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OFFICE OF CHAIRMAN
NOBER

January 30, 2004



Office of Chairman
Surface Transportation Board
1925 K Street, NW, Suite 820
Washington, D.C. 20423-0001

RE: Docket Nos. 38302S and 38376S
Investigation and Suspension Docket No. 9205

Dear Chairman Nober:

In a letter dated November 26, 2003, we proposed to update our report by the end of January 2004 on the status of the settlement negotiations between Union Pacific and the government parties. We have previously reported that, subject to final approvals, Union Pacific and the government parties had reached agreement to settle the above-captioned cases and dismiss Union Pacific as a defendant. Significant progress has been made in bringing this process to a conclusion but the Government has been unable to complete this process by now as we had hoped to do when we last reported on this matter.

When that process does conclude, the parties plan to submit the Settlement Agreement to the Surface Transportation Board via a joint motion with explanatory supporting memoranda from the parties, and a proposed order. The parties continue to exchange thoughts on the contents of these submissions and believe that considerable progress is being made in that connection. The parties intend to bring this process to fruition as quickly as possible. However, to allow sufficient time to conclude these efforts, we will plan to submit a proposed settlement agreement with the referenced accompanying documentation or further report before the end of March 2004. We are most hopeful that this process will in fact be concluded before that time and will make every effort to submit a settlement at the earliest possible date.

Sincerely,

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