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January 21, 2004

VIA HAND-DELIVERY

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

ENTERED
Office of Proceedings

JAN 21 2004

Part of
Public Record



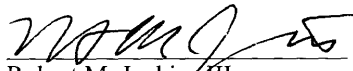
Re: Finance Docket No. 34319, Consolidated Rail
Corporation – Declaratory Order Proceeding

Dear Secretary Williams:

On December 23, 2003, the Board granted a Joint Motion to Hold Proceedings in Abeyance that was filed by Consolidated Rail Corporation and AT&T Communications, Inc. in the above-captioned proceeding. In that Decision, the Board requested that the parties inform the Board, no later than January 21, 2004, of the status of their settlement negotiations. The Board stated that if negotiations had not reached a final conclusion, the parties should advise the Board that they had made arrangements to seek from the United States District Court for the Eastern District of Pennsylvania a further extension of the February 4 deadline for the Board's decision.

By this letter, the parties hereby inform the Board that they have reached a settlement in the underlying litigation and are in the process of having that settlement executed. Once the settlement is executed, the parties will file dismissal documents with the Court and the Board. The parties fully expect to file those documents before the February 4 deadline for the Board's decision, but they will seek an extension of time from the Court should that become necessary.

Respectfully submitted,


Robert M. Jenkins III

Counsel for Consolidated
Rail Corporation


Howard N. Feldman

Counsel for AT&T
Communications, Inc.