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KARL MORELL



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July 11, 2002

205 817

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Suite 715
Washington, DC 20423-0001

Re: Finance Docket No. 34232, Kansas & Oklahoma Railroad, Inc. -- Lease
Exemption -- Union Pacific Railroad Company

Dear Secretary Williams:

Kansas & Oklahoma Railroad, Inc. ("K&O"), hereby certifies that on June 28, 2002, K&O had posted the attached Notice at the workplace of the employees on the rail line that is the subject of this transaction and on July 10, 2002, SKO served a copy of the Notice on the national offices of all labor unions with employees on the affected line.

Please time and date stamp the extra copy of this letter and return it with our messenger.

If you have any questions regarding this matter, please contact me.

Sincerely,

Karl Morell

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NOTICE



Kansas & Oklahoma Railroad, Inc. ("K&O"), a Kansas Corporation, will be leasing from the Union Pacific Railroad Company the rail line located between Milepost 485.0, at Newton, Kansas, and Milepost 512.0, at McPherson, Kansas.

K&O will not be hiring any additional employees as a result of the lease of the Newton-McPherson rail line.

Kansas & Oklahoma Railroad, Inc.
315 West 3rd Street
Pittsburg, Kansas 66762
(620) 231-2230

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