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July 13, 2006

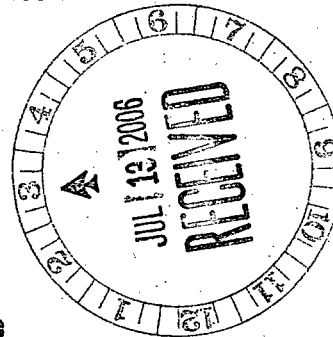
BY HAND

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

ENTERED
Office of Proceedings

JUL 13 2006

Part of
Public Record



Re: STB Ex Parte No. 575, Review of Rail Access and
Competition Issues – Summary of Testimony

Dear Secretary Williams:

On July 6, 2006, Union Pacific Railroad Company ("UP") notified the Board that John T. Gray, UP's Executive Director, Interline Marketing, would testify on UP's behalf at the July 27, 2006 public hearing in the above captioned matter. Enclosed are an original and ten copies of a summary of the testimony that Mr. Gray intends to present at the hearing.

Please date stamp the enclosed extra copy of this letter and return it to our messenger.

Sincerely,

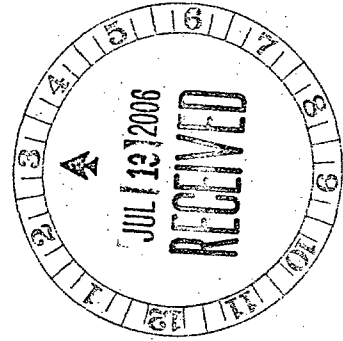
Michael L. Rosenthal

Enclosures

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Ex Parte No. 575

REVIEW OF RAIL ACCESS AND COMPETITION ISSUES –
RENEWED PETITION OF WESTERN COAL TRAFFIC LEAGUE



**SUMMARY OF UNION PACIFIC RAILROAD COMPANY'S TESTIMONY
FOR JULY 27, 2006 HEARING**

- Interchange Commitments Facilitate Transactions That Are in the Public Interest.
 - Shortline spin-offs create benefits for railroads, shippers, and the public.
 - Most spin-offs would not have taken place without interchange commitments.
- Interchange Commitments Do Not Reduce Shippers' Competitive Options.
 - Shippers had to route their traffic over Union Pacific prior to the spin-off.
 - No change in routing takes places as a result of the spin-off.
 - The alternative is not service from a shortline without an interchange commitment, but continued service from Union Pacific, which would deprive shippers of the many benefits of shortline service.
- Interchange Commitments Cannot Be Eliminated From Existing Agreements Without Disrupting the Underlying Transactions.
 - Revenue from traffic covered by interchange commitments is often Union Pacific's only source of compensation for a spin-off.
- A Rule That Restricted or Discouraged the Use of Interchange Commitments Would Discourage Beneficial Transactions.