	11	10	23	10	22	10
2 Days	1	6	2	0	2	1	4	7	10	4	6	18
3 Days	1	8	1	0	1	3	0	1	3	1	3	17
+ 3 Days	15	4	3	3	5	3	2	5	2	1	8	9

ATTACHMENT 8

Houston Terminal Movements

South Yard to Dawes

Standard Running Time: 1 hour 30 minutes



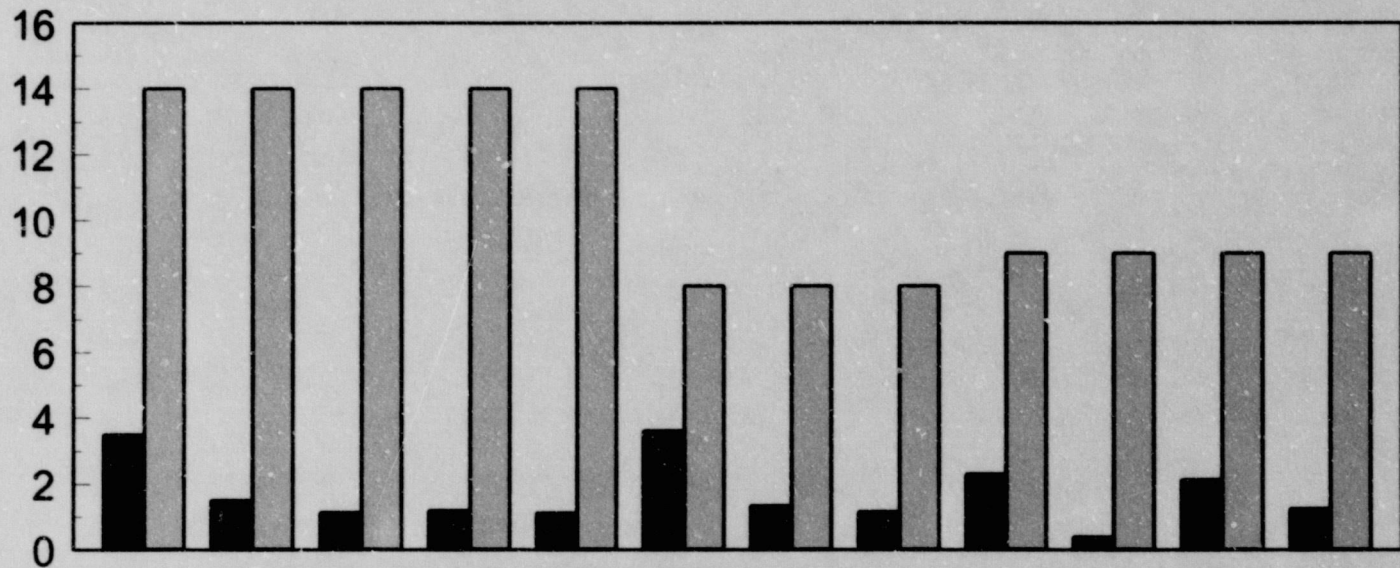
Week Ending	01/04/98	01/11/98	01/18/98	01/25/98	02/01/98	02/08/98	02/15/98	02/22/98	03/01/98	03/08/98	03/15/98	03/22/98
Wkly Run Time Aver Over Schedule	6.42	1.48	6.29	4.51	2.13	5.21	9.60	3.55	4.19	6.27	3.18	2.47
Number of Trains Run	14.00	15.00	13.00	13.00	12.00	6.00	5.00	5.00	6.00	6.00	6.00	6.00



Note: Time shown in hours and minutes

Houston Terminal Movements

Dawes to South Yard

Standard Running Time: 1 hour 30 minutes



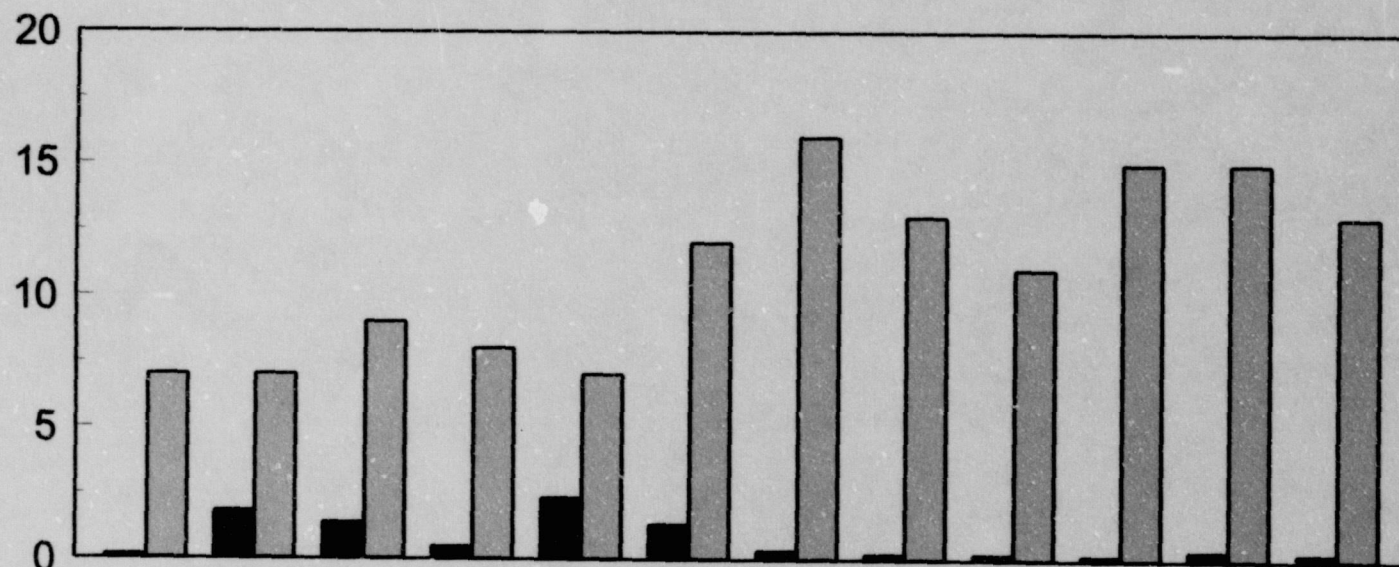
Week Ending	01/04/98	01/11/98	01/18/98	01/25/98	02/01/98	02/08/98	02/15/98	02/22/98	03/01/98	03/08/98	03/15/98	03/22/98
Wkly Run Time Aver Over Schedule 	3.50	1.50	1.13	1.18	1.11	3.60	1.33	1.14	2.29	0.38	2.12	1.24
Number of Trains Run 	14.00	14.00	14.00	14.00	14.00	8.00	8.00	8.00	9.00	9.00	9.00	9.00



Note: Time shown in hours and minutes

Houston Terminal Movements

South Yard to Tower 26

Standard Running Time: 1 hour



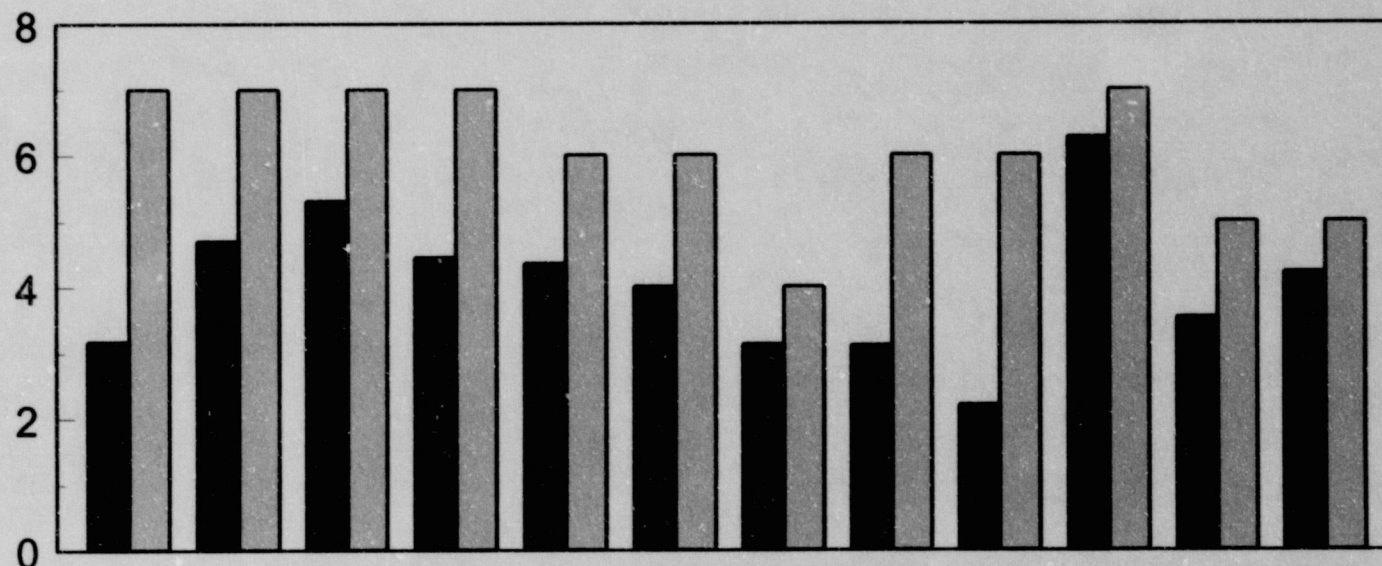
Week Ending	01/04/98	01/11/98	01/18/98	01/25/98	02/01/98	02/08/98	02/15/98	02/22/98	03/01/97	03/08/98	03/15/98	03/22/98
Wkly Run Time Aver Over Schedule 	0.13	1.80	1.37	0.45	2.31	1.31	0.31	0.20	0.19	0.15	0.34	0.24
Number of Trains Run 	7.00	7.00	9.00	8.00	7.00	12.00	16.00	13.00	11.00	15.00	15.00	13.00



Note: Time shown in hours and minutes

Houston Terminal Movements

Tower 26 to PTRA

Standard Running Time: 2 hours



Week Ending	01/04/98	11/11/98	01/18/98	01/25/98	02/01/98	02/08/98	02/15/98	02/22/98	03/01/98	03/08/98	03/15/98	03/22/98
Wkly Run Time Aver Over Schedule 	3.17	4.70	5.31	4.45	4.36	4.00	3.13	3.11	2.20	6.27	3.53	4.22
Number of Trains Run 	7.00	7.00	7.00	7.00	6.00	6.00	4.00	6.00	6.00	7.00	5.00	5.00

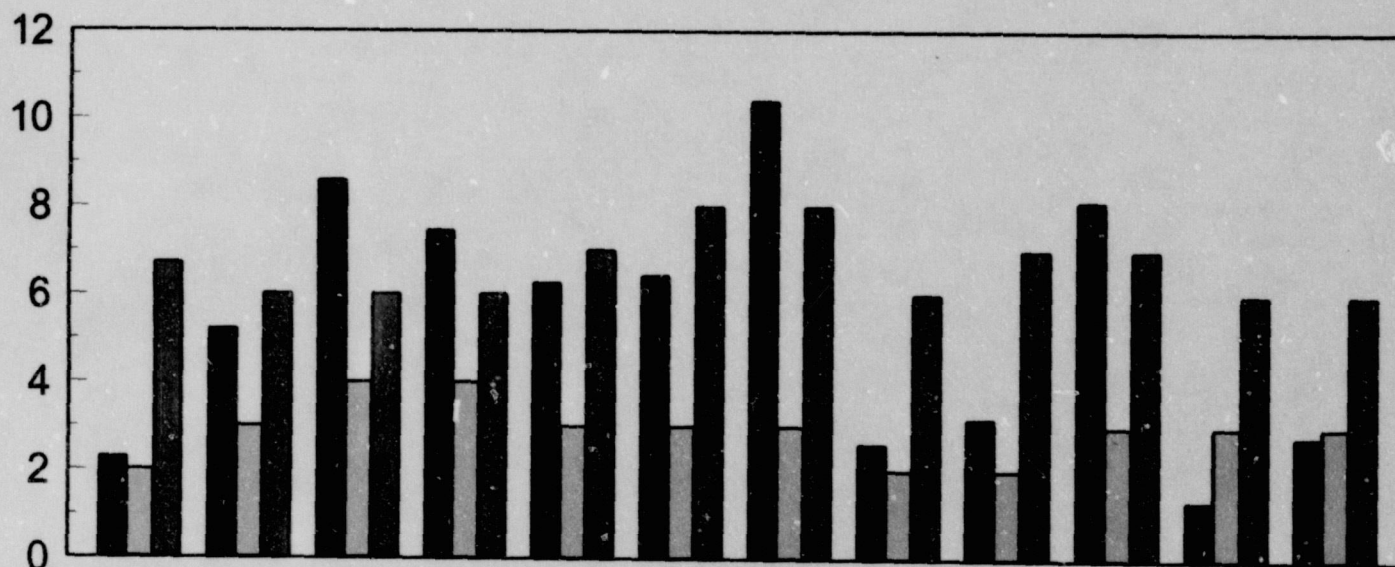
Note: Time shown in hours and minutes

ATTACHMENT 9

Movements Over Through Routes

Iowa Junction to Dawes (Houston)

Standard Running Time 5 hours 45 minutes



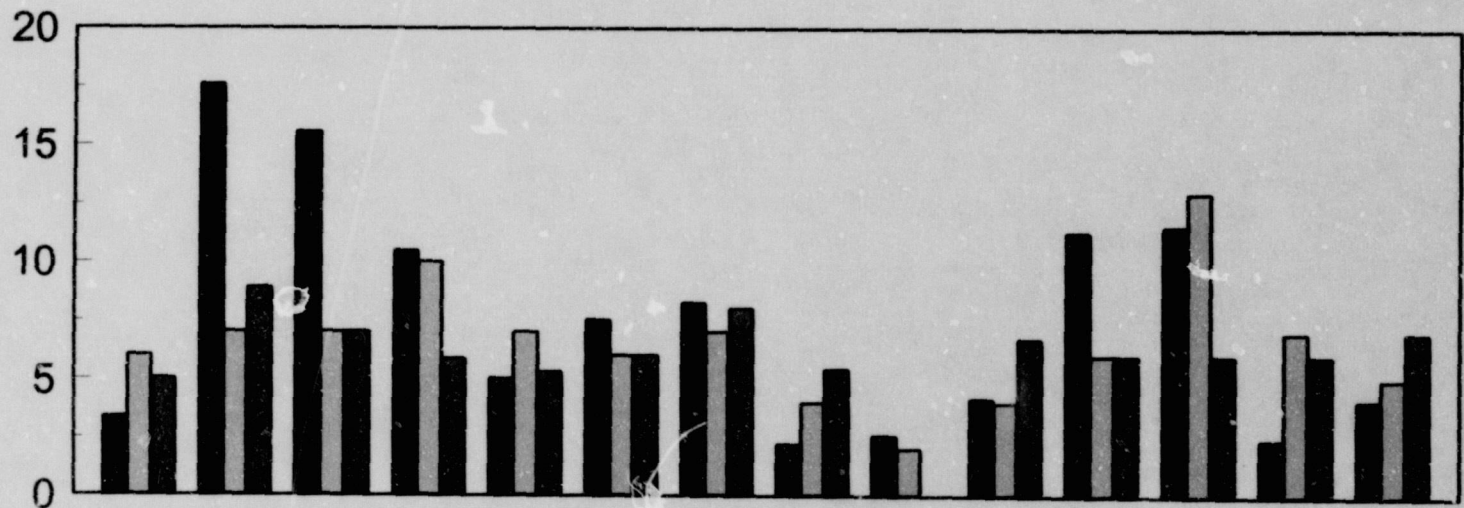
Week Ending	01/04/98	01/11/98	01/18/98	01/25/98	02/01/98	02/08/98	02/15/98	02/22/98	03/01/98	03/08/98	03/15/98	03/22/98
Wkly Run Time Avg Over Standard	2.28	5.20	8.58	7.45	6.25	6.42	10.40	2.60	3.19	8.12	1.33	2.80
Total Extra Crews	2.00	3.00	4.00	4.00	3.00	3.00	3.00	2.00	2.00	3.00	3.00	3.00
# Sidings Blocked (Avg/Day)	6.71	6.00	6.00	6.00	7.00	8.00	8.00	6.00	7.00	7.00	6.00	6.00

Note: Time shown in hours and minutes

Movements Over Through Routes

Dawes (Houston) to Iowa Junction

Standard Running Time 6 hours 15 minutes



Week Ending	11/02/97	11/09/97	11/16/97	11/23/97	11/30/97	12/07/97	12/14/97	12/21/97	12/28/97	01/04/98	01/11/98	01/18/98	01/25/98	02/01/98
Wkly Run Time Avg Over Standard	3.38	17.58	15.56	10.46	5.02	7.51	8.25	2.21	2.58	4.17	11.30	11.57	2.44	4.12
Total Extra Crews	6.00	7.00	7.00	10.00	7.00	6.00	7.00	4.00	2.00	4.00	6.00	13.00	7.00	5.00
# Sidings Blocked (Avg/Day)	5.00	8.86	7.00	5.86	5.29	6.00	8.00	5.42	0.00	6.71	6.00	6.00	6.00	7.00

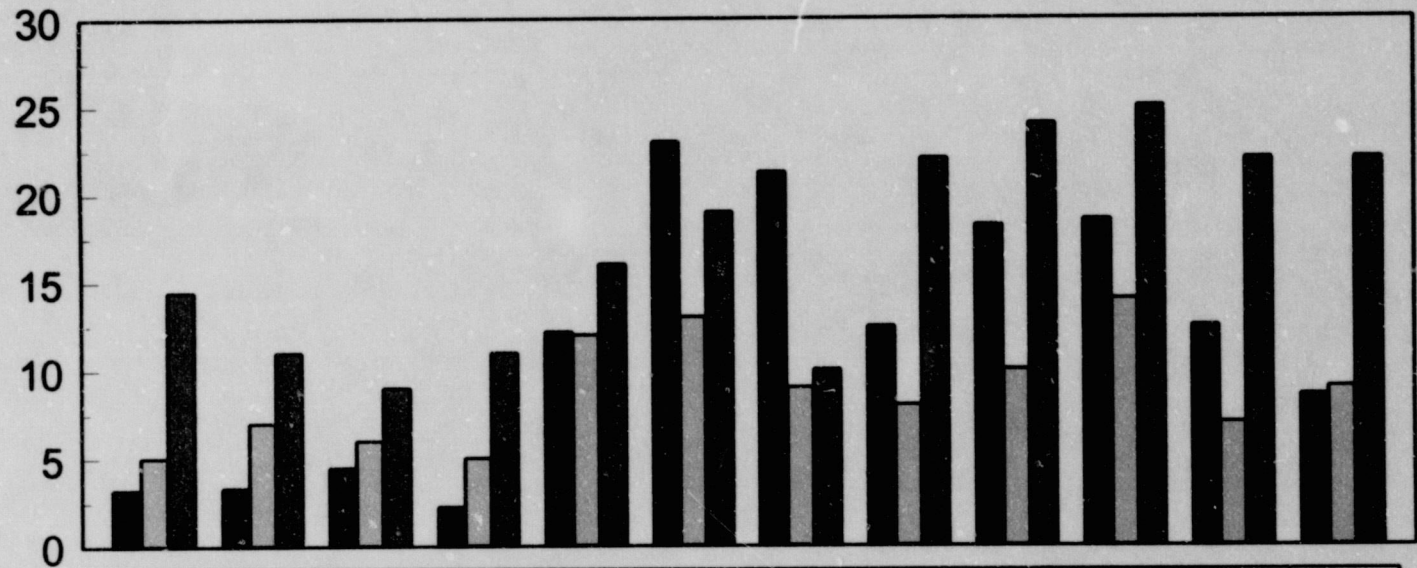
Note: Time shown in hours and minutes

Due to Up directional running now have route Tower 26 to Iowa Jct
operating over former UP between Gulf Coast Jct & Beaumont

Movements Over Through Routes

Tower 26 (Houston) to Bridge Junction (Memphis)

Standard Running Time 23 hours 5 minutes



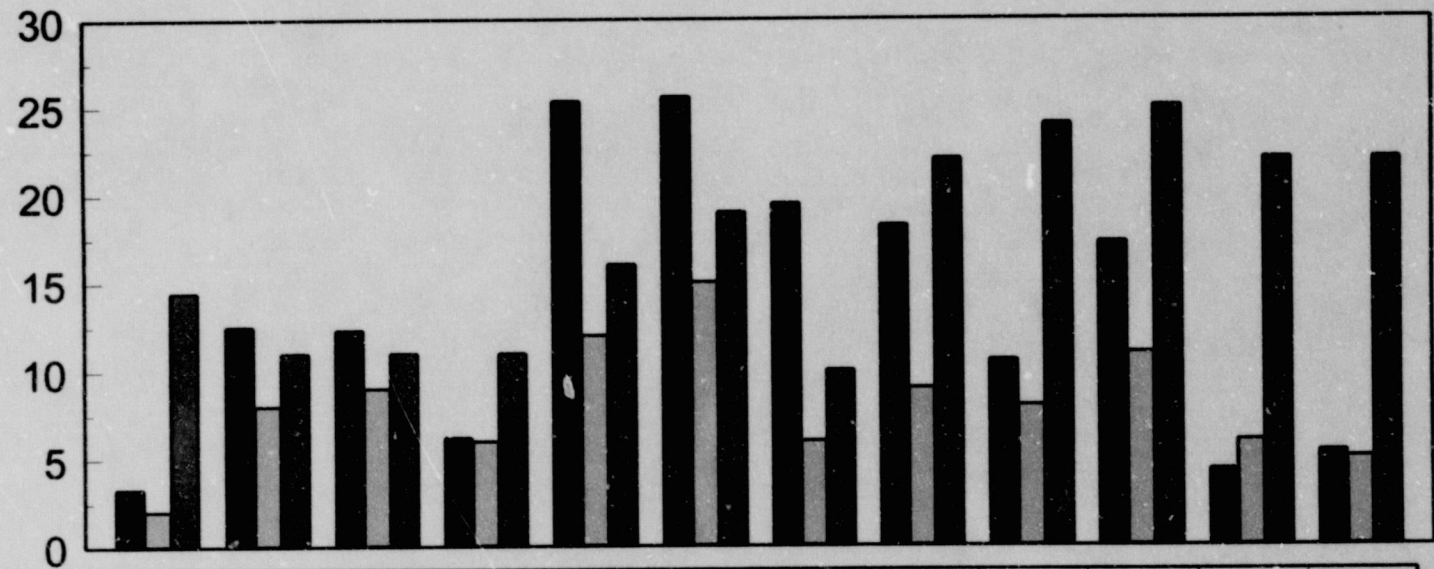
Week Ending	01/04/98	01/11/98	01/18/98	01/25/98	02/01/98	02/08/98	02/15/98	02/22/98	03/01/98	03/08/98	03/15/98	03/22/98
Wkly Run Time Avg Over Standard	3.22	3.34	4.46	2.24	12.16	23.00	21.27	12.45	18.24	18.54	12.47	8.56
Total Extra Crews	5.00	7.00	6.00	5.00	12.00	13.00	9.00	8.00	10.00	14.00	7.00	9.00
# Sidings Blocked (Avg/Day)	14.42	11.00	9.00	11.00	16.00	19.00	10.00	22.00	24.00	25.00	22.00	22.00

Note: Time shown in hours and minutes

Movements Over Through Routes

Bridge Junction (Memphis) to Tower 26 (Houston)

Standard Running Time 23 hours 30 minutes



Week Ending	01/04/98	01/11/98	01/18/98	01/25/98	02/01/98	02/08/98	02/15/98	02/22/98	03/01/98	03/08/98	03/15/98	03/22/98
Wkly Run Time Avg Over Standard	3.28	12.50	12.31	6.19	25.30	25.56	19.49	18.23	10.57	17.27	4.33	5.36
Total Extra Crews	2.00	8.00	9.00	6.00	12.00	15.00	6.00	9.00	8.00	11.00	6.00	5.00
# Sidings Blocked (Avg/Day)	14.42	11.00	11.00	11.00	16.00	19.00	10.00	22.00	24.00	25.00	22.00	22.00

Note: Time shown in hours and minutes

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Item No. _____

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Office of the Attorney General
State of Texas

January 30, 1996

DAN MORALES
ATTORNEY GENERAL

Via Facsimile

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P.O. Box 7566
Washington, D.C. 20044

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

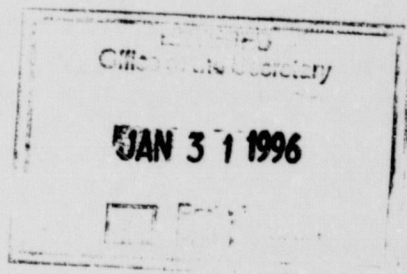
Dear Mr. Roach:

On behalf of the State of Texas, by and through the Office of the Attorney General, we intend to participate in the depositions of Dr. Paul O. Roberts, scheduled January 31, 1996; Dr. Robert D. Willig, scheduled for February 1st and 2nd, 1996; and Mr. Richard B. Peterson, scheduled for February 5th through 7th, 1996. Please note that the State of Texas may utilize any of the documents in questioning the deponents:

1. Any work papers or other materials that deponents refer to in preparing their statements;
2. Prior statements and testimony by deponents;
3. Any other documents identified by other participants in connection with their examination of deponents;
4. Any documents that deponents may bring to, refer to, or use during their depositions; and
5. The verified statements and accompanying exhibits of other persons as they appear in the Application.

Sincerely,

REBECCA FISHER
Assistant Attorney General
Antitrust Section
Consumer Protection Division
P.O. Box 12548
Austin, Texas 78711-2548
(512) 463-2185
(512) 320-0975 [FAX]

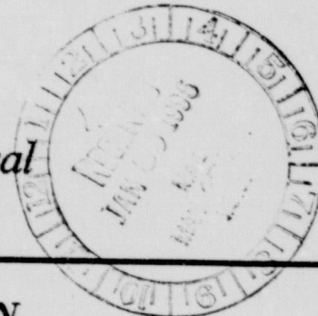


RF/cd

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*Office of the Attorney General
State of Texas*



**CONSUMER PROTECTION DIVISION
ANTITRUST SECTION
FACSIMILE MESSAGE**

DATE: January 30, 1996

FROM: **REBECCA FISHER**

Agency: OAG, Consumer Protection Division, Antitrust Section

Telephone No.: (512) 463-1262

Facsimile No.: (512) 320-0975

IF ANY DIFFICULTY RECEIVING THIS FAX, CONTACT (512) 463-1057. THANK YOU!

NAME	PHONE #	FAX #
Honorable Jerome Nelson	(202) 219-2554	(202) 219-3289
Honorable Vernon A. Williams	(202) 927-7428	(202) 927-5984
Michael F. McBride Linda K. Breggin Daniel Aronowitz	(202) 986-8000	(202) 986-8102
Michael D. Billiel Joan S. Huggler Robert L. McGeorge Angela L. Hughes	(202) 307-6666	(202) 307-2784
Alan E. Lubel William A. Mullins	(202) 274-2950	(202) 274-2994
Constance L. Abrams Jonathan M. Broder	(215) 209-2000	(215) 209-4817
Edward B. Symson Anne E. Treadway		
Frederic L. Wood Nicholas J. DiMichael	(202) 371-9500	(202) 371-0900
Thomas W. Wilcox Jeffrey O. Moreno		
Marc J. Fink John W. Butler Torbjorn Sjogren	(202) 463-2503	(202) 463-4950 (202) 463-4840
William P. Jackson, Jr. John T. Sullivan	(202) 525-4050	(703) 525-4054
Richard P. Bruening Robert K. Dreiling	(816) 556-0392	(816) 556-0227
Scott N. Stone	(202) 457-6335	(202) 457-6315
Richard S. Edelman William G. Mahoney	(202) 296-8500	(202) 296-7143
Donald F. Griffin		
Edward P. Greenberg Andrew T. Goodson	(202) 342-5277	(202) 342-5219

January 30, 1996

Page 2

John Luedke			
Richard A. Allen	Andrew R. Plump	John V.	(202) 298-8660
Edwards			(202) 342-0683
Jeff Hill			(202) 342-1316
Charles A. Spitulnik	Alicia M. Serfaty		(702) 689-4424
Martin W. Bercovici	Douglas J. Behr	Arthur S.	(202) 835-8000
Garrett			(202) 434-4144
Robert M. Bruskin	Mark Schechter	Rosemary	(202) 783-0800
H. McEnery	Mark L. Josephs		(202) 383-6610
Mitchell M. Kraus	Larry R. Pruden		(301) 948-4910
Joseph Guerrieri, Jr.	Debra L. Willen		(202) 624-7400
Terence M. Hynes	Krista L. Edwards		(202) 736-8000
Daniel S. Mayers	William J. Kolasky, Jr.	A.	(202) 663-6000
Stephen Hut, Jr.	Ali M. Stoeppelwerth	Steven	(202) 663-6363
P. Finizio			
John Will Ongman			(202) 828-1415
Erika Z. Jones	Adrian L. Steel, Jr.	Roy T.	(202) 463-2000
Engleri, Jr.	Kathryn Kusske		(202) 861-0473
John K. Maser III	Jeffrey O. Moreno		(202) 371-9500
C. Michael Loftus	John H. LeSeur	Christopher	(202) 347-7170
A. Mills			(202) 347-3619
Thomas Lawrence, III			(202) 347-8292
Kevin M. Sheys			(202) 293-6300
William C. Sippel	Thomas J. Litwiler		(312) 616-1800
Robert H. Wheeler			(312) 616-5800
Peter S. Shudtz			(804) 783-1343
Richard E. Weicher			(708) 995-6887
Janice G. Barber			(817) 878-7954
Lindsay Bower			(415) 356-6377
Scott Manatt			(501) 857-3163
Carl W. von Bernuth	Richard J. Ressler		(610) 861-3290
Cannon Harvey	Louis P. Warchot	Carol A.	(303) 812-5005
Harris			(402) 271-5610
			(415) 495-1000
Paul A. Conley	James V. Dolan	Louise A. Kinn	(402) 271-4229
			(402) 271-5610
Paul A. Cunningham	Richard B. Herzog	James	(202) 973-7601
M. Guinivan			(202) 973-7610
Fritz Kahn			(202) 973-7620
William Cottrell	Christine H. Rosso		(202) 371-8037
George W. Mayo, Jr.	Eric A. Von Salzen		(312) 814-4323
			(312) 814-3806
			(202) 637-5600
			(202) 637-5910

January 30, 1996

Page 3

John T. Estes	(703) 641-2255	(703) 299-1255
Gerry L. Martin Debra Ravel	(512) 463-7149	(512) 463-6684

THE INFORMATION CONTAINED IN THIS FACSIMILE MESSAGE IS ATTORNEY-CLIENT PRIVILEGED AND CONFIDENTIAL, INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY NAMED ABOVE. IF THE READER OF THIS MESSAGE IS NOT THE INTENDED RECIPIENT OR THE EMPLOYEE OR AGENT OF THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION OR COPYING OF THIS COMMUNICATION IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE NOTIFY THE CONSUMER PROTECTION DIVISION BY TELEPHONE TO ARRANGE FOR THE RETURN OF THE DOCUMENT.

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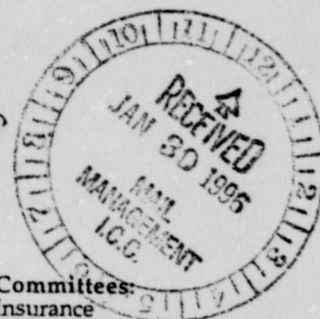
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Item No. _____

Page Count 1

JAN 4 1996

Ohio House of Representatives



Committees:
Insurance
-Vice Chairman
Judiciary and Criminal Justice
Public Utilities
Veterans Affairs

State Representative Marilyn Reid
3866 Indian Ripple Rd
Beavercreek, OH 45440
513-426-5962
76th House District
Greene County (part)

January 23, 1996

The Honorable Vernon A. Williams, Secretary
Interstate Commerce Commission
12th Street & Constitution Avenue
Washington, DC 20423

FD 32760

Dear Secretary Williams:

Recently I have learned of the Interstate Commerce Commission's future hearings on the purchase of Southern Pacific Property by Conrail. I am writing to make you aware of my strong support for Conrail's acquisition of Southern Pacific Railroad's Eastern Lines.

As a legislator who supports economic development, I believe this initiative will benefit Ohio's businesses and industries by providing direct rail connection to the Southwest markets and due to NAFTA, Mexico and Canada. In particular, the automobile manufacturing industry, a staple of Ohio's employment statistics, will be advantaged by the establishment of these new routes. Today, Conrail is a leading contributor to Ohio's stable economy and with the acquisition of the Southern Pacific Line this positive trend will continue.

Again, I reiterate my support for this advantageous initiative. Thank you for your consideration of this matter.

**ADVISE OF ALL
PROCEEDINGS**

Sincerely,

M. Reid
Marilyn Reid
State Representative
76th House District

MR:meh

JAN 31 1996

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BERNICE MATHEWS

SENATOR

Washoe No. 1

COMMITTEES:

Member

Finance

Human Resources and Facilities

Legislative Affairs and Operations



State of Nevada Senate

Sixty-Eighth Session

DISTRICT OFFICE:

P.O. Box 2032

Sparks, Nevada 89432

Office: (702) 673-2086

Fax No.: (702) 673-2086

LEGISLATIVE BUILDING:

401 S. Carson Street

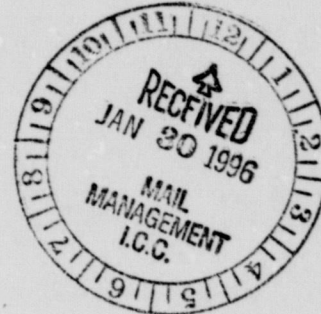
Carson City, Nevada 89710

Office: (702) 687-3658 or 687-5742

Fax No.: (702) 687-5962

January 17, 1996

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



Re: Finance Docket No. 32760
Proposed Merger Between the Union Pacific and the Southern Pacific Rail Corporations

Dear Secretary Williams:

I am writing to express my support for the proposed merger of the Union Pacific and the Southern Pacific Railroads. As the Nevada State Senator representing Washoe County Senatorial District No. 1, a former member of the Reno City Council, and a small business owner the financial stability of the major railroad carriers in this state is of the utmost importance to me and to my constituents.

I am deeply concerned that survival of the Southern Pacific Railroad, which is crucial to our continued growth and economic development here in the northern area of the state, seems threatened by the recent merger of the Burlington Northern and Atchison, Topeka & Santa Fe railroads. Loss of rail service routes currently relied upon by many of the warehouse and manufacturing businesses located in my district would devastate our local economy. Under the proposed merger Union Pacific's financial strength would be coupled with the routes serviced currently by the Southern Pacific railroad resulting in an economic advantage to all of Nevada's businesses. My constituents in particular would benefit from marketplace access to single railroad service as far north as Seattle and Spokane, Washington. I believe the proposed merger would be in the public interest not only for my constituents but also for the entire state of Nevada, and I urge your support for this proposal.

Sincerely,

Bernice Martin-Mathews
Nevada State Senator
Washoe, District No. 1

Item No. _____

Page Count 1

JAN 404

CHIEF

JAN 31 1996

ADVISE OF ALL PROCEEDINGS

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Item No. _____

Page Count 1

JAN 403

Ohio House of Representatives



TOM ROBERTS
State Representative
39th House District



2016 Salem Avenue
Dayton, Ohio 45406
(513) 275-6244 District
(614) 466-2960 Columbus
(614) 644-9494 Fax
1 (800) 282-0253 Toll Free

COMMITTEES:
Education
Rules and Reference
Energy and Environment
College and Universities Subcommittee-
Ranking
Correctional Institution Inspection Committee
Recycling and Litter Prevention
Advisory Council

January 24, 1996

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

Dear Secretary Williams:

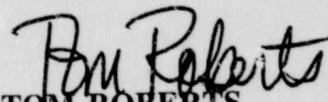
I am writing to express my support for the Conrail initiative to acquire a portion of the Southern Pacific Railroad.

Conrail provides vital rail freight transportation service for business and industry throughout the state. This acquisition has particular value for Ohio, as it will provide direct rail connection to the Southwest markets as well as put Ohio in a superb position to take full advantage of the NAFTA agreements as Ohio would be connected to Mexico and Canada via Conrail.

I understand that the Interstate Commerce Commission will be looking at Union Pacific's merger with Southern Pacific and that you will make a judgment based on whether the merger is in the best interest of the country. The company has an excellent reputation for service and is an important part of our economic well-being. There could be many new markets created through the Conrail proposal which will enhance the state's growth.

For these reasons, it is without hesitation that I urge the Interstate Commerce Commission to consider the Conrail as a viable alternative to the Union Pacific/Southern Pacific merger.

Sincerely,


TOM ROBERTS
State Representative
39th House District

JAN 31 1996

**ADVISE OF ALL
PROCEEDINGS**

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6 111 8
One James Center
Richmond, Virginia 23219
Telephone: (804) 783-1343
Telecopy: (804) 783-1355

PETER J. SHUDTZ
General Counsel

January 29, 1996

VIA HAND DELIVERY

Vernon A. Williams, Secretary
Surface Transportation Board
Case Control Branch
Room 1324
1201 Constitution Avenue, N.W.
Washington, D.C. 20423



~~5~~
Re: Finance Docket No. 32760, Union Pacific Corporation, et al.
-- Control and Merger --
Southern Pacific Corporation, et al.

Dear Secretary Williams:

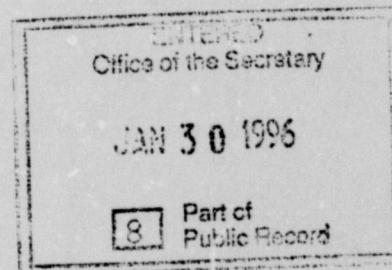
Enclosed herewith are one original and twenty copies of the Description of Inconsistent or Responsive Application submitted on behalf of CSX Corporation and its subsidiaries including CSX Transportation, Inc. Also enclosed is a 3.5-inch diskette containing the text of the enclosed pleading in WordPerfect 5.1 format. Finally, in accordance with Decision No. 6 in this proceeding, copies of the enclosed document are being served up on Applicants' counsel and Administrative Law Judge Jerome Nelson.

Sincerely,

Item No. _____

Page Count 4

JAN 30 1996



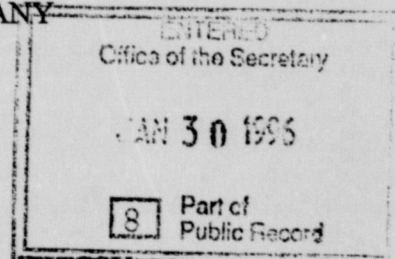
BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760 ~~500~~



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

DESCRIPTION OF INCONSISTENT OR
RESPONSIVE APPLICATION

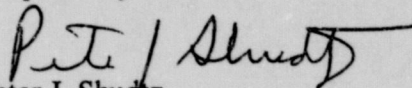


On January 16, 1996, CSX Corporation and its subsidiaries, including CSX Transportation, Inc. (hereinafter collectively "CSX") filed its Notice of Intent to Participate in this proceeding as a party of record. Pursuant to the Board's Decision No. 9 herein, by January 29, 1996, all parties intending to file an inconsistent or responsive application, petition for inclusion, trackage rights or any other affirmative relief requiring an application are required to state their intention to do so and to furnish a general statement of what such application is expected to include. In accordance with the Board's Decision, the following is CSX's statement of its intent and general statement.

Although CSX has not yet determined what, if any, additional comments it intends to make with respect to the UP/SP control and merger proposal, CSX has determined that it will actively participate in this proceeding as necessary to ensure the maintenance of effective competition in those territories affecting CSX and its patrons. In this regard, several parties to

this proceeding have indicated in their preliminary and discovery filings that they are opposed to the proposed control and merger and that they will seek conditions or make proposals with respect to divestiture, sale or access to applicants' lines in the Gulf Coast and Eastern Regions. Should such conditions or proposals be made, and depending on the nature of the requested relief, CSX intends to participate as its interests may appear. Such participation may necessitate CSX's filing an appropriate responsive application pertaining to any proposed divestiture, sale or other access to applicants' lines in the Gulf Coast and Eastern Regions.

Respectively submitted.



Peter J. Shutz
CSX Corporation
One James Center
901 E. Cary Street
Richmond, Virginia 23219

Attorney for CSX Corporation and its
subsidiaries, including, CSX Transportation, Inc.

January 29, 1996

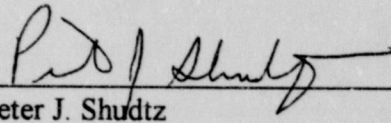
CERTIFICATE OF SERVICE

I certify that on this 29th day of January, 1996, a copy of the foregoing Description was served by first class, U.S. Mail to:

Arvid E. Roach II
Covington & Burling
1201 Pennsylvania Avenue, N.W.
P. O. Box 7566
Washington, D.C. 20044

Paul A. Cunningham
Harkins Cunningham
1300 Nineteenth Street, N.W.
Washington, D.C. 20036

The Honorable Jerome Nelson
Administrative Law Judge
Federal Energy Regulatory Commission
825 North Capitol Street, N.E.
Washington, D.C. 20426



Peter J. Shultz

STB

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1-29-96


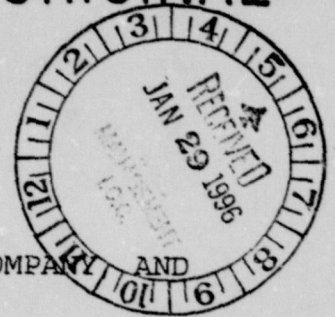
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ORIGINAL

Office of the Secretary

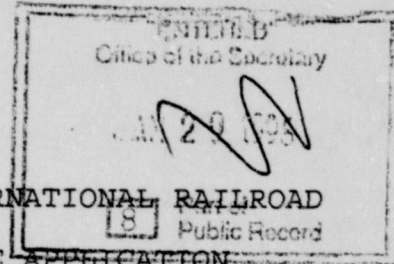
JAN 30 1996

8 Part of
Public RecordBEFORE THE
SURFACE TRANSPORTATION BOARD-----
Finance Docket No. 32760 
-----UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
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 COMPANYBRGI-1¹

BROWNSVILLE & RIO GRANDE INTERNATIONAL RAILROAD

DESCRIPTION OF RESPONSIVE APPLICATIONIntroduction

On November 30, 1995, the Interstate Commerce Commission accepted for consideration an application filed by the Union Pacific Corporation ("UPC"), Union Pacific Railroad Company ("UPRR"), Missouri Pacific Railroad Company ("MPRR"),² Southern Pacific Rail Corporation ("SPR"), Southern Pacific Transportation Company ("SPT"), St. Louis Southwestern Railway Company ("SSW"), SPCSL Corp. ("SPCSL"), and the Denver and Rio Grande Western

¹ The Brownsville and Rio Grand International Railroad has selected the acronym "BRGI" for purposes of docket number identification. Subsequent filings by this Responsive Applicant will be identified and ordered according to this "BRGI" prefix.

² UPRR and MPRR are hereinafter referred to collectively as "UP."

Item No. _____

Page Count 12JAN 30 1996

Railroad Company ("DRGW")³ (collectively "Applicants") for Commission approval and authorization under 49 U.S.C. 11343-45 for: (1) the acquisition of control of SPR by UP Acquisition Corporation, an indirect wholly owned subsidiary of UPC; (2) the merger of SPR into UPRR; and (3) the resulting common control of UP and SP by UPC. Effective January 1, 1996, review of this application was assumed by the Surface Transportation Board (hereinafter, the "Board"), pursuant to the provisions of the ICC Termination Act of 1995.

On December 27, 1995, the Commission served its Decision No. 9, setting the procedural deadlines for this proceeding. As pertinent here, the Commission set January 29, 1995, as the deadline for parties adversely affected by the subject merger transaction to file descriptions of forthcoming Responsive Applications. Consistent with that deadline, the Brownsville and Rio Grande International Railroad ("BRGI"), a class III shortline railroad headquartered in Brownsville, TX, files this Description of its Anticipated Responsive Application to preserve competitive rail service to the city and Port of Brownsville, TX.

BRGI intends to file a Responsive Application because it believes that, unless appropriate protective conditions are imposed upon the proposed merger, both the Port of Brownsville and the shippers who utilize the Port will suffer significant

³ SPT, SSW, SPCSL and DRGW are hereinafter referred to collectively as "SP."

harm.

Background

Based in Brownsville, Texas, BRGI provides rail service over approximately 33 miles of track in and around the Port of Brownsville (hereinafter, "The Port"). BRGI was established in 1984 by the Brownsville Navigation District of Cameron County, Texas (a political subdivision of the State of Texas) ("BND"),⁴ principally to handle rail traffic to and from The Port. BRGI has now been providing service to The Port and the shipping public for the past 12 years. It currently handles approximately 8,000 carloads of traffic annually, including agricultural products, food products and general commodities. Most of this traffic originates in Nebraska, Iowa, and Kansas and moves to various destinations through The Port. Currently, BRGI's only interchange partner is the UP at Brownsville, but BRGI does enjoy connections with both the SP and the Mexican rail system (FNdeM) through UP reciprocal switch.

In 1982, the BND, UP, SP, the Texas State Department of Highways and Public Transportation, the City of Brownsville, and Cameron County, entered into an agreement,⁵ which, among other

⁴ BND and BRGI are related entities. When BND acquired from UP the railroad facilities currently serving The Port, it established BRGI under independent trusteeship to manage and control The Port's rail facilities, pursuant to §60.118 of the Texas Water Code. BND has retained ownership of the trackage which BRGI leases and operates.

⁵ That agreement, dated August 6, 1982 is entitled, Memorandum of Understanding: An Agreement for the Relocation of Railroad Facilities and for Related Improvements at and Near Brownsville, Texas, and will hereinafter be referred to as the

things, provided for the relocation of certain railroad tracks and facilities in and around Brownsville. One phase of this project, now underway, is the construction of a rail line that will afford BRGI direct, physical access to the SP. This phase of the relocation project will be completed in April of 1996 at an expense of over \$40 million. Although the 1982 Memorandum of Understanding predates BRGI, that agreement nonetheless has an immediate bearing on the rail service that BRGI now provides to The Port.

Comments

On September 25, 1995 the Burlington Northern Railroad Company and the Atchison Topeka and Santa Fe Railway Company (collectively, "BNSF") entered into a proposed settlement agreement with the Applicants, wherein BNSF would gain access to certain points on Applicants' merged system, including The Port. A supplemental settlement agreement was entered into on November 18, 1995. (These two settlement agreements will be hereinafter referred to collectively as the "Settlement Agreements.") The Settlement Agreements were undertaken in an effort to preserve competitive access to shippers and shortline rail carriers served today by only the UP and SP. BRGI has reviewed the proposed agreements and wholeheartedly endorses the objectives they seek to achieve. Unfortunately, these agreements may, as a result of unique timing, frustrate the objectives of the parties to the

"Memorandum of Understanding."

Memorandum of Understanding.

The Settlement Agreements provide that, "BNSF shall have the right to interchange with any short-line railroad which, prior to the date of this Agreement could interchange with both UP and SP and no other railroad." (See, Settlement Agreement, Section 8(i), as amended.) While rail customers at The Port have long enjoyed competitive rail service from the UP and the SP (via reciprocal switch), they will not be able to obtain direct SP access under the terms of the Memorandum of Understanding until April of this year -- four months after the November 18, 1995 "cutoff date" set by the Settlement Agreements. BRGI does not connect with any other class I carrier. While other language contained in the Settlement Agreements would suggest that the Applicants and BNSF intended to accommodate BNSF's direct access to The Port, BRGI has as yet no guaranty that BNSF will be permitted to serve as a new interchange partner with BRGI, in place of SP.

Moreover, while the Settlement Agreements contemplate that BNSF rail access to Brownsville will be accommodated through trackage rights, BNSF can, at its option, enter into a haulage agreement with the Applicants instead. Whether or not the use of a haulage agreement will afford the public a viable and competitive transportation alternative depends upon the specific terms of any such agreements, and how the Applicants intend to handle BNSF's traffic on their trains. Haulage agreements traditionally have not been subject to ICC or Board regulatory

oversight, and can be canceled without regulatory proceedings. In all likelihood, any such agreements have not been drafted or even negotiated. In any event, neither BRGI nor The Port's customers would typically have the opportunity to review the agreements' terms.

Absent the relief requested here, the rail competition which exists for The Port's customers today, and which will be enhanced with direct SP access to BRGI on April 1, 1996, could disappear upon approval and consummation of the Applicants' merger.

Relief Sought

1. BNSF Must Be Permitted to Interchange
Directly with BRGI

As a result of the relocation project described above, BRGI will enjoy direct interchange with two competing class I rail carriers (SP and UP), beginning in April of this year. If UP and SP are permitted to merge, BRGI, The Port, and BRGI's shippers will lose the competitive benefits of this new connecting track, absent the relief sought here.

BRGI is aware of provisions contained in the Settlement Agreements between the Applicants and BNSF which would appear to grant BNSF access to the Port of Brownsville via interchange with BRGI. However, the settlement agreements are not sufficiently clear on this important matter. Therefore, BRGI will request, in

its Responsive Application, that, if the Applicants' underlying merger is approved, it will be conditioned upon BRGI receiving direct access to BNSF.

2. BNSF Must Be Made a Party to the 1982 Railroad Relocation "Memorandum of Understanding"

Guided by the State of Texas and funded in large part by the federal government, the projects contemplated by the 1982 Memorandum of Understanding are designed to benefit both rail and highway systems in and around Brownsville. Many of the projects enumerated in the Memorandum of Understanding are either underway or in developmental phases, and may take several years to complete. In some instances, the projects are still awaiting additional federal funding. Although not a named party to the Memorandum of Understanding, BRGI is nonetheless an important beneficiary of that agreement, and the rail services it provides are largely dependent upon how the named parties undertake their obligations under the agreement. Assuming that the merger is approved, and assuming further that BNSF exercises trackage rights into Brownsville, BNSF's presence -- though necessary to preserve rail competition -- could, without proper provision, potentially prove an obstacle to achieving the objectives of the Memorandum of Understanding.

In order to avoid such an obstacle, BRGI will insist in its Responsive Application that the Board condition approval of Applicants' merger upon BNSF's being added as a party to the

Memorandum of Understanding. Furthermore, BRGI will request that the Board require the Applicants and BNSF to advise all other parties to the Memorandum of Understanding of the extent to which BNSF will utilize trackage which is the subject of that agreement. This request is necessary to assure that the Memorandum of Understanding can be supplemented or amended to reflect any operating changes occasioned by BNSF's presence in Brownsville.

• 3. Should BNSF Fail to Provide Competitive Service to The Port and its Shippers, BRGI Must be Granted Trackage Rights (or Haulage Rights) to Another Connection with BNSF

Even assuming that BNSF is permitted access to The Port, BRGI is as yet unpersuaded that BNSF's proposed post-merger service to Brownsville will assure effective competition to Brownsville's shippers. The Settlement Agreements between Applicants and BNSF allow BNSF the option of undertaking service to Brownsville via trackage rights from Houston, TX, or via haulage rights between these points. (Although not clear from the terms of the Settlement Agreements, it appears that BNSF service between Houston and Brownsville could be accomplished through some combination of both trackage and haulage rights.) To BRGI's knowledge, BNSF has not yet informed Brownsville shippers whether it will offer them service by means of a haulage agreement or trackage rights. Additionally, assuming BNSF does

opt for haulage rights, BRGI is unaware of the rates and types of service BNSF will offer to Brownsville shippers.

BRGI is concerned that, should BNSF opt only for haulage rights, Brownsville shippers will not enjoy the same level of robust competition between line haul carriers that exists between the UP and SP in Brownsville today (or after April 1, 1996). Indeed, BRGI recognizes that, when compared with trackage rights, haulage rights are easily terminable and do not require regulatory approval to cancel. Furthermore, BRGI recognizes that trackage rights operations require greater commitment and investment on the part of the trackage rights operator. As a result, BNSF has comparatively less incentive to develop traffic in this corridor than they would if they served Brownsville with their own trains.

BRGI anticipates that its Responsive Application will contain a request that BNSF make available to the Board, BND and BRGI the trackage rights and/or haulage rights agreements it may negotiate with Applicants for Houston-Brownsville service. Further, BRGI will request that it be granted trackage rights (or at BRGI's option, haulage rights) over Applicants' lines to connect The Port to the nearest physical mainline connection with BNSF. BRGI will agree to exercise this trackage/haulage rights condition only in the event that competitive services and rates are -- or, over time, become -- proportionately less favorable than comparable haulage rights services provided by BNSF on other lines.

4. Applicants Must Provide BRGI with Trackage Rights to Permit it to Interchange with the Mexican Rail System

In order to protect the interests of affected shippers using the Port of Brownsville, BRGI will request that it be granted direct physical access to the Mexican Rail System via the Brownsville-Matamoros Bridge Company's "B&M Bridge", in lieu of cost-prohibitive reciprocal switch arrangements.

5. Applicants Must Extend to the Port of Brownsville the Same Discounted Rates on Grain Shipments that it Extends to Shipments Destined to all Other Gulf Ports West of the Mississippi River

BRGI has reason to believe that the UP has not, in the past, extended to The Port grain transportation service rates that were as favorable as those extended to all other UP-served ports along the Gulf of Mexico. Because it believes that a merged UP-SP system could use its monopoly power to maintain or even exacerbate this situation, BRGI will request that the Board direct Applicants to extend to The Port and its shippers grain transportation discounts equivalent to the rates it extends or will extend to similar service at other Gulf ports.

Conclusion

BRGI respectfully requests that the Board impose the foregoing conditions upon the Applicants' proposed merger. BRGI

notes that it has not yet received a service list in connection with this proceeding. It has contacted the Board on this matter, and has been advised that a list of all parties of record in this proceeding is now in the process of being completed, and that this list will be made available to BRGI in the next few days. BRGI requests that it be sent a copy of this list at the Board's earliest opportunity, in order that BRGI may properly serve this document upon all parties of record.

Respectfully submitted,

Robert A. Wimbish

Robert A. Wimbish
John D. Heffner
REA, CROSS & AUCHINCLOSS
1920 N Street, N.W.
Washington, D.C. 20036
(202) 785-3700

Attorneys for the Brownsville and Rio
Grande International Railroad

Dated: January 29, 1996

CERTIFICATE OF SERVICE

I hereby certify that I have this 29th day of January served copies of the foregoing document upon the Primary Applicants and upon ALJ Jerome Nelson by means of U.S. mail, first class postage prepaid. I further certify that I will, upon receipt of the Surface Transportation Board's list, serve copies of the foregoing document upon all other parties of record.

Robert A. Wimbish
Robert A. Wimbish

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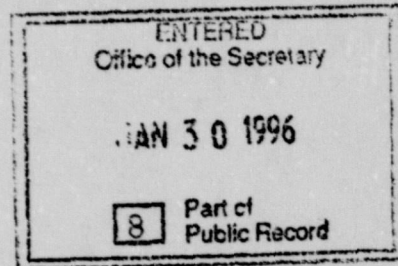
ZUCKERT, SCOUTT & RASENBERGER, L.L.P.

888 SEVENTEENTH STREET, N.W.
WASHINGTON, D.C. 20006-3939
TELEPHONE: (202) 296-8660
FACSIMILES: (202) 342-0683
(202) 342-1316

January 29, 1996

Via Hand Delivery

Vernon A. Williams
Secretary
Surface Transportation Board
Room 2215
12th Street & Constitution Avenue, N.W.
Washington, D.C. 20423



Re: Union Pacific Corp., Union Pacific RR. Co. and Missouri Pacific RR Co. -- Control and Merger -- Southern Pacific Rail Corp., Southern Pacific Transp. Co., St. Louis Southwestern Rr. Co., SPCSL Corp. and The Denver and Rio Grande Western RR Co.,
Finance Docket No. 32760 ~~XXXXXXXXXX~~

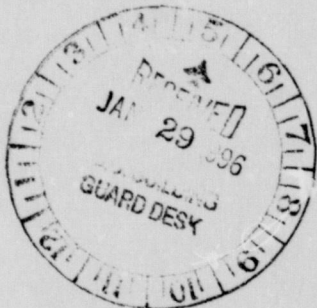
Dear Secretary Williams:

Enclosed are an original and twenty copies of TM-7, The Texas Mexican Railway Company's Description of Anticipated Responsive Application, and TM-8, The Texas Mexican Railway Company's Petition for Waiver or Clarification. Also enclosed is a 3.5" floppy computer disc containing a copy of each of the filings in Wordperfect 5.1 format.

Sincerely,

Richard A. Allen
Richard A. Allen

Enclosures



Item No. _____

Page Count 6

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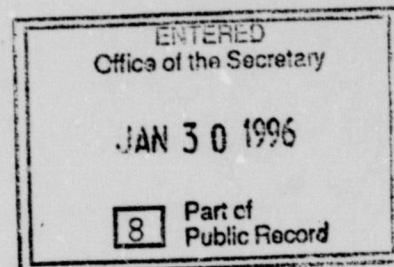


TM-7

BEFORE THE
SURFACE TRANSPORTATION BOARD

Union Pacific Corp., Union Pacific)
RR. Co. and Missouri Pacific RR Co.)
-- Control and Merger -- Southern)
Pacific Rail Corp., Southern)
Pacific Trans. Co., St. Louis)
Southwestern Rw. Co., SPCSL Corp.)
and The Denver and Rio Grande)
Western Corp.)

Finance Docket No. 32760



TEXAS MEXICAN RAILWAY COMPANY'S
DESCRIPTION OF ANTICIPATED RESPONSIVE APPLICATION

Pursuant to the procedural schedule adopted in this proceeding, the Texas Mexican Railway Company ("Tex Mex") files this description of the responsive application it expects to file on or before March 29, 1996.

Background

Tex Mex is a Class II railroad which has been providing rail service since 1875 over its 157-mile line of railroad between Laredo, Texas on the Mexican border and Corpus Christi, Texas on the Gulf of Mexico. Laredo is the principal gateway for rail traffic between the United States and Mexico. It is served by two railroads: Tex Mex and the Union Pacific Railroad Company ("UP"), which has a line to Laredo from San Antonio, Texas.

UP has a line along the Gulf of Mexico between Alcoa, Texas, just south of Houston, and Brownsville, Texas on the Mexican

border (the "Brownsville Line"). The Southern Pacific Transportation Company ("SP") has trackage rights over portions of that line which permit it to serve Corpus Christi and to interchange traffic there with Tex Mex.

The Tex Mex line running eastward from Laredo crosses and connects with the UP's Brownsville Line at Robstown, Texas and proceeds to Corpus Christi, where it connects with a UP branch line and is able to interchange traffic with UP and SP. The vast preponderance of traffic that Tex Mex has interchanged at Corpus Christi has been with SP. For many years Tex Mex and SP have provided the competitive alternative to the UP's service for U.S.-Mexican rail traffic through Laredo.

The merger of UP and SP will eliminate that competitive alternative. In order to preserve a competitive alternative to the combined UP and SP for U.S.-Mexican traffic through Laredo, Tex Mex expects to file a responsive application seeking trackage rights over the lines described below from Robstown and Corpus Christi to Houston and from Houston to a connection with the Kansas City Southern Railway Company ("KCS") at Beaumont, Texas. Tex Mex expects to seek rights over those lines to permit it to carry overhead traffic and to serve all local shippers currently capable of receiving service from both UP and SP, directly or through reciprocal switching, or otherwise benefitting from competition between UP and SP, with full rights to interchange traffic with UP, SP and any other railroad at any interchange point on such lines:

I. Main Line Trackage Rights

- A. The UP line between Robstown, TX and Placedo, TX.
- B. The UP line between Corpus Christi, TX and Odem, TX.
- C. The SP line from Placedo, TX to Victoria, TX.
- D. The SP line between Victoria, TX and Flatonia, TX.
- E. The SP line between Flatonia, TX and West Junction, TX.
- F. The UP line from Settegast Junction, TX to Amelia, TX.
- G. The joint UP/SP line from Amelia to Beaumont, TX and the connection with the Kansas City Southern Railroad ("KCS") at the Neches River Draw Bridge in Beaumont.

II. Trackage Rights in Houston Over SP Lines.

- A. The SP line from West Junction to the connection with the Port Terminal Railway Association ("PTRA") near Tower 30 by way of Pierce Junction.
- B. The SP line from West Junction to Eureka at SP Milepost 5.37.
- C. The SP line from SP Milepost 5.37 to SP Milepost 360.7 near Tower 26.
- D. The SP line from Milepost 360.7 to the connection with the Houston Belt Terminal Railway Company ("HBT") at Collingsworth near SP Milepost 1.5.

III. Terminal Trackage Rights In Houston Over HBT.

Tex Mex expects to seek terminal trackage rights pursuant to 49 U.S.C. § 11103 over the following terminal tracks of HBT:

- A. The HBT line from Collingsworth to the HBT's connection with UP at Gulf Coast Junction.

B. The HBT line from its connection with the SP line at T. & N.O. Junction to HBT's connection with UP at Settegast Junction.

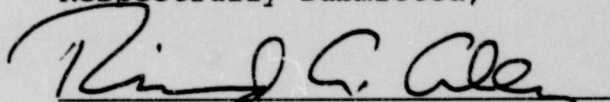
IV. Terminal Facilities.

Tex Mex expects to seek the right to use yards and other terminal facilities of SP, UP and HBT in the Houston area. Tex Mex has not finally determined which facilities it will seek to use.

V. Other Capital Improvements.

Tex Mex can provide service over the lines described above in their current condition and without any capital improvements. Nevertheless, Tex Mex expects to seek the right to construct two improved connections, at Robstown, TX and Flatonia, TX, that will improve its service over those lines.

Respectfully submitted,



Richard A. Allen
Andrew R. Plump
John V. Edwards
Zuckert, Scoutt & Rasenberger, LLP
Suite 600
888 17th Street, N.W.
Washington, D.C. 20036-3939

Attorneys For Texas Mexican Railway
Company

Dated: January 29, 1996

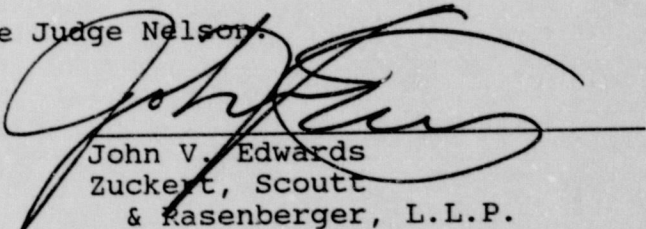
CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing TM-8, The Texas Mexican Railway Company's Description of Anticipated Responsive Application, by hand upon the following persons:

Arvid E. Roach II
J. Michael Hemmer
Michael L. Rosenthal
Covington & Burling
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20044-7566

Paul A. Cunningham
Richard B. Herzog
James M. Guinivan
Harkins, Cunningham
Suite 600
1300 Nineteenth Street, N.W.
Washington, D.C. 20036

I have also served by first class U.S. mail, postage pre-paid, all persons on who have made an appearance in this case of which we are aware, and the Honorable Judge Nelson.



John V. Edwards
Zuckert, Scoutt
& Rasenberger, L.L.P.
Browner Building
888 17th Street, N.W.
Washington, D.C. 20006-3959
(202) 298-8660

Dated: January 29, 1996

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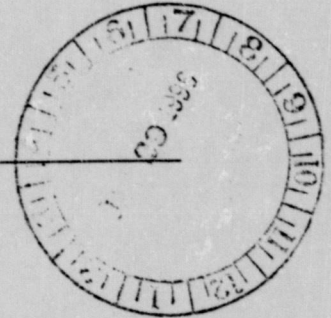
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CMTA-2

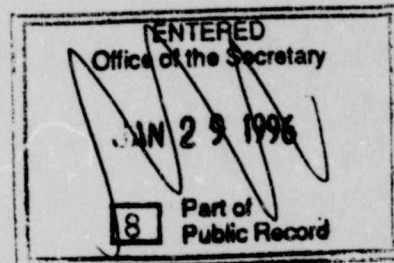
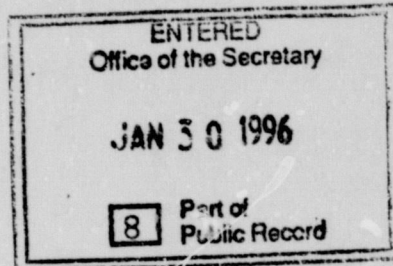
BEFORE THE
SURFACE TRANSPORTATION BOARD



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 §

Finance
Docket No. 32760 (~~32760~~)


**DESCRIPTION OF RESPONSIVE APPLICATION ANTICIPATED BY
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY**



Albert B. Krachman
Monica J. Palko
Bracewell & Patterson, L.L.P.
2000 K Street, N.W., Suite 500
Washington, D.C. 20006
(202) 828-5800

Attorneys for Capital Metropolitan
Transportation Authority

BEFORE THE
SURFACE TRANSPORTATION BOARD

Union Pacific Corporation, Union Pacific	§	
Railroad Company, and Missouri Pacific	§	
Railroad Company -- Control and Merger	§	
-- Southern Pacific Rail Corporation,	§	Finance
Southern Pacific Transportation Company,	§	Docket No. 32760 
St. Louis Southwestern Railway Company,	§	
SPCSL Corp., and the Denver and Rio	§	
Grande Western Railroad Company	§	

**DESCRIPTION OF RESPONSIVE APPLICATION ANTICIPATED BY
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY**

I. Introduction

Capital Metropolitan Transportation Authority ("CMTA") hereby submits this Description of Responsive Application in the above proceeding. The purpose of the responsive application will be to request certain interchange rights and, in addition, to request that approval of the proposed merger between Union Pacific and Southern Pacific be conditioned on the granting of joint trackage and interchange rights to a competitor railroad.

II. Description of Responsive Application

CMTA is a regional transit authority, a body politic and a political subdivision of the State of Texas. The City of Austin ("the City") owns the Giddings/Llano Railroad, which is about 162 miles long, running from Giddings, Texas, to Llano, Texas. CMTA owns a

mass transit easement on and over the Giddings/Llano Railroad from Manor, Texas to Bertram, Texas. CMTA is also the manager of the Giddings/Llano Railroad, pursuant to an agreement between the City and CMTA.

Rail freight operations are currently provided by The Austin and Northwestern Railroad Co. ("AUNW") which extends common carrier service to shippers along the Giddings/Llano Railroad. The City expects to award a new, successor contract to the AUNW agreement within a few months of this filing.

On the Giddings/Llano Railroad, the City and AUNW have three interchange points with two Class I railroad carriers: Southern Pacific Railroad and Union Pacific Railroad. These interchange points are located at Giddings, Elgin, and McNeil. The McNeil interchange is located between Manor and Bertram.

The proposed merger would leave only one common carrier -- the merged railroad company, Union Pacific/Southern Pacific ("UPSP") -- to handle freight carriers who desire access to the McNeil interchange for North/South service. Without an alternative carrier, the merger threatens the economic viability of the Giddings/Llano Railroad, since the ability to interchange with more than one railroad carrier fosters competition for shipping prices. This competition is most critical for the McNeil interchange, which is located on the most active portion of the line. Elgin and Giddings interchanges are located on a portion of the line that has been discontinued, although from time to time parties propose to reopen it. CMTA believes the merger's anticompetitive effect can be offset by UPSP's granting trackage rights to the newly-merged Burlington Northern and Santa Fe Corporation Railroad ("BNSF"), from Round Rock to McNeil, and interchange rights at McNeil, and by granting

interchange rights at McNeil, Elgin and Giddings for the City of Austin, its successors and assigns, and third party freight operators.

In addition, pursuant to its mass transit easement, CMTA is undertaking long and short range planning, which includes serious consideration of future mass transit through the McNeil interchange. However, such service would be premised upon CMTA's obtaining primary trackage and interchange rights to afford mass transit service. Accordingly, through its responsive application, CMTA will request primary interchange rights at McNeil for its future mass transit operations. The public interest in a future mass transit operation to serve the Austin metropolitan area necessitates the primary interchange rights at the McNeil junction. Without primary interchange rights, commuter service through the McNeil interchange to the City of Austin could be interrupted at peak travel times, during morning rush hours, for example, without recourse or alternatives for CMTA. The primary interchange rights necessary for future mass transit operations would not have any anticompetitive effects, and would contribute to the public interest by meeting significant transportation needs.

In accordance with Decision No. 9 in this proceeding, unless CMTA reaches prior voluntary agreements with the pertinent carriers, CMTA will seek through its responsive application interchange rights at McNeil, Elgin and Giddings for the City of Austin, its successors and assigns, and third party freight operators. CMTA will also seek primary interchange rights at McNeil for its future mass transit operations.

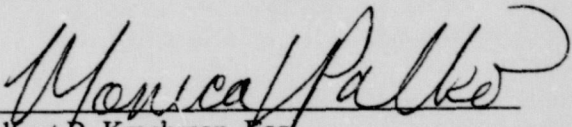
In addition, and in consideration of the factors discussed above, CMTA will request that the Surface Transportation Board approve the proposed merger, subject to the following

conditions:

- i) That UPSP grant interchange rights at McNeil, Elgin and Giddings for the City of Austin, its successors and assigns, and third party rail freight operators, and also grant CMTA primary interchange rights at McNeil for its future mass transit operations;
- ii) That UPSP grant joint trackage rights to BNSF, from Round Rock to McNeil;
- iii) That UPSP grant BNSF interchange rights at McNeil; and
- iv) That Southern Pacific and Union Pacific amend any and all proposed merger agreements between them in order to effect these conditions.¹

Respectfully submitted,

CAPITAL METROPOLITAN
TRANSPORTATION AUTHORITY



Albert B. Krachinan, Esq.
Monica J. Palko, Esq.
Bracewell & Patterson, L.L.P.
2000 K Street, N.W.
Suite 500
Washington, D.C. 20006
(202) 828-5800

Attorneys for Capital Metropolitan
Transportation Authority

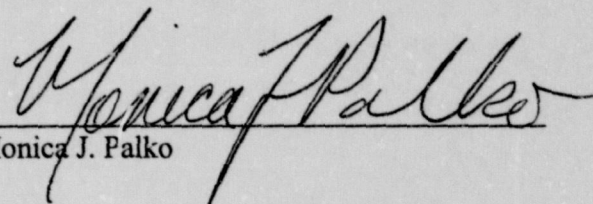
¹ Because CMTA's mass transit planning is in its preliminary stages, and some needs and requirements are necessarily unknown at this time, CMTA reserves the right to modify and/or supplement this Description at a future date, subject to Board approval, to the extent required.

CERTIFICATE OF SERVICE

I, Monica J. Palko, hereby certify that I caused a copy of the Description of Responsive Application Anticipated by Capital Metropolitan Transportation Authority to be mailed, first class, postage prepaid on this 29th day of January, 1996 to Applicant's representatives:

Arvid E. Roach II, Esq.
Covington & Burling
1201 Pennsylvania Ave., N.W.
PO Box 7566
Washington DC 20044

Paul A. Cunningham, Esq.
Harkins Cunningham
1300 19th St. N.W.
Washington DC 20036



Monica J. Palko

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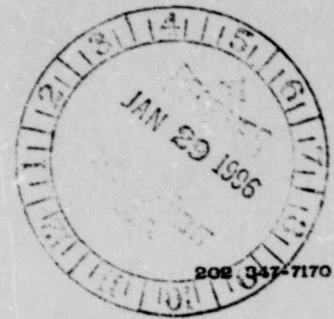
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WILLIAM L. SLOVER
C. MICHAEL LOFTUS
DONALD G. AVERY
JOHN H. LE SEUR
KELVIN J. DOWD
ROBERT D. ROSENBERG
CHRISTOPHER A. MILLS*
FRANK J. PERGOLIZZI
ANDREW B. KOLESAR III
PATRICIA E. DIETRICH

* ADMITTED IN ILLINOIS ONLY

SLOVER & LOFTUS
ATTORNEYS AT LAW
1224 SEVENTEENTH STREET, N.W.
WASHINGTON, D. C. 20036

January 29, 1995



Via Hand Delivery

Office of the Secretary
Case Control Branch
Attn: Finance Docket No. 32760
Surface Transportation Board
1201 Constitution Avenue, N.W.
Washington, D.C. 20423

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

Gentlemen:

Enclosed for filing in the above-referenced proceeding are the original and 20 copies of each of the following pleadings on behalf of Entergy Services, Inc., Arkansas Power & Light Company and Gulf States Utilities Company:

- (1) Description of Anticipated Responsive Applications (ESI-5); and
- (2) Petition for Clarification and/or Waiver (ESI-6).

Also enclosed is a WordPerfect 5.1 diskette containing the aforementioned filings.

Sincerely yours,

Christopher A. Mills

CAM:mfw
Enclosures

cc: All parties of record

JAN 30 1996

☒ Part of
Public Record

Item No. _____

Page Count 7

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BEFORE THE
SURFACE TRANSPORTATION BOARD



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

Finance Docket No. 32760 *Sus-22*

PETITION OF
ENTERGY SERVICES, INC., ARKANSAS POWER & LIGHT
COMPANY AND GULF STATES UTILITY COMPANY
FOR CLARIFICATION AND/OR WAIVER

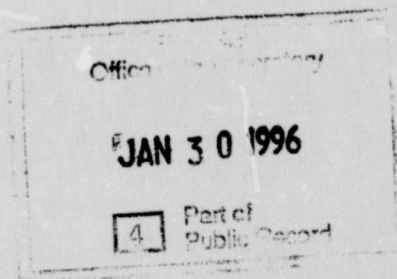
ENTERGY SERVICES, INC.
ARKANSAS POWER & LIGHT COMPANY
GULF STATES UTILITIES COMPANY

By: C. Michael Loftus
Christopher A. Mills
1224 Seventeenth Street, N.W.
Washington, D.C. 20036
(202) 347-7170

Wayne Anderson
General Attorney-Regulatory
Entergy Services, Inc.
Mail Unit L-ENT-26E
639 Loyola Avenue
New Orleans, LA 70113

Their Attorneys

Dated: January 29, 1996



PETITION OF
ENTERGY SERVICES, INC., ARKANSAS POWER & LIGHT
COMPANY AND GULF STATES UTILITIES COMPANY
FOR CLARIFICATION AND/OR WAIVER

Pursuant to Decision No. 9 in this proceeding, Entergy Services, Inc., Arkansas Power & Light Company ("AP&L") and Gulf States Utilities Company ("GSU") (collectively "Entergy")¹ hereby submit this, their Petition for Clarification and/or Waiver of certain Board requirements applicable to responsive applications.

1. Entergy requests clarification that a responsive application seeking only trackage rights as a condition requires neither environmental documentation (see 49 C.F.R. § 1105.6(c)(4)), nor an historical report (see 49 C.F.R. § 1105.8(b)(3)).

As explained in its Description of Anticipated Responsive Applications, filed contemporaneously herewith, Entergy expects to seek trackage rights over certain lines of the Applicants, on behalf of a rail carrier unaffiliated with Applicants, in order to preserve the benefits of competitive options that Entergy presently enjoys for its coal traffic. The above-referenced regulations expressly exclude trackage rights applications from the class of transactions that normally require environmental and/or historical documentation. However, Decision No. 9 could be read as requiring that trackage rights responsive applications include such documentation anyway, unless they also

¹The identity of Entergy and its interest in this proceeding were explained in its Notice of Intent to Participate filed herein on January 16, 1996.

satisfy the alternative basis for exemption set out in § 1105.6(c)(2), to-wit, compliance with the thresholds set forth therein.

To avoid uncertainty, Entergy requests the Board to clarify that responsive applications seeking only trackage rights are exempt under §§ 1105.6(c)(4) and 1105.8(b)(3) from the requirement that environmental and historical documentation be filed with the applications.

2. In the alternative, if the response to the preceding clarification request is negative, Entergy requests clarification or waiver of the six-month pre-notification requirement for applications requiring an Environmental Impact Statement (49 C.F.R. §1105.10(a)(1)), insofar as necessary to permit Entergy's pre-filing consultations with the Board's Section of Environmental Analysis, to be scheduled shortly, to satisfy that notice requirement.

3. Finally, Entergy seeks waiver of all requirements in 49 C.F.R. § 1180 for the inclusion of information from "applicant carriers" in its responsive application. This is necessary because Entergy is a non-carrier, seeking a trackage rights condition on behalf of a suitable third-party carrier for the purpose of preserving competition. Entergy would prefer that such trackage rights be exercised by a Class I carrier, such as the Burlington Northern Railroad Company ("BN") or The Atchison,

Topeka and Santa Fe Railway Company ("Santa Fe").² However, depending on the positions taken -- and the final terms of settlements reached -- by such rail carriers, or the conditions imposed by the Board with respect to any grant of merger authority, Entergy may find it necessary to enlist the services of a suitable new carrier (for example, a short line operator) to operate the trackage rights being requested. Because the identity of the trackage rights operator/recipient is thus presently uncertain, and may not be resolved when responsive applications are due,³ Entergy may be unable to supply the information normally expected from applicant carriers in trackage rights proceedings, as specified in, e.g., §§ 1180.5(a)(5) and 1180.6(b)(1)-(6).

Rather than requiring "applicant carrier" information as part of Entergy's responsive trackage rights applications, the Board should require such information to be filed only if and when Entergy's carrier nominee is objected to by Applicants, at which point the suitability of the nominee could be determined by

² It should be noted that the end points of the trackage rights described in Entergy's Description of Anticipated Responsive Applications are included in the trackage rights granted in Sections 5 and 6 of the "Settlement Agreement" among Applicants and BN/Santa Fe dated September 25, 1995, which is contained in Volume 1 of the Application. Thus, most of the required information will be provided by BN/Santa Fe in any event.

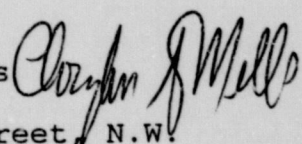
³Nothing in the Board's regulations prevents the Board from conditioning its approval of the primary application on the Applicants' agreement to grant trackage rights to any suitable rail carrier designated by Entergy, rather than to a specific carrier.

the Board in subsequent proceedings.⁴

Relief similar to that sought herein by Entergy was requested by several electric utilities who participated in the BN/Santa Fe merger proceeding (Finance Docket No. 32549, Burlington Northern Inc. and Burlington Northern Railroad Company -- Control and Merger -- Santa Fe Pacific Corporation and The Atchison, Topeka and Santa Fe Railway Company), and such relief was granted by the Interstate Commerce Commission in Decision No. 15 served April 20, 1995, in that proceeding. That decision constitutes a strong precedent for granting the relief requested here.

Respectfully submitted,

ENTERGY SERVICES, INC.
ARKANSAS POWER & LIGHT COMPANY
GULF STATES UTILITIES COMPANY

By: C. Michael Loftus
Christopher A. Mills 
Slover & Loftus
1224 Seventeenth Street, N.W.
Washington, D.C. 20036

Wayne Anderson
General Attorney-Regulatory
Entergy Services, Inc.
Mail Unit L-ENT-26E
639 Loyola Avenue
New Orleans, LA 70113

Their Attorneys

Dated: January 29, 1996

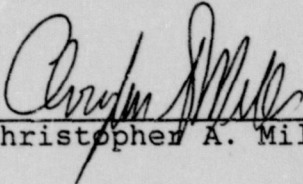
⁴Such follow-up proceedings are of course commonplace in mergers, typically dealing with the implementation of labor protective conditions, compensation for trackage rights, etc.

CERTIFICATE OF SERVICE

I hereby certify that, on this 29th day of January, 1996, I caused a copy of the foregoing Petition for Clarification and/or Waiver to be served by hand on the individuals listed below, and by first-class United States mail, postage prepaid, on all other persons on the service list for this proceeding.

Arvid E. Roach II, Esq.
Covington & Burling
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20044

Paul A. Cunningham, Esq.
Harkins Cunningham
1300 Nineteenth Street, N.W.
Washington, D.C. 20036



Christopher A. Mills

STB FD

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OPPENHEIMER WOLFF & DONNELLY

ORIGINAL

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Two Prudential Plaza
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Chicago, IL 60601-6710

(312) 616-1800
FAX (312) 616-5800

Brussels

Chicago

Minneapolis

New York

Paris

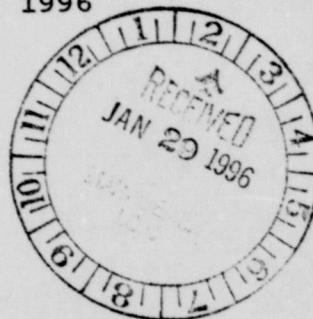
Saint Paul

Washington, D.C.

January 29, 1996

VIA HAND DELIVERY

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
12th Street & Constitution Avenue, N.W.
Washington, DC 20423



Re: **Finance Docket No. 32760** (~~61110~~)
**Union Pacific Corporation, Union Pacific Railroad
Company and Missouri Pacific Railroad Company --
Control and Merger -- Southern Pacific Rail Corp.,
Southern Pacific Transportation Company, St. Louis
Southwestern Railway Company, SPCSL Corp. and
The Denver and Rio Grande Western Railroad Company**

Dear Secretary Williams:

Enclosed for filing with the Board in the above-captioned proceeding are an original and twenty copies of the **Description of Anticipated Responsive Application of Gateway Western Railway Company (GWR-2)**, dated January 29, 1996.

Copies of this pleadings have been served on the parties shown on the certificate of service.

Please contact me should any questions arise regarding this filing. Thank you for your assistance on this matter.

Respectfully submitted,

Tom Healey

Thomas J. Healey
Attorney for Gateway Western
Railway Company

ENTERED
Office of the Secretary

JAN 30 1996

8 Part of
Public Record

TJH:tjl

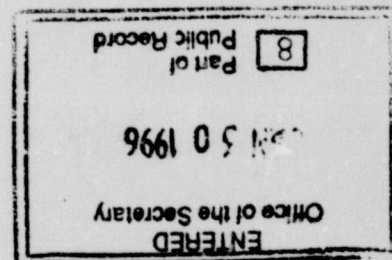
Enclosures

cc: Parties on Certificate of Service

Item No. _____

Page Count 6

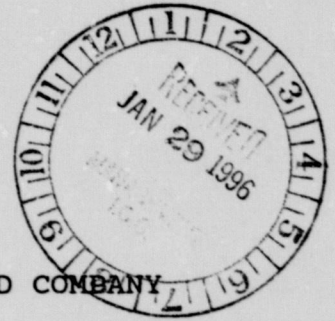
JAN 31 1996



BEFORE THE
SURFACE TRANSPORTATION BOARD

GWWR-2

FINANCE DOCKET NO. 32760 ~~_____~~

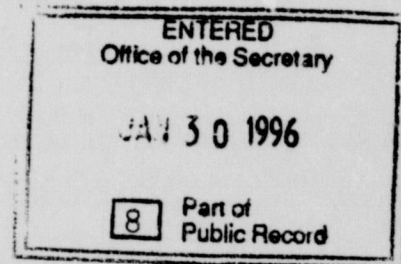


UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY

-- 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

DESCRIPTION OF ANTICIPATED RESPONSIVE APPLICATION
OF GATEWAY WESTERN RAILWAY COMPANY



Robert H. Wheeler
Thomas Lawrence, III
Thomas J. Healey
Oppenheimer Wolff & Donnelly
Two Prudential Plaza, 45th Floor
180 North Stetson Avenue
Chicago, Illinois 60601
(312) 616-1800

ATTORNEYS FOR GATEWAY WESTERN
RAILWAY COMPANY

Dated: January 29, 1996

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 32760 ~~507-20~~

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

**DESCRIPTION OF ANTICIPATED RESPONSIVE APPLICATION
OF GATEWAY WESTERN RAILWAY COMPANY**

Pursuant to Decision No. 6 and Decision No. 9 herein, served by the Interstate Commerce Commission on October 19, 1995 and December 27, 1995, respectively, Gateway Western Railway Company ("GWWR") hereby submits this description of the responsive application which GWWR expects to file in this proceeding. GWWR's responsive application may also encompass relief sought with respect to Gateway Eastern Railway Company ("GWER"), a wholly-owned GWWR subsidiary.

GWWR is a Class II carrier operating rail lines between Kansas City, Missouri and Springfield and East St. Louis, Illinois. GWWR acquired its lines in 1990 from the bankrupt Chicago, Missouri & Western Railway Company ("CMW"). Applicant Southern Pacific Transportation Company ("SP"), through its SPCSL Corp. ("SPCSL") subsidiary, had purchased CMW's Chicago-St. Louis line the year before. GWER is a Class III switching carrier which operates a rail line between East St. Louis and East Alton, Illinois.

GWWR believes the merger of SP with the Union Pacific Railroad Company ("UP") will have significant anticompetitive effects for shippers in and around the St. Louis/East St. Louis terminal area and in the Chicago-Springfield-St. Louis corridor in the absence of mitigatory conditions, as discussed below. GWWR accordingly opposes the proposed transaction in its present, unconditioned form. GWWR presently anticipates filing herein a responsive application pursuant to 49 C.F.R. § 1180.4(d)(4) for the following transactions to be sought as conditions on any Board approval of the Primary Application:

1. GWWR's purchase of SPCSL's 50% undivided interest in the GWWR/SPCSL "Joint Line" between Godfrey and Church/Tolson, Illinois, along with SPCSL's 100% interest in the Alton Branch.

2. GWWR's purchase of, or acquisition of trackage rights over, SPCSL's rail line from Godfrey through Springfield to Chicago, Illinois.

3. GWWR's purchase of or acquisition of trackage rights over UP's Labadie Line from Rock Island Jct. to Union, Missouri, including trackage rights to access this line in the St. Louis terminal.

4. GWWR's purchase of approximately 3 miles of UP's "Madison Subdivision" between mile posts 149.3 and 146.5 near Madison, Illinois, plus the acquisition of trackage rights to access this line.

5. GWWR's acquisition of trackage rights over rail lines currently owned or operated by The Alton & Southern Railway Company ("A&S") to reach interchange with the Manufacturers Railway Company

and to access all industries served solely by A&S, served solely by A&S and Terminal Railroad Association of St. Louis ("TRRA"), or for which the merger will otherwise reduce competitive rail options from "2-to-1".

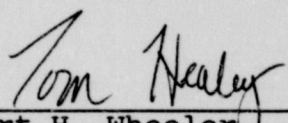
6. GWWR's acquisition of trackage rights over rail lines currently owned or operated by TRRA to access all industries served solely by TRRA, served solely by TRRA and A&S, or for which the merger will otherwise reduce competitive rail options from 2-to-1.

7. GWWR's purchase of or acquisition of trackage rights over SPCSL's "Airline Block" from milepost 192.4 to milepost 191.1 near Springfield, Illinois.

GWWR also anticipates that it will seek additional competitive conditions, not requiring the filing of a responsive application, in its comments currently scheduled to be filed on March 29, 1996.

WHEREFORE, GWWR respectfully submits this description of its intended responsive application in this proceeding.

Respectfully submitted,

By: 
Robert H. Wheeler
Thomas Lawrence, III
Thomas J. Healey
Oppenheimer Wolff & Donnelly
Two Prudential Plaza, 45th Floor
180 North Stetson Avenue
Chicago, Illinois 60601
(312) 616-1800

ATTORNEYS FOR GATEWAY WESTERN
RAILWAY COMPANY

Dated: January 29, 1996

CERTIFICATE OF SERVICE

I hereby certify that on this 29th day of January, 1996,
a copy of the foregoing **Description of Anticipated Responsive
Application of Gateway Western Railway Company (GWWR-2)** was served
by overnight delivery upon:

Arvid E. Roach, II
Covington & Burling
1201 Pennsylvania Avenue, N.W.
Washington, DC 20044

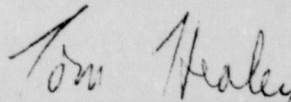
and by first class mail, postage prepaid, upon:

Paul A. Cunningham
Harkins Cunningham
1300 Nineteenth Street, N.W.
Washington, DC 20036

Mr. Federico F. Peña
Secretary
U.S. Department of Transportation
c/o Docket Clerk, Office of Chief Counsel
Federal Railroad Administration
400 Seventh Street, S.W., Room 5101
Washington, DC 20590

U.S. Department of Justice
Antitrust Division
Transportation, Energy and Agriculture Section
555 Fourth Street, N.W., Room 9104
Washington, DC 20001

Hon. Jerome Nelson
Administrative Law Judge
Federal Energy Regulatory Commission
825 North Capitol Street, N.E.
Washington, DC 20426



Thomas J. Healey

STB

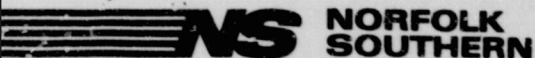
FD

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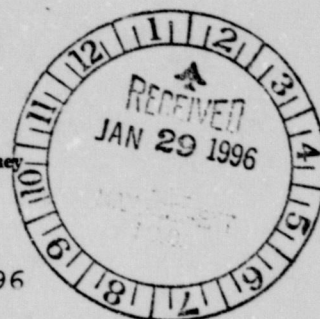


Norfolk Southern Corporation
Law Department
Three Commercial Place
Norfolk, Virginia 23510-2191

Writer's Direct Dial Number

(804) 629-2838

Robert J. Cooney
Senior General Attorney



January 29, 1996

BY HAND DELIVERY

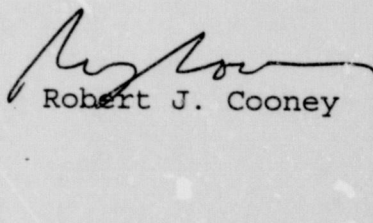
Mr. Vernon A. Williams, Secretary
Surface Transportation Board
12th Street and Constitution Avenue, N.W.
Washington, D. C. 20423

Re: 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*

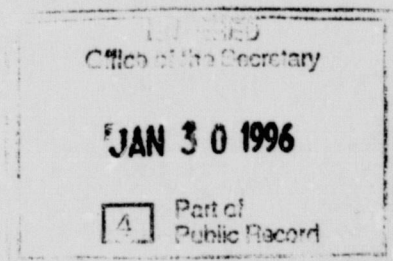
Dear Mr. Williams:

Enclosed for filing in the above-entitled proceeding are the original and twenty (20) copies of the Comments of Norfolk Southern Railway Company.

Very truly yours,


Robert J. Cooney

RJC/s



Item No. _____
Page Count 4
JAN 376

ORIGINAL

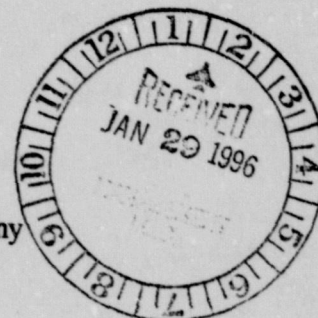
BEFORE THE
SURFACE TRANSPORTATION BOARD
Washington, D.C.

Finance Docket No. 32760

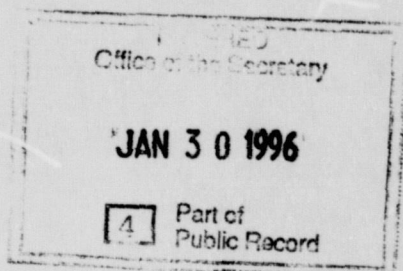
Union Pacific Corporation, Union Pacific Railroad Company
and Missouri Pacific Railroad Company

-- 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



COMMENTS OF
NORFOLK SOUTHERN RAILWAY COMPANY



Robert J. Cooney
Senior General Attorney
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510-2191
(804) 629-2838

Counsel for
Norfolk Southern Railway Company

Dated: January 29, 1996

BEFORE THE
SURFACE TRANSPORTATION BOARD
Washington, D.C.

Finance Docket No. 32760

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

-- Control and Merger --

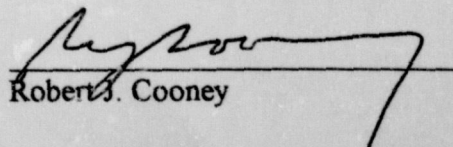
Southern Pacific Rail Corporation, Southern Pacific
Transportation Company, St. Louis Southwestern
Railway Company, SPCSL Corp. and the Denver and Rio Grande
Western Railroad Company

COMMENTS OF
NORFOLK SOUTHERN RAILWAY COMPANY

Norfolk Southern Railway Company (Norfolk Southern) supports the maintenance of effective competitive service within the Gulf area and to and from eastern gateways, especially New Orleans.

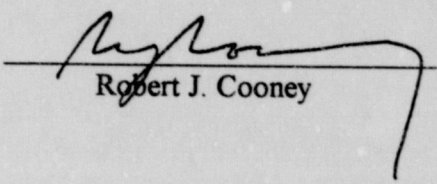
With that reservation, Norfolk Southern does not oppose the proposed Union Pacific-Southern Pacific consolidation. However, if parties outside the affected region seek to acquire lines or rights in, or preferential access to, the affected region, or to become the beneficiary of such acquisitions by others, Norfolk Southern will oppose the outside parties or seek conditions which would maintain its ability to compete effectively for traffic moving to and from the affected region on at least the same basis as at present.

Respectfully submitted,


Robert J. Cooney

CERTIFICATE OF SERVICE

I hereby certify that on January 29, 1996, a copy of the foregoing Comments of Norfolk Southern Railway Company were served by first-class, U.S. mail, postage prepaid upon all parties of record in this proceeding.


Robert J. Cooney

STB

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Ashtabula County Commissioners

25 West Jefferson Street
Jefferson, Ohio 44047

216/576-3750

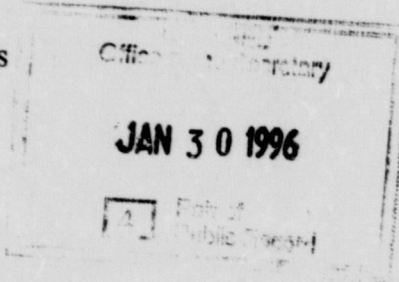
FAX 216/576-2344

COMMISSIONERS

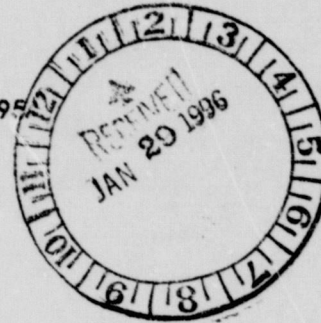
Jeanne M. Bento
Duane S. Feher
L. George Distel

Brian Condron
Administrator

Julie Chelciu
Clerk of the Board



January 24, 1996



The Honorable Vernon A. Williams
Secretary
Interstate Commerce Commission
12th Street & Constitution Avenue
Washington, D.C. 20423

FD 32760

Dear Secretary Williams:

I am concerned that the proposed Union Pacific-Southern Pacific railroad merger is not in the public interest in Northeast Ohio. We would be far better served if the Up-SP's eastern routes were, as part of the proposed merger, sold to Conrail, not leased to another western railroad.

After talking with local economic development officials and control union workers, my reasoning is straightforward. First our industrial companies, particularly in the booming polymers sector, need direct service to raw materials and markets in the Gulf "chemical coast" region and to Mexico. Second, we believe that an owner-carrier, such as Conrail, would have greater incentive to improve markets along the route. Third, by keeping Conrail strong, we ensure a variety of service options and strong price competition among the major railroads in our region, namely CSX, Norfolk and Southern, and Conrail.

For those reasons I would oppose the proposed merger unless it includes the Conrail purchase of the eastern lines of the old Southern Pacific. Only with the Conrail acquisition will Northeast Ohio economies be maximally served.

Thank you for your consideration.

Sincerely,

ASHTABULA COUNTY COMMISSIONERS

Duane S. Feher

Duane S. Feher, President of the Board

ADVISE OF ALL
PROCEEDINGS

Item No. _____

Page Count 1

JAN 31

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61044



Earth
Engineers

P.O. Box 640, Millbrae, CA 94030

61044
tel (800) 692-0787
fax (800) 692-0787

Before the
INTERSTATE COMMERCE COMMISSION

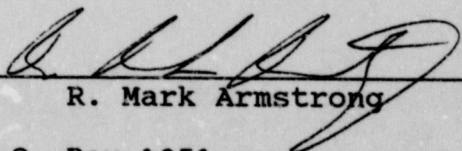
Finance Docket No. 32760

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

NOTICE OF INTENT TO PARTICIPATE

Pursuant to the Interstate Commerce Commission's Decision No. 6 herein, Earth Engineers, an environmental consulting company based in Alturas, California, hereby gives notice of its intent to participate in the above-described merger proceeding. Documents should be sent to the undersigned, R. Mark Armstrong, at the address shown below.

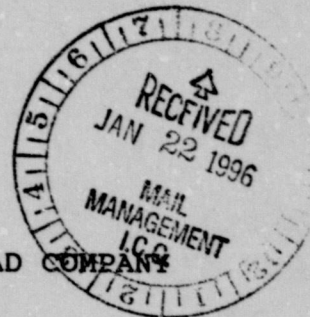
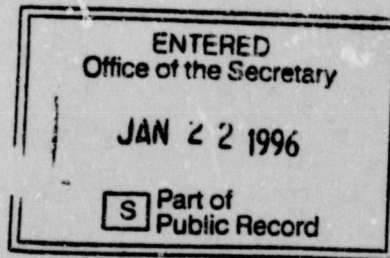
Respectfully submitted,


R. Mark Armstrong

P.O. Box 1051
Alturas, CA 96101
(916) 233-2068

January 16, 1996

Item No. _____
Page Count 1
JAN 320



STB FD

32760

1-22-96

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General Railway Corporation

P.O. Box 31850, 4814 Douglas St., 68132
Omaha, NE 68131-0850

Phone (402) 558-0553

Fax (402) 556-5683

5 January 1996

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
12th & Constitution Ave., N.W.

VIA FAX

(202) 927-5647

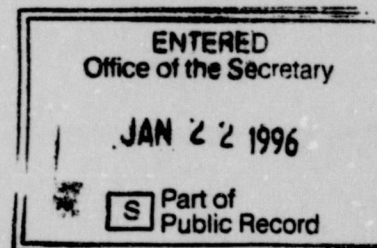


Re: Union Pacific Corp., Union Pacific
Railroad Co., and Missouri Pacific
Railroad Co. - -Control and Merger--
Southern Pacific Rail Corp., Southern
Pacific Transportation Co., St. Louis
Southwestern Railway Co., SPCSL
Corp. and the Denver and Rio Grande
Western Railroad Co.
Finance Docket No. 32760

Dear Mr. Williams:

General Railway Corporation, in accordance with Decision No. 6 in this proceeding, issued October 19, 1995, hereby notifies the Surface Transportation Board of its intent to participate in this proceeding. All decisions, pleadings, and other documents in this case should be served on:

John F. Larkin
President
General Railway Corporation
Post Office Box 31850
4814 Douglas Street, 68132
Omaha, NE 68131-0850
Tel: (402) 558-0553
Fax: (402) 556-5683



The original and twenty copies of this letter, as well as a 3.5-inch diskette containing the text of this letter in WordPerfect 5.1 format, is being mailed to the Surface Transportation Board.

Sincerely yours

John F. Larkin
John F. Larkin

cc: Administrative Law Judge Jerome Nelson
Arvid E. Roach, II, Esquire
Paul A. Cunningham, Esquire

Item No. _____

Page Count 2

JAN 31 9

Administrative Law Judge Jerome Nelson
Federal Energy Regulatory Commission
825 North Capitol Street, NE
Washington, DC 20526

Arvid E. Roach, II, Esquire
Covington & Burling
1201 Pennsylvania Avenue, NW
P.O. Box 7566
Washington, DC 20044

Paul A. Cunningham, Esquire
Harkins Cunningham
1300 Nineteenth Street, N.W.
Washington, DC 20036

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Item No. _____

Page Count 2

JAN 318

Shell Chemical Company

An affiliate of Shell Oil Company

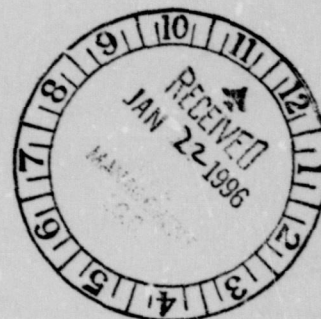


One Shell Plaza
PO Box 2463
Houston TX 77252

January 19, 1996

Via Express Delivery

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1201 Constitution Avenue, N.W.
Washington, D.C. 20423



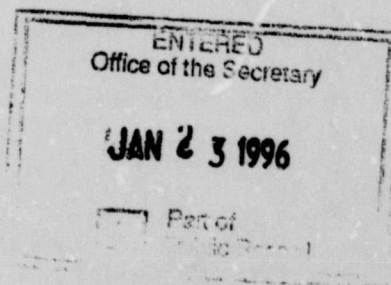
Re: Finance Docket No. 32760, Union Pacific Corp. et al. -
Control and Merger - Southern Pacific Rail Corp., et al.

Dear Secretary Williams:

Please find enclosed for filing with the Surface Transportation Board an original and twenty (20) copies of the Notice of Intent to Participate submitted on behalf of Shell Chemical Company, for itself and as agent for Shell Oil Company, (Shell) for filing in the above-reference proceeding.

Respectfully submitted,

Brian P. Felker
Manager, Products Traffic
Shell Chemical Company
One Shell Plaza
P.O. Box 2463
Houston, TX 77252-2463



BEFORE THE
DEPARTMENT OF TRANSPORTATION
SURFACE TRANSPORTATION BOARD

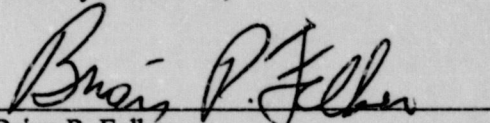
FINANCE DOCKET NO. 32760

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

NOTICE OF INTENT TO PARTICIPATE

Pursuant to Decision No. 6 in this proceeding, and in accordance with 49 C.F.R. Sec. 1180.4(a)(4), Shell Chemical Company, for itself and as agent for Shell Oil Company, (Shell) hereby notifies the Board of its intention to participate in the above-referenced proceeding.

Respectfully submitted,

By: 
Brian P. Felker

Shell Chemical Company
One Shell Plaza
P.O. Box 2463
Houston, TX 77252-2463
(713) 241-3335

Dated: January 19, 1996

STB FD

32760

1-22-96

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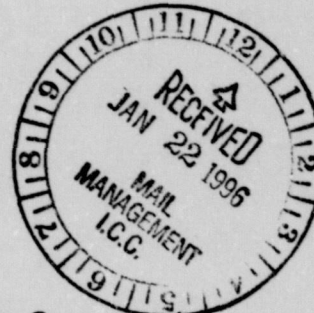
GALLAND, KHARASCH, MORSE & GARFINKLE, P.C.
ATTORNEYS AT LAW

CHARLES H. WHITE, JR.
DIRECT LINE: (202) 342-6789
FACSIMILE: (202) 342-5219

January 16, 1996

CANAL SQUARE
1054 THIRTY-FIRST STREET, N.W.
WASHINGTON, D.C. 20007-4492
TELEPHONE: (202) 342-5200

Mr. Vernon C. Williams
Secretary
Surface Transportation Board
12th & Constitution Avenue, N.W.
Washington, D.C. 20007



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

Dear Mr. Williams:

Enclosed for filing please find an original and twenty (20) copies of the Notice of Intent to Participate filed on behalf of Utah Railway Company.

Will you kindly stamp and return the enclosed cop. of this service letter when the Notice is filed.

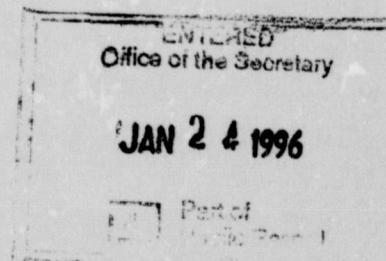
Very truly yours,

Charles H. White, Jr.

CHW/cw
Enclosures

cc: Honorable Jerome Nelson
Parties of Record

Item No. _____
Page Count 3
JAN 31 7



XINJIYUAN-GKMG LAW OFFICE
AFFILIATED FIRM
NO. 535-538, FENGYUAN CRESTWOOD HOTEL
NO. 23, DONG JIAO MIN XIANG
BEIJING 100006 PEOPLE'S REPUBLIC OF CHINA
TEL: 011-86-1-523-5567 FAX: 011-86-1-523-5569

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 INTENT TO PARTICIPATE

Pursuant to Decision No. 9 served on December 27, 1995, Utah Railway Company, (UTAH) hereby submits its formal Notice of Intent to Participate. UTAH requests that its representative listed below be included in the service list maintained by the Surface Transportation Board in this proceeding, and that such representative be served with all notices and orders issued by the Board.

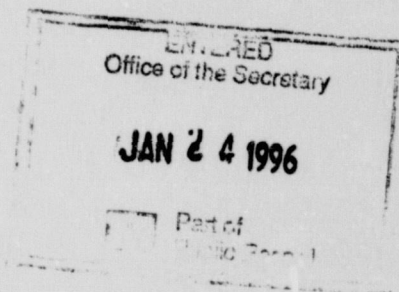
Charles H. White, Jr.
Galland, Kharasch, Morse & Garfinkle
1054 31st Street, N.W.
Washington, D.C. 20007

Counsel for Utah Railway Company

Respectfully submitted,

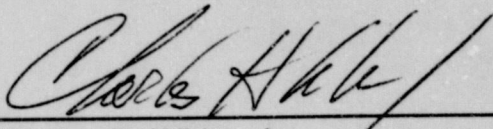
Charles H. White, Jr.

January 16, 1996



CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Notice of Intent to Participate has been served on this the 16th day of January, 1996 on counsel for parties shown on informal service lists heretofore assembled, and on the Administrative Law Judge by first class mail, postage prepaid.



Charles H. White, Jr.

STB FD

32760

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Item No. _____

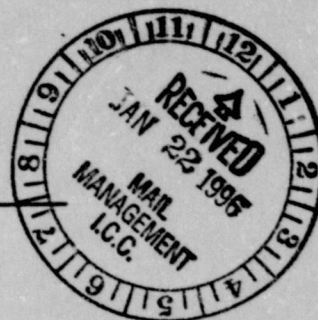
Page Count 2

JAN 316

Before the

INTERSTATE COMMERCE COMMISSION

Finance Docket No. 32760



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

-----CONTROL AND MERGER-----

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

NOTICE OF INTENT TO PARTICIPATE

Pursuant to the Interstate Commerce Commission's Decision No. 6 herein, the City of Susanville, a municipal law corporation and general law city of the State of California hereby gives notice of its intent to participate in the above-described merger proceeding. Documents should be sent to the undersigned Kathleen R. Lazard, Esq., at the address shown below.

Respectfully submitted,

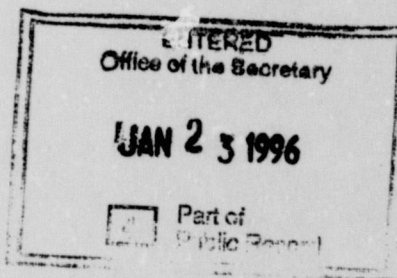
CITY OF SUSANVILLE
KATHLEEN R. LAZARD, City Attorney

Kathleen R. Lazard

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Susanville, CA 96130

(916) 257-7704
Attorney for the City of Susanville

January 8, 1996.



PROOF OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document titled **NOTICE OF INTENT TO PARTICIPATE**, by sending by first-class mail, properly addressed as follows:

The Honorable Jerome Nelson
Administrative Law Judge
Federal Energy Regulatory Commission
825 North Capitol Street, N. E.
Washington, D. C. 20426

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Covington & Burling
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Washington, D. C. 20044

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100 Nineteenth Street, N. W.
Washington, D. C. 20036

Dated at Susanville, California, this 10th day of January, 1996.

Barbara Lair
BARBARA LAIR

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Item No. _____

Page Count 43

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UP/SP-59

Office of the Secretary

JAN 23 1996

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' RESPONSES TO RLEA/UTU'S
FIRST SET OF INTERROGATORIES

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Pacific Railroad Company

January 22, 1996

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' RESPONSES TO RLEA/UTU'S
FIRST SET OF INTERROGATORIES

UPC, UPRR, MPRR, SPR, SPT, SSW, SPCSL and DRGW,
collectively, "Applicants," hereby respond to RLEA/UTU's First
Set of Interrogatories.

GENERAL RESPONSES

The following general responses are made with
respect to all of the interrogatories.

1. Applicants have conducted a reasonable search
for documents responsive to the interrogatories. Except as
objections are noted herein,^{1/} all responsive documents have
been or shortly will be made available for inspection and
copying in Applicants' document depository, which is located
at the offices of Covington & Burling in Washington, D.C.
Applicants will be pleased to assist RLEA/UTU to locate

^{1/} Thus, any response that states that responsive documents
are being produced is subject to the General Objections, so
that, for example, any documents subject to attorney-client
privilege (General Objection No. 1) or the work product
doctrine (General Objection No. 2) are not being produced.

particular responsive documents to the extent that the index to the depository does not suffice for this purpose. Copies of documents will be supplied upon payment of duplicating costs (including, in the case of computer tapes, costs for programming, tapes and processing time).

2. Production of documents or information does not necessarily imply that they are relevant to this proceeding, and is not to be construed as waiving any objection stated herein.

3. Certain of the documents to be produced contain sensitive shipper-specific and other confidential information. Applicants are producing these documents subject to the protective order that has been entered in this proceeding.

4. In line with past practice in cases of this nature, Applicants have not secured verifications for the answers to interrogatories herein. Applicants are prepared to discuss the matter with RLEA/UTU if this is of concern with respect to any particular answer.

GENERAL OBJECTIONS

The following general objections are made with respect to all of the interrogatories and document requests. Any additional specific objections are stated at the beginning of the response to each interrogatory or document request.

1. Applicants object to production of, and are not producing, documents or information subject to the attorney-client privilege.

2. Applicants object to production of, and are not producing, documents or information subject to the work product doctrine.

3. Applicants object to production of, and are not producing, documents prepared in connection with, or information relating to, possible settlement of this or any other proceeding.

4. Applicants object to production of public documents that are readily available, including but not limited to documents on public file at the Board or the SEC or clippings from newspapers or other public media.

5. Applicants object to the production of, and are not producing, draft verified statements and documents related thereto. In prior railroad consolidation proceedings, such documents have been treated by all parties as protected from production.

6. Applicants object to providing information or documents that are as readily obtainable by RLEA and UTU from their own files.

7. Applicants object to the extent that the interrogatories seek highly confidential or sensitive commercial information (including, inter alia, contracts containing confidentiality clauses prohibiting disclosure of their terms) that is of insufficient relevance to warrant production even under a protective order.

8. Applicants object to Instructions 14 and 15 to the extent that they seek to impose requirements that exceed those specified in the applicable discovery rules and guidelines.

9. Applicants object to Instructions 14 and 15 as unduly burdensome.

10. Applicants object to the interrogatories and requests to the extent that they call for the preparation of special studies not already in existence.

11. Applicants object to the interrogatories and requests as overbroad and unduly burdensome to the extent that they seek information or documents for periods prior to January 1, 1993.

SPECIFIC RESPONSES AND ADDITIONAL OBJECTIONS

Interrogatory No. 1

"What is the dollar amount of the 'Labor Savings' in the Summary of Benefits (UP/SP-22 at 93) that are derived from the modification, replacement or abrogation of collective bargaining agreements? Identify the amount of such savings by each such modification, replacement or abrogation."

Response

Subject to the General Objections stated above, Applicants respond as follows:

Applicants have not computed the dollar amount of the "Labor Savings" in their Summary of Benefits Exhibit that are derived from "modification, replacement or abrogation" of collective bargaining agreements, and could not do so. None of these Labor Savings are causally "derived" from changes in

collective bargaining agreements. The Labor Savings are a measure of efficiencies derived from the consolidations of train service, facilities, and activities described in the Application. In some instances, but by no means all, rationalization of labor agreements will be required to permit an efficiency to be achieved, but the efficiency is not "derived" from the change in agreements, which could be either substantial or quite modest. As the causal relationship assumed in the Interrogatory does not exist, Applicants cannot quantify the savings derived from changes in collective bargaining agreements generally, much less savings derived from specific changes.

Applicants can state that Labor Savings measured by reductions in non-agreement positions are unrelated to changes in labor agreements. Applicants can also state that some of the Labor Savings measured by reductions in agreement positions are unrelated to any change in labor agreements. For example, UP/SP will abolish many SP clerical positions by adopting improved technology on SP lines, but no labor agreement change is required to attain that efficiency.

Interrogatory No. 2

"Identify any rail line owned by the Applicants that any of Applicants have considered for sale or lease to a third party, or for sale/leaseback arrangement involving any party including any government agency or authority."

Response

Applicants object to this interrogatory as unduly vague and unduly burdensome, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.

Interrogatory No. 3

"Identify any of the track upgrades or new construction set forth in Section 7.1 of the Operating Plan (UP/SP-24 at Exhibit 13) that will be performed exclusively by employees of the Applicants."

Response

Subject to the General Objections stated above, Applicants respond as follows:

Applicants have not determined how any of the track upgrades and new construction will be staffed.

Interrogatory No. 4

"Identify any of the track upgrades or new construction set forth in Section 7.1 of the Operating Plan (UP/SP-24 at Exhibit 13) that will be performed in part by employees of the Applicants.

- a. For each project identified, indicate what part of the project will be performed by employees of the Applicant and the approximate number and classification of those employees."

Response

Subject to the General Objections stated above, Applicants respond as follows:

See Response to Interrogatory No. 3.

Interrogatory No. 5

"Identify, by name, employer, area of expertise and input and joint team to which assigned, the '[m]ore than 200 professionals' who were involved in developing the Operating Plan (UP/SP-24 at 16)."

Response

Applicants object to this interrogatory as unduly vague and unduly burdensome, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

Responsive information will be produced.

Interrogatory No. 6

"Identify those operational changes that, in the Applicants' opinion, are necessary to effect in order for the Applicants to carry out the merger of UP and SP. In doing so define what Applicants mean by carrying-out the merger."

Response

Subject to the General Objections stated above, Applicants respond as follows:

The meaning of "necessary" in 49 U.S.C. § 11341(a) is a question of law. Applicants' understanding is that, based on traffic data, operating patterns and information available to Applicants when the application was being developed, all operational changes described in the Operating Plan and the Verified Statement of R. Bradley King and Michael D. Ongerth in Volume 3 of the application are necessary in

order to carry out the merger of UP and SP. As is invariably the case, circumstances change over time, and merger partners learn more in the course of implementing the transaction, requiring modification of those operational changes or making different operational changes necessary. By "carry out the merger," Applicants mean take all steps ultimately required to integrate the UP and SP rail systems and achieve the attendant efficiencies, service benefits and enhanced competition described in the application.

Interrogatory No. 7

"For each operational change identified in response to Interrogatory Number 6, explain why that particular change, considered singly or in conjunction with other changes, is necessary for UP and SP to carry out their merger."

Response

Subject to the General Objections stated above, Applicants respond as follows:

See Response to Interrogatory No. 6. Explanations of efficiencies, service benefits and enhanced competition are supplied in the application.

Interrogatory No. 8

"For each operational change identified in response to Interrogatory Number 6, identify any specific rule, section or provision of any collective bargaining agreement that must be abrogated, modified or otherwise changed in order effect the changes identified in response to interrogatory number 6."

Response

Applicants object to this interrogatory as unduly vague and unduly burdensome, and overbroad in that it includes

requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

Applicants have not attempted such an exhaustive compilation, and it is neither feasible nor appropriate to do so, because, inter alia, various alternatives will be available to the Applicants as to how to implement particular operating changes and various alternatives are open to the parties under New York Dock as to how to proceed. The Operating Plan discusses a number of important operating changes that will, or are very likely to, require rationalization of existing collective bargaining agreements.

Interrogatory No. 9

"Identify those lines of railroad that Applicants have identified as possible candidates for sale, lease or sale/leaseback during the six years following ICC approval of the merger application."

Response

Applicants object to this interrogatory as unduly vague and unduly burdensome, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

Applicants have not identified any such lines in connection with or as a result of the proposed merger.

Interrogatory No. 10

"Identify those lines of railroad that Applicants have identified as possible candidates for abandonment during the six years following ICC approval of the merger application."

Response

Applicants object to this interrogatory as unduly vague and unduly burdensome, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

All proposed merger-related abandonments are addressed in Volume 5 of the application.

Interrogatory No. 11

"In the opinion of the Applicants, are any of the Net Revenue Gains identified in the 'Summary of Benefits' (UP/SP-22 at 93) unattainable except by abrogating, modifying, replacing or otherwise changing collective bargaining agreements between UP and/or SP and its/their employees? If the answer is yes:

- a. Identify those specific Net Revenue savings that can only be attained by abrogating, modifying or otherwise changing the collective bargaining agreements between UP and/or SP and its/their employees.
- b. Identify the specific rule, section or provision of the collective bargaining agreements that must be abrogated, modified or otherwise changed in order to attain the Net Revenue Savings in response to (a) above.

- c. For each rule, section or provision identified in response to (b) above, explain what changes are necessary in order to attain the Net Revenue Savings identified in response to (a) above.
- d. Explain why it is necessary that the specific rule, section or provision of the collective bargaining agreement(s) identified in response to (b) and (c) above, be abrogated, modified or otherwise changed in order to attain the Net Revenue Savings identified in (a) above."

Response

Applicants object to this interrogatory as unduly vague and unduly burdensome, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

Yes.

(a) Systemwide service improvements, which will, or are very likely to, require changes to existing collective bargaining agreements, are an important factor in all or virtually all of the traffic gains that are reflected in the "Net Revenue Gains" figure. To determine whether particular extended hauls or new marketing opportunities might be realized without changes to collective bargaining agreements would require an extraordinarily burdensome special study.

(b) - (d) See Response to Interrogatory No. 8.

Interrogatory No. 12

"In the opinion of the Applicants, are any of the Shipper Logistics Savings identified in the 'Summary of Benefits' (UP/SP-22 at 93) unattainable except by abrogating, modifying or otherwise changing collective bargaining agreements between UP and/or SP and its/their employees? If the answer is yes:

- a. Identify those specific Shipper Logistics Savings that can only be attained by abrogating, modifying or otherwise changing the collective bargaining agreements between UP and/or SP and its/their employees.
- b. Identify the specific rule, section or provision of the collective bargaining agreements that must be abrogated, modified or otherwise changed in order to attain the Shipper Logistics Savings in response to (a) above.
- c. For each rule, section or provision identified in response to (b) above, explain what changes are necessary in order to attain the Shipper Logistics Savings identified in response to (a) above.
- d. Explain why it is necessary that the specific rule, section or provision of the collective bargaining agreement(s) identified in response to (b) and (c) above, be abrogated, modified or otherwise changed in order to attain the Shipper Logistics Savings identified in (a) above."

Response

Applicants object to this interrogatory as unduly vague and unduly burdensome, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

Yes.

(a) Systemwide service improvements, which will, or are very likely to, require changes to existing collective bargaining agreements, are an important factor in all or virtually all of the "Shipper Logistics Savings" identified in the Summary of Benefits Exhibit. To determine what part, if any, of these savings might be attained without changes to collective bargaining agreements would require an extraordinarily burdensome special study.

(b) - (d) See Response to Interrogatory No. 8.

Interrogatory No. 13

"What part of the Labor Savings identified in the Summary of Benefits (UP/SP-22 at 93) are obtained by the modification or abrogation of existing collective bargaining agreements between UP and/or SP and its/their employees."

Response

See Response to Interrogatory No. 1.

Interrogatory No. 14

"What procedures do the Applicants intend to use to effect the modifications in Maintenance of Way Districts set forth in Appendix A to the Operating Plan."

Response

Subject to the General Objections stated above, Applicants respond as follows:

The notice and negotiation procedures of New York Dock.

Interrogatory No. 15

"Who made the decision to propose the modifications in Maintenance of Way Districts set forth in Appendix A to the Operating Plan?"

Response

Subject to the General Objections stated above, Applicants respond as follows:

Decisions with regard to specific parts of the Operating Plan were not made by particular individuals.

Preparation of the Operating Plan was a team effort involving many people (see Response to Interrogatory No. 5), and the decision as to its contents and submission was made by the Applicants. Among those with substantial input to Appendix A were Wayne Naro (UP), Darcy Porter (SP) and Gary Lilly (UP).

Interrogatory No. 16

"Identify the primary individuals who provided information to the individual identified in response to Interrogatory No. 15. For each individual identified, state the type of information provided."

Response

Applicants object to this interrogatory as unduly burdensome. Subject to the General Objections stated above, Applicants respond as follows:

See Response to Interrogatory No. 15. Information considered included the numbers of UP and SP employees in various assignments performing maintenance activities, current seniority districts, current labor agreements and the services described in the Operating Plan. This information was derived

from numerous sources, including the staff employees of the individuals named in response to Interrogatory No. 15.

Interrogatory No. 17

"What procedures do the Applicants intend to use to effect the creation of the System Track Gangs set forth in Appendix A to the Operating Plan?"

Response

Subject to the General Objections stated above, Applicants respond as follows:

The notice and negotiation procedures of New York Dock.

Interrogatory No. 18

"Who made the decision to propose the creation of the System Track Gangs set forth in Appendix A to the Operating Plan?"

Response

Subject to the General Objections stated above, Applicants respond as follows:

See Response to Interrogatory No. 15.

Interrogatory No. 19

"Identify the primary individuals who provided information to the individual identified in response to Interrogatory No. 18. For each individual identified, state the type of information provided."

Response

Applicants object to this interrogatory as unduly burdensome. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

See Response to Interrogatory No. 16.

Interrogatory No. 20

"What procedures do the Applicants intend to use to effect the change in Work Equipment Mechanics classifications set forth in Appendix A to the Operating Plan?"

Response

Subject to the General Objections stated above, Applicants respond as follows:

The notice and negotiation procedures of New York

Dock.

Interrogatory No. 21

"Who made the decision to propose the change in Work Equipment Mechanics classifications set forth in Appendix A to the Operating Plan?"

Response

Subject to the General Objections stated above, Applicants respond as follows:

See Response to Interrogatory No. 15.

Interrogatory No. 22

"Identify the primary individuals who provided information to the individual identified in response to Interrogatory No. 21. For each individual identified, state the type of information provided."

Response

Applicants object to this interrogatory as unduly burdensome. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

See Response to Interrogatory No. 16.

Interrogatory No. 23

"What procedures do the Applicants intend to use to effect the consolidation of Bridge and Building forces set forth in Appendix A to the Operating Plan?"

Response

Subject to the General Objections stated above, Applicants respond as follows:

The notice and negotiation procedures of New York Dock.

Interrogatory No. 24

"Who made the decision to propose the consolidation of Bridge and Building forces in Appendix A to the Operating Plan?"

Response

Subject to the General Objections stated above, Applicants respond as follows:

See Response to Interrogatory No. 15.

Interrogatory No. 25

"Identify the primary individuals who provided information to the individual identified in response to Interrogatory No. 24. For each individual identified, state the type of information provided."

Response

Applicants object to this interrogatory as unduly burdensome. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

See Response to Interrogatory No. 16.

Interrogatory No. 26: "What procedures do the Applicants intend to use to effect the consolidation of Signal operations set forth in Appendix A to the Operating Plan?"

Response

Subject to the General Objections stated above,
Applicants respond as follows:

The notice and negotiation procedures of New York Dock.

Interrogatory No. 27

"Who made the decision to propose the consolidation of Signal operations set forth in Appendix A to the Operating Plan?"

Response

Subject to the General Objections stated above,
Applicants respond as follows:

See Response to Interrogatory No. 15.

Interrogatory No. 28

"Identify the primary individuals who provided information to the individual identified in response to Interrogatory No. 27. For each individual identified, state the type of information provided."

Response

Applicants object to this interrogatory as unduly burdensome. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

See Response to Interrogatory No. 16.

Interrogatory No. 29

"Identify all work currently performed on any Applicant railroad which could be performed by union-

represented employees, but which is being performed by contractors."

Response

Applicants object to this interrogatory as unduly vague and unduly burdensome, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.

Interrogatory No. 30

"Identify all plans of the Applicants to contract out work which is currently being performed by union-represented employees of any Applicant railroad."

Response

Applicants object to this interrogatory as unduly vague and unduly burdensome, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

Applicants have no present plans to contract out work now being performed by union employees as a result of the merger. It is possible that such possibilities may arise in the course of actual implementation of the merger, but none have been identified at this time.

Interrogatory No. 31

"Identify all plans of the Applicants to contract out (or continue to contract out) work which is not currently

being performed by union-represented employees of any Applicant railroad, but which could be performed by union-represented employees."

Response

Applicants object to this interrogatory as unduly vague and unduly burdensome, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

Applicants have no present plans to contract out work which is not currently being performed by union employees as a result of the merger. It is possible that such possibilities may arise in the course of actual implementation of the merger, but none have been identified at this time.

Interrogatory No. 32

"Identify all factors and/or events which Southern Pacific believes have contributed to its lack of adequate capital and inability to raise capital for necessary maintenance, upgrades, construction and other improvements which is repeatedly asserted by Southern Pacific and expert witnesses in the Application; the answer may be limited to factors and/or events occurring after 1983."

Response

Applicants object to this interrogatory as unduly vague and unduly burdensome, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, and subject to the

General Objections stated above, Applicants respond as follows:

It is not possible to identify all such factors or events. However, the principal such factors and events are addressed in the Verified Statements of John T. Gray and Lawrence C. Yarberry in Volume 1 of the application, and in the Verified Statements of Richard J. Barber and Richard B. Peterson in Volume 2 of the application.

Interrogatory No. 33

"Identify how much money was invested by Philip Anschutz and/or The Anschutz Corporation in Southern Pacific at the time of the acquisition of control of Southern Pacific Transportation Corp. by Rio Grande Industries, Inc."

Response

Applicants object to this interrogatory as unduly vague, and in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.

Interrogatory No. 34

"Identify all monies, capital contributions or other investments of Philip Anschutz and/or The Anschutz Corporation in Southern Pacific, or any Southern Pacific railroad subsidiary or affiliate since 1988."

Response

Applicants object to this interrogatory as unduly vague, and in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.

Interrogatory No. 35

"Identify each planned use of 49 U.S.C. § 11341(a) by the Applicants to modify, override, or replace any collective bargaining agreement after ICC approval of the common control and merger application and explain the basis for each such planned use of Section 11341(a)."

Response

Subject to the General Objections stated above, Applicants respond as follows:

Applicants have not "planned" any specific use of 49 U.S.C. § 11341(a) to "modify, override or replace" collective bargaining agreements. Applicants will seek to negotiate voluntary implementing agreements with all affected labor organizations, as required by New York Dock. UP has been highly successful in negotiating such agreements following prior consolidations. If such agreements are reached, 49 U.S.C. § 11341(a) will not come into play. If the parties cannot reach voluntary agreements, Applicants will ask arbitrators to issue rulings which may implicate this provision.

Interrogatory No. 36

"Identify each planned use of Article I Section 4 of the New York Dock conditions by the Applicants to modify, override, or replace any collective bargaining agreement after approval of the common control and merger of the Applicants and explain the basis for each such planned use of Article I Section 4 of the New York Dock conditions."

Response

Subject to the General Objections stated above, Applicants respond as follows:

The Response to Interrogatory No. 35 is equally applicable to Article I, Section 4 of New York Dock.

Interrogatory No. 37

"Identify any corporate, operational or other plans developed by Southern Pacific to respond to the possibility of ICC denial of the common control and merger of the application."

Response

Applicants object to this interrogatory as unduly vague, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

SP's present business plans are based on the existing circumstance that SP and UP are not under common control or merged. If approval is denied, SP will address the extent to which changes in its current or future business plans are warranted in light of then existing circumstances.

Interrogatory No. 38

"Identify those factors supporting the statements in the Application (such as at volume 1 p. 35 and volume 3 p. 403 of the Application) that the common control and merger of the Applicants would be in the best interest of the SP's employees."

Response

Subject to the General Objections stated above, Applicants respond as follows:

Without the UP/SP merger, SP will continue to suffer from the effects of inadequate access to capital and from its competitive disadvantages in relation to the powerful BN/Santa Fe system and to UP. As a result, SP employees are likely to continue to be asked to make sacrifices, such as the agreements of some unions in recent years to forgo the wage increases received by employees on other railroads. In addition, SP will continue to lose business to its more effective competitors, which will reduce job opportunities and long-term security for SP employees. For example, the Verified Statement of Richard B. Peterson in Volume 2 of the application describes how SP has lost market share to UP and Santa Fe in SP's traditional stronghold areas.

SP employees are considerably better off working for a UP/SP system that can compensate them like their colleagues on other railroads, develop the potential of SP's routes, compete effectively for business, and expand the need for employees.

Interrogatory No. 39

"State whether the Applicants consider themselves bound by the Operating Plan discussed in volume 3 of the Application if the ICC approves the common control and merger application. If they do not consider themselves to be so bound, explain the extent to which Applicants believe that they will be free to deviate from the proposed Operating Plan, and whether they contend that Section 11341(a) will be applicable to actions taken which are not disclosed in the proposed Operating Plan."

Response

Subject to the General Objections stated above, Applicants respond as follows:

The Operating Plan is a best projection which is not binding on the Applicants. This is in part because Applicants need to be free, in actually implementing the merger, to discover better ways of achieving benefits, including ways that may be suggested by employee organizations during negotiation of implementing agreements. It is also because the relevant facts and circumstances will inevitably change. The Operating Plan reflects Applicants' best effort to identify how UP and SP would be consolidated on the basis of 1994 traffic levels, judgments about the effects of the merger (and other events) on those traffic levels, the operating patterns that were used as an input to the Operating Plan, and the information available to Applicants when the planning process was undertaken. All of those inputs are subject to change. Applicants could not, and are not required to, identify all anticipated changes that might be required in order to consolidate UP and SP in the future, and they therefore cannot be "bound" by the Operating Plan.

Interrogatory No. 40

"Identify each element Applicants believe contributes to SP's allegedly high operating costs (e.g., statements at Application volume 1 p. 256 et seq. and 442 et seq.)."

Response

Applicants object to this interrogatory as unduly vague and unduly burdensome, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

See Response to Interrogatory No. 32.

Interrogatory No. 41

"Whose employees do Applicants believe will crew the BN/Santa Fe trains operating over the track of the proposed post-merger UP and SP? Whose employees do Applicants believe will maintain the track and maintain the signal systems on the right-of-way of the proposed post-merger UP and SP which is to be operated over by BN/Santa Fe?"

Response

Subject to the General Objections stated above, Applicants respond as follows:

BN/Santa Fe employees will operate BN/Santa Fe trains, except that Section 1h of the settlement agreement (a copy of which is attached to the Verified Statement of John H. Rebensdorf in Volume 1 of the application) requires UP/SP, at BN/Santa Fe's request, to provide train and engine crews for BN/Santa Fe trains between Salt Lake City and Oakland. UP/SP will maintain track and signal systems.

Interrogatory No. 42

"Whose employees do Applicants believe will crew the proposed post-merger UP and SP trains operating over the track

of the BN/Santa Fe? Whose employees do Applicants believe will maintain the track and maintain the signal systems on the right-of-way of the BN/Santa Fe which is to be operated over by the proposed post-merger UP and SP?"

Response

Subject to the General Objections stated above,
Applicants respond as follows:

UP/SP employees will operate UP/SP trains. BN/Santa Fe will maintain the track and signal systems.

Interrogatory No. 43

"With respect to the 'best practices' approach (see e.g., Application volume 2 p. 71), planned to be utilized by the Applicants after ICC approval of the common control and merger application, explain how the 'best practices' are determined, and identify any 'best practices' from any Applicant which already have been identified."

Response

Subject to the General Objections stated above,
Applicants respond as follows:

The "best practices" approach was used during the preparation of the application and Operating Plan. All best practices identified by the Applicants during that process are identified in the Operating Plan and the Verified Statement of Messrs. King and Ongerth in Volume 3 of the application. Best practices were identified on the basis of factors such as cost-effectiveness, competitiveness, quality of service to customers, productivity and safety.

Interrogatory No. 44

"Identify all changes in real wages, numbers of employees by crafts or classes identified in the Labor Impact Exhibit and fuels costs experienced by the Applicants since

1980 on an annual basis (all comparisons based on value of \$1.00)."

Response

Applicants object to this interrogatory as unduly vague and unduly burdensome, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.

Interrogatory No. 45

"Identify the person or persons who made the decisions as to which collective bargaining agreements would be applied on the merged carrier after an approval of the common control and merger as is set forth in Appendix A to the Operating Plan in volume 3 of the Application. Identify the primary persons who had input into such decisions."

Response

Applicants object to this interrogatory as unduly burdensome. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

See Response to Interrogatory No. 15.

Interrogatory No. 46

"Explain the basis for the statement by Michael A. Hartman (Application volume 3 p. 402) that impacts on employees of consolidations are 'usually more modest than predicted.'"

Response

Subject to the General Objections stated above, Applicants respond as follows:

In Applicants' experience, agreement employees and their unions often predict, as in the BN/Santa Fe proceeding, that the numbers of positions to be abolished and transferred will be greater than predicted in the Labor Impact Exhibits of rail merger applicants. Such predictions are already being made by labor organizations in connection with this proposed merger. Those predictions are frequently mistaken.

In addition, Applicants' experience is that the numbers of positions predicted to be abolished or transferred in Labor Impact Exhibits often exceed the actual impact of the consolidation for several reasons. First, during the process of negotiating implementing agreements, it is often possible to find win-win solutions that mitigate the impacts of a transaction. Second, it is often possible to reduce the number of abolishments and transfers by offering severance packages attractive to otherwise affected employees. Third, normal attrition usually reduces the effects of merger implementation. Fourth, and particularly for train and engine crews, normal fluctuations in employment levels usually dwarf the effects of a rail consolidation, and it is often possible to absorb any otherwise adversely affected employees into ongoing train services.

Interrogatory No. 47

"Identify the person or persons who made the decisions regarding the closings, consolidations and the reductions or changes in the work to be performed in UP or SP Maintenance of equipment shops, as well as the primary persons who had input into those decisions."

Response

Applicants object to this interrogatory as unduly burdensome. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

Decisions with regard to specific parts of the Operating Plan were not made by particular individuals. Preparation of the Operating Plan was a team effort involving many people (see Response to Interrogatory No. 5), and the decision as to its contents and submission was made by the Applicants. Among those with substantial input to the matters addressed in this interrogatory were Bill Wimmer and Frank Gschwandegger of UP.

Interrogatory No. 48

"Explain the bases for the determinations that Applicants' maintenance of equipment work would be consolidated in Denver and North Little Rock, that SP's shops in Houston and Kansas City would be closed and that the Settegast and Pine Bluffs Yards would be unaffected."

Response

Subject to the General Objections stated above, Applicants respond as follows:

The Denver and North Little Rock shops have the greatest capacity and are the most efficient. They are also strategically located for the fleets of locomotives assigned to them. SP's shops in Houston and Kansas City will be closed because the work can be performed more efficiently at other facilities which have capacity and because the shops are

inefficiently located at points that require time-consuming movement of locomotives across busy terminal trackage. The Settegast and Pine Bluff facilities will remain open to support rail operations at those yards.

Interrogatory No. 49

"To the extent that jobs are being abolished in the Boilermakers, Blacksmiths, Sheet Metal Workers and Yardmasters crafts, identify who Applicants plan to have perform the work previously performed by employees in the abolished jobs."

Response

Subject to the General Objections stated above, Applicants respond as follows:

This Interrogatory appears to be based on a misconception that the work of abolished positions is somehow "reallocated" to other employees. The merger will cause changes in the nature of the work to be done on the combined system and allow work to be performed more efficiently, with attendant impacts on the number and locations of jobs. In general, merger work will not be reallocated in the manner described.

Interrogatory No. 50

"Identify the person or persons who decided to specialize the work of the Applicants' locomotive repair shops into GE and EMD specific shops, as well the primary persons who had input into that decision; and explain the basis for that decision."

Response

Applicants object to this interrogatory as unduly burdensome. Without waiving this objection, and subject to

the General Objections stated above, Applicants respond as follows:

Decisions with regard to specific parts of the Operating Plan were not made by particular individuals. Preparation of the Operating Plan was a team effort involving many people (see Response to Interrogatory No. 5), and the decision as to its contents and submission was made by the Applicants. Among those with substantial input to the matter addressed in this interrogatory were John McCullough and other members of the Maintenance Operations and Utilization Team. The basis for the decision was that it is more efficient to repair locomotives manufactured by one builder in one shop than to maintain repair capabilities for locomotives manufactured by two or more builders in all shops. Also, locomotives of each builder tend to operate in the regions of the assigned shops.

Interrogatory No. 51

"With respect to Applicants' plans regarding dispatching on the merged system:

- a. Explain the basis for the Applicants' planned reduction in the number of train dispatchers to be used on the merged system;
- b. Explain who will perform the dispatching work on the merged system after the dispatcher work force is reduced;
- c. Identify the person or persons who were responsible for the decisions as to the assignment of dispatching work after the proposed merger, as well as the primary persons who had input into those decisions;

- d. Identify the criteria Applicants intend to apply in determining where transferred dispatching work would be located."

Response

Applicants object to this interrogatory as unduly burdensome. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

(a) As dispatching territories are combined, the dispatching work can be performed by fewer employees. Also, technological support available to UP dispatchers will be extended to SP territory, improving efficiency.

(b) The remaining work force of personnel in the two dispatching offices.

(c) Those decisions have not been made.

(d) No decisions have been made about such criteria.

Interrogatory No. 52

"Describe the bases for Applicants' conclusions that existing collective bargaining agreements would preclude the changes in operations planned by the Applicants as is described in Appendix A to the Operating Plan in Volume 3 of the Application (p. 255-256). Identify each provision of any agreement which is believed to have such a preclusive effect."

Response

Applicants object to this interrogatory as unduly burdensome, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without

waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

See Volume 3 of the application, pp. 255-56.

Applicants' conclusions are based on the provisions of current collective bargaining agreements. Those provisions include assignments of work to employees of separate railroads, seniority rules, on-duty points, and scope rules.

Interrogatory No. 53

"Explain why it is deemed by Applicants (see Application volume 3 p. 255) to be essential that operating employees in the same 'hub' have common collective bargaining agreements and common seniority rosters."

Response

Subject to the General Objections stated above, Applicants respond as follows:

When the rail lines (spokes) emanating from a terminal area (the hub) are covered by separate collective bargaining agreements and seniority rosters, both the carrier's flexibility and employee opportunities are curtailed. Each spoke functions as an isolated island of seniority. As traffic shifts from one route to another due to changes in rail service contracts, ebbs and flows of customer demand, revised operating patterns or other factors, the employees on the spoke with reduced activity must be laid off, even though the rail carrier is short of crews on other spokes. This limits the carrier's ability to respond to customer needs and

limits the range of work opportunities from which employees may choose.

A hub under a single collective bargaining agreement and seniority roster allows employees to keep working on the spokes that have the traffic and allows the railroad to meet its customers' needs in a flexible manner. A hub structure also facilitates more efficient staffing of extra boards and more consistent employment for extra board employees. Finally, once a hub is established and employees move to the hub location, the hub structure significantly reduces the risk of future employee relocations.

Interrogatory No. 54

"Identify every instance in which Applicants anticipate that the elimination of an existing terminal and/or the creation of a new terminal would involve a change in the reporting points for any employees in excess of 50 miles; and identify the number of employees who Applicants believe likely to be in such situations."

Response

Applicants object to this interrogatory as unduly vague and unduly burdensome, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

The information requested can be derived by RLEA/UTU from the Labor Impact Exhibit, except with respect to train

and engine crews, where reporting points have not been specified in order to preserve that determination for negotiation.

Interrogatory No. 55

"For each consolidation and/or closing of a terminal or yard, identify who made the decision as to the closing and/or consolidation, the primary persons who had input into that decision and how the determination was made for each terminal?"

Response

Applicants object to this interrogatory as unduly burdensome. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

Decisions with regard to specific parts of the Operating Plan were not made by particular individuals. Preparation of the Operating Plan was a team effort involving many people (see Response to Interrogatory No. 5), and the decision as to its contents and submission was made by the Applicants. Among those with substantial input to the matter addressed in this interrogatory were the members of the UP/SP Common Point teams responsible for the geographic areas in which each terminal or yard is located. The determinations were based on the capacity and quality of the facilities, the nature and extent of work to be performed after merger and service considerations.

Interrogatory No. 56

"Explain the bases for Applicants' calculation of the costs of employee protection/separation and relocation benefits (see Application volume 1 p. 93), identify the

persons who made those calculations and identify the primary persons who had input into those calculations."

Response

Applicants object to this interrogatory as unduly burdensome. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

The costs of employee protection/separation were calculated on the basis of Applicants' experience in prior consolidations, including the percentages of employees in various job classifications who accept voluntary buyouts or are willing to transfer. This information was supplemented by the judgments of SP personnel regarding the estimated propensity of SP employees to want to relocate. The calculations were performed primarily by Michael A. Hartman.

Interrogatory No. 57

"With respect to the employee impact charts in the labor impact exhibit to the Hartman statement:

- a. Explain what is meant by jobs transferred;
- b. Explain what is meant by jobs abolished;
- c. Explain what is meant by jobs created;
- d. Do applicants assume that employees affected by the abolishments will be eligible to bid on the jobs created;
- e. Do applicants assume that employees holding jobs that will be transferred will follow their jobs;
- f. To the extent that Applicants have indicated places to which jobs will be transferred,

identify where the jobs will be transferred from;

- g. In the Applicants' view, is the net employee impact of the merger equal to the amount of jobs abolished minus the amount of jobs created, plus the jobs transferred."

Response

Subject to the General Objections stated above, Applicants respond as follows:

- (a)-(c) These terms are specified by regulation.

As used in the Labor Impact Exhibit, "Jobs Transferred" refers to situations where work and associated positions will be moved from one location to another, "Jobs Abolished" refers to situations where the work to be performed at a location will require fewer employees than are now available on the two separate carriers, and "Jobs Created" refers to situations where UP/SP will add additional positions to provide projected services.

(d) No assumption has been made. This will depend on the results of negotiations to develop implementing agreements.

(e) No assumption has been made. This will depend on the results of negotiations to develop implementing agreements.

(f) The requested information is provided in the Labor Impact Exhibit. Additional detail is available from documents in Applicants' document depository.

(g) Yes, this is the net employee impact that is required by applicable precedent and regulations to be set forth in rail merger applications.

Interrogatory No. 58

"Identify any plans that Applicants may have regarding acquisition through purchase, lease or purchase or lease of governmental concessions, either in whole or in part, of rail lines or other rail properties in Mexico."

Response

Applicants object to this interrogatory in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.

Interrogatory No. 59

"Identify any plans that Applicants may have regarding the potential for assignment of work of the Applicant railroads to Mexican railroad workers and/or to facilities located in Mexico."

Response

Applicants object to this interrogatory as unduly vague, and in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.

Interrogatory No. 60

"As to each subject addressed by these interrogatories, identify any of the currently identified witnesses for depositions (see Arvid E. Roach, II letter of December 28, 1995) is competent to address the subject matter of the interrogatories by naming the witness who is competent to discuss the subject matter of each interrogatory; if no current witness is competent to discuss the subject matter of a particular interrogatory name the employee or expert witness of the

Applicants who is competent to discuss the subject matter of that interrogatory."

Response

Applicants object to this interrogatory as unduly vague and unduly burdensome, and overbroad in that it includes requests for information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, and subject to the General Objections stated above, Applicants respond as follows:

Mr. Hartman can address matters relating to the Labor Impact Exhibit and impacts of the transaction on labor. Messrs. King and Ongerth can address the Operating Plan, as can Mr. Salzman. Witnesses identified in the responses to particular interrogatories can address the matters covered by those responses.

Respectfully submitted,

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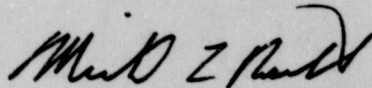
January 22, 1996

CERTIFICATE OF SERVICE

I, Michael L. Rosenthal, certify that, on this 22nd day of January, 1996, I caused a copy of the foregoing document to be served by facsimile and first-class mail on Richard S. Edelman, counsel for RLEA, at Highsaw, Mahoney & Clarke, P.C., 1050 17th Street, N.W., Suite 210 Washington, D.C. 20036, and by first-class mail, postage prepaid, or by a more expeditious manner of delivery on all parties appearing on the restricted service list established pursuant to paragraph 9 of the Discovery Guidelines in Finance Docket No. 32760, and on

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Premarmer Notification Office
Bureau of Competition
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