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RETURN TO CONTRACT DIVISION
OPERATING DEPARTMENT - SANTA FE - CHICAGO

Contract
Contract

PLAINTIFF'S EXHIBIT
RR-1155

BEFORE THE

INTERSTATE COMMERCE COMMISSION.

Finance Docket No. 16592

FILE WITH
4807

APPLICATION of

(1) Houston Belt & Terminal Railway Company,
(2) Gulf, Colorado and Santa Fe Railway Company,
(3) Fort Worth and Denver City Railway Company,
(4) Chicago, Rock Island and Pacific Railroad Company,
(5) Guy A. Thompson, Trustee, The Beaumont, Sour Lake & Western Railway Company, Debtor,
(6) Guy A. Thompson, Trustee, The St. Louis, Brownsville and Mexico Railway Company, Debtor,
(7) Guy A. Thompson, Trustee, International-Great Northern Railroad Company, Debtor, and
(8) Guy A. Thompson, Trustee, Sugar Land Railway Company, Debtor,

For Authority to Consummate All the Transactions Requiring Authorization Incident to the Enlargement and Operation of Terminal Facilities of the Houston Belt & Terminal Railway Company at Houston, Texas, Including Authority (a) to Acquire Stock Ownership; (b) to Lease Certain Properties; (c) to Amend an Existing Lease of Certain Properties; (d) to Acquire Trackage Rights Over or Joint Use of Certain Tracks; (e) to Perform Certain Switching and Other Terminal Services; (f) to Allocate Certain Expenses Between Certain Lines; (g) to Pool Certain Revenues; and (h) to Assume Obligation or Liability With Respect to Certain Bonds.

R. H. KELLEY,
Attorney for Houston Belt & Terminal Railway Company.
H. W. DAVIS,
Attorney for Gulf, Colorado and Santa Fe Railway Company.
SETH BARWISE,
Attorney for Fort Worth and Denver City Railway Company.
W. F. PETER,
BRUCE DWINELL,
Attorneys for Chicago, Rock Island and Pacific Railroad Company.
TOLL R. WARE,
Attorney for Guy A. Thompson, Trustee, The Beaumont, Sour Lake & Western Railway Company, The St. Louis, Brownsville and Mexico Railway Company, International-Great Northern Railroad Company, and Sugar Land Railway Company, Debtors.

May 23, 1949.

RETURN TO CONTRACT DIVISION
OPERATING DEPARTMENT - SANTA FE - CHICAGO

ST. LOUIS LAW PRINTING CO., 415 North Eighth Street. CEntral 4477.

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INDEX.

BEFORE THE

INTERSTATE COMMERCE COMMISSION.

Finance Docket No. ....

APPLICATION of

(1) Houston Belt & Terminal Railway Company,

(2) Gulf, Colorado and Santa Fe Railway Company,

(3) Fort Worth and Denver City Railway Company,

(4) Chicago, Rock Island and Pacific Railroad Company,

(5) Guy A. Thompson, Trustee, The Beaumont, Sour Lake & Western Railway Company, Debtor,

(6) Guy A. Thompson, Trustee, The St. Louis, Brownsville and Mexico Railway Company, Debtor,

(7) Guy A. Thompson, Trustee, International-Great Northern Railroad Company, Debtor, and

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For Authority to Consummate All the Transactions Requiring Authorization Incident to the Enlargement and Operation of Terminal Facilities of the Houston Belt & Terminal Railway Company at Houston, Texas, Including Authority (a) to Acquire Stock Ownership; (b) to Lease Certain Properties; (c) to Amend an Existing Lease of Certain Properties; (d) to Acquire Trackage Rights Over or Joint Use of Certain Tracks; (e) to Perform Certain Switching and Other Terminal Services; (f) to Allocate Certain Expenses Between Certain Lines; (g) to Pool Certain Revenues; and (h) to Assume Obligation or Liability With Respect to Certain Bonds.

To The Interstate Commerce Commission,
Washington 25, D. C.

This is an application by Houston Belt & Terminal Railway Company (Belt), Gulf, Colorado and Santa Fe Railway Company (Santa Fe), Fort Worth and Denver City Railway

Company (Denver), Chicago, Rock Island and Pacific Railroad Company (Rock Island) and Guy A. Thompson, as Trustee of the properties of (1) The Beaumont, Sour Lake & Western Railway Company (Beaumont); (2) The St. Louis, Brownsville and Mexico Railway Company (Brownsville); (3) International-Great Northern Railroad Company (International); and (4) Sugar Land Railway Company (Sugar Land), for an order approving and authorizing under and pursuant to Paragraphs (1) and (2) of Section 5, Section 20a, and any other applicable provision or provisions of the Interstate Commerce Act, so far as applicants respectively are concerned, consummation of all the transactions requiring authorization and approval that are provided for by two certain agreements, each dated as of November 15, 1948, one designated 1948 HB&T Operating Agreement and hereinafter referred to as 1948 Agreement, copy of which is attached hereto as Exhibit 7, between the above named railroads and Burlington-Rock Island Railroad Company (B-RI), all of which railroads are hereinafter individually referred to by the terms appearing in parentheses after their respective names, and the other agreement, a copy of which is hereto annexed as Exhibit 7-A, between Beaumont, Brownsville, International and Sugar Land. Said Agreements provide, among other things, for the following:

1. Acquisition by Denver and Rock Island of control of Belt jointly with Beaumont, Brownsville and Santa Fe, by purchasing in equal amounts from B-RI, which owns one-fourth of the capital stock of Belt and to which Belt is indebted for advances, such Belt stock and indebtedness, and by assumption by Denver and Rock Island of all obligations of B-RI with respect to Belt and its properties.

2. Lease by Belt from Beaumont of a freight train yard, in the course of construction by Beaumont, to which all of the freight train yard work of Beaumont, Brownsville, In-

ternational and Sugar Land is to be transferred under a lease agreement substantially in the form attached to the 1948 Agreement as Exhibit B and designated New Yard Lease.

3. Lease by Belt of substantially all of the properties of International within the yard limits of Houston under a lease agreement substantially in the form attached as Exhibit C to the 1948 Agreement and designated I-GN Lease.

4. Modification of lease by Santa Fe of certain of its railroad properties to Belt, dated July 1, 1907, copy of which is attached as Exhibit A to the copy of the Agreement, dated July 1, 1907, filed as Exhibit 8 to the application in Finance Docket No. 11659.

5. Joint use of the properties of Belt by all the parties to the 1948 Agreement, except B-RI.

6. Performance by Belt, as the agent of the other joint users of its properties (Beaumont, Brownsville, Denver, Rock Island, Santa Fe, International and Sugar Land), of switching and other terminal services, and for performance by Belt, as agent for International alone, of switching services on the Galveston, Houston & Henderson Railroad within the switching limits of Houston.

7. Allocation of certain expenses between Beaumont, Brownsville, International and Sugar Land.

8. The pooling of certain revenues.

9. Assumption of new obligation and liability by Denver and Rock Island and additional obligation and liability by Beaumont, Brownsville and Santa Fe with respect to the existing 3½% bonds of Belt, of which $3,085,000 principal amount were outstanding on November 15, 1948.

I.

APPLICATION.

(a) IDENTIFICATION OF APPLICANTS.

(a) 1. Full and correct name of applicants and their business addresses are:

Houston Belt & Terminal Railway Company, Union Station Building, Houston, 1, Texas;

Gulf, Colorado and Santa Fe Railway Company, Union Station Building, Galveston, Texas;

Fort Worth and Denver City Railway Company, Fort Worth Club Building, Fort Worth 2, Texas;

Chicago, Rock Island and Pacific Railroad Company, LaSalle Street Station, Chicago 5, Ill.;

Guy A. Thompson, Trustee, The Beaumont, Sour Lake & Western Railway Company, Debtor, Union Station Building, Houston 1, Texas;

Guy A. Thompson, Trustee, The St. Louis, Brownsville and Mexico Railway Company, Debtor, Union Station Building, Houston 1, Texas;

Guy A. Thompson, Trustee, International-Great Northern Railroad Company, Debtor, Union Station Building, Houston 1, Texas;

Guy A. Thompson, Trustee, Sugar Land Railway Company, Debtor, Union Station Building, Houston 1, Texas.

(a) 2. The Belt, Santa Fe, Denver and Rock Island are corporations and Guy A. Thompson was duly appointed Trustee of Beaumont, Brownsville, International and Sugar Land by the District Court of the United States, Eastern Division, Eastern Judicial District of Missouri in proceedings for the reorganization of a railroad No. 6935, In the Matter of Missouri Pacific Railroad Company, Debtor.

(a) 3. Applicants are carriers by railroad subject to Part 1 of the Interstate Commerce Act.

(a) 4. The Belt owns and operates lines of railroad in and around Houston, Texas; the Denver, Beaumont, Brownsville, International and Sugar Land operate lines of railroad in Texas, the Rock Island operates lines of railroad in Texas, Louisiana, Arkansas, Tennessee, Oklahoma, New Mexico, Colorado, Kansas, Missouri, Nebraska, Iowa, South Dakota, Minnesota and Illinois, and Santa Fe operates lines of railroad in Texas, Oklahoma and Louisiana.

(a) 5. The name, title, and business address of the officers to whom correspondence with respect to this application should be addressed are:

Kelley, Mosheim & Ryan, General Attorneys, Houston Belt & Terminal Railway Company, 2201 Gulf Building, Houston 2, Texas;

R. S. Outlaw, General Solicitor, Gulf, Colorado and Santa Fe Railway Company, 80 East Jackson Blvd., Chicago 4, Ill.;

Seth Barwise, General Attorney, Fort Worth and Denver City Railway Company, Fort Worth Club Building, Fort Worth 2, Tex.;

W. F. Peter, Vice-President and General Counsel, Rock Island Lines, LaSalle Street Station, Chicago 5, Ill.;

Toll R. Ware, General Attorney, Missouri Pacific Lines, Missouri Pacific Building, St. Louis 3, Mo.

(a) 6. The Belt, Santa Fe, Denver, Rock Island, Beaumont, Brownsville, International and Sugar Land or their predecessors have been engaged in interstate commerce by railroad since prior to the enactment of the Transportation Act, 1920.

(b) INFORMATION RESPECTING APPLICANTS.

(b) 1. (1) The Belt, Santa Fe and Denver are Texas corporations and were incorporated on August 31, 1905, June 6, 1873, and May 26, 1873, respectively. The Rock Island is a Delaware corporation and was incorporated December 16, 1947. The Beaumont, Brownsville, International and Sugar Land are Texas corporations and were incorporated August 8, 1903, June 6, 1903, August 10, 1911, and September 14, 1893, respectively.

(b) 1. (2) Name and business address of the Belt directors are:

F. E. Bates, Union Station Building, Houston 1, Tex.
R. H. Kelley, Gulf Building, Houston 2, Tex.
A. B. Kelly, Union Station Building, Houston 1, Tex.
L. A. Bruns, Union Station Building, Houston 1, Tex.
J. P. Cowley, Union Station Building, Galveston, Tex.
J. A. Dana, Esperson Building, Houston 2, Tex.
J. A. Hulen, Union Station Building, Houston 1, Tex.
D. C. Haggart, Union Station Building, Houston 1, Tex.

The name and business address of the Santa Fe directors are:

F. G. Gurley, 80 E. Jackson Blvd., Chicago 4, Ill.
R. G. Rydin, 80 E. Jackson Blvd., Chicago 4, Ill.
W. S. Bellows, c/o Bellows Construction Co., Houston, Tex.
J. P. Cowley, Union Station Building, Galveston, Tex.
J. N. Landreth, Union Station Building, Galveston, Tex.
W. K. Menard, Union Station Building, Galveston, Tex.

Ballinger Mills, Jr., Union Station Building, Galveston, Tex.

A. A. Horne, c/o City National Bank, Galveston, Tex.

J. W. McCullough, c/o Hutchins Sealy Nat. Bank, Galveston, Tex.

I. H. Kempner, U. S. National Bank Bldg., Galveston, Tex.

Rosser J. Coke, First National Bank, Dallas, Tex.

J. Virgil Scott, 800 Main Street, Houston, Tex.

Gaylord J. Stone, c/o Universal Mills, Fort Worth, Tex.

The name and business address of the Denver directors are:

R. Wright Armstrong, Fort Worth Club Bldg., Fort Worth 2, Tex.

Seth Barwise, Fort Worth Club Bldg., Fort Worth 2, Tex.

L. R. Bryan, Jr., Houston, Tex.

Ralph Budd, 547 West Jackson Blvd., Chicago 6, Ill.

J. Lee Johnson, Jr., W. T. Wagner Bldg., Fort Worth, Tex.

A. L. Kramer, Dallas, Tex.

Leo Potishman, N. P. Anderson Bldg., Fort Worth, Tex.

A. S. Underwood, Lubbock, Tex.

R. R. Wilson, Fort Worth, Tex.

The name and business address of the Rock Island directors are:

Edward E. Brown, 38 South Dearborn St., Chicago 90, Ill.

Mark A. Brown, 115 West Monroe St., Chicago 90, Ill.

Henry Crown, 33 North La Salle St., Chicago, Ill.

Harry Darby, 1st and Walker Avenue, Kansas City, Kan.

John D. Farrington, La Salle Street Station, Chicago 5, Ill.

William E. Fay, 210 South Center St., Joliet, Ill.
Herbert L. Horton, 6th and Walnut Sts., Des Moines, Iowa.
Roy C. Ingersoll, 310 South Michigan Ave., Chicago 4, Ill.
Frederick M. Mayer, Continental Bldg., Dallas, Tex.
Robert McKinney, Tucumcari, New Mex.
L. B. Neumiller, 600 West Washington St., East Peoria 8, Ill.
James Norris, 1640 Board of Trade Bldg., Chicago 4, Ill.
William F. Peter, La Salle Street Station, Chicago 5, Ill.
H. Dudley Swim, Pebble Beach, Calif.
Charles D. Wiman, 1325 Third Ave., Moline, Ill.

The name and business address of the Beaumont directors are:

P. J. Neff, Missouri Pacific Building, St. Louis 3, Mo.
F. E. Bates, Union Station Building, Houston 1, Tex.
H. M. Johnson, Missouri Pacific Building, St. Louis 3, Mo.
C. D. Peet, Missouri Pacific Building, St. Louis 3, Mo.
J. E. Anderson, Union Station Building, Houston 1, Tex.
A. B. Kelly, Union Station Building, Houston 1, Tex.
R. H. Kelley, Gulf Building, Houston 2, Tex.
E. J. Falk, Union Station Building, Houston 1, Tex.
L. M. Edrington, Union Station Building, Houston 1, Tex.

The names and business address of the Brownsville directors are:

P. J. Neff, Missouri Pacific Building, St. Louis 3, Mo.
F. E. Bates, Union Station Building, Houston 1, Tex.
H. M. Johnson, Missouri Pacific Building, St. Louis 3, Mo.
J. E. Anderson, Union Station Building, Houston 1, Tex.
A. B. Kelly, Union Station Building, Houston 1, Tex.

R. H. Kelley, Gulf Building, Houston 2, Tex.
R. J. Kleberg, Jr., Kingsville, Tex.
L. M. Edrington, Union Station Building, Houston 1, Tex.
E. J. Falk, Union Station Building, Houston 1, Tex.

The name and business address of the International directors are:

P. J. Neff, Missouri Pacific Building, St. Louis 3, Mo.
F. E. Bates, Union Station Building, Houston 1, Tex.
H. M. Johnson, Missouri Pacific Building, St. Louis 3, Mo.
L. A. Bruns, Union Station Building, Houston 1, Tex.
A. B. Kelly, Union Station Building, Houston 1, Tex.
E. J. Falk, Union Station Building, Houston 1, Tex.
R. E. Harding, c/o Fort Worth National Bank, Fort Worth, Tex.
J. L. Lancaster, Texas and Pacific Building, Dallas, Tex.
R. H. Kelley, Gulf Building, Houston 2, Tex.

The name and business address of the Sugar Land directors are:

P. J. Neff, Missouri Pacific Building, St. Louis 3, Mo.
F. E. Bates, Union Station Building, Houston 1, Tex.
H. M. Johnson, Missouri Pacific Building, St. Louis 3, Mo.
C. D. Peet, Missouri Pacific Building, St. Louis 3, Mo.
J. E. Anderson, Union Station Building, Houston 1, Tex.
A. B. Kelly, Union Station Building, Houston 1, Tex.
R. H. Kelley, Gulf Building, Houston 2, Tex.
L. M. Edrington, Union Station Building, Houston 1, Tex.
E. J. Falk, Union Station Building, Houston 1, Tex.

(b) 1. (3) The name, title and business address of the officers of the Belt are:

J. P. Cowley, President, Union Station Building, Galveston, Tex.

F. E. Bates, Vice President, Union Station Building, Houston 1, Tex.

D. C. Haggart, Vice President, Union Station Building, Houston 1, Tex.

A. V. Mims, Secretary-Treasurer, Union Station Building, Houston 1, Tex.

F. H. Curtis, Assistant Secretary and Assistant Treasurer, Union Station Building, Houston 1, Tex.

A. B. Higgins, Assistant Secretary and Assistant Treasurer, Union Station Building, Houston 1, Tex.

L. M. Edrington, Auditor, Union Station Building, Houston 1, Tex.

Kelley, Mosheim & Ryan, General Attorneys, Gulf Building, Houston 2, Tex.

The name, title and business address of the officers of the Santa Fe are:

F. G. Gurley, President, 80 East Jackson Blvd., Chicago 4, Ill.

R. G. Rydin, Vice President, 80 East Jackson Blvd., Chicago 4, Ill.

E. S. Marsh, Vice President-Finance, 80 East Jackson Blvd., Chicago 4, Ill.

G. H. Minchin, Vice President, 80 East Jackson Blvd., Chicago 4, Ill.

J. J. Grogan, Vice President, 80 East Jackson Blvd., Chicago 4, Ill.

J. C. Gibson, Vice President and General Counsel, 80 East Jackson Blvd., Chicago 4, Ill.

J. P. Cowley, Vice President, Union Station Bldg., Galveston, Tex.

W. K. Menard, Secretary, Treasurer and Transfer Agent, Union Station Bldg., Galveston, Tex.

R. S. Outlaw, General Solicitor, 80 East Jackson Blvd., Chicago 4, Ill.

R. M. Hogin, Comptroller, 120 Broadway, New York 5, N. Y.

J. F. Lovely, Auditor, Union Station Bldg., Galveston, Tex.

The name, title and business address of the officers of the Denver are:

Ralph Budd, President, Burlington Bldg., 547 W. Jackson Blvd., Chicago (6), Ill.

Karl Fischer, Vice President, Executive Department, Chicago (6), Ill.

J. C. James, Vice President and General Counsel, Chicago (6), Ill.

H. W. Johnson, Vice President and Comptroller, Chicago (6), Ill.

L. R. Capron, Vice President, Chicago (6), Ill.

H. C. Murphy, Vice President, Department of Operation, Chicago (6), Ill.

R. Wright Armstrong, Vice President, Fort Worth, Tex.

W. O. Frame, General Manager, Fort Worth, Tex.

O. D. Weaver, Treasurer and Assistant Secretary, Fort Worth, Tex.

Bert Vickery, Treasurer and Assistant Secretary, Chicago (6), Ill.

Edith J. Alden, Secretary and Assistant Treasurer, Chicago (6), Ill.

C. E. Nottingham, General Auditor, Fort Worth, Tex.

C. H. Fitzhugh, Auditor, Fort Worth, Tex.

Seth Barwise, General Attorney, Fort Worth, Tex.

The name, title and business address of the officers of the Rock Island are:

J. D. Farrington, President, 139 West Van Buren St., Chicago 5, Ill.

W. F. Peter, Vice President and General Counsel, 139 West Van Buren St., Chicago 5, Ill.

W. H. Hillis, Vice President-Operations, 139 West Van Buren St., Chicago 5, Ill.

J. W. Hill, Vice President-Freight Traffic, 139 West Van Buren St., Chicago 5, Ill.

A. O. Gibson, Secretary and Treasurer, 139 West Van Buren St., Chicago 5, Ill.

A. J. Messersmith, General Auditor, 139 West Van Buren St., Chicago 5, Ill.

M. Z. Greenley, Assistant Secretary and Assistant Treasurer, 139 West Van Buren St., Chicago 5, Ill.

W. J. Camphausen, Assistant Secretary and Assistant Treasurer, 139 West Van Buren St., Chicago 5, Ill.

The name, title and business address of the officers of the Beaumont are:

P. J. Neff, Chairman of Board and President, Missouri Pacific Building, St. Louis 3, Mo.

F. E. Bates, Vice President, Union Station Bldg., Houston 1, Tex.

Eugene Mock, Vice President-Traffic, Missouri Pacific Bldg., St. Louis 3, Mo.

C. D. Peet, Vice President, Missouri Pacific Bldg., St. Louis 3, Mo.

A. Naylor, Secretary and Treasurer, Palestine, Tex.

C. A. Rockwell, Assistant Secretary, Missouri Pacific Bldg., St. Louis 3, Mo.

A. V. Mims, Assistant Secretary and Assistant Treasurer, Union Station Building, Houston 1, Tex.

L. M. Edrington, Auditor, Union Station Building, Houston 1, Tex.

The name, title and business address of the officers of the Brownsville are:

P. J. Neff, Chairman of Board and President, Missouri Pacific Building, St. Louis 3, Mo.

F. E. Bates, Vice President, Union Station Bldg., Houston 1, Tex.

Eugene Mock, Vice President-Traffic, Missouri Pacific Bldg., St. Louis 3, Mo.

C. D. Peet, Vice President, Missouri Pacific Building, St. Louis 3, Mo.

R. J. Kleberg, Jr., Vice President, Kingsville, Tex.

A. Naylor, Secretary and Treasurer, Palestine, Tex.

C. A. Rockwell, Assistant Secretary, Missouri Pacific Bldg., St. Louis 3, Mo.

A. V. Mims, Assistant Secretary and Assistant Treasurer, Union Station Building, Houston 1, Tex.

L. M. Edrington, Auditor, Union Station Building, Houston 1, Tex.

E. H. Crenshaw, Jr., General Attorney, Kingsville, Tex.

The name, title and business address of the officers of the International are:

P. J. Neff, President, Missouri Pacific Building, St. Louis 3, Mo.

F. E. Bates, Executive Vice President, Union Station Building, Houston 1, Tex.

H. M. Johnson, Assistant to President, Missouri Pacific Building, St. Louis 3, Mo.

H. L. Schaeffer, Vice President-Traffic, Missouri Pacific Building, St. Louis 3, Mo.

C. D. Peet, Vice President, Missouri Pacific Building, St. Louis 3, Mo.

A. Naylor, Secretary and Treasurer, Palestine, Tex.

C. A. Rockwell, Assistant Secretary and Assistant Treasurer, Missouri Pacific Building, St. Louis 3, Mo.

A. V. Mims, Assistant Secretary and Assistant Treasurer, Union Station Building, Houston 1, Tex.

E. D. Graham, Auditor, Palestine, Tex.

T. T. Railey, General Solicitor, Missouri Pacific Building, St. Louis 3, Mo.

Kelley, Mosheim & Ryan, General Attorneys, Gulf Building, Houston 2, Tex.

The name, title and business address of the officers of the Sugar Land are:

P. J. Neff, Chairman of Board and President, Missouri Pacific Building, St. Louis 3, Mo.

F. E. Bates, Vice President, Union Station Bldg., Houston 1, Tex.

Eugene Mock, Vice President-Traffic, Missouri Pacific Building, St. Louis 3, Mo.

C. D. Peet, Vice President, Missouri Pacific Bldg., St. Louis 3, Mo.

A. Naylor, Secretary and Treasurer, Palestine, Tex.

C. A. Rockwell, Assistant Secretary, Missouri Pacific Building, St. Louis 3, Mo.

A. V. Mims, Assistant Secretary and Assistant Treasurer, Union Station Building, Houston 1, Tex.

L. M. Edrington, Auditor, Union Station Building, Houston 1, Tex.

(b) 1. (4) Names, business address and holdings of the twelve stockholders of the Belt as of March 1, 1949:

Guy A. Thompson, Trustee, The Beaumont, Sour Lake & Western Railway Company, Debtor, Union Station Building, Houston 1, Tex.	60½ shares
Guy A. Thompson, Trustee, The St. Louis, Brownsville and Mexico Railway Company, Debtor, Union Station Building, Houston 1, Tex.	60½ shares
Burlington-Rock Island Railroad Company, Union Station Building, Houston 1, Tex.	60½ shares
Gulf, Colorado and Santa Fe Railway Company, Galveston, Tex.	60½ shares
F. E. Bates, Union Station Building, Houston 1, Tex.	1 share
R. H. Kelley, Gulf Building, Houston 2, Tex.	1 share
A. B. Kelly, Union Station Building, Houston 1, Tex.	1 share
L. A. Bruns, Union Station Building, Houston 1, Tex.	1 share
J. P. Cowley, Union Station Building, Galveston, Tex.	1 share
J. A. Dana, Esperson Building, Houston 2, Tex.	1 share
J. A. Hulen, Union Station Building, Houston 1, Tex.	1 share
D. C. Haggart, Union Station Building, Houston 1, Tex.	1 share

Names, business address and holdings of the stockholders of the Santa Fe as of March 15, 1949:

The Atchison, Topeka and Santa Fe Railway Company is the beneficial owner of all of the stock of Santa Fe, but the stockholders of record, as of March 15, 1949, and the number of shares held by each, were:

The Atchison, Topeka and Santa Fe Railway Company, Chicago 4, Ill.	109,480 shares
Union Trust Company of New York, now Central Hanover Bank and Trust Company, Trustee under the General and Adjustment Mortgages of the Atchison Company, New York, N. Y.	45,470 shares
F. G. Gurley, 80 E. Jackson Blvd., Chicago 4, Ill.	10 shares
R. G. Rydin, 80 East Jackson Blvd., Chicago 4, Ill.	10 shares
W. S. Bellows, c/o Bellows Construction Co., Houston, Tex.	10 shares
J. P. Cowley, Union Station Building, Galveston, Tex.	10 shares
J. W. Landreth, Union Station Building, Galveston, Tex.	10 shares
W. K. Menard, Union Station Building, Galveston, Tex.	10 shares
Ballinger Mills, Jr., Union Station Building, Galveston, Tex.	10 shares
A. A. Horne, c/o City National Bank, Galveston, Tex.	10 shares
J. W. McCullough, c/o Hutchins Sealy Nat. Bank, Galveston, Tex.	10 shares
I. H. Kempner, U. S. National Bank Bldg., Galveston, Tex.	10 shares
Rosser J. Coke, First National Bank, Dallas, Tex.	10 shares
J. Virgil Scott, 800 Main Street, Houston, Tex.	10 shares
Gaylord J. Stone, c/o Universal Mills, Fort Worth, Tex.	10 shares

Names, business address and holdings of the ten principal stockholders of the Denver as of December 31, 1948:

Central Hanover Bank and Trust Company of New York, Trustee, C&S Ry. Co., R&E Mortgage, New York, N. Y.	92,291.08 shares
Hank & Co., Nominee for Trustee C & S. Ry. Co., New York, N. Y.	116.00 shares
The Colorado and Southern Ry. Co., Denver, Colo.	6.00 shares
B. W. Jones, New York, N. Y.	3.92 shares
Ralph Budd, Chicago, Ill.	1.00 share
L. R. Bryan, Jr., Houston, Tex.	1.00 share
Seth Barwise, Fort Worth, Tex.	1.00 share
Arthur L. Kramer, Dallas, Tex.	1.00 share
Leo Potishman, Fort Worth, Tex.	1.00 share
R. Wright Armstrong, Fort Worth, Tex.	1.00 share
A. S. Underwood, Lubbock, Tex.	1.00 share
R. R. Wilson, Fort Worth, Tex.	1.00 share

Names, business address and holdings of the ten principal stockholders of the Rock Island as of December 31, 1948:

	Common	Preferred	Total
The Chase Nat'l Bk. as Tr. und. The Chesapeake & Ohio Ry. Co. & Alleghany Corp., 20 Pine St., New York, N. Y.	249,998	49,998	299,996 shares
Lester Crown, 33 N. LaSalle St., Chicago, Ill.	28,536	6,140	34,676 shares
Robert Crown, 33 N. LaSalle St., Chicago, Ill.	19,779	16,323	36,102 shares
The Equitable Life Assurance Society of The United States, [illegible] Seventh Ave., New York 1, N. Y.	23,681	19,375	43,056 shares
Ira Haupt & Co., 111 Broadway, New York 6, N. Y.	33,336	45,838	79,174 shares
Labh & Co., P. O. Box [illegible]16, Boston 6, Mass.	25,000	—0—	25,000 shares
Lake & Company, c/o Bank of Montreal, Toronto, Ont., Canada.	10,446	19,308	29,754 shares
Metropolitan Life Insurance Co., 1 Madison Ave., New York 10, N. Y.	62,086	35,005	97,091 shares
Norris Grain Company, Board of Trade Rm. 1640, 141 W. Jackson Blvd., Chicago 4, Ill.	99,070	54,482	153,552 shares
Reorganization Managers Under Plan of Reorganization for Chicago, Rock Island & Pac. Rwy. Co., Debtor, 11 S. LaSalle St., Chicago, Ill.	111,442	44,618	156,060 shares

Names, business address and holdings of the ten principal stockholders of the Beaumont as of December 31, 1947:

Irving Trust Company, New York, N. Y., Trustee for account of New Orleans, Texas & Mexico Railway Company	841 shares
P. J. Neff, Missouri Pacific Building, St. Louis 3, Mo.	1 share
F. E. Bates, Union Station Building, Houston 1, Tex.	1 share
H. M. Johnson, Missouri Pacific Building, St. Louis 3, Mo.	1 share
C. D. Peet, Missouri Pacific Building, St. Louis 3, Mo.	1 share
J. E. Anderson, Union Station Building, Houston 1, Tex.	1 share

A. B. Kelly, Union Station Building, Houston 1, Tex.	1 share
L. M. Edrington, Union Station Building, Houston 1, Tex.	1 share
R. H. Kelley, Gulf Building, Houston 2, Tex.	1 share
E. J. Falk, Union Station Building, Houston 1, Tex.	1 share

Names, business address and holdings of the ten principal stockholders of the Brownsville as of December 31, 1947:

Irving Trust Company, New York, N. Y., Trustee for account of New Orleans, Texas & Mexico Railway Company	4,991 shares
P. J. Neff, Missouri Pacific Building, St. Louis 3, Mo.	1 share
F. E. Bates, Union Station Building, Houston 1, Tex.	1 share
H. M. Johnson, Missouri Pacific Building, St. Louis 3, Mo.	1 share
J. E. Anderson, Union Station Building, Houston 1, Tex.	1 share
A. B. Kelly, Union Station Building, Houston 1, Tex.	1 share
R. H. Kelley, Gulf Building, Houston 2, Tex.	1 share
L. M. Edrington, Union Station Building, Houston 1, Tex.	1 share
E. J. Falk, Union Station Building, Houston 1, Tex.	1 share
R. J. Kleberg, Jr., Kingsville, Tex.	1 share

Names, business address and holdings of the ten principal stockholders of the International as of December 31, 1947:

New Orleans, Texas & Mexico Railway Company, Houston, Tex.	74,989 shares
R. E. Harding, c/o Fort Worth National Bank, Fort Worth, Tex.	1 share
J. L. Lancaster, Texas and Pacific Building, Dallas, Tex.	1 share
L. A. Bruns, Union Station Building, Houston 1, Tex.	1 share
R. H. Kelley, Gulf Building, Houston 2, Tex.	1 share
P. J. Neff, Missouri Pacific Building, St. Louis 3, Mo.	3 shares
A. B. Kelly, Union Station Building, Houston 1, Tex.	1 share
H. M. Johnson, Missouri Pacific Building, St. Louis 3, Mo.	1 share
E. J. Falk, Union Station Building, Houston 1, Tex.	1 share
F. E. Bates, Union Station Building, Houston 1, Tex.	1 share

Names, business address and holdings of the ten principal stockholders of the Sugar Land as of December 31, 1947:

Irving Trust Company, New York, N. Y., Trustee for account of New Orleans, Texas & Mexico Railway Company	2,491 shares
P. J. Neff, Missouri Pacific Building, St. Louis 3, Mo.	1 share
F. E. Bates, Union Station Building, Houston 1, Tex.	1 share
H. M. Johnson, Missouri Pacific Building, St. Louis 3, Mo.	1 share
C. D. Peet, Missouri Pacific Building, St. Louis 3, Mo.	1 share
J. E. Anderson, Union Station Building, Houston 1, Tex.	1 share
A. B. Kelly, Union Station Building, Houston 1, Tex.	1 share
L. M. Edrington, Union Station Building, Houston 1, Tex.	1 share
R. H. Kelley, Gulf Building, Houston 2, Tex.	1 share
E. J. Falk, Union Station Building, Houston 1, Tex.	1 share

(b) 2. and (b) 3. Not applicable.

(b) 4. Applicant, Guy A. Thompson, is Trustee in bankruptcy of the Beaumont, Brownsville, International and Sugar Land.

(b) 4. (1) The name and address of the Court under which applicant Guy A. Thompson is acting are:

District Court of the United States,
Eastern Division, Eastern Judicial District of Missouri,
Federal Building,
12th and Market Streets,
St. Louis 1, Missouri.

(b) 4. (2) The nature of the proceedings in which applicant Guy A. Thompson was appointed Trustee, as aforesaid, is:

In the Matter of Missouri Pacific Railroad Company, Debtor.	In Proceedings for the Reorganization of a Railroad. No. 6935.

(b) 4. (3) With respect to the real parties in interest, the information required has been furnished under (b) 1. (1) (2) (3) (4).

(b) 5. Not applicable.

(b) 6. The Belt, Santa Fe, Denver, Rock Island, Beaumont, Brownsville, International and Sugar Land or their predecessors in title have been engaged in interstate commerce as common carriers by railroad since prior to enactment of the Transportation Act, 1920.

(b) 7. The Belt is controlled through stock ownership by the Santa Fe, Beaumont, Brownsville and B-RI.

The Santa Fe is controlled through stock ownership by The Atchison, Topeka and Santa Fe Railway Company.

The Denver is controlled through stock ownership by The Colorado and Southern Railway Company.

The Rock Island is not controlled by any other corporation or corporations.

The Beaumont, Brownsville, International and Sugar Land are wholly owned subsidiaries of New Orleans, Texas & Mexico Railway Company and the stock of the Beaumont, Brownsville and Sugar Land is held in the name of the Irving Trust Company, New York, N. Y., Trustee for account of New Orleans, Texas & Mexico Railway Company.

(b) 8. The Belt does not control any other carrier corporation.

The Santa Fe controls jointly with other carriers the Belt and the Union Terminal Company of Dallas.

The Denver does not have ownership or exercise control over any other carrier subject to the Interstate Commerce Act, except that it controls jointly with other carriers the Union Terminal Company of Dallas.

The Rock Island owns all the capital stock of Peoria Terminal Company and Warren & Ouachita Valley Railway Company, which are operating railroad companies. It likewise owns all the capital stock and leases the properties of Burlington, Muscatine & Northwestern Railway Company, whose properties are located at Muscatine, Iowa; and also portions of the stock of various incorporated joint facilities whose properties are used by Rock Island.

The Beaumont jointly controls the Belt together with the Santa Fe, Brownsville and B-RI.

The Brownsville jointly controls the Belt together with the Santa Fe, Beaumont and B-RI. The Brownsville jointly controls with the National Railways of Mexico the Brownsville & Matamoros Bridge Company.

The International controls the Austin Dam and Suburban Railway Company and jointly controls with the Missouri-

Kansas-Texas Railroad Company the Galveston, Houston & Henderson Railroad Company.

The Sugar Land does not control any other carrier corporation.

(b) 9. The stock of Belt is jointly owned in equal shares by the Santa Fe, Beaumont, Brownsville and B-RI.

The stock of Santa Fe is owned by The Atchison, Topeka and Santa Fe Railway Company, which owns all of the stock and substantially all the bonds and other indebtedness, if any, of the 26 railroad corporations whose names are set forth on page 301 of its Annual Report to the Interstate Commerce Commission for the year ended December 31, 1947, except that the properties and franchises (a) of eight of them have been merged into and have been conveyed to Santa Fe, and (b) of six of them have been merged into and conveyed to Panhandle and Santa Fe Railway Company, pursuant to authorization and approval of the Commission in Finance Docket Nos. 16344 and 16343, decided December 23, 1948, and such corporations have been dissolved. The Atchison, Topeka and Santa Fe Railway Company also controls, in the same manner, the Santa Fe Transportation Company and The Santa Fe Trail Transportation Company, which are motor carriers subject to Part II of the Interstate Commerce Act; and the last named company owns 39.08 per cent of the stock and debentures of, but does not control Transcontinental Bus System, Inc., which is also a motor carrier.

Other intercorporate relationships between The Atchison, Topeka and Santa Fe Railway Company and its controlled carrier companies, on the one hand, and other carriers or persons affiliated with carriers are set forth in Schedules 217 and 218 of the annual report of The Atchison, Topeka and Santa Fe Railway System to the Commission for the year ended December 31, 1947.

The capital stock of the Denver is owned 100 per cent by The Colorado and Southern Railway Company. Chicago, Burlington & Quincy Railroad Company owns 70.7 per cent of the outstanding capital stock of The Colorado and Southern. Chicago, Burlington & Quincy Railroad Company is jointly controlled by Great Northern Railway Company and Northern Pacific Railway Company, through ownership, in equal parts of more than 97 per cent of the capital stock of Chicago, Burlington & Quincy Railroad Company.

The Rock Island is not a part of a system or group of corporations, except as stated in paragraph (b) 8.

The Beaumont, Brownsville, International and Sugar Land are part of a system or group of corporations known as the Missouri Pacific Lines.

Before trusteeship, the Missouri Pacific Railroad Company controlled, through stock ownership, the New Orleans, Texas & Mexico Railway Company, together with various other railroad and related companies whose names are set forth in Schedule 217 of the Annual Report of Guy A. Thompson, Trustee, Missouri Pacific Railroad Company, Debtor, to the Interstate Commerce Commission for the year ended December 31, 1947. The New Orleans, Texas & Mexico Railway Company owned, except directors' qualifying shares, all of the capital stock of the Beaumont, Brownsville, International, Sugar Land and eleven other railroad corporations whose names are set forth in Schedule 217 of the Annual Report of Guy A. Thompson, Trustee, New Orleans, Texas & Mexico Railway Company, Debtor, to the Interstate Commerce Commission for the year ended December 31, 1947.

(b) 10. To the best knowledge and belief of applicants, there are no intercorporate relationships not disclosed in responses to prior instructions, through holding companies, ownership of securities, or otherwise, direct or indirect, between applicants and any carrier or person affiliated with any carrier, or between any person affiliated with applicants and any carrier or person affiliated with any carrier at the time of making this application.

(b) 11. The Belt has officers or directors in common with the Beaumont, Brownsville, Denver and Santa Fe as follows:

Name	Title	Authorized
F. E. Bates	Director and Vice President of the Belt, Beaumont, Brownsville, International, Sugar Land. Senior Executive Assistant of Trustee for the Beaumont, Brownsville, International, Sugar Land.	Finance Docket No. 14951, Sub 1.
R. H. Kelley	Director and General Attorney of the Belt. Director and General Attorney of the Beaumont, Brownsville, International, Sugar Land.	Finance Docket No. 3387, Sub 2, Sub 3.
A. B. Kelly	Director of the Belt, Beaumont, Brownsville, International, Sugar Land. General Manager for the Trustee of Beaumont, Brownsville, International, Sugar Land.	Finance Docket No. 12425, Sub 2, Sub 3, Sub 6.
J. P. Cowley	Director and President of Belt. Director, Vice President and General Manager Santa Fe.	Finance Docket No. 4422.
L. A. Bruns	Director of Belt and International.	Finance Docket No. 16239 & Sub 2.
L. M. Edrington	Auditor for Belt. Director and Auditor for the Beaumont, Brownsville, Sugar Land.	Finance Docket No. 5259, Sub 1, Sub 2.

Except as above stated neither Santa Fe, Denver nor Rock Island has any officers or directors in common with any other applicant.

The Beaumont has additional officers or directors in common with the Brownsville, International and Sugar Land who are not officers or directors of the Belt. The officers and directors in common with those companies are as follows:

Name	Title	Authorized
P. J. Neff	Director, Chairman of Board and President of Beaumont, Brownsville, Sugar Land. Director and President of International. Chief Executive Officer for Trustee of Beaumont, Brownsville, International, Sugar Land.	Finance Docket No. 5291, Sub 2.
H. M. Johnson	Director of Beaumont, Brownsville, International, Sugar Land. Assistant to President, International. Executive Assistant of Trustee for Beaumont, Brownsville, International, Sugar Land.	Finance Docket No. 12988.
C. D. Peet	Director Beaumont, Sugar Land. Vice President Beaumont, Brownsville, International, Sugar Land. Chief Accounting and Financial Officer for the Trustee Beaumont, Brownsville, International, Sugar Land.	Finance Docket No. 14724.
J. E. Anderson	Director Beaumont, Brownsville, Sugar Land.	Finance Docket No. 4017, Sub 2.
E. J. Falk	Director Beaumont, Brownsville, International, Sugar Land. Freight Traffic Manager for the Trustee of Beaumont, Brownsville, International, Sugar Land.	Finance Docket No. 14574.
Eugene Mock	Vice President - Traffic Beaumont, Brownsville, Sugar Land.	Finance Docket No. 9734.
A. Naylor	Secretary and Treasurer Beaumont, Brownsville, International, Sugar Land. Secretary and Treasurer for the Trustee of Beaumont, Brownsville, International and Sugar Land.	Finance Docket No. 9390.

(b) 12. The Belt as of December 31, 1948, had outstanding 250 shares of $100.00 par value common capital stock, each share of which is entitled to one vote. All of such stock, except eight Directors' qualifying shares, is pledged with the Central Hanover Bank and Trust Company as Trustee under the Belt's First Mortgage dated July 1, 1937, which issues proxies to the Santa Fe, Beaumont, Brownsville and B-RI for the purpose of holding stockholders' meetings.

The Santa Fe as of March 15, 1949, had outstanding 155,080 shares of $100.00 par value common capital stock, of which all but 130 shares that are held by Directors are pledged with Central Hanover Bank and Trust Company as Trustee under the general and adjustment mortgages of The Atchison, Topeka and Santa Fe Railway Company. Each share is entitled to one vote.

The Denver as of December 31, 1948, had outstanding 92,438 shares of $100.00 par value common capital stock, each share of which is entitled to one vote. There were fourteen stockholders as of December 31, 1948.

The Rock Island as of January 1, 1949, had outstanding 1,409,346 shares of common stock (no par) and 705,381 shares of $100.00 par value preferred stock. Both preferred and common shares entitle the holder to one vote for each share. The preferred stockholders have certain beneficial voting rights in the event of arrears in the payment of dividends at the rate of $5.00 per share per annum for a stated period and certain other beneficial voting rights in the election of directors contingent on the happening of other events. As of the present date none of these beneficial voting rights has accrued. There were 6,502 common stockholders and 4,921 preferred stockholders of record as of December 10, 1948.

The Beaumont, as of December 31, 1947, had outstanding 850 shares of $100.00 par value common capital stock, each share of which is entitled to one vote. All of such stock, except nine Directors' qualifying shares is pledged with Irving Trust Company of New York as Trustee under first mortgage or deed of trust of New Orleans, Texas & Mexico Railway Company, dated April 1, 1924.

The Brownsville, as of December 31, 1947, had outstanding 5,000 shares of $100.00 par value common capital stock, each share of which is entitled to one vote. All of such stock except nine Directors' qualifying shares is pledged with the Irving Trust Company of New York as Trustee under first mortgage or deed of trust of New Orleans, Texas & Mexico Railway Company, dated April 1, 1924.

The International, as of December 31, 1947, had outstanding 75,000 shares of $100.00 par value common capital stock, each share of which is entitled to one vote. The stock is held by ten stockholders as disclosed in answer to (b) 1. (4).

The Sugar Land, as of December 31, 1947, had outstanding 2,500 shares of $100.00 par value common capital stock, each share of which is entitled to one vote. All of such stock, except nine Directors' qualifying shares is pledged with the Irving Trust Company of New York as Trustee under first mortgage or deed of trust of New Orleans, Texas & Mexico Railway Company, dated April 1, 1924.

(c) INFORMATION RESPECTING THE NATURE OF THE TRANSACTIONS PROPOSED AND THE TERMS AND CONDITIONS THEREOF.

(c) 1. **Nature of the Transactions.**

This is a joint application for approval and authorization of all the transactions requiring approval and authorization provided for by the 1948 Agreement, a copy of which is attached hereto as Exhibit 7, between the Belt, the Using Lines[1] and the B-RI, and by the separate Agreement between Beaumont, Brownsville, International and Sugar Land, copy of which is attached hereto as Exhibit 7-A, which Agreements are in substitution for an Operating Agreement between the Belt and its Proprietary Lines[2] (dated July 1, 1907, and amended July 1, 1937, hereinafter sometimes referred to as the 1907 Agreement), including the following:

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[1] **Using Lines:** Defined in Recital 8 of the 1948 Agreement to include the Beaumont, Brownsville, International, Sugar Land, Denver, Rock Island and Santa Fe.

[2] **Proprietary Lines:** Under the 1907 Agreement, include Santa Fe, B-RI, Beaumont and Brownsville. The Proprietary Lines under the 1948 Agreement are referred to as New Proprietary Lines and are referred to in Recital 8 thereof to include Beaumont, Brownsville, Denver, Rock Island and Santa Fe.

(I) The Acquisition by the Denver and Rock Island of B-RI stock ownership in the Belt and all indebtedness of the Belt to B-RI, pursuant to Section 1.1 of the 1948 Agreement attached hereto as Exhibit 7.

(II) The Lease by Belt from Beaumont of the New Yard pursuant to Section 1.2 of the 1948 Agreement. The "New Yard Lease" and "Schedule of New Yard Properties" are attached as Exhibit B to the 1948 Agreement.

(III) The Lease by Belt from International of certain of the latter's properties lying within the yard limits of Houston, Texas, with certain exceptions and reservations pursuant to Section 1.4 of the 1948 Agreement. The Lease, designated "I-GN Lease," and the "Schedule of Excepted Properties" are attached as Exhibit C to the 1948 Agreement.

(IV) The Modification, pursuant to Section 3.8 of the 1948 Agreement, of the Lease by Belt from Santa Fe of certain of the latter's properties. A copy of the Lease is attached as Exhibit A to a copy of the Agreement dated July 1, 1907, filed as Exhibit 8 to the application in Finance Docket 11659.

(V) The Joint Use by each Using Line of the properties of the Belt or Terminal as defined in Section 2.1 of the 1948 Agreement, in common with the Belt and with other Using Lines, pursuant to Section 2.13 of the 1948 Agreement.

(VI) The Performance by the Belt, as agent of the International, of switching service which has been and is now being performed by the latter under terms of an Agreement dated November 19, 1895, as amended, to and from industries served by the tracks of the Galveston, Houston & Henderson Railroad Company (hereinafter referred to as G. H. & H.) within the switching limits of Houston, and the Performance, as agent of any Using Line or Lines, of switching service for any of its, or their, exclusive industries located within the switching limits, but beyond the Terminal limits, in event the present switching limits at Houston are or shall be extended, all pursuant to Section 1.5 of the 1948 Agreement.

(VII) The allocation between Beaumont, Brownsville, International and Sugar Land of certain expenses, as provided in a separate agreement between the Trustee of each of them, a copy of which is attached hereto as Exhibit 7-A.

(VIII) The Pooling of demurrage revenue collected by the Belt (1) on cars switched by it as agent of the Using Lines, (2) switched by it under its tariffs in intra and interterminal movement, and (3) on cars interchanged with it by the Texas & New Orleans Railroad Company and Missouri-Kansas-Texas Railroad Company (hereinafter referred to as T. & N. O. and Katy, respectively), and the division of such revenue between the Using Lines pursuant to Section 1.7 of the 1948 Agreement.

(IX) The Assumption of Obligation and Liability by the New Proprietary Lines with respect to the Belt's outstanding bond issue of $3,085,000.00 as of November 15, 1948, pursuant to Section 2.9 of the 1948 Agreement.

(c) 2. Terms and conditions of the agreements.

Acquisition by Denver and Rock Island of B-RI Stock Ownership in Belt.

The Belt was organized August 31, 1905. Two hundred fifty (250) shares of $100 par value stock were issued and each of the Proprietary Lines (Beaumont, Brownsville, Santa Fe, and Trinity and Brazos Valley Railway Company, subsequently changed to B-RI) acquired 60½ shares and also 2 shares held in names of two directors representing it on the Belt Board of Directors.

The Denver and the Rock Island each propose (1) to purchase in equal amounts from B-RI, one-half of its stock ownership in the Belt, one-half of all indebtedness of Belt to B-RI for advances (which after conversion of sinking fund payments into advances as provided by Section 2.9 of the 1948 Agreement amounted to approximately $772,500 as of December 31, 1947), and one-half of any other obligations of Belt to B-RI as of the effective date of the 1948 Agreement, and (2) to assume one-half of all obligations and liabilities of B-RI with respect to Belt and its properties as of the effective date of the 1948 Agreement; and Denver and Rock Island propose to pay for such property by applying the book value thereof in satisfaction of an equal amount of indebtedness of B-RI now owned or hereafter acquired by Denver and Rock Island, or in cash. (Section 1.1 of the 1948 Agreement.)

Lease of New Yard by Belt from Beaumont.

The Belt proposes to lease from Beaumont, pursuant to Section 1.2 of the 1948 Agreement, a New Yard, defined in Recital 10 of the said Agreement, which the Beaumont has under construction. The Lease is for a term beginning with the effective date of the 1948 Agreement and, unless sooner terminated as provided by the Lease or by Section 3.7 of the 1948 Agreement, extending to January 1, 2007, and thereafter until terminated by six months written notice. The Belt agrees to pay the Beaumont interest rental at the rate of 3½% per annum on the amount of Original Net Investment, defined in Section 2 of "New Yard Lease," attached as Exhibit B to the 1948 Agreement, which amount is to be thereafter adjusted for additions and betterments or retirements made by Beaumont; also sums equal to all taxes, as defined in Section 2.6 of the 1948 Agreement, except certain taxes specified in Section 2 of the "New Yard Lease" which are chargeable to Investment Account and are to be paid by Beaumont and added to the interest rental base, and to maintain and operate all the New Yard facilities, except the Mechanical Facilities, as a part of the Terminal.

Lease of Facilities by Belt from International.

The Belt proposes to lease from International for a term to run and terminate concurrently with the New Yard Lease, all of its real and fixed physical property within the yard limits of Houston, with certain specified exceptions, pursuant to Section 1.4 of the 1948 Agreement and as more fully described in the International Lease attached thereto as Exhibit C. The Belt agrees to maintain, operate and use the Leased Property as a part of the Terminal. The Belt is to pay International interest rental at the rate of 3½ per cent per annum on an agreed valuation of $3,772,000.00 as of December 31, 1947, which is to be adjusted for additions and betterments or retirements made between December 31, 1947, and the effective date of the 1948 Agreement; also, sums equal to all taxes as defined in Section 2.6 of the 1948 Agreement that may be imposed or accrue against said Leased Property. Provision is made for arbitration in the event of any disagreement between the parties hereto with respect to the construction, interpretation or application of said Lease.

Santa Fe Lease and Amendments Thereof.

By instrument dated July 1, 1907, Belt leased for a term expiring January 1, 2007, that portion of its main line extending from the south end of the West Belt (shown on map Exhibit A to 1948 Agreement) northerly to a point beyond the present Union Station of Belt (also shown on said map Exhibit A), together with all its Houston terminal facilities. The Lease provided for the payment of interest rental at the rate of 5% per annum on an agreed value of $769,529.50, which, as of December 31, 1948, was reduced to $763,502.29 on account of land sales. Said property has been, and is to be, operated as a part of the Terminal.

Section 3.8 of the 1948 Agreement provides for amending the Santa Fe Lease in the following minor respects so as to make it agree substantially with the I-GN Lease:

1. To provide that unless sooner terminated as therein or in Section 3.7 of the 1948 Agreement provided, it shall continue in effect until January 1, 2007, and thereafter until terminated by six months' notice.

2. By striking out the words "by the Lessor" in that portion of Section Third reading as follows: "thereunder shall be terminated by the Lessor or shall cease in accordance with the terms thereof."

3. By modifying Paragraph Seventh, relating to arbitration, to conform to Section 3.2 (b) of the 1948 Agreement.

4. By inserting a new provision similar to that contained in the I-GN Lease relative to reservation of mineral rights and the right to sell and dispose of any portion of the leased property not needed for railroad purposes.

Joint Use of Terminal by Belt and Using Lines.

Terminal is defined in Section 2.1 of the 1948 Agreement to include the railroad and terminal facilities and all other property constructed, leased or otherwise acquired by the Belt and all additions and betterments, extensions and improvements made or to be made therein or thereto.

Section 2.13 (a) provides that each Using Line shall have the equal right and privilege to use the Terminal in common with the Belt and the other Using lines.

Terminal Facilities Provided for Use and Benefit of Belt and Using Lines.

Section 2.13 (b) of the 1948 Agreement provides in part:

> "The train yards team tracks, less-carload freight facilities, passenger station, and all other facilities of the Belt are for the use and benefit of Belt and the Using Lines, as distinguished from other railroads, and are

provided in order to enable Belt and the Using Lines to perform common carrier services for the public under and pursuant to their respective published tariffs; and Belt shall not, except by unanimous consent in writing of all the Using Lines not then in default, grant to any other railroad the right to use the Terminal or any part thereof, or switch either interstate or intrastate shipments on which none of the Using Lines receive a line haul to or from the Belt team or public delivery tracks or facilities or to and from Belt industries, to any greater extent or on any different basis, either as to service or charges, than shipments on which the Using Lines receive a line haul but which do not originate at or are not destined to points on or facilities of the Belt, are switched by other Houston railroads."

Management and Operation of the Terminal and Performance of Certain Services by Belt.

Section 2.13 (c) of the 1948 Agreement provides in substance that the Belt shall have the exclusive management and control of the operation and maintenance of the Terminal, except the Mechanical Facilities in the New Yard, which, as provided by Section 2.7 (d), are to be maintained and operated by Missouri Pacific Lines with their own forces; also, that the Belt shall perform various services, including all freight and passenger switching, operation of the passenger and freight stations, roundhouses, water and fuel stations and shops, and facilities for the care and repair of rolling stock; and Section 2.13 (b) provides that all services performed by Belt for account of the Using Lines shall be performed by Belt as their agent and under their respective tariffs to the extent tariffs covering the performance of such services are required by law.

In short, Using Lines, with their own power and crews, will operate their trains into and out of the Terminal, and with the exception of the operation of the New Yard Mechanical Facilities by Missouri Pacific Lines, all terminal services required by the Using Lines will be performed by Belt as their agent.

Belt to Serve G. H. & H. "Industries" for International.

The line of the G. H. & H., whose capital stock is owned in equal amounts by the International and Katy, extends from a point in the Houston, Texas, switching limits to Galveston, Texas. The International and Katy perform all transportation service on the G. H. & H., except switching at Galveston, under a contract dated prior to 1920. Industries located or to be located on the G. H. & H. within the switching limits of Houston are International industries, as well as Katy industries, and each line switches its own cars thereto and therefrom.

Pursuant to a proposed agreement between the International and G. H. & H., attached as Exhibit D to the 1948 Agreement, the International has designated the Belt as its agent to switch cars of International to and from any industry now or hereafter located on the G. H. & H. within the switching limits of Houston. The Belt assumes, as between it and the G. H. & H., all obligations and liabilities the same as if the switching were performed by the International. The International agrees to pay the Belt the cost of performing such switching service and to indemnify it and hold it harmless for any expense and liability resulting from the foregoing assumption of obligation and liability by the Belt to the G. H. & H.

Should the present switching limits of Houston be extended beyond the limits of the Terminal, as defined in Section 2.1 (a) of the 1948 Agreement, the Belt agrees, on request of any Using Line or Lines, to furnish as agent thereof, switching service for any of its or their exclusive industries located within said extended switching limits. The Using Line or Lines agree to pay the Belt the cost of performing such service.

Allocation of Certain Expense Between Beaumont, Brownsville, International and Sugar Land.

The 1948 Agreement (Section 1.1) provides that the International and Sugar Land, without acquiring any shares of Belt Stock, be permitted to use Belt facilities and avail themselves of its services.

By the terms of the 1948 Agreement, International and Sugar Land are required to pay to Belt a user basis proportion of operating expenses as defined in Section 2.1, but are not required to make payments direct to Belt on account of interest, sinking fund installments, advances for additions and betterments, taxes, lease rentals, depreciation and retirements, such payments being borne by the New Proprietary Lines.

By virtue of the Agreement, attached hereto as Exhibit 7-A, it is agreed that the Beaumont's and Brownsville's ownership proportion of (a) taxes as defined in Section 2.6 of the 1948 Agreement (except taxes chargeable to Investment account), (b) bond interest secured by Belt mortgage, and (c) interest rental under International, Santa Fe and Beaumont Leases, shall be apportioned among Beaumont, Brownsville, International and Sugar Land on user basis.

International and Sugar Land agree to pay to Beaumont and Brownsville additional monthly contributions at the rate of 3½ per cent per annum upon International's and Sugar Land's respective user basis proportions of advances and payments made by each Beaumont and Brownsville after effective date of 1948 Agreement for Belt bond retirement sinking fund and for additions and betterments to Terminal (including taxes chargeable to Belt's investment account), with due allowance for credits thereon authorized by the 1948 Agreement, as of record at the close of the preceding month.

At the time depreciable property is retired and replaced by Belt, International and Sugar Land will pay on a user basis their respective proportions of amounts to be advanced by Beaumont and Brownsville representing the service loss on such property.

It is also agreed that all Missouri Pacific Lines' expenses for maintenance and operation of the Terminal, not specifically provided for in said Agreement, shall be allocated among Beaumont, Brownsville, International and Sugar Land on a user basis.

Pooling of Demurrage Revenue.

Belt, acting as agent for the Using Lines, shall make in its own name single average demurrage agreements with each shipper, receiver or industry on its lines desiring an average demurrage agreement. Each agreement shall cover (1) cars switched by Belt under its tariffs in intra and inter terminal movement, (2) T. & N. O. and Katy line haul cars switched by Belt under its tariffs, and (3) cars of Using Lines switched by Belt as agent under their respective tariffs.

The demurrage on such cars collected by Belt shall be pooled and divided between the Using Lines in proportion that number of its loaded road-haul industry cars switched to or from industries served by Belt, except certain exclusive industries, bear to the total number of loaded road-haul industry cars of all Using Lines so switched [Section 2.1 (c), 1948 Agreement] and applied in reduction of the amount of operating expenses as defined in Section 2.1 (a) of the 1948 Agreement.

Assumption of Obligation and Liability by New Proprietary Lines.

Section 2.9 of the 1948 Agreement obligates each New Proprietary Line to pay its stock ownership percentage—12½ percent each in case of Denver and Rock Island and 25 percent each in case of Beaumont, Brownsville and Santa Fe—

of funds sufficient to enable Belt to meet all bond maturities, bond interest and sinking fund installments under Belt's First Mortgage dated July 1, 1937. In case of default by any New Proprietary Line or Lines the non-defaulting New Proprietary Line or Lines will make such payments.

The 1948 Agreement—General Object and Purpose.

Each of the above transactions are phases of the 1948 Agreement, the general object and purpose of which are to provide for the enlargement of the facilities of the Belt and to set forth the terms and conditions upon which (a) the New Proprietary Lines shall jointly control the Belt, and (b) the Using Lines shall jointly use the facilities of the Belt and avail themselves of its services.

The New Proprietary Lines and Stock Ownership Percentages.

The Denver and Rock Island are to be admitted to joint control and joint use of the Belt, after having acquired in equal amounts the B-RI's 25 percent stock ownership in the Belt, and the International and Sugar Land are to be admitted to joint use of the Belt.

The New Proprietary Lines and each of their stock ownership percentages will be: Denver 12½%, Rock Island 12½%, Santa Fe 25%, Beaumont 25%, and Brownsville 25%.

The Effective Date and Term of the 1948 Agreement and Leases.

The 1948 Agreement shall take effect (a) on the first day of the first calendar month beginning after the effective date of the necessary Order or Orders of the Interstate Commerce Commission approving and authorizing the transactions, or (b) on the date, following the securing of said approval and authority, that the facilities of New Yard shall in the opinion of Missouri Pacific be sufficiently completed to permit their use by Missouri Pacific, whichever is later, and shall continue in effect until January 1, 2007, and thereafter until terminated by 6 months written notice served by any Using Line upon the others, subject to the proviso contained in Section 3.7 that if the 1948 Agreement, the New Yard Lease, the I-GN Lease, or the Santa Fe Lease, as amended, should be terminated, all of them shall terminate concurrently.

Operating Expenses and Revenues.

The Terminal is defined in Section 2.1 (a) of the 1948 Agreement to include the railroad and terminal facilities and all other property constructed, leased, or otherwise acquired by the Belt and all additions and betterments, extensions and improvements made or to be made therein or thereto.

As provided by Section 2.1 of the 1948 Agreement, Operating Expenses (defined therein) are to be apportioned to the Using Lines on a User basis and all revenues, except rentals, are to be divided or applied in reduction of Operating Expenses on an appropriate use basis. From rentals there shall be deducted all Operating Expenses directly incurred in earning them and the remainder shall be paid to the New Proprietary Lines on a Stock Ownership Percentage basis, except that any New Yard rentals shall be paid to Beaumont, unless and until such time as Denver, Rock Island, or Santa Fe make substantial use of the New Yard, in which event, rentals from any facilities located in portions so used shall be apportioned to Beaumont, Brownsville, Denver, Rock Island, or Santa Fe, on a use basis.

Depreciation and Retirements.

Road and equipment depreciation has been charged against the four Proprietary Lines on a User Basis. As of the effective date of the 1948 Agreement, all depreciation previously charged against the Proprietary Lines shall be applied in reduction of advances theretofore made by them respectively. From and after the effective date of the 1948 Agreement, depreciation is to be charged on a User Basis against the New Proprietary Lines and shall be applied in reduction of advances made by them respectively.

The ledger value of Belt owned non-depreciable property, other than land, retired and not replaced is to be charged against the New Proprietary Lines in the proportions in which the funds for the construction of the property were provided by them therefor, and shall be applied in the reduction of advances made by each New Proprietary Line (Section 2.3 of 1948 Agreement).

Additions and Betterments; Taxes Chargeable to Investment Account.

All additions and betterments, exclusive of taxes chargeable to Investment Account, shall be made by, and with funds provided, as follows:

1. To all portions of the Terminal except the New Yard, by Belt with funds provided by the New Proprietary Lines on a use basis so adjusted that use by International and Sugar Land shall be deemed to be use by Brownsville and Beaumont.
2. To the New Yard, by Beaumont with funds provided by it, except that if Denver, Rock Island and/or Santa Fe make such use of the New Yard as to make additions and betterments thereto necessary, they shall be made by Belt with funds provided by the New Proprietary Lines on a Stock Ownership Percentage basis.

All taxes chargeable to Investment Account shall be paid with funds provided as follows:

1. Those assignable to all portions of the Terminal, except the New Yard, by the New Proprietary Lines on a Stock Ownership Percentage basis.

2. Those assignable to the New Yard with funds provided by Beaumont unless and until Denver, Rock Island and/or Santa Fe make substantial use of the less-than-carload freight facility zone and/or the train yard zone, in which event funds to pay Investment Account taxes assignable to the zone or zones so used shall be provided on a use basis.

During the ten years ending December 31, 1948, taxes chargeable to Investment Account paid by Belt amounted only to $43,806.

Apportionment of Taxes Not Chargeable to Investment Account and Lease Rentals.

Taxes, as defined in Section 2.6 of the 1948 Agreement, other than those chargeable to Investment Account, and interest rental under the I-GN, Santa Fe and New Yard Leases, are to be initially borne by the New Proprietary Lines, as follows: All such taxes applicable to the New Yard and the interest rental payable under the New Yard Lease are to be initially borne on an adjusted use basis under which use by International and Sugar Land shall be deemed to be use by Beaumont and Brownsville; and all other such taxes and the interest rental under the I-GN and Santa Fe Leases shall be initially borne by the New Proprietary Lines on a Stock Ownership Percentage basis. The amount of interest rental and taxes so initially paid by Beaumont and Brownsville is to be thereafter apportioned between them and International and Sugar Land as provided in the Agreement attached hereto as Exhibit 7-A.

Adjustment of International Payment for Use of Passenger Station.

The International has for many years used the passenger station facilities of Belt and tracks leading thereto for its passenger operations, although it is not a party to the 1907

Agreement. Section 1.6 of the 1948 Agreement provides, in substance, that International payments for the twelve months' period prior to the effective date of the 1948 Agreement shall be so adjusted that International payments for use of such facilities for said period will equal the amount of operating expenses it would have paid had it been a party to the 1907 Agreement.

Belt Officers and Directors.

Heretofore, the Board of Directors of Belt has consisted of eight members and each Proprietary Line has been represented thereon by two of its officers which it has had the power to elect because the by-laws of the Belt provide for cumulative voting; and each of the officers of the Belt also has been an officer of one of the Proprietary Lines.

Section 2.11 of the 1948 Agreement provides in substance that most of the principal officers of the Belt shall be independent of and not hold office with any Using Line; that the Board of Directors shall be increased from eight to nine members; and because Texas law requires the President of a railroad to be a Director, and all Directors stockholders, that one-fourth of a share of Belt stock out of each of the four 60½ share lots now pledged by the Proprietary Lines as further security for the existing bonds of Belt, under the Stock Trust Agreement dated July 1, 1907, as amended July 1, 1937, copies of which are on file in Finance Docket No. 11659, shall be withdrawn in order to provide a qualifying share for the Director who will be the independent President. This, together with substitution of the 1948 for 1907 Agreement, will necessitate a further amendment to said Stock Trust Agreement. Further amendment to said Stock Trust Agreement therefore will be required and made.

Supplemental Mortgage and Stamping of Bonds.

Section 3.9 of the 1948 Agreement provides that the 1948 Agreement shall be substituted for the Operating Agreement of July 1, 1907, as amended July 1, 1937, copies of which are on file in Finance Docket 11659, and that if Central Hanover Bank and Trust Company, Trustee under Belt's First Mortgage, which is a party to the 1907 Agreement, and Metropolitan Life Insurance Company, which holds all the bonds issued under said mortgage, consent to such substitution, then said Mortgage Trustee shall have the right to require enforcement of every covenant contained in the 1948 Agreement, breach of which might affect or impair the rights of the said Trustee or the bondholders represented by it. Said Trustee and Metropolitan Life Insurance Company both have advised that they will consent to such substitution upon execution of a supplemental Mortgage and stamping of the bonds to refer thereto. It is proposed that this be done.

Conventional Provisions.

The 1948 Agreement also contains provisions covering liability (Section 3.1), arbitration (Section 3.2), exclusion of any defaulting line subject to any public authority having jurisdiction [Paragraph (j) of Section 2.13], and (Section 2.14) requiring use of the Terminal by the Using Lines, and also various other provisions customarily used in agreements of this character.

(c) 3. There is no financial or other relationship, direct or indirect, not disclosed in responses to prior instructions existing at the present time between applicants.

(c) 4. The route and mileage of the Belt, the principal points of interchange between applicants, and the main and branch line mileage separately stated, are as follows:

Exhibit A, attached to the 1948 Agreement, is a map, not drawn to scale, showing the general relative location of the

Belt, the portion of the International to be included in Terminal, and their connections at and in the vicinity of Houston.

Belt: Belt owns or leases and operates 100.23 miles of track at Houston, of which 26.88 miles are main track and 73.35 miles are other tracks.

The Belt is composed of what is referred to as the West Belt and East Belt. The West Belt extends from an end-to-end connection with Santa Fe at a point near the southerly city limits northerly through approximately the center of Houston, and thence westerly to an end-to-end connection with the B-RI near the northerly city limits, a distance of approximately 12.24 miles. The East Belt extends easterly from Belt Junction, a point approximately 3.11 miles east of the B-RI-West Belt connection, across the International at Percival Junction, to a connection with the Beaumont at Gulf Coast Junction, thence southeasterly to a connection with the New Yard, thence southerly and southwesterly across the T. & N. O. in two places, the International Magnolia Park Branch and the G. H. & H. to a junction with the West Belt between the Old and New South Yards, a distance of approximately 11.35 miles.

Pursuant to Section 2.13 (a) of the 1948 Agreement, each Using Line has the equal right and privilege to use the Terminal in common with Belt and with the other Using Lines.

International: The Belt will lease from International 14.6 miles of main track extending southerly from operating Mile Post 144.0, located 12,318 feet north of the center of the crossing of International and Belt main tracks near Percival Junction through approximately the center of Houston, to Mile Post 7.16, located 1,463 feet southerly of the center of the crossing of the main track of International and T. & N. O. at Pierce Junction, and including the International

Magnolia Park Branch extending from a point in Commerce Avenue near its intersection with Main Street, in a general easterly direction, approximately 6.3 miles to the southeasterly end of Booth Yard.

Interchange Connections: The Belt, as agent for each of the Using Lines, is to deliver freight cars in interchange at the point in the Terminal from time to time as designated by the receiving Using Line. It is provided by Section 2.8 of the 1948 Agreement, however, that cars to be delivered to Beaumont and Brownsville by Denver, Rock Island and Santa Fe shall be interchanged to Beaumont and Brownsville at the New or Old South Yard.

The freight train yard work of the Beaumont, Brownsville, International and Sugar Land will be done in the New Yard.

Denver, Rock Island and Santa Fe may use the New Yard for freight train yard purposes provided all three agree that the same may be so used.

All Using Lines, except Sugar Land, use the Belt Passenger Station which is known as Union Station.

(c) 5. **Property included in the ~~proposed~~ transaction.**

Belt Property: All is included.

Santa Fe Property: The property leased by Belt from Santa Fe consisted when leased of the then main line of Santa Fe extending from the south end of the West Belt to a point beyond the present Union Station, together with all its Houston terminal facilities. Certain small parcels of property not needed for railroad purposes have since been sold and excluded from the lease.

Beaumont Property: The New Yard, consisting of approximately 376 acres of land, the approximate location of which is shown on map Exhibit A to the 1948 Agreement, together with all facilities constructed or to be constructed thereon, which is to be leased by Belt from Beaumont under a lease substantially in the form attached as Exhibit B to the 1948 Agreement.

International Property: All of the real estate and fixed physical property of the International within the yard limits of Houston, which end at International Mile Post 144.0 on the North and International Mile Post 7.16 on the South, including Magnolia Park Branch, except certain creosote and fuel oil storage facilities in the Booth Yard, the International Freight House Property, the Mechanical Facilities adjacent to Percival Yard, the Commerce Avenue Mechanical Facilities, and the Central Portion of the International Congress Avenue Yard. The above leased property, together with a schedule of the excepted property, particularly described, are to be covered by a lease from the International to the Belt, substantially in the form attached as Exhibit C to the 1948 Agreement.

New Construction.

Section 1.3 of the 1948 Agreement provides for the construction of certain tracks, and signal work incidental thereto, required in order that, after inclusion in the Terminal of the properties of Beaumont and International proposed to be leased, they may all, except the Mechanical Facilities, be operated by the Belt as a part of its terminal facilities. The estimated cost of such improvements is $548,000, of which $415,000 is to be advanced to Belt by the New Proprietary Lines on a Stock Ownership Percentage basis, and $133,000 is to be borne by International.

(c) 6. The respective values of the Belt, Santa Fe and International properties involved as found by the Commission, and the net cost of additions and betterments made after valuation date to and including December 31, 1948, and the estimated cost of the New Yard which is under construction by Beaumont, are as follows:

Belt:

June 30, 1916, Commission value	$3,833,462
Subsequent Additions and Betterments	3,276,887
Total	$7,110,349

Santa Fe:

June 30, 1916, Commission value	$ 869,065
Subsequent Additions and Betterments	2,408
Total	$ 871,473

International:

June 30, 1918, Commission value	$2,471,109
Subsequent Additions and Betterments	1,261,025
Total	$3,732,134

Beaumont:

Estimated ultimate cost of the New Yard will approximate	$2,500,000

(c) 7. Each applicant accrues and has accrued depreciation on its property in accordance with the orders of the Commission and at rates prescribed by it.

(c) 8. The 62½ shares of Belt stock proposed to be acquired by Denver and Rock Island have no market value, but their estimated value for the purposes of this transaction is $6,250.

(c) 9. **Property encumbered.**

(c) 9. (1) Belt's property now owned or hereafter acquired.

(c) 9. (2) In Finance Docket No. 11659, **Houston Belt & Terminal Railway Company Bonds**, 221 I. C. C. 481, decided June 10, 1937, Division 4 authorized the Belt to issue $3,600,000 of First Mortgage 3½% Bonds to be sold at par and the proceeds applied to the payment at maturity on July 1, 1937, of a like amount of its First Mortgage 30-year 5% Gold Bonds.

The bonds were sold at par to the Metropolitan Life Insurance Company, which still holds them.

The bonds bear interest at the rate of 3½% per annum, payable semi-annually on January 1 and July 1, and are subject to redemption as a whole at the option of the Belt on any interest date subsequent to July 1, 1947, at 105% of par and accrued interest, and will mature July 1, 1967.

The mortgage provides for the establishment of a sinking fund into which the Belt will pay, or cause to be paid, $50,000.00 on June 1 in each of the years 1938 to 1967, inclusive, this fund to be applied by the Trustee to the purchase, at private sale or in the open market, or from the Belt, of outstanding First Mortgage Bonds at a price not exceeding 105% of par and accrued interest. Bonds so acquired are to be canceled by the Trustee.

(c) 9. (3) In Finance Docket No. 11659, supra, Division 4 also authorized the Santa Fe, B-RI, Brownsville and Beaumont to assume obligation and liability in respect of interest and sinking fund payments on the bonds authorized to be issued, but not with respect to payment of the principal of the bonds at maturity, pursuant to an Operating Agreement and a Stock Trust Agreement, dated July 1, 1907, and amendments thereto dated July 1, 1937.

$3,085,000.00 of the principal amount of these bonds was outstanding on November 15, 1948.

Section 2.9 of the 1948 Agreement provides that the New Proprietary Lines shall advance or pay to or for account of Belt, on a Stock Ownership Percentage basis, not only all interest and sinking fund installments provided for by said mortgage, but also the principal amount of bonds outstanding at the maturity thereof; also, that in case of default by any New Proprietary Line or Lines, the non-defaulting New Proprietary Line or Lines will make such payments or advances. This will result in the assumption of new obligation or liability with respect to such bonds by Denver and Rock Island and the assumption of additional liability with respect to such bonds by Santa Fe, Beaumont and Brownsville.

(c) 10. No consolidation or merger is proposed.

(d) FACTS AND CIRCUMSTANCES RELIED UPON TO SHOW THAT THE TRANSACTIONS PROPOSED IN THIS APPLICATION WILL BE CONSISTENT WITH THE PUBLIC INTEREST AND LAWFUL IF APPROVED BY THE COMMISSION.

(d) 1. (1) **Public interest—Section 5 (2) transactions.**

(A) Due to the rapid industrial development of Houston and contiguous territory there has been a great increase in the volume of traffic moving to, from, via and within that city; and it is expected that such traffic will continue to increase.

Because of such traffic increase and the operation of longer trains, particularly those operated by Beaumont and Brownsville, the freight train yards of the Belt, known as its Old and New South Yards, have become inadequate to handle the freight train yard work of Santa Fe, B-RI, Beaumont and Brownsville. Such yards are located in the southern part of

Houston in an area which has developed to such an extent as to preclude enlargement of the freight train yard facilities to adequate size except at excessive cost.

The Congress Avenue Freight Train Yard and mechanical facilities of International were constructed when the line was built into Houston in the 1870's and are located in the downtown congested area of Houston. In the 1920's, due to the then inadequacy of these facilities, an auxiliary yard known as the Percival Yard was constructed, and both of these yards have since been operated by International. Operation of the two yards always has resulted in undue expense and because of increased traffic and operation of longer trains they are now entirely inadequate to handle the traffic of International and Sugar Land in an efficient and economical manner.

The Belt and International freight train yards were constructed at their present locations prior to the time Beaumont, Brownsville, International and Sugar Land became Missouri Pacific System Lines and performance of their freight train yard work, partly in the Belt freight train yards and partly in the International freight train yards, results in delays in the interchange of road-haul cars and in the movement of International or Sugar Land cars to and from Belt industries or the movement of Beaumont and Brownsville industry cars to and from International industries.

In Finance Docket No. 14400, **Burlington-Rock Island R. R. Co. Lease**, 261 I. C. C. 815, the Commission found in effect that it would be in the public interest for Denver and Rock Island jointly to lease the railroad owned and now operated by B-RI and to operate into and out of Houston as separate carriers, provided they could obtain admission to the Belt on reasonable terms in substitution for B-RI.

In addition to providing for such admission, the 1948 Agreement provides for the construction of a new and modern yard at which all the freight train yard work of the four Missouri Pacific lines can be handled and for inclusion of International industrial terminals in the Belt as a result of which all delays incident to interchange of cars between the four Missouri Pacific lines will be eliminated, as well as the delays in the movement of cars to and from industries.

The removal of Beaumont and Brownsville freight train yard work from the present Belt freight train yards will leave adequate room for the handling therein of the Santa Fe, Denver and Rock Island freight train yard work, and interchange delays at present encountered in the movement of their industrial cars to and from the industries of International also will be eliminated.

The four Missouri Pacific lines each are to have the right to publish rates to and from all present and future Belt and International industries and Denver, Rock Island and Santa Fe also are to have such right, except that industries on the G. H. & H. are to remain exclusive International and Katy industries.

(B) Section 2.13 (b) of the 1948 Agreement is to the general effect that except for its intra and interterminal traffic which is to be handled by Belt under tariffs published by it, the Belt shall handle the traffic of the Using Lines under their tariffs to the extent tariffs are required by law, as was held lawful in **Terminal Allowance at Minnesota Transfer,** 268 I. C. C. 5, and to the further general effect that without the unanimous consent of the Using Lines, Belt shall not do or perform anything for any other Houston railroad that such other railroad will not do or perform on the same terms and conditions for the Using Lines, is an incident to the control of Belt for which approval is specifically sought herein.

Public Interest—Section 5 (1) Transaction.

Section 1.7 of the 1948 Agreement provides that the Belt shall make single average demurrage agreements with all shippers and receivers desiring such agreements, in which shall be included cars handled by the Belt under its tariffs and those handled by it as agent for the Using Lines under their tariffs; and that all such demurrage shall be pooled and applied in reduction of operating expenses which otherwise would be payable by the Using Lines in the proportions that the number of loaded road haul industry cars handled by Belt for each of the Using Lines bears to the total number of such cars handled for all the Using Lines.

If individual average demurrage agreements were made by the Belt and each Using Line, it would be necessary for the present industries of International desiring to operate under the average demurrage plan to execute and operate under seven average demurrage agreements instead of one average demurrage agreement as at present; and Belt industries desiring to operate under the average demurrage plan also would be required to execute and operate under additional average demurrage agreements.

Under the plan provided for by Section 1.7, the cars of the Using Lines would remain in their accounts for the purpose of making per diem settlements with the owners of foreign line cars; the expense of keeping carriers' interchange and per diem reclaim records required by the individual average demurrage agreement plan would be saved; and the work and expense both to the carriers and shippers involved in making out, keeping, and checking multiple records, in preparing and checking multiple individual bills, and in making and recording payments under the numerous agreements, which would be required under the individual average demurrage agreement plan, would be eliminated.

Consequently, the plan provided for by said Section 1.7 is in the interest of economy in operation, and in the interest of better service to the shippers and receivers of the Belt who desire to operate under the average demurrage agreement plan, and also in the interest of better service to the public.

Public Interest—Section 20a Transaction.

Section 2.9 (a) of the 1948 Agreement, which provides for assumption by Denver and Rock Island of new and for assumption by Beaumont, Brownsville and Santa Fe of additional obligation and liability with respect to existing bonds of Belt, sets forth completely and specifically the obligations of the New Proprietary Lines with respect to such bonds both prior to and at the maturity thereof.

The facts and circumstances relied upon to establish that the proposed assumption of liability or obligation with respect to the existing Belt bonds complies with applicable provisions of Section 20a of the Act are fully set forth in paragraphs numbered (c) 9. (2) and (c) 9. (3), supra.

(d) 1. (2) The general object of the proposed transactions is to provide adequate facilities for handling by applicants of traffic moving and expected to move to, from, via and within Houston in an efficient and economical manner under terms and conditions which are equitable and reasonable from a financial standpoint and which, through relief to the extent feasible of terminal congestion and interchange delay, will enable applicants fairly and effectively to compete for such traffic. Applicants believe that through such greater efficiency and economy of operation they will increase their respective earnings sufficiently to enable them to obtain a fair return on their proposed investment and that failure to consummate the proposed transactions would have a substantial adverse effect on their future earnings.

The December 31, 1947 valuation of International's property to be leased is $3,772,000 and it is estimated that net additions and betterments made and to be made between that date and the effective date of the 1948 Agreement will cost approximately $128,000, making a total interest rental base of approximately $3,900,000 on which annual 3½ percent interest rental will amount to $136,500. 50% of such rental, or $68,250 is to be initially paid by Beaumont and Brownsville and then allocated on a use basis between them and International and Sugar Land. The remaining 50% of such interest rental is to be paid one-half by Santa Fe and one-fourth each by Denver and Rock Island. Taxes payable under the I-GN Lease are to be apportioned to the Using Lines in the same manner and on the same basis.

Although Santa Fe, Denver and Rock Island are given the right to make full use of the New Yard, so far as now can be foreseen their use will be only nominal or incidental; and interest, rental and taxes payable under the New Yard Lease are to be apportioned on the use basis to the lines which make use thereof. It is estimated that amounts received by International under its lease will approximately offset amounts to be paid by it under Missouri Pacific Allocation Agreement attached as Exhibit 7-A.

Annual interest rental under the Santa Fe Lease (approximately $38,175) and taxes payable thereunder are to be allocated approximately the same as heretofore except that Denver and Rock Island will each assume one-half of the 25% previously paid by B-RI, and except that the 50% previously paid by Beaumont and Brownsville is to be apportioned on the use basis between them and International and Sugar Land.

The use made by Beaumont and Brownsville of the present Belt facilities has been substantially greater than the use thereof made by Santa Fe and B-RI; and after the present Belt facilities are enlarged and the traffic of I-GN and Sugar Land handled therein, as proposed, the percentage of use of such facilities by Missouri Pacific Lines will be further increased. Recognition of this prospective predominant use by Missouri Pacific Lines is given effect in the 1948 Agreement, by providing that all further additions and betterments throughout the life of the contract shall be made with funds provided on the use basis. Applicants believe that this provision, together with the other provisions of the 1948 Agreement, provides a fair, equitable and sound basis for the operation and future improvement of their unified Houston Terminal facilities.

The following table shows loaded industry cars switched during 1947 by Belt and by I-GN at Houston:

Loaded Industry Cars Switched:	Belt	I-GN
BRI	4,242	4,630
Santa Fe	6,771	7,936
Beaumont	11,365	8,719
Brownsville	3,768	3,084
I-GN	9,229	20,214
Sugar Land	82	1,935
T&NO	17,050	12,177
Katy	3,727	5,826
Belt, Intra-Terminal	8,951	.....
Inter-Terminal Cars Received by I-GN from:		
Belt	.....	3,394
T&NO	.....	4,354
Katy	.....	325
I-GN, Intra-Terminal	.....	12,012
Total Switched by Belt and I-GN	65,185	84,606

(d) 1. (3) Consummation of the proposed transactions will enable applicants to provide more adequate transportation service to the public than can be provided by them with their existing facilities.

(d) 1. (4) No increase in fixed charges will result from the proposed transactions.

(d) 1. (5) Applicants believe that consummation of the proposed transactions will benefit the carrier employes affected because a greater amount of traffic will be handled in the enlarged and improved facilities than could be handled if such improvements were not made.

(d) 1. (6) See paragraph in item (d) 1. (1) entitled "Public Interest—Section 20 (a) Transaction."

(d) 2. (1) All other Houston railroads have their own terminal facilities and there is, therefore, no reason to include any other railroad in the proposed transactions.

(d) 2. (2) Negotiations are being conducted with representatives of the carrier employes who may be affected by the transactions and it is hoped that agreements can be reached which will obviate the necessity of the imposition by the Commission of any conditions under Section 5 (2) (f) of the Interstate Commerce Act. But if no such agreements are reached then to the extent that the interests of railroad employes might be adversely affected, applicants are willing to comply with any fair and equitable arrangements which the Commission might require for the protection of their interests.

(d) 3. Not applicable.

II.

EXHIBITS REQUIRED.

(a) **There are filed with the original application and as part thereof, but not with copies, or, having been filed in other proceedings, are made a part hereof by reference, the following exhibits:**

As Exhibit A.

A certified copy of the Charter, with amendments to date, and a certified copy of the By-laws, with amendments to date, of the Belt are designated Exhibit A (Belt) and are filed herewith.

A certified copy of the Charter, with amendments to date, and a certified copy of the By-laws, with amendments to date, of the Santa Fe, Denver and Rock Island were filed with the Commission in the following Finance Dockets:

Santa Fe—Finance Dockets Nos. 3158, 4526, 11344 and 16343.

Denver—Finance Dockets Nos. 1630 and 11029.

Rock Island—Finance Docket No. 16066.

A certified copy of orders Nos. 40 and 57, of the District Court of the United States, Eastern Division, Eastern Judicial District of Missouri, appointing L. W. Baldwin and Guy A. Thompson, Trustees of the Beaumont, Brownsville and International, and a certified copy of order No. 416, of said Court, accepting the resignation of L. W. Baldwin as co-Trustee, and continuing Guy A. Thompson as sole Trustee of the Beaumont, Brownsville and International, were filed with the Commission in Finance Docket No. 15947.

A certified copy of order No. 1033, of the District Court of the United States, Eastern Division, Eastern Judicial District of Missouri, ratifying the appointment of Guy A.

Thompson as Trustee of the Sugar Land Railway Company, is filed herewith as Exhibit A (Sugar Land).

As Exhibit B.

The Belt does not make Annual Reports to its stockholders.

Santa Fe makes no stockholders' report, but the Annual Reports of The Atchison, Topeka and Santa Fe Railway Company to its stockholders for the calendar years 1946 and 1947 were filed in Finance Docket No. 16343.

The Rock Island was in trusteeship undergoing reorganization under Section 77 of the Bankruptcy Act from 1932 to 1948. The reorganization was consummated and the reorganized company entered into possession January 1, 1948. The court order discharging the Trustees was entered June 29, 1948.

The Denver makes no stockholders' report, but the Annual Reports of The Colorado and Southern Railway Company to its stockholders, which include statistics of the Denver, for the calendar years 1946 and 1947, are designated as Exhibit B (Denver) and are filed herewith.

The Beaumont, Brownsville and International have been in trusteeship since 1933, and the Sugar Land since 1937. Those lines are still undergoing reorganization under Section 77 of the Bankruptcy Act.

(b) **There are filed with the original application, and with each copy, as a part thereof, the following exhibits:**

As Exhibit 1.

Authenticated copies of the resolutions of the directors of each applicant and of each carrier which is a party to the transaction and not in trusteeship, authorizing the proposed transactions, the making of the application to the Commission for its approval and authorization, and designating by name and for that purpose the executive officer by whom the application is signed, verified and filed on behalf of the respective applicants, are designated as follows and filed herewith: 1 (Belt), 1 (Santa Fe), 1 (Denver) and 1 (Rock Island). The resolutions of the directors of B-RI will be available at the hearing on said application.

As Exhibit 2.

Nothing is filed as Exhibit 2, because the documentary evidence filed as Exhibit 1 includes information requested.

As Exhibit 3.

Nothing is filed. Not applicable.

As Exhibit 4.

A certified copy of order No. 3434, of the District Court of the United States, Eastern Division, Eastern Judicial District of Missouri, authorizing Guy A. Thompson, as Trustee of the Beaumont, Brownsville, International and Sugar Land, to enter in the 1948 HB&T Operating Agreement and other instruments pertaining thereto and to make, verify and file an application or applications with the Commission for authority to consummate all the transactions provided by the 1948 Agreement, and to operate thereunder when appropriate authority therefor shall have been secured from said Commission.

As Exhibit 5.

Opinion of Counsel for each applicant to the effect that the transactions described in the application meet the requirements of law and will be legally authorized and valid if approved by the Interstate Commerce Commission, are designated as follows and filed herewith: 5 (Belt), 5 (Santa Fe), 5 (Denver), 5 (Rock Island), and 5 (Beaumont, Brownsville, International and Sugar Land).

As Exhibit 6.

A general or key map as required by the Commission's order of October 14, 1940.

A map showing the general relative location of the Belt and its Using Lines and their connections at Houston is attached to the 1948 Agreement as Exhibit A. There are also transmitted three copies of each of said maps for use of the Commission.

As Exhibit 7.

A conformed copy of the 1948 HB&T Operating Agreement between the Belt, Rock Island, Denver, Santa Fe, B-RI, and Guy A. Thompson as Trustee of the properties of the Beaumont, Brownsville, International and Sugar Land, dated as of November 15, 1948, including as exhibits thereto the Lease of the New Yard by the Beaumont to the Belt, the Lease by the International to the Belt, and the proposed Agreement between the International and GH&H.

As Exhibit 7-A.

A copy of an Agreement by and between the Beaumont, Brownsville, International and Sugar Land respecting certain allocations of expenses as among themselves in the carrying out of said HB&T Operating Agreement.

As Exhibit 8.

A verified copy of the General Balance Sheet of each carrier as of December 31, 1948, is designated as follows and filed herewith: 8 (Belt), 8 (Santa Fe), 8 (Denver), 8 (Rock Island), 8 (Beaumont), 8 (Brownsville), 8 (International), 8 (Sugar Land), and 8 (B-RI).

As Exhibit 9.

A verified copy of the Income Statement and Earned Surplus Statement for each applicant and the B-RI, for the calendar years 1944-1948, inclusive, are designated as follows and filed herewith: 9 (Belt), 9 (Santa Fe), 9 (Denver), 9 (Rock Island), 9 (Beaumont), 9 (Brownsville), 9 (International), 9 (Sugar Land), and 9 (B-RI).

As Exhibit 10.

See answer to Interrogatory I (b) 9.

As Exhibit 11.

Not applicable.

As Exhibit 12.

Not applicable.

Additional Exhibits Required by the Commission's Order of August 9, 1946.

As Exhibit 13 (designated as Exhibit 5 in said order).

The form of the existing bonds of the Belt is set forth in the form of its First Mortgage, a copy of which is on file with the Commission in Finance Docket No. 11659.

As Exhibit 14 (designated as Exhibit 6 in said order).

A copy of the form of the present mortgage of the Belt is on file with the Commission as Exhibit 7 to the application in Finance Docket No. 11659.

WHEREFORE, applicants respectfully pray for an order approving this application and authorizing the transactions herein described, pursuant to and under all pertinent provisions of the Interstate Commerce Act.

Respectfully submitted,

HOUSTON BELT & TERMINAL RAILWAY COMPANY,
By J. P. COWLEY.

GULF, COLORADO AND SANTA FE RAILWAY COMPANY,
By R. G. RYDIN,
Vice President.

FORT WORTH AND DENVER CITY RAILWAY COMPANY,
By J. C. JAMES,
Vice President.

CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY,
By W. F. PETER.

THE BEAUMONT, SOUR LAKE & WESTERN RAILWAY COMPANY, Debtor,
THE ST. LOUIS, BROWNSVILLE AND MEXICO RAILWAY COMPANY, Debtor,
INTERNATIONAL-GREAT NORTHERN RAILROAD COMPANY, Debtor,
SUGAR LAND RAILWAY COMPANY, Debtor,
By GUY A. THOMPSON,
Trustee.

May 23, 1949.

Verification.

State of Texas, } ss.
County of Galveston. }

J. P. Cowley, being first duly sworn, on oath says he is President of the Houston Belt & Terminal Railway Company, one of the applicants in the foregoing application; that he has knowledge of the matters and things set forth in the foregoing application with respect to said applicant; that to the best of his knowledge and belief, such matters and things are true and correctly stated; that he is duly authorized by said company to sign, verify and file this application.

J. P. Cowley.

Subscribed and sworn to before me this 27th day of May, 1949.

Wm. C. Driscoll,
(Seal) Notary Public.

My commission expires June 1, 1949.

State of Illinois, } ss.
County of Cook. }

R. G. Rydin, being first duly sworn, on oath says he is Vice President of Gulf, Colorado and Santa Fe Railway Company, one of the applicants in the foregoing application; that he has knowledge of the matters and things set forth in the foregoing application with respect to said applicant; that to the best of his knowledge and belief, such matters and things are true and correctly stated; that he is duly authorized by said company to sign, verify and file this application.

R. G. Rydin.

Subscribed and sworn to before me this 25th day of May, 1949.

George E. Andersen,
Notary Public.

(Seal)

My commission expires November 8, 1951.

State of Illinois, }
County of Cook. } ss.

J. C. James, being first duly sworn, on oath says he is Vice President of Fort Worth and Denver City Railway Company, one of the applicants in the foregoing application; that he has knowledge of the matters and things set forth in the foregoing application with respect to said applicant; that to the best of his knowledge and belief, such matters and things are true and correctly stated; that he is duly authorized by said company to sign, verify and file this application.

J. C. James.

Subscribed and sworn to before me this 25th day of May, 1949.

Phillip E. Hess, Jr.,
Notary Public.

(Seal)

My commission expires April 6, 1951.

State of Illinois, }
County of Cook. } ss.

W. F. Peter, being first duly sworn, on oath says he is Vice President of Chicago, Rock Island and Pacific Railroad Company, one of the applicants in the foregoing application; that he has knowledge of the matters and things set forth in the foregoing application with respect to said applicant; that to the best of his knowledge and belief, such matters and things are true and correctly stated; that he is duly authorized by said company to sign, verify and file this application.

W. F. Peter.

Subscribed and sworn to before me this 24th day of May, 1949.

W. J. Gedl,
(Seal) **Notary Public.**

My commission expires November 14, 1949.

State of Missouri, }
City of St. Louis. } ss.

Guy A. Thompson, being first duly sworn, on oath says that as Trustee of The Beaumont, Sour Lake & Western Railway Company, The St. Louis, Brownsville and Mexico Railway Company, International-Great Northern Railroad Company and Sugar Land Railway Company, Debtors, he is an applicant in the foregoing application; that he has knowledge of the matters and things set forth in the foregoing application with respect to said Debtor applicants; that to the best of his knowledge and belief, such matters and things are true and correctly stated; and that he is duly authorized by the United States District Court for the Eastern Division, Eastern Judicial District of Missouri, the court having jurisdiction of the trust estate of said Debtors, to make, verify and file this application.

Guy A. Thompson.

Subscribed and sworn to before me, a notary public in and for the state and city above named, this 31st day of May, 1949.

Walt W. Haverfield,
(Seal) Notary Public.

My commission expires September 15, 1952.

EXHIBITS

(For complete description of exhibits, see pages 51 to 58.)

The following lettered exhibits are either filed with the original (but not with copies), or reference to previous filing is shown on pages [illegible] and [illegible]. If filed with the original, the name of the applicant carrier for whose account it is filed is listed.

Exhibit A:

Charter with amendments
By-laws with amendments
    Belt
Court Order No. 1033
    Sugar Land

Exhibit B:

Annual Reports to Stockholders
    Denver

The following numbered exhibits are filed with the original and with each copy of this application.

Exhibit 3:

Resolutions of Board of Directors
    Belt
    Santa Fe
    Denver
    Rock Island

Exhibit 4:

Joint Order No. 3484
    Beaumont
    Brownsville
    International
    Sugar Land

Exhibit 5:

Opinion of Counsel for each applicant.

Exhibit 6:

A key map.

Exhibit 7:

1948 HB&T Operating Agreement.

Exhibit 7A:

Agreement by and between Beaumont, Brownsville, International and Sugar Land.

Exhibit 8:

General Balance Sheet for each applicant and HB&T.

Exhibit 9:

Income Statement and Earned Surplus Statement for each applicant and HB&T.

EXHIBIT 1 (Belt).

THIS IS TO CERTIFY that at a Special Meeting of the Board of Directors of Houston Belt & Terminal Railway Company held in the City of Houston, Texas, on the 1st day of April, 1949, at which meeting a quorum of the Company's Directors were present and voting throughout, the following resolution was unanimously adopted, to-wit:

WHEREAS, there has been submitted to the Board of Directors of Houston Belt & Terminal Railway Company, a copy of a proposed contract, recommended by the President of the Company, dated as of November 15, 1948, hereinafter called New Operating Agreement, between this Company (Belt), Gulf, Colorado and Santa Fe Railway Company (Santa Fe), Burlington-Rock Island Railroad Company (B-RI), Chicago, Rock Island and Pacific Railroad Company (Rock Island), Fort Worth and Denver City Railway Company (Denver), and Guy A. Thompson, as Trustee of the properties (1) of The Beaumont, Sour Lake & Western Railway Company (Beaumont); (2) of The St. Louis, Brownsville and Mexico Railway Company (Brownsville); (3) of International-Great Northern Railroad Company (I-GN); (4) of Sugar Land Railway Company (Sugar Land), said railroads being hereafter referred to by the terms following their respective names; and

WHEREAS, the New Operating Agreement provides among other things, subject to approval and authorization by the Interstate Commerce Commission, for consummation of the following transactions upon the terms and conditions therein set forth:

1. Acquisition by Denver and Rock Island of control of Belt jointly with Beaumont, Brownsville, and Santa Fe, by purchasing in equal amounts from B-RI, which

owns one-fourth (1/4) of the capital stock of Belt and to which Belt is indebted for advances, such Belt stock and indebtedness, and by assumption by Denver and Rock Island of all obligations of B-RI with respect to Belt and its properties.

2. Lease to Belt from Beaumont of a freight train yard, now in the course of construction by Beaumont, to which all of the freight train yard work of Beaumont, Brownsville, I-GN, and Sugar Land is to be transferred.

3. Lease to Belt of substantially all of the properties of I-GN within the yard limits of the City of Houston under a lease agreement to be in substantially the form attached as Exhibit C to the New Operating Agreement and therein designated "I-GN Lease."

4. Modification of lease from Santa Fe to Belt dated July 1, 1907 of certain railroad properties.

5. Joint use of the properties of Belt by all the parties to the New Operating Agreement except B-RI.

6. Assumption of new obligation and liability by Denver and Rock Island and additional obligation and liability by Beaumont, Brownsville, and Santa Fe with respect to the existing 3½% bonds of Belt, of which $3,085,000 principal amount were outstanding on November 15, 1948.

7. Performance by Belt as the agent of the other joint users of its properties (Beaumont, Brownsville, Denver, Rock Island, Santa Fe, I-GN, and Sugar Land), of switching and other terminal services, and for performance by Belt, as agent for I-GN alone, of switching services on the line of Galveston, Houston and Henderson Railroad Company within the switching limits of the City of Houston.

8. The pooling of certain revenues.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF HOUSTON BELT & TERMINAL RAILWAY COMPANY:

1. That the President or any Vice President of this Company is hereby authorized to execute said proposed contract substantially in the form submitted, and that the Secretary or any Assistant Secretary of this Company is hereby authorized to attest and affix the corporate seal of this Company thereto.

2. That this Board hereby authorizes and approves the making and filing by this Company, either severally or jointly with all or any of the parties to said proposed contracts, of such applications as are required by any of the provisions of the Interstate Commerce Act or other applicable law for the lawful accomplishment of the transactions provided for by the New Operating Agreement.

FURTHER RESOLVED, that J. P. Cowley, President, or F. E. Bates or D. C. Haggart, Vice Presidents, is hereby authorized and designated to verify and file with the Interstate Commerce Commission such joint or several applications and to supply such statements or information as may be appropriate or required in connection therewith.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of said Houston Belt & Terminal Railway Company at Houston, Texas, this 1st day of April, 1949.

A. V. MIMS,
Secretary.

(Seal)

EXHIBIT 1 (Santa Fe).

This is to certify that at the annual meeting of the Board of Directors of Gulf, Colorado and Santa Fe Railway Company, held in the City of Galveston, Texas, on the 1st day of March, 1949, at which meeting there were present Nine Directors, being more than a quorum, the following resolution was unanimously adopted:

WHEREAS, there has been submitted copy of proposed contract recommended by the President, dated as of November 15, 1948, hereinafter called New Operating Agreement, between this Company, Houston Belt & Terminal Railway Company (Belt), Burlington-Rock Island Railroad Company (BRI), Chicago, Rock Island and Pacific Railroad Company (Rock Island), Fort Worth and Denver City Railway Company (Denver), and Guy A. Thompson, as Trustee of the properties (1) of the Beaumont, Sour Lake & Western Railway Company (Beaumont); (2) of The St. Louis, Brownsville and Mexico Railway Company (Brownsville); (3) of International-Great Northern Railroad Company (I-GN); and (4) Sugar Land Railway Company (Sugar Land), said railroads being hereinafter referred to by the terms following their respective names; and

WHEREAS, The New Operating Agreement, among other things, provides, subject to Interstate Commerce Commission approval and authorization, for consummation of the following transactions upon the terms and conditions therein set forth:

1. Acquisition by Denver and Rock Island of control of Belt jointly with Beaumont, Brownsville and this Company, by purchasing in equal amounts from BRI, which owns one-fourth of the capital stock of Belt and to which Belt is indebted for advances, such Belt stock and indebtedness, and

by assumption by Denver and Rock Island of all obligations of BRI with respect to Belt and its properties.

2. Lease by Belt from Beaumont of a freight train yard, in the course of construction by Beaumont, to which all of the freight train yard work of Beaumont, Brownsville, I-GN and Sugar Land is to be transferred.

3. Lease by Belt of substantially all of the properties of I-GN within the yard limits of Houston under a lease agreement substantially in the form attached as Exhibit C to the New Operating Agreement and therein designated I-GN Iease.

4. Modification of this Company's lease to Belt, dated July 1, 1907, of certain railroad properties.

5. Joint use of the properties of Belt by all the parties to the New Operating Agreement, except BRI.

6. Assumption of new obligation and liability by Denver and Rock Island and additional obligation and liability by Beaumont, Brownsville and this Company with respect to the existing 3½% bonds of Belt, of which $3,085,000 principal amount were outstanding on November 15, 1948

7. Performance by Belt, as the agent of the other joint users of its properties (Beaumont, Brownsville, Denver, Rock Island, Santa Fe, I-GN and Sugar Land), of switching and other terminal services, and for performance by Belt, as agent for I-GN alone, of switching services on the Galveston, Houston and Henderson Railroad within the switching limits of Houston.

8. The pooling of certain revenues.

RESOLVED, that the President or any Vice-President of this Company is hereby authorized to execute said proposed contract substantially in the form submitted, and that the Secretary or any Assistant Secretary of this Company is hereby authorized to attest and affix the corporate seal of this Company thereto.

FURTHER RESOLVED, that this Board hereby authorizes and approves the making and filing by this Company, either severally or jointly with any or all of the other parties to said proposed contracts, of such applications as are required by any provisions of the Interstate Commerce Act for the lawful accomplishment of the transactions provided for by the New Operating Agreement.

FURTHER RESOLVED, that F. G. Gurley, President, R. G. Rydin, Vice-President, J. C. Gibson, Vice-President and General Counsel, J. P. Cowley, Vice-President and General Manager, or R. S. Outlaw, General Solicitor, is hereby authorized and designated to verify and file with the Interstate Commerce Commission such joint or several applications, and to supply such statements or information as shall be appropriate or required in connection therewith.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company at Galveston, Texas, this 1st day of March, 1949.

W. K. MENARD,
Secretary.

(Seal)

EXHIBIT 1 (Denver).

FORT WORTH AND DENVER CITY RAILWAY COMPANY.

(Certified Copy of Resolution.)

The Vice President stated that this Company has attempted for several years to obtain, jointly with the Chicago, Rock Island and Pacific Railroad Company, a lease of the line of the Burlington-Rock Island Railroad Company between Teague and Galveston, via Houston, in order to extend the present joint operation between Waxahachie and Teague, but that inability to obtain access to the Houston Belt & Terminal Railway Company facilities at Houston prevented consummation of such a lease. The Vice President then recommended approval of a new Operating Agreement, dated as of November 15, 1948, a copy of which was laid before the meeting, covering the facilities of the Houston Belt & Terminal, to which this Company and the Rock Island are to be made parties, providing among other things:

(1) For the acquisition by this Company and the Rock Island each of one-eighth of the capital stock of the Houston Belt; and assumption in equal shares by this Company and the Rock Island of all the obligations and liabilities of the Burlington-Rock Island with respect to the Houston Belt and its properties;

(2) Admission to the use of the Houston Belt facilities of this Company and the Rock Island in substitution for the Burlington-Rock Island and of International-Great Northern Railway Company;

(3) Lease by the Belt of most of the International-Great Northern terminal facilities at Houston, and a new freight train yard, principally for the use of the Missouri Pacific Lines; and

(4) Performance by the Houston Belt, as agent, of terminal and switching services, and for the Pooling of certain revenues.

The Vice President also recommended approval of a new Lease between the Burlington-Rock Island Railroad Company, as lessor, and this Company and the Rock Island, as lessees, covering the entire line of the lessor, a copy of which was laid before the meeting.

On motion, duly made and seconded, it was unanimously,

RESOLVED: that the terms and provisions of the draft of Operating Agreement, dated as of November 15, 1948, between the Houston Belt & Terminal Railway Company and its proprietary lines, including this Company, laid before the meeting be, and the same are hereby approved; and that, subject to any necessary authorization by or proceedings before the Interstate Commerce Commission, this Company enter into, and the President or any Vice President of this Company be, and each of them hereby is, authorized to execute on behalf of this Company, and under its corporate seal, said Operating Agreement, such Operating Agreement to be in substantially the form of the draft laid before the meeting, with such changes as the officers executing the same shall approve, such execution to evidence such approval; and

FURTHER RESOLVED: That Ralph Budd, President, J. C. James, Vice President, or R. Wright Armstrong, Vice President, of this Company, or any of them, be, and each of them hereby is, authorized to prepare, sign, verify and file with the Interstate Commerce Commission, on behalf of this Company, either severally or jointly with any or all of the other parties to said Operating Agreement, such application or applications, as well as supplements and amendments thereto, as may be required by the Interstate Commerce Act in connection with the lawful accomplishment of the transactions provided for in said Operating Agreement; and

FURTHER RESOLVED: That the draft of Lease laid before the meeting between the Burlington-Rock Island Railroad Company, as lessor, and this Company and the Rock Island as lessees, be and the same is hereby approved; and that the President, or any Vice President of this Company be, and each of them hereby is, authorized to execute said Lease on behalf of this Company, such Lease to be in substantially the form of the draft submitted to the meeting, with such changes as the officers executing the same may approve, such execution to evidence such approval; and

FURTHER RESOLVED: That Ralph Budd, President, J. C. James, Vice President, or R. Wright Armstrong, Vice President, or any of them, be, and each of them hereby is, authorized to prepare, sign, verify and file with the Interstate Commerce Commission, either separately or jointly with the Rock Island, a supplemental application or applications for authorization and approval of the Lease of the properties of Burlington-Rock Island Railroad Company jointly to this Company and the Chicago, Rock Island and Pacific Railroad Company as contemplated by the draft of Lease authorized at this meeting; and

FURTHER RESOLVED: That upon the Effective Date of the proposed Houston Belt Operating Agreement, this Company purchase one-half the stock and advances of Houston Belt and Terminal Railway Company owned by Burlington-Rock Island Railroad Company, paying for the same out of treasury cash or otherwise as the President shall, in his discretion, determine.

I, O. D. Weaver, Secretary of the FORT WORTH AND DENVER CITY RAILWAY COMPANY, do hereby certify that the foregoing is a true, full and correct copy of a certain resolution adopted by the Board of Directors of the Fort Worth and Denver City Railway Company, at the Special Meeting of said Board, duly called and held at the principal office of the Company, in Fort Worth, Texas, at two o'clock P. M., on the 16th day of March, 1949, at which a quorum was present and voting throughout.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said Company at Fort Worth, Texas, this 25th day of March, 1949.

O. D. WEAVER,
(Seal) Secretary.

EXHIBIT 1 (Rock Island).

On motion, duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED, that the terms and provisions of the draft of Operating Agreement, in substantially the form now presented to the meeting, made as of November 15, 1948, between Houston Belt & Terminal Railway Company and other railroad companies, including this Company and Fort Worth and Denver City Railway Company, be and the same are hereby approved.

RESOLVED FURTHER, that this Company apply to the Interstate Commerce Commission for approval and authorization to enter into and execute said Operating Agreement, including the provisions thereof relating to any pooling of service or earnings (as may be subject to Section 5 (1) of the Interstate Commerce Act) and provisions thereof whereby this Company assumes any obligation of Burlington-Rock Island Railroad Company with respect to Houston Belt & Terminal Railway Company or its properties (as may be subject to Section 20a of the Interstate Commerce Act); and J. D. Farrington, President, or W. F. Peter, Vice President, be and he is hereby designated as the executive officer of this Company by whom said application or applications shall be signed, verified and filed on behalf of this Company.

RESOLVED FURTHER, that upon obtaining such approval and authorization of the Interstate Commerce Commission, the proper officers of this Company be and they are hereby authorized and directed to enter into, execute and deliver said Operating Agreement in substantially the form now submitted to this meeting, or with such modifications thereof as the President shall approve or as may be required by the Interstate Commerce Commission; and to do all other acts and things requisite or desirable to carry into effect the intent of these resolutions.

RESOLVED FURTHER, that the draft of Lease Agreement, in substantially the form now presented to the meeting, between Burlington-Rock Island Railroad Company, as lessor, and this Company and Fort Worth and Denver City Railway Company, as joint lessees, be and the same is hereby approved.

RESOLVED FURTHER, that this Company make application to the Interstate Commerce Commission for its approval and authorization of said lease transaction; and J. D. Farrington, President, or W. F. Peter, Vice President, be and he is hereby designated as the executive officer of this Company by whom said application shall be signed, verified and filed on behalf of this Company.

RESOLVED FURTHER, that upon obtaining such approval and authorization of the Interstate Commerce Commission, the proper officers of this Company be and they are hereby authorized and directed to enter into, execute and deliver said Lease Agreement in substantially the form now submitted to this meeting, or with such modifications thereof as the President may deem desirable or as may be required by the Interstate Commerce Commission; and to do all other acts and things requisite or desirable to carry into effect the intent of these resolutions.

State of Illinois }
County of Cook } ss.

I, the undersigned, do hereby certify that I am Secretary of Chicago, Rock Island and Pacific Railroad Company; that the annexed and foregoing is a true and complete copy of resolutions unanimously adopted at a regular meeting of the Board of Directors of the said corporation duly held upon notice given pursuant to the By-Laws in the City of Chicago, Illinois, on December 13, 1948, at which meeting a quorum was present; that said resolutions have not been altered or rescinded and are in full force and effect as of the date hereof.

In Witness Whereof, I have hereunto set my hand and affixed the seal of the said corporation this 8th day of March, 1949.

A. O. GIBSON,
Secretary,
Chicago, Rock Island and Pacific
Railroad Company.

(Corporate Seal)

EXHIBIT 4.

(Beaumont)

(Brownsville)

(International)

(Sugar Land)

[Order No. 3434]

In the

DISTRICT COURT OF THE UNITED STATES,
Eastern Division, Eastern Judicial District
of Missouri.

In the Matter of MISSOURI PACIFIC RAILROAD COMPANY, Debtor.	In Proceedings for the Reorganization of a Railroad. No. 6935.

Order

Authorizing Trustee to Enter Into 1948 Houston Belt & Terminal Railway Company Operating Agreement and Other Instruments Pertaining Thereto and to Apply to the Interstate Commerce Commission for Approval Thereof.

This matter coming on to be heard this day upon the Motion of Guy A. Thompson, as Trustee of the properties of The Beaumont, Sour Lake & Western Railway Company, The St. Louis, Brownsville and Mexico Railway Company, International-Great Northern Railroad Company and Sugar Land Railway Company, Debtors, requesting authority to enter into an instrument in substantially the form of the 1948 Houston Belt & Terminal Railway Company Operating Agreement attached to said Motion as Exhibit 1; for authority, as Trustee of The Beaumont, Sour Lake & Western Railway Company, Debtor, to enter into a New Yard Lease with Houston Belt & Terminal Railway Company in substantially the form of Exhibit B to said Exhibit 1; for authority, as Trustee of the International-Great Northern Railroad Company, Debtor, to enter into a lease with Houston Belt & Terminal Railway Company in substantially the form of Exhibit C to said Exhibit 1; for authority, as Trustee of the International-Great Northern Railroad Company, Debtor, to enter into an agreement with Galveston, Houston and Henderson Railroad Company in substantially the form of Exhibit D to said Exhibit 1; and for authority, as Trustee of The Beaumont, Sour Lake & Western Railway Company, The St. Louis, Brownsville and Mexico Railway Company, International-Great Northern Railroad Company and Sugar Land Railway Company, Debtors, to execute the agreement marked Exhibit 2 and attached to said Motion; and also praying for authority to apply to the Interstate Commerce Commission for all necessary approval in the premises; and it appearing to the Court that the Houston Belt & Terminal Railway Company now owns, maintains and operates terminal facilities in and near the City of Houston, Texas, which are and have been employed by Trustee in the operation of the properties of The St. Louis, Brownsville and Mexico Railway Company, Debtor, and The Beaumont, Sour Lake & Western Railway Company, Debtor; that by the terms of the proposed 1948 Houston Belt & Terminal Railway Company Operating Agreement, it is provided that the new proprietary lines of said Terminal Company and their respective stock interests therein shall be: The Beaumont, Sour Lake & Western Railway Company, 25%; The St. Louis, Brownsville and Mexico Railway Company, 25%; Gulf, Colorado and Santa Fe Railway Company, 25%; Fort Worth and Denver City Railroad Company, 12½%; and Chicago, Rock Island and Pacific Railroad Company, 12½%; and that as more fully appears from the terms thereof, the general object and purpose of said 1948 Houston Belt & Terminal Railway Company Operating Agreement is to provide for enlargement of the facilities of said Terminal Company and to set forth the terms and conditions upon which the new proprietary lines shall jointly control said Terminal Company and under which they together with the Trustee of the International-Great Northern Railroad Company, Debtor, and Sugar Land Railway Company, Debtor, shall jointly use the facilities of said Terminal Company and avail themselves of its services; and it appearing to the Court from Proof of Notice filed herein by Trustee that a copy of said Motion, together with notice of the hearing thereon, have been served on all parties in interest to the above proceedings entitled to notice; and the Court being fully advised in the premises:

It Is Ordered:

1. That as Trustee of The Beaumont, Sour Lake & Western Railway Company, The St. Louis, Brownsville and Mexico Railway Company, International-Great Northern Railroad Company and Sugar Land Railway Company, Debtors, Trustee be and he is hereby authorized to enter into an instrument substantially in the form of the 1948 Houston Belt & Terminal Railway Company Operating Agreement which is set forth in Exhibit 1 to Trustee's Motion.

2. That as Trustee of The Beaumont, Sour Lake & Western Railway Company, Debtor, Trustee be and he is hereby authorized to enter into a New Yard Lease with the Houston Belt & Terminal Railway Company in substantially the form of Exhibit B to Exhibit 1 to Trustee's Motion.

3. That as Trustee of the International-Great Northern Railroad Company, Debtor, Trustee be and he is hereby authorized to enter into a lease with the Houston Belt &

Terminal Railway Company in substantially the form of Exhibit C to Exhibit 1 to Trustee's Motion.

4. That as Trustee of International-Great Northern Railroad Company, Debtor, Trustee be and he is hereby authorized to enter into an agreement with the Galveston, Houston and Henderson Railroad Company in substantially the form of Exhibit D to Exhibit 1 to Trustee's Motion.

5. That as Trustee of The Beaumont, Sour Lake & Western Railway Company, The St. Louis, Brownsville and Mexico Railway Company, International-Great Northern Railroad Company and Sugar Land Railway Company, Debtors, Trustee be and he is hereby authorized to execute the agreement marked Exhibit 2 and attached to Trustee's Motion.

6. That as Trustee of said Debtor Companies, Trustee be and he is hereby authorized, together with the other parties to said 1948 Houston Belt & Terminal Railway Company Operating Agreement, to make application to the Interstate Commerce Commission as may be necessary for approval of said 1948 Houston Belt & Terminal Railway Company Operating Agreement and for approval of the other instruments hereinabove and in Trustee's Motion more particularly referred to, and to that end to make, verify and file with the Interstate Commerce Commission such joint or several application or applications, exhibits and other supporting data as may be required, to prosecute said application or applications to a conclusion and to consummate all of the transactions provided for by said 1948 Houston Belt & Terminal Railway Company Operating Agreement and to operate thereunder when appropriate authority therefor shall have been secured from said Commission.

It is further Ordered that as therein provided, said 1948 Houston Belt & Terminal Railway Company Operating Agreement shall bind and inure to the benefit of any successor trustee or trustees of the railways and properties of The

Beaumont, Sour Lake & Western Railway Company, The St. Louis, Brownsville and Mexico Railway Company, International-Great Northern Railroad Company and Sugar Land Railway Company, Debtors, and upon termination of these proceedings, the person or corporation acquiring the railways and properties of said respective Debtor Companies, shall be and become entitled to the benefits of and bound by all the terms and provisions of said Agreement applicable to any such Debtor Company.

It is further Ordered that the acquisition of certain lands by Trustee of The St. Louis, Brownsville and Mexico Railway Company, Debtor, for The Beaumont, Sour Lake & Western Railway Company, Debtor, to be used as part of the site for the New Yard, be and the same is hereby approved and title to said properties shall be taken in the name of the Trustee of The Beaumont, Sour Lake & Western Railway Company, Debtor, and Trustee of The Beaumont, Sour Lake & Western Railway Company, Debtor, is hereby authorized to reimburse the Trustee of The St. Louis, Brownsville and Mexico Railway Company, Debtor, for the purchase price thereof.

GEO. H. MOORE,
Judge, United States District Court.

Dated: March 28, 1949.

Filed Mar. 28, 1949. James J. O'Connor, Clerk.

United States of America, }
Eastern District of Missouri. } ss.

I, James J. O'Connor, Clerk of the United States District Court in and for the Eastern District of Missouri, do hereby certify that the annexed and foregoing is a true and full copy of the original Order No. 3434 filed Mar. 28, 1949 In the Matter of Missouri Pacific Railroad Company No. 6935, order

Authorizing Trustee to Enter Into 1948 Houston Belt & Terminal Railway Company Operating Agreement and Other Instruments Pertaining Thereto and to Apply to the Interstate Commerce Commission for Approval Thereof, now remaining among the records of the said Court in my office.

In Testimony Whereof, I have hereunto subscribed my name and affixed the seal of the aforesaid Court at St. Louis, Mo., this 18th day of April, A. D. 1949.

James J. O'Connor,
Clerk.

By William R. O'Toole,
Deputy Clerk.

(Seal)

EXHIBIT 5 (Belt).

HOUSTON BELT & TERMINAL RAILWAY COMPANY
Gulf Building
Houston 2, Texas

File 9-181

Kelley, Mosheim & Ryan
General Attorneys

March 25, 1949.

The Interstate Commerce Commission,
Washington, D. C.

Gentlemen:

We are General Attorneys for Houston Belt & Terminal Railway Company, hereinafter called Belt, and are familiar with the foregoing application of Belt, Gulf, Colorado and Santa Fe Railway Company, Chicago, Rock Island and Pacific Railroad Company, Fort Worth and Denver City Railway Company, and Guy A. Thompson, as Trustee of the properties (1) of The Beaumont, Sour Lake & Western Railway Company, (2) of The St. Louis, Brownsville and Mexico Railway Company, (3) of International-Great Northern Railroad Company, and (4) of Sugar Land Railway Company, Debtors, for authorization and approval of various proposed transactions, including assumption by Belt and four of the other applicants of obligation and liability with respect to the existing bonds of Belt.

In our opinion all the transactions described in said application, so far as Belt is concerned, meet the requirements of law and will be legally authorized and valid if approved by the Commission, and are within the charter powers of Belt.

It is our further opinion that the proposed assumption by Belt of additional obligation and liability under the various agreements described in the foregoing application

(a) is for some lawful object within the corporate purposes of Belt, and compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by Belt of service to the public as a common carrier, and which will not impair its ability to perform that service, and

(b) is reasonably necessary and appropriate for such purpose; and,

(c) will be legally authorized and valid if approved by the Commission.

Very truly yours,

KELLEY, MOSHEIM & RYAN,
By R. H. KELLEY.

EXHIBIT 5 (Santa Fe).

To the Interstate Commerce Commission,
Washington, D. C.:

I am attorney for the Gulf, Colorado and Santa Fe Railway Company, hereinafter called Santa Fe, and I am familiar with the foregoing application of the Houston Belt & Terminal Railway Company, Gulf, Colorado and Santa Fe Railway Company, Chicago, Rock Island and Pacific Railroad Company, Fort Worth and Denver City Railway Company, and Guy A. Thompson, as Trustee of the properties (1) of The Beaumont, Sour Lake & Western Railway Company, (2) of The St. Louis, Brownsville and Mexico Railway Company, (3) of International-Great Northern Railroad Company, and (4) of Sugar Land Railway Company, Debtors, for authorization and approval of various proposed transactions, including assumption by Santa Fe and four of the other applicants of obligation and liability with respect to the existing bonds of the Houston Belt & Terminal Railway Company.

In my opinion all the transactions described in said application, so far as Santa Fe is concerned, meet the requirements of law and will be legally authorized and valid if approved by the Commission, and are within the charter powers of Santa Fe.

It is my further opinion that the proposed assumption by Santa Fe of additional obligation and liability in respect of said bonds

(a) is for some lawful object within the corporate purposes of Santa Fe, and compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by Santa Fe of service to the public as a common carrier, and which will not impair its ability to perform that service, and

(b) is reasonably necessary and appropriate for such purpose; and

(c) will be legally authorized and valid if approved by the Commission.

H. W. DAVIS.

EXHIBIT 5 (Denver).

Opinion of Counsel.

To the Interstate Commerce Commission,
Washington 25, D. C.

I am General Attorney for the Fort Worth and Denver City Railway Company, hereinafter called Denver, and I am familiar with the foregoing application of Denver and four other railroads to assume obligation and liability with respect to the existing bonds of the Houston Belt & Terminal Railway Company; and it is my opinion that the proposed assumption by Denver of additional obligation and liability in respect of said bonds, as described and provided in this application and the exhibits thereto:

(a) is for some lawful object within the corporate purposes of Denver, and compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by Denver of service to the public as a common carrier, and which will not impair its ability to perform that service; and

(b) is reasonably necessary and appropriate for such purpose; and

(c) will be legally authorized and valid if approved by the Commission.

It is my further opinion all other transactions described in said application, so far as Denver is concerned, meet the requirements of law and will be legally authorized and valid if approved by the Commission, and are within the charter powers of the Denver.

SETH W. BARWISE,
General Attorney.

EXHIBIT 5 (Rock Island).

To the Interstate Commerce Commission,
Washington, D. C.

I am General Counsel for Chicago, Rock Island and Pacific Railroad Company, and am familiar with the foregoing application of Houston Belt & Terminal Railway Company and other applicants, including Chicago, Rock Island and Pacific Railroad Company, for authorization and approval of various proposed transactions as more particularly set forth in the draft of Agreement made as of November 15, 1948, between said Houston Belt & Terminal Railway Company and the other applicants hereto, a copy of which Operating Agreement is annexed as an exhibit to the foregoing application.

In my opinion all of the transactions described in said application, in so far as Chicago, Rock Island and Pacific Railroad Company is concerned, meet the requirements of law and will be legally authorized and valid if approved by the Commission, and are within the charter powers of Chicago, Rock Island and Pacific Railroad Company.

It is my further opinion that the proposed assumption by Chicago, Rock Island and Pacific Railroad Company of obligation and liability in respect of bonds of said Houston Belt & Terminal Railway Company

(a) is for some lawful object within the corporate purposes of Chicago, Rock Island and Pacific Railroad Company, and compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by Chicago, Rock Island and Pacific Railroad Company of service to the public as a common carrier, and which will not impair its ability to perform that service; and

(b) is reasonably necessary and appropriate for such purpose; and

(c) will be legally authorized and valid if approved by the Commission.

W. F. PETER,
General Counsel,
Chicago, Rock Island and Pacific
Railroad Company.

EXHIBIT 5.

(Beaumont)

(Brownsville)

(International)

(Sugar Land)

Opinion of Counsel.

To the Interstate Commerce Commission,
Washington 25, D. C.

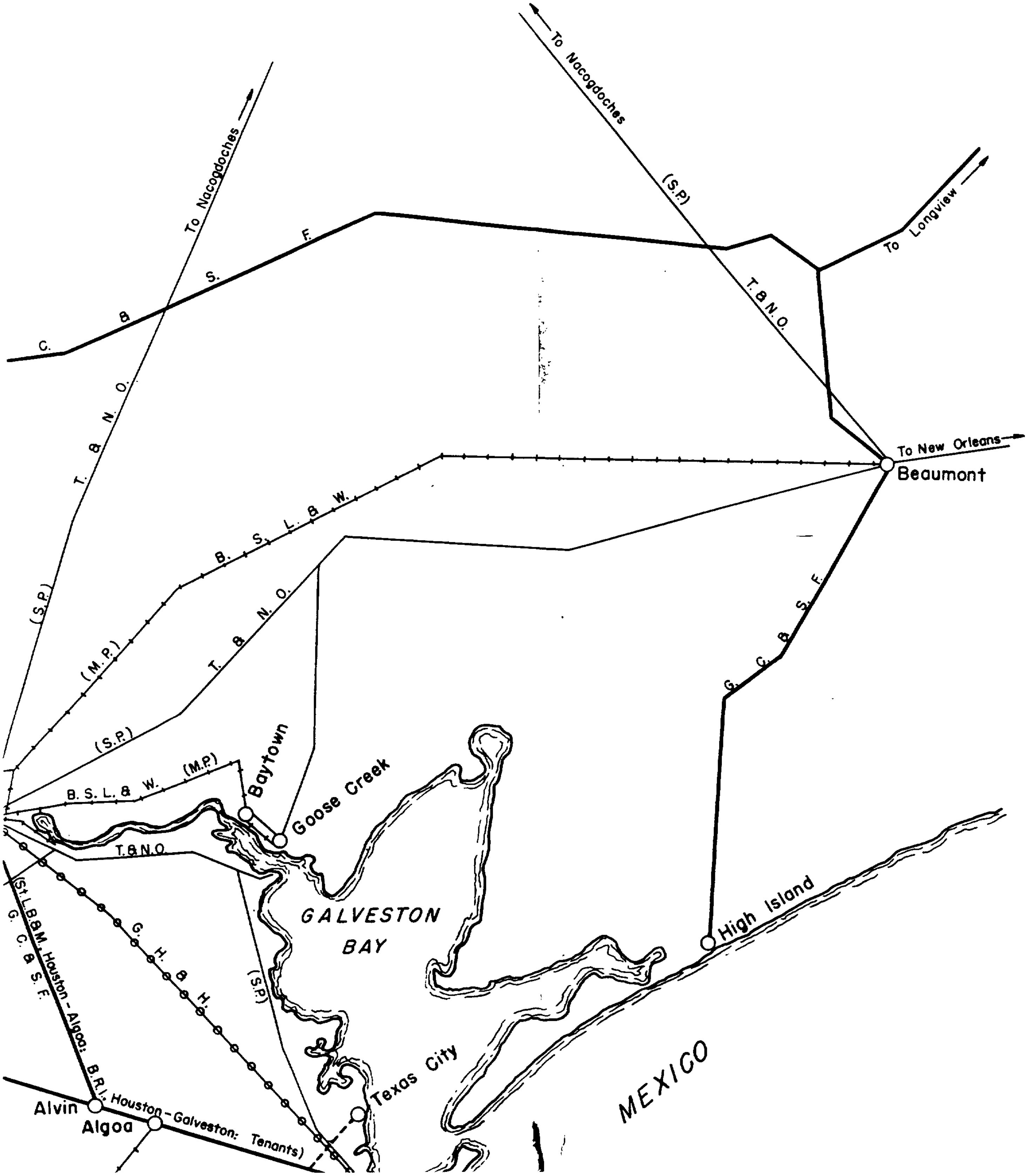
I am General Attorney for Guy A. Thompson, Trustee of The Beaumont, Sour Lake & Western Railway Company, The St. Louis, Brownsville and Mexico Railway Company, International-Great Northern Railroad Company and Sugar Land Railway Company, Debtors, and I am familiar with the foregoing application wherein the Beaumont and Brownsville and three other railroads seek authority to assume obligation and liability with respect to the existing bonds of the Houston Belt & Terminal Railway Company; and it is my opinion that the proposed assumption by the Beaumont and Brownsville of additional obligation and liability with respect to said bonds, as described and provided in this application and the exhibits thereto: (a) is for a lawful object, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by each carrier of service to the public as a common carrier, and which will not impair the ability of either of said carriers to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

It is my further opinion that the assumption of obligation and liability with respect to said bonds by the Beaumont and

Brownsville, and all other transactions described in said application, insofar as the Beaumont, Brownsville, International and Sugar Land are concerned, meet the requirements of the law and will be legally authorized and valid if approved by the Commission.

TOLL R. WARE,
General Attorney.

EXHIBIT No. 6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T. & N. O.
(S.P.)
To Nacogdoches
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To New Orleans
Beaumont
B. S. L. & W.
(M.P.)
T. & N. O.
(S.P.)
G. C. & S. F.
B. S. L. & W.
(M.P.)
Baytown
Goose Creek
T.&N.O.
GALVESTON
BAY
High Island
(St.L.B.&M. Houston - Algoa; B.R.I. Houston - Galveston: Tenants)
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G. H. & H.
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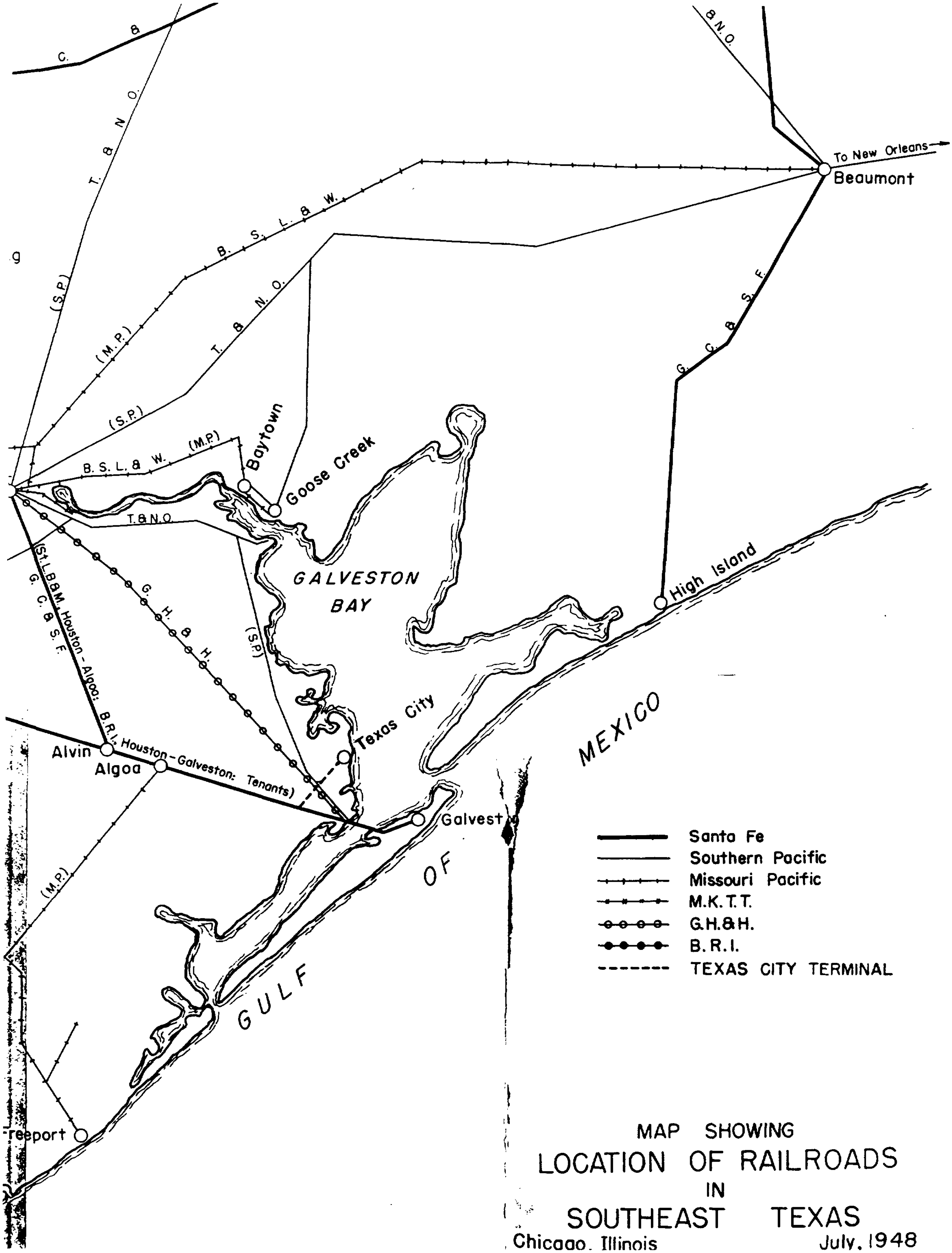


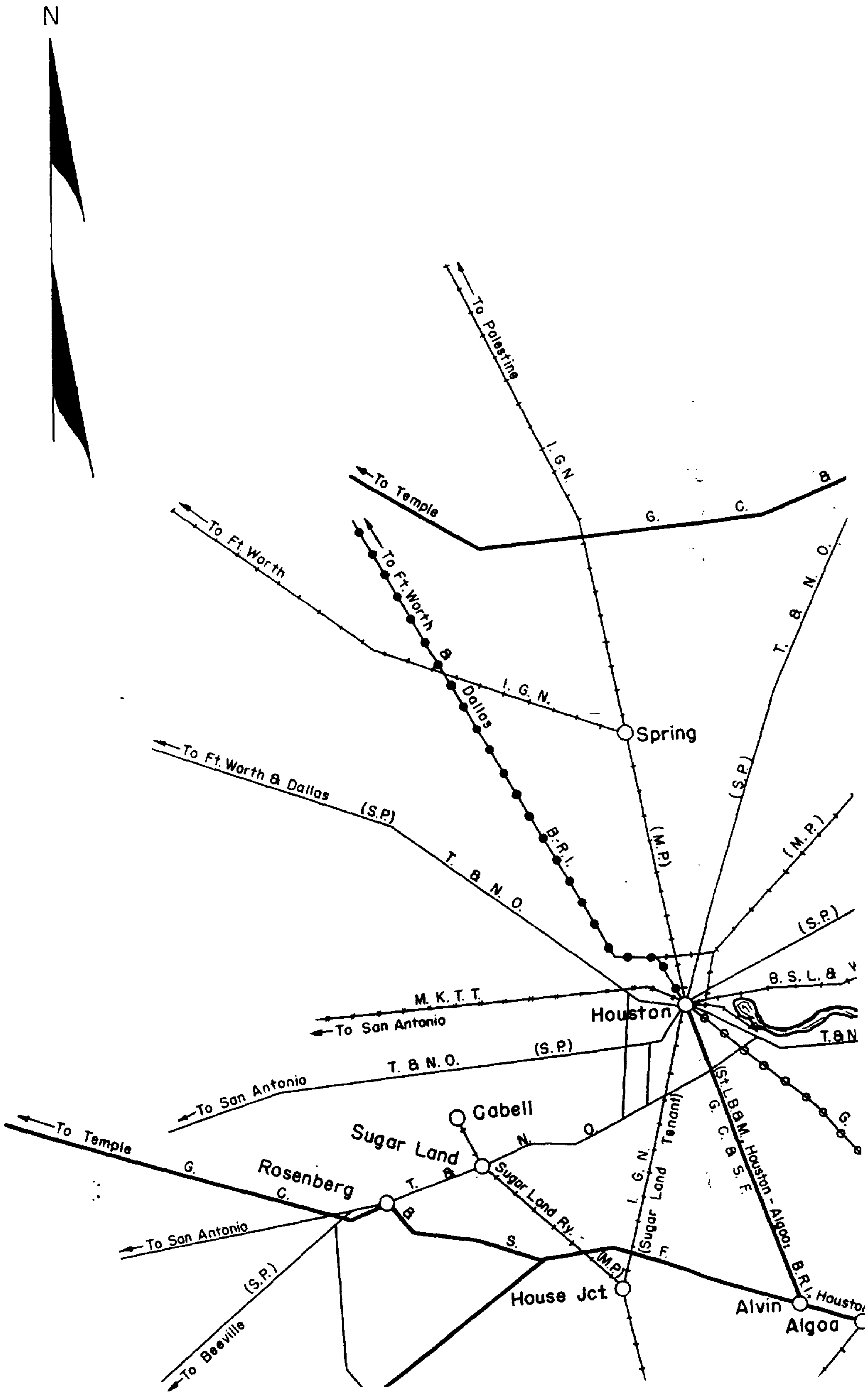
MAP SHOWING

LOCATION OF RAILROADS

IN

SOUTHEAST TEXAS

Chicago, Illinois July, 1948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Sugar Land
N. O.
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G.
C.
Rosenberg
T. &
Sugar Land Ry.
(M.P.)
I. G. N.
(Sugar Land Tenant)
(St.L.B.&M. Houston - Algoa)
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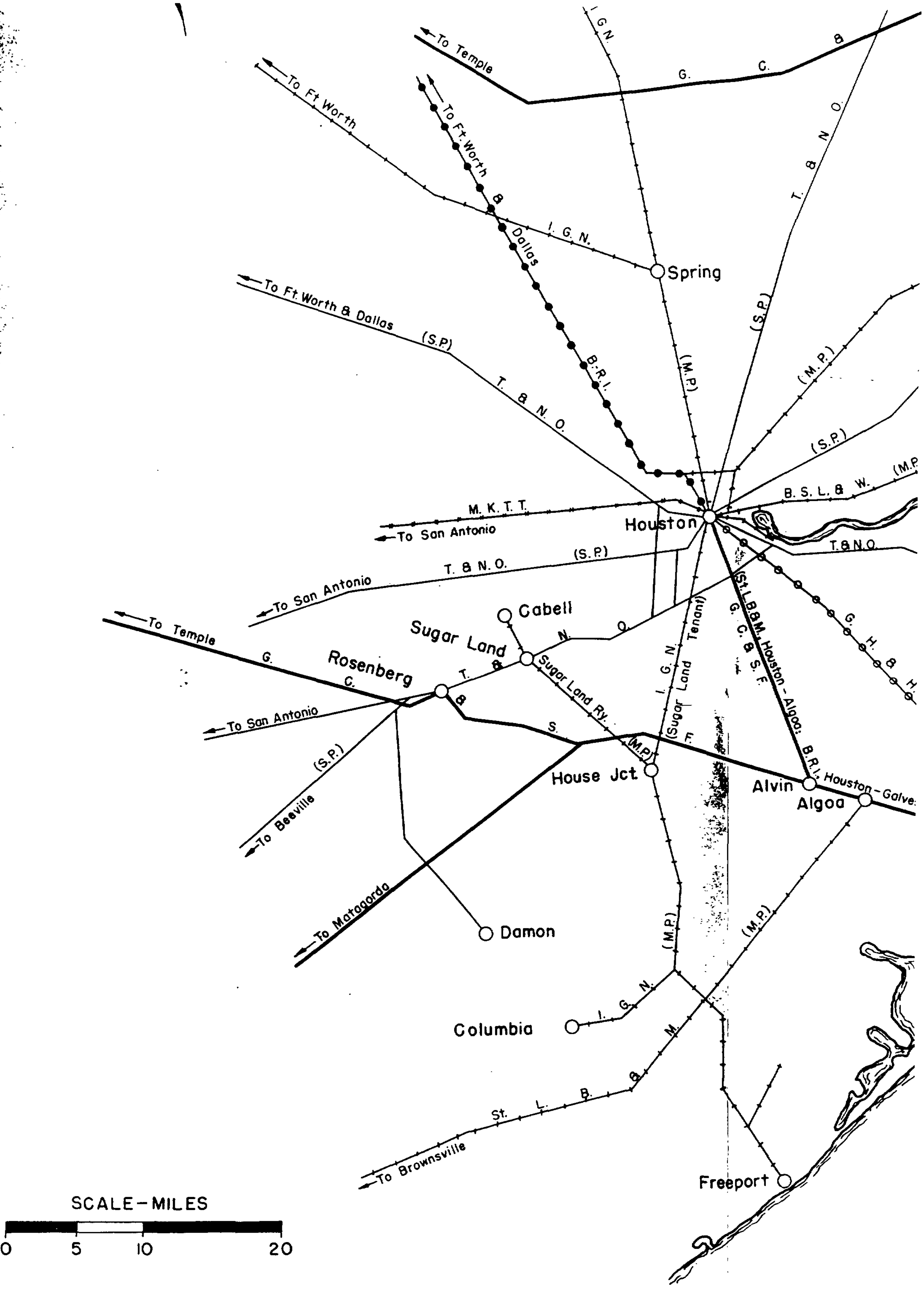
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G. C. & S. F.
Rosenberg
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(S.P.)
To Beeville
Sugar Land Ry.
I. G. N.
(Sugar Land Tenant)
(M.P.)
House Jct.
Alvin
Algoa
Houston - Galve
To Matagorda
Damon
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(M.P.)
Columbia
I. G. N.
St. L. B. & M.
To Brownsville
Freeport
SCALE - MILES
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JANUARY 15, 1949.

TABLE OF CONTENTS.

II.

III.

EXHIBITS.

1948 HB&T OPERATING AGREEMENT.

Agreement, Made as of November 15, 1948, between **HOUSTON BELT & TERMINAL RAILWAY COMPANY** (Belt), **CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY** (Rock Island), **FORT WORTH AND DENVER CITY RAILWAY COMPANY** (Denver), **GULF, COLORADO AND SANTA FE RAILWAY COMPANY** (Santa Fe), **BURLINGTON-ROCK ISLAND RAILROAD COMPANY** (BRI) and **GUY A. THOMPSON**, as Trustee of the properties of (1) **THE BEAUMONT, SOUR LAKE & WESTERN RAILWAY COMPANY** (Beaumont or Beaumont Trustee), (2) **THE ST. LOUIS, BROWNSVILLE AND MEXICO RAILWAY COMPANY** (Brownsville or Brownsville Trustee), (3) **INTERNATIONAL-GREAT NORTHERN RAILROAD COMPANY** (I-GN or I-GN Trustee), and (4) **SUGAR LAND RAILWAY COMPANY** (Sugar Land or Sugar Land Trustee), the above named Railroads being hereinafter sometimes referred to by the terms in parentheses immediately following their respective names:

RECITALS:

(1) *Organization of Belt; "Proprietary Lines" Defined.* Beaumont, Brownsville, Santa Fe, and Trinity and Brazos Valley Railway Company [whose name was subsequently changed to Burlington-Rock Island Railroad Company (BRI), and whose stock is owned in equal shares by Rock Island and Denver], hereinafter collectively called Proprietary Lines, caused the Belt to be organized on August 31, 1905; and each of the Proprietary Lines acquired in its own name 60½ of the 250 shares of

$100 par value stock issued by the Belt and also acquired two shares in the respective names of the two Directors which, under cumulative voting, they respectively had the right to nominate and elect.

(2) *Santa Fe Lease.* Under date of July 1, 1907, Belt leased from Santa Fe certain property and railroad facilities in and adjacent to the City of Houston, Texas, for a term of ninety-nine (99) years beginning January 1, 1908 by an instrument, hereinafter called Santa Fe Lease, and concurrently and subsequently acquired other property.

(3) *Original and 1937 Belt Mortgages and Bonds.* As of July 1, 1907, the Belt executed a first mortgage covering its properties then owned or to be thereafter acquired, including its interest in the Santa Fe Lease, securing an issue of $5,000,000 principal amount of thirty (30) year 5% bonds with a $50,000 annual sinking fund. The original bonds were paid off at and before maturity, June 30, 1937, in part with funds provided by sale at par of $3,600,000 out of an authorized issue of $5,000,000 principal amount of thirty (30) year 3½% bonds, dated July 1, 1937, issued under a mortgage providing for a fixed annual sinking fund of $50,000 payable to the Trustee under the mortgage on June 1, 1938, and on June 1 of each subsequent year to and including June 1, 1967.

The issuance of the new bonds was approved by the Interstate Commerce Commission (221 I. C. C. 481) and the bonds were sold at par to Metropolitan Life Insurance Company, which still holds them. These bonds are callable at 105 and accrued interest on any interest day (January 1 and July 1) upon not less than 60 days' notice. The mortgage trustee is required to apply the sinking fund installments to acquisition of bonds, either by purchase at prices not exceeding 105% of par or by calling them, and to retire the bonds so acquired.

(4) *Original Operating Agreement and 1937 Amendments; "Operating Agreement" Defined.* Concurrently with the execution of the original mortgage, the Proprietary Lines entered into an agreement with the Belt and the mortgage trustee dated July 1, 1907, hereinafter called Operating Agreement, covering the control, financing, maintenance, operation, management and use of the Belt and its facilities and the making of additions and betterments thereto and extensions thereof. The Operating Agreement specifically provided for payment by the Proprietary Lines direct to the mortgage trustee of the interest and sinking fund installments with respect to the bonds issued under the original mortgage.

Under date of July 1, 1937, the Operating Agreement was amended to make the Beaumont Trustee and the Brownsville Trustee parties thereto, and to provide among other things that they, together with BRI and Santa Fe, would pay the interest directly to the mortgage trustee under the 1937 mortgage and to the Belt the sinking fund installments with respect to bonds issued under said mortgage; also, that the sinking fund installments so paid should constitute contributions to the capital of the Belt and that, at the request of any Proprietary Line and subject to the approval of any public authority having jurisdiction, the Belt would issue stock to the Proprietary Lines in the amount of their respective contributions.

(5) *Original Stock Trust Agreement and 1937 Amendments Thereto; "Stock Trust Agreement" Defined.* Concurrently with the execution of the original mortgage and Operating Agreement the Proprietary Lines each pledged the 60½ shares of capital stock held in their respective names with the mortgage trustee under an agreement, hereinafter called Stock Trust Agreement, dated July 1, 1907. By a supplement dated July 1, 1937, the Stock Trust Agree-

ment was amended by making the Beaumont Trustee and the Brownsville Trustee parties thereto and by specifically providing that any additional stock issued to the Proprietary Lines would upon issuance be pledged under the Stock Trust Agreement as amended.

(6) *I-GN Passenger Station Agreement.* Under date of September 29, 1921, an agreement was entered into between Belt and the Receiver of the International & Great Northern Railway Company, whose name was afterward changed to International-Great Northern Railroad Company, covering, among other things, use by I-GN passenger trains of the Belt passenger station and tracks leading thereto, and for use by Belt of the so-called Magnolia Park Branch of I-GN; and such agreement was amended June 18, 1929. Cancellation of said agreement as amended is hereinafter provided for.

(7) *Admission to Belt of I-GN and Sugar Land and of Denver and Rock Island in Substitution for BRI.* Sugar Land connects with I-GN at House Junction, approximately thirty (30) miles southerly of Houston and from that point operates over the line of the I-GN into Houston where it has the right to use the I-GN terminal facilities. It has been proposed, and all the parties hereto are willing, that I-GN and Sugar Land, without acquiring any shares of Belt Stock, be admitted to the use of the Belt, including the New Yard, and be permitted to avail themselves of its services, including those to be performed by Belt in the New Yard and on the I-GN leased facilities referred to in Recitals (9) and (10) upon the terms and conditions hereinafter set forth.

For many years the BRI north of Teague has been leased to Denver and Rock Island, but south of Teague the BRI has operated as a separate common carrier. In Finance Docket No. 14400, decided March 22, 1945, 261 I. C. C. 815, the Interstate Commerce Commission authorized the Denver and Rock Island to lease that portion of the BRI south of Teague upon condition that they arrange in effect to substitute themselves for BRI in the joint control of the Belt and the joint use of its facilities. Such an arrangement is hereinafter provided for.

(8) *"New Proprietary Lines", "Missouri Pacific", and "Using Lines" Defined.* Beaumont, Brownsville, Denver, Rock Island and Santa Fe are hereinafter sometimes referred to as New Proprietary Lines.

Beaumont, Brownsville, I-GN and Sugar Land are hereinafter sometimes collectively called Missouri Pacific.

Beaumont, Brownsville, I-GN, Sugar Land, Denver, Rock Island and Santa Fe are hereinafter sometimes called Using Lines.

(9) *Lease of I-GN Facilities.* I-GN owns and operates separate freight train yards and other terminal facilities at Houston, together with extensive industrial, lead and spur tracks, on which are located a large number of industries.

Belt desires and I-GN is willing to lease to the Belt the I-GN Properties within its yard limits at Houston, with certain exceptions, upon the terms and conditions hereinafter set forth, which are acceptable to the New Proprietary Lines.

(10) *New Yard, Construction and Lease of; "Mechanical Facilities" and "New Yard" Defined:* It has been proposed and all parties hereto are willing under the terms and conditions hereinafter set forth that Beaumont acquire and construct and lease to Belt a new train yard, connecting tracks to Beaumont and Belt, a less-than-carload freight facility, and facilities (hereinafter called Mechanical Facilities) for the care, servicing and repair of

engines and cars and for furnishing fuel and water, engine and train supplies and refrigeration, which facilities, together with the right of way therefor and also any excess lands acquired as an incident to acquisition of such right of way, are hereinafter called "New Yard".

(11) *Exhibit A.* The map or sketch not drawn to scale, hereto annexed as Exhibit A, shows the general relative locations of the lines of the Belt, I-GN and their connections at and in the vicinity of Houston, including among other things, the following:

1. A line of the Belt extending from a connection with Santa Fe, a short distance south of the Southern Pacific's Harrisburg to San Antonio line, through the Belt yards designated as New South Yard and Old South Yard, past the Belt roundhouse, passenger station and freight house, to Belt Junction, and thence westerly to a connection with the BRI. That portion of the Belt is hereinafter called West Belt.
2. From Belt Junction the line of the Belt proceeds easterly across I-GN near Percival Junction to a connection with Beaumont, called Gulf Coast Junction. From Gulf Coast Junction the Belt extends in a general southeasterly direction to a point a short distance north of the Southern Pacific's Houston to New Orleans line, from which point the New Yard and its Belt connections are to extend northerly to connections with the line of the Beaumont.
3. From said last mentioned point the Belt extends southerly across the Southern Pacific's Houston to New Orleans line, past the Belt-Southern Pacific interchange track, to Basin Siding and a connection with the tracks of the Port Terminal Railroad Association. From just north of Basin Siding a branch of the Belt extends easterly to a connection with the line of the Houston North Shore Railway Company, which line is leased to and operated by Beaumont.
4. From Basin Siding the main line of the Belt extends in a general southwesterly direction across

I-GN (Magnolia Park Branch) to a connection with the West Belt between the Old and New South Yards of the Belt.

5. That portion of the Belt described in the foregoing Subdivisions 2, 3 and 4 of this Recital (11) is hereinafter referred to as East Belt.

6. I-GN enters Houston from the north and its northerly yard limits are at I-GN Mile Post 144.0, approximately 12,318 feet north of I-GN-East Belt crossing. From that point it extends in a general southerly direction easterly of and substantially parallel to the West Belt to its Commerce Avenue mechanical facilities and its Congress Avenue Yard.

7. From its Commerce Avenue mechanical facilities a line of the I-GN (Magnolia Park Branch) extends in a general easterly direction across the East Belt to a connection with the line of the Port Terminal Railroad Association and to the I-GN Booth Yard.

8. From its Congress Avenue Yard a line of the I-GN (Columbia Tap) extends in a general southwesterly direction to and across the Southern Pacific's Harrisburg to San Antonio line. Sugar Land operates into and out of Houston over said line. The portion thereof within the yard limits of Houston ends at I-GN Mile Post 7.16, approximately 1463 feet southerly of I-GN-Southern Pacific crossing (Pierce Junction).

9. The line of Brownsville connects with Santa Fe at Algoa, from which point Brownsville operates over Santa Fe via Alvin to a connection with the southerly end of the Belt; and BRI operates over Santa Fe between Galveston and Houston.

10. The line of the Galveston, Houston and Henderson Railroad Company, hereinafter called GH&H, whose capital stock is owned in equal amounts by I-GN and Missouri-Kansas-Texas Railway System, hereinafter called Katy, extends from a connection with the Katy a short distance northerly of I-GN Commerce Avenue mechanical facilities in a general southeasterly direction past the I-GN Congress Avenue Yard and across the East Belt to Galveston.

(12) *Belt to Serve GH&H Industries for I-GN.* Under a contractual arrangement in existence since prior to 1920 I-GN and Katy perform all the transportation service on GH&H, except switching at Galveston. Industries located or to be located on the GH&H within the switching limits of Houston are I-GN industries, as well as Katy industries, and each line switches its own cars thereto and therefrom. It is hereinafter provided that after the effective date of the lease referred to in Recital (9) Belt will switch I-GN cars to and from such industries upon the terms and conditions hereinafter set forth.

(13) *General Object and Purpose of this Agreement.* The general object and purpose of this agreement is to provide for enlargement of the facilities of the Belt and to set forth the terms and conditions upon which (a) the New Proprietary Lines shall jointly control the Belt, and (b) the Using Lines shall jointly use the facilities of the Belt and avail themselves of its services,—in short to unify the Houston terminal facilities and operations of the parties hereto.

I.

AGREEMENT:

Now, THEREFORE, the parties hereto, for the considerations herein expressed, agree as follows:

SECTION 1.1. *Admission of I-GN and Sugar Land to Joint Use, and of Denver and Rock Island to Joint Control and Use of Belt; "Effective Date" and "Stock Ownership Percentage" Defined; Denver and Rock Island Advances.* (a) From and after the effective date hereof provided for in Section 3.7, hereinafter sometimes called Effective Date, I-GN and Sugar Land, without acquiring any shares of Belt stock, shall be admitted to the use of Belt facilities, and permitted to avail themselves of the services of Belt, upon the terms and conditions hereinafter set forth.

(b) As of the Effective Date BRI shall sell and transfer to Denver and Rock Island and they each shall purchase from BRI 31¼ shares of Belt stock, being one-half of the 60½ shares of Belt stock owned by BRI and pledged under the Stock Trust Agreement, as amended July 1, 1937, as additional security for the existing bonds of Belt with Central Hanover Bank and Trust Company, Trustee, and the two Directors' qualifying shares standing in the names of the two Directors representing BRI on the Belt Board of Directors together with all indebtedness of Belt to BRI for advances, including indebtedness on account of sinking fund payments after conversion thereof to advances in accordance with Section 2.9. The ownership by Denver and Rock Island of said 60½ shares of Belt stock shall be subject to the Stock Trust Agreement, as amended July 1, 1937.

(c) As between BRI, Denver and Rock Island, it is agreed that the purchase price for such stock and indebtedness shall be paid in the case of Denver by applying the amount thereof in satisfaction of an equal amount of indebtedness of BRI for advances which, on or before the Effective Date hereof Denver shall acquire from The Colorado and Southern Railway Company; and in the case of Rock Island, by applying the amount thereof in satisfaction of an equal amount of indebtedness of BRI to Rock Island for advances.

(d) As a further consideration for such sale and transfer Denver and Rock Island shall each assume one-half of all obligations and liabilities of BRI with respect to Belt and its properties. Whereupon and upon the terms and conditions hereinafter set forth Denver and Rock Island shall control the Belt jointly with the other New Proprietary Lines and be permitted to use the Belt facilities and avail themselves of its services jointly with the other New Proprietary Lines and I-GN and Sugar Land, and BRI shall be released from all obligation and liability with respect to Belt and its properties.

(e) Acquisition by Denver and Rock Island of Belt stock from BRI will result in ownership of Belt stock by the New Proprietary Lines in the following proportions: Denver 12½%, Rock Island 12½%, Santa Fe 25%, Beaumont 25% and Brownsville 25%. Each such percentage is hereinafter referred to as Stock Ownership Percentage.

(f) Wherever herein indebtedness of Belt to Denver or Rock Island for advances is referred to, such indebtedness shall be deemed to be all advances made to Belt by Denver or Rock Island and all the Belt indebtedness to BRI for advances acquired by Denver or Rock Island from BRI as provided in paragraph (b) of this section.

SECTION 1.2. *New Yard to be Leased to Belt; "New Yard Lease" Defined.* Beaumont has acquired the right of way for and is constructing the New Yard referred to in Recital (10) substantially in accordance with the general plan, dated January 10, 1948, and map dated January 10, 1948 showing right of way for the New Yard which have been approved by the Engineering Committee of the New Proprietary Lines. Beaumont shall lease the New Yard to Belt, for a period beginning with the Effective Date and ending with the termination of this agreement unless sooner terminated under the provisions of the lease; such lease to be substantially in the form hereto annexed as Exhibit B, herein referred to as New Yard Lease, and upon the terms and conditions therein contained.

SECTION 1.3. *General Improvements.* Construction of the New Yard and leasing of the I-GN facilities by the Belt will necessitate the construction on or before completion of the New Yard of certain tracks and signalling therefor and the retirement of a connecting track, as follows:

1. Construction of a second track extending northerly from the present East Belt second track near the Southern Pacific interchange track to a connection with the New Yard and of a cross-over between the said second track and the present East Belt Main track a short distance south of the connection between the East Belt Main Track and the New Yard, hereinafter referred to as East Belt Second Track.

2. Construction of two connections between the East Belt and the I-GN (Magnolia Park Branch) at the point of their crossing, hereinafter called East Belt-I-GN connections.

3. Construction of a connection between the East Belt and GH&H at the point of their crossing, hereinafter referred to as East Belt-GH&H connection.

4. Construction of three connections between I-GN and Belt at or near Percival Junction, two of them being located between the existing main track of Belt and I-GN, one in the southeast and one in the northeast quadrant, and one of such connections being between the new second track of Belt provided for in Subdivision 5 of this Section and I-GN in the northeast quadrant, hereinafter referred to as Percival Junction Connections.

5. Construction of a new second track of Belt beginning at a point in its existing main track near Percival Junction and extending eastwardly to a connection with said existing main track near Gulf Coast Junction, a distance of approximately 1.5 miles, and a connection between the main track of Beaumont and said new second track near Gulf Coast Junction, said new second track and connection being hereinafter called Percival-Gulf Coast Second Track.

6. Retirement (made subsequent to December 31, 1947) of a connection belonging to I-GN between the Belt and I-GN near Belt Junction, hereinafter called I-GN-Belt Connection.

The approximate location of said tracks is shown on the map Exhibit A, and they are thereon designated by the names above set forth.

Each of the New Proprietary Lines shall advance to the Belt its Stock Ownership Percentage of the cost (estimated at $415,000) of constructing the East Belt Second Track, the Percival-Gulf Coast Second Track and the East Belt-I-GN connections, and those portions of the Percival Junction Connections between switch point and clearance point in the Belt Tracks, and also that part chargeable to investment account of necessary expenditures for installation or rearrangement of signals controlling the Belt switches at such new connections.

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All the cost of the East Belt-GH&H connection and appurtenant signal work, and all the cost of the Percival Junction Connections, except that above provided to be borne by the New Proprietary Lines, shall be borne by I-GN and such cost shall not be added to the Basic Valuation of the Leased Property, as defined in Section 1.4 hereof, nor shall anything be deducted from such Basic Valuation on account of the retirement of the I-GN-Belt Connection; provided, however, that the portions of these connections paid for by I-GN shall be included in and subject to all other provisions of the I-GN Lease.

SECTION 1.4. *"I-GN Lease", "Leased Property" and "Basic Valuation" Defined:* (a) I-GN shall lease to Belt by an instrument substantially in the form annexed hereto as Exhibit C, herein referred to as I-GN Lease, and upon the terms and conditions therein contained, the property hereinafter in this Section described and referred to as Leased Property, for a period beginning with the Effective Date and extending thereafter during the life of this agreement unless sooner terminated under the provisions of said lease.

The Leased Property is all of the real estate and fixed physical property of the I-GN within the yard limits of Houston, which end at I-GN Mile Post 144.0 on the north and I-GN Mile Post 7.16 on the south, including the Magnolia Park Branch, except the following properties, which are described in the I-GN Lease and are indicated on maps identified by the signatures of Chief Engineers of the New Proprietary Lines and I-GN and filed in their respective offices and in the office of the Belt, marked Exhibits 1, 2, 3, 4 and 5, respectively, and also bearing the following additional legend:

> "To contract dated November 15, 1948, between HB&T, CRI&P, FW&DC, GC&SF, B-RI, and Guy A. Thompson, Trustee of BSL&W, StLB&M, I-GN and Sugar Land."

A general description of said excepted properties is as follows:

1. The Booth Yard creosote and fuel oil storage facilities shown on Map Exhibit 1.
2. The present I-GN freight house property shown on Map Exhibit 2.
3. The mechanical facilities adjacent to the Percival Yard shown on Map Exhibit 3.
4. The Commerce Avenue mechanical facilities shown on Map Exhibit 4.
5. The central portion of the I-GN Congress Avenue Yard shown on Map Exhibit 5.

Detailed maps showing the location of the Leased Property together with an inventory thereof, with appropriate references to the I-GN Lease thereon shall be prepared and filed in the offices of the New Proprietary Lines, I-GN and the Belt, and shall be identified by signatures of the Chief Engineers of the New Proprietary Lines and I-GN.

As herein used, the term Basic Valuation means the value of the Leased Property as of December 31, 1947, which value is hereby agreed to be $3,772,000.

I-GN will remove the tracks and facilities located on the Percival Yard property which are not included in the I-GN Lease as soon as reasonably necessary to permit use and development of the property by the Belt, and shall retain the salvage therefrom. The Percival Yard tracks to be leased are shown on the map marked Exhibit 6 and further identified by the signatures of the Chief Engineers and the additional legend provided for above in this Section in the case of Exhibits 1, 2, 3, 4 and 5 and filed in the same manner.

If, prior to the Effective Date any portion of the Leased Property, not required for railroad purposes is sold, which I-GN hereby reserves the right to do, the Basic Valuation thereof shall be adjusted by subtracting therefrom the value at which such property so sold was included in the Basic Valuation. Except as otherwise provided in the last paragraph of Section 1.3 with respect to the Leased Property, the Basic Valuation shall be further adjusted by adding thereto or subtracting therefrom an amount equal to the amount, if any, by which the cost of any additions or betterments made by I-GN between December 31, 1947, and the Effective Date (1) that cost no more than $10,000 in each instance, or (2) that are required by law or any public authority having jurisdiction, or (3) that cost more than $10,000 in each instance and are approved in writing by all the New Proprietary Lines, shall be more or less than the value included in the Basic Valuation for any property retired between December 31, 1947 and the Effective Date.

The following addition and betterment projects, each estimated to cost in excess of $10,000, are hereby approved by the New Proprietary Lines so far as work done or expenditures made subsequent to December 31, 1947 are concerned: Construction of industrial lead tracks for Damon Wells Industrial Area, I-GN A.F.E. 7081; construction of industrial lead tracks near Pierce Junction, I-GN A.F.E. 8046; reinforcing piers to Buffalo Bayou Bridge, I-GN A.F.E. 8030; and paving Commerce Avenue, I-GN A.F.E. 7923.

As soon as the Basic Valuation of the Leased Property, adjusted as above in this Section provided, is agreed upon in accordance with the provisions of Section Second of the I-GN Lease an instrument evidencing such agreement shall be executed by Belt and I-GN as provided in said Lease.

(b) Any and all contracts of I-GN pertaining exclusively to the Leased Property, other than contracts for exploration, development and production of oil, gas and minerals therefrom, that are in effect on the Effective Date and that are assignable are, as of the Effective Date, hereby assigned to Belt for the period this agreement remains in effect; and I-GN hereby agrees (1) to deliver all such written contracts to Belt; and (2) to execute specific instruments of assignment as to any such contracts if requested by Belt so to do. It is further agreed that as to any other contracts pertaining exclusively to the Leased Property that are not assignable, the parties shall cooperate with each other in endeavoring to effect a transfer thereof to Belt. Belt from and after the Effective Date shall perform all obligations, assume all liabilities and be entitled to receive all benefits thereafter accruing under I-GN contracts so assigned or transferred.

I-GN shall, up to the Effective Date, perform all obligations and assume all liabilities under all of its contracts that pertain to the Leased Property that are hereby assigned or that are otherwise transferred as above in this Section provided, including all obligations and liabilities arising out of transactions thereunder previous to the Effective Date; and I-GN shall be entitled to receive all benefits under said contracts accruing up to the Effective Date and as to contracts which are not hereby assigned or are not otherwise transferred, I-GN shall continue after the Effective Date to perform all obligations and be entitled to receive all benefits thereunder.

As to any contracts of I-GN that pertain in part to the Leased Property and in part to other I-GN property, it is agreed that I-GN and Belt will cooperate in arranging for new contracts which will separate the rights and obligations of the parties as between the Leased Property and other property of I-GN, or in having them changed or amended so as to exclude therefrom the Leased Property, or that such other action with respect thereto shall be taken as may be fitting and proper to carry out the intentions of the parties as expressed in this agreement; also that the rights and obligations pertaining to the Leased Property and other I-GN property that remain in effect shall be divided or apportioned between I-GN on the one hand and Belt on the other hand as of the Effective Date.

Any and all lawful claims, demands or liabilities, including all Taxes as defined in Section 2.6, arising out of operation by I-GN of, or levied or assessed upon, the Leased Property up to the Effective Date, or properly assignable to such period, shall be paid or satisfied by I-GN, and all those arising thereafter or properly assignable to the subsequent period shall, during the life of the I-GN Lease, be paid or satisfied by Belt.

(c) The Western Union Telegraph Company owns certain pole and wire lines, conduits and cables on or along certain portions of the I-GN right of way, on which are located certain communication and signal wires of Western Union and/or I-GN. The I-GN Lease is made subject to the rights of Western Union under its contract dated July 19, 1917, with Beaumont, Brownsville and other Missouri Pacific Lines, which among other things covers construction, maintenance, operation and ownership of communication lines on and along the I-GN, and to the rights of I-GN to own, operate, maintain, renew, add wires to and reconstruct its existing lines, conduits and cables, and to provide as required in the conduct of Missouri Pacific business additional pole lines, conduits and cables, and to enter on the Leased Property for such purposes. Certain telephone and signal wires owned or controlled by I-GN are used for local operation within the limits of the I-GN Lease; and use of such wires will or may be needed by the Belt after the I-GN Lease becomes effective. I-GN agrees to use its best efforts to secure for the Belt the right to use them, and if such right is secured, the Belt agrees to assume the cost of maintaining such wires and a proper proportion of the cost of maintaining the pole line.

SECTION 1.5. *Switching by Belt of I-GN Industries on GH&H and of Using Lines Industries located outside of Terminal but within Houston Switching Limits.* (a) I-GN has negotiated an agreement with GH&H, a copy of which is hereto attached as Exhibit D, and I-GN agrees to use its best efforts to procure execution of such agreement, substantially in the form attached, and to file an executed copy thereof with Belt. Pursuant to such agreement, if executed, I-GN hereby designates the Belt as its agent to switch the cars of I-GN to and from any industry now or hereafter located on the GH&H within the switching limits of Houston and Belt hereby assumes, as between Belt and GH&H, all obligations and liabilities provided for by Paragraphs 4 and 5 of said Exhibit D agreement. Belt also agrees to switch the cars of I-GN to and from any industry now or hereafter located on GH&H within the switching limits of

Houston so long as this agreement and said GH&H-I-GN agreement both are in effect.

I-GN shall pay the Belt the cost of performing such switching service and I-GN shall indemnify and hold harmless the Belt from any expense and liability resulting from the foregoing assumption of liability and obligation by Belt to GH&H with respect to such switching service.

In the event I-GN does not procure execution of said agreement with GH&H, Belt shall nevertheless, in so far as legally permissible, switch the GH&H industries as agent for I-GN but I-GN shall pay the cost of such service and indemnify Belt against any liability incurred by it as a result of the performance of such service.

(b) In the event the present switching limits at Houston are or shall be extended beyond the limits of the Terminal, as defined in Section 2.1(a), the Belt, on request of any Using Line or Lines, shall furnish as agent therefor, switching service for any of its or their exclusive industries located within the switching limits but beyond the Terminal limits, but any Using Line or Lines making any such request shall pay the Belt the cost of performing such service.

Section 1.6. *I-GN Retroactive Adjustment; Termination of I-GN Passenger Station Contract.* For the period of one year immediately preceding the Effective Date the amount of operating expenses which I-GN would have paid the Belt for the operation of its passenger trains into and out of the Terminal on the basis of the original Operating Agreement as amended in 1937, had I-GN been a party thereto shall be ascertained, and I-GN shall pay the Belt the difference between that amount and the amount actually paid by I-GN under the contract described in Recital (6) hereof for such period. The Belt shall then apportion and pay such amount to the Proprietary Lines on the basis of the amount of operating expenses paid by them respectively during such period on account of use by them of those portions of the Terminal used by I-GN.

As of the Effective Date the agreement described in Recital (6) is hereby terminated and cancelled.

SECTION 1.7. *Average Demurrage Agreements.* In the interests of better service to the public and of economy in operation, it is agreed as follows:

1. Belt, acting as agent for the Using Lines, shall make in its own name single average demurrage agreements with each shipper, receiver or industry on its lines desiring an average demurrage agreement, and each such agreement shall cover cars switched by Belt under its tariffs in intra and inter terminal movement and T&NO and Katy line haul cars switched by Belt under its tariffs, and also cars of the Using Lines switched by Belt as agent under their respective tariffs.
2. Belt shall continue to interchange its cars with T&NO and Katy, respectively, and to make per diem reclaim on T&NO and Katy in accordance with applicable Per Diem and Switching Reclaim Rules.
3. The cars of the Using Lines switched by Belt as agent under their tariffs shall remain in the accounts of the respective Using Lines for the purpose of making per diem settlements with the owners of foreign line cars and each Using Line shall continue to make such settlements as heretofore. But such cars shall not be interchanged with Belt, and no per diem reclaim shall be made by Belt on the Using Lines, thus avoiding the expense which otherwise would be involved in keeping interchange and per diem reclaim records and accounts; and the demurrage on such cars collected by Belt shall be pooled and divided between the Using Lines on the basis provided for in Section 2.1(c), and applied in reduction of the amount of Operating Expenses, as defined in Section 2.1(a) which otherwise would be payable by the Using Lines respectively.

II.

Section 2.1. *"Terminal", "Operating Expenses" and "User Basis" Defined; Apportionment of Operating Expenses and Revenues.* (a) The railroad and terminal facilities and all other property constructed, leased or otherwise acquired by the Belt and all additions and betterments, extensions and improvements made or to be made therein or thereto are herein called Terminal.

The term Operating Expenses as herein used shall include all expenses incurred by Belt in the management, operation, maintenance, renewal and repair of the Terminal, including all salaries, cost of labor, materials and supplies, any and all payroll, sales, use and similar taxes, licenses or other taxes for or with respect to vehicles, equipment or tools, excise taxes other than capital stock taxes, cost of bonds and insurance, and rentals for equipment, other than locomotives, and for tools; and also including all other expenses not provided for in other sections of this agreement that are chargeable to Operating Expenses under the accounting regulations of the Interstate Commerce Commission from time to time in effect; provided, however, that depreciation accrued on depreciable property and retirements of non-depreciable property, except land, not replaced, and in case of replacement with property costing less than the ledger value of the property retired, the excess ledger value retired, shall not be included in Operating Expenses.

The term User Basis, as herein used, means the basis or method presently used or from time to time adopted by unanimous agreement of the Using Lines or arbitration for apportioning Operating Expenses or other charges between the Using Lines or the New Proprietary Lines, or any of them, in the proportions that correspond as nearly as practicable with the use of the Terminal or any part thereof made by them respectively, or the services performed for them respectively by the Belt as agent.

Subject to Section 2.8, all Operating Expenses of the Belt, except those incurred in switching for the exclusive industries referred to in Section 1.5, shall be apportioned to and borne by the Using Lines on a User Basis.

For the purposes of apportioning Operating Expenses and other charges or payments in accordance with the provisions of this agreement, the use of the Terminal or any part thereof by Belt in the performance of any service for any of the Using Lines as the agent thereof shall be deemed to be use of the Terminal or such part thereof by the Using Line or Lines for which such service is performed by the Belt.

The cost of fuel, water, materials or supplies, including train and engine supplies, and the cost of services furnished or rendered by Belt to or for any Using Line or Lines for the use and benefit of any such Line or Lines and not for the common benefit of all the Using Lines, shall to the extent practicable be billed directly against the Using Line or Lines to or for which the same are furnished or rendered.

At the close of each calendar year so much of the monthly Operating Expenses paid by the Using Lines during that year as are chargeable to Maintenance of Way and Structures shall be readjusted so that each Using Line will bear and pay its User Basis proportion thereof on an annual instead of a monthly basis, except that for the calendar year in which this agreement becomes effective such adjustment shall be made as of December 31 on the basis of the period of that year during which this agreement has been in effect.

For the purpose of determining the share of Operating Expenses to be paid by the Using Lines, the Terminal shall be divided into zones, it being understood and agreed that the present plan of zoning shall be continued so far as reasonably and equitably possible, except that the Old and New South Yards shall be placed in a separate zone or zones, the I-GN property leased to Belt shall be placed in a separate zone, and three zones shall be established in the New Yard, one zone to consist of the Mechanical Facilities, one to consist of the less-than-carload freight facility, and one to consist of train yard tracks and connections and all unoccupied lands.

Not later than one year after the Effective Date a joint study shall be made under actual operating conditions to determine if the plan of zoning established as aforesaid and distribution of Operating Expenses in accordance with said plan is equitable to the Using Lines, and, if not, what other plan would be equitable; and if the Using Lines are unable to agree, the matter in dispute shall be submitted to arbitration.

If it is determined that the plan initially adopted is not equitable and a new plan is adopted, then the shares of Operating Expenses previously paid by the Using Lines respectively shall be adjusted retroactively to the Effective Date to the extent practicable; provided, however, that at any time or times after any new plan is adopted, but not oftener than once a year, any Using Line or Lines may, by written notice to the other Using Lines and Belt, effective on a date to be therein stated, but not less than 30 days after service, request a revision of such plan, and thereupon in each instance it shall be determined by unanimous agreement or arbitration whether any change is necessary in order that Operating Expenses may be fairly distributed on a User Basis; and if it is so determined that changes should be made, then the plan as changed shall be applied retroactively to the effective date of the request and such changed plan, or the plan previously in effect if it is determined that no change should be made, shall remain in effect for a period of at least one year and thereafter unless and until changed pursuant to a subsequent request.

(b) Gross revenues derived from baggage storage charges, Red Cap collections and other miscellaneous passenger station revenue, except rentals, shall be applied by the Belt to reduction of the passenger station Operating Expenses for the month in which such revenues are received.

(c) All revenues received by the Belt for switching pursuant to and at rates contained in its published tariffs, demurrage, and per diem reclaims, less per diem payments made by Belt, shall be credited to each Using Line in the proportion that the number of its loaded road-haul industry cars switched to or from industries served by Belt, except the exclusive industries referred to in Section 1.5, bears to the total number of loaded roadhaul industry cars of all Using Lines so switched.

(d) From the total of all rentals or payments received by the Belt for the use of property, and from any other revenues not referred to in Paragraphs (b) and (c) of this Section, there shall first be deducted all of the Operating Expenses directly incurred in earning such revenues, and the remainder shall then be paid to the New Proprietary Lines on a Stock Ownership Percentage basis, provided that so long as Missouri Pacific is the sole user of the New Yard all rentals derived from facilities constructed therein or from New Yard land shall be paid to Beaumont; it being understood and agreed that occasional or incidental use made of the New Yard by Denver, Rock Island and/or Santa Fe, as referred to in Section 2.7(c) hereof, shall not change the status of Missouri

Pacific from that of sole user; provided, however, that if Denver, Rock Island and/or Santa Fe shall use (1) the train yard zone of the New Yard for train yard purposes or (2) the New Yard less-than-carload freight facility zone, then all such rentals, except any which may be derived from the Mechanical Facilities or from Zone (1) or Zone (2) if not used, shall be apportioned and paid to Beaumont, Brownsville, Denver, Rock Island and/or Santa Fe on a User Basis, adjusted as provided in Section 2.2, and all remaining New Yard Lease rentals shall be paid to Beaumont.

SECTION 2.2. *Use by I-GN and Sugar Land shall be Deemed Use by Beaumont and Brownsville in Certain Cases.* Whenever in this agreement anything is provided to be paid by or charged to the New Proprietary Lines on a User Basis, the same shall be allocated to Denver, Rock Island and Santa Fe in the proportions that the use by each of them bears to total use by all Using Lines; and there shall be allocated to each Beaumont and Brownsville their respective proportions of total use by all the Using Lines, plus one-half each of the use by I-GN and Sugar Land.

SECTION 2.3. *Depreciation and Retirements.* (a) Equipment depreciation has been accrued by the Belt and charged by the Belt against the Proprietary Lines on a User Basis, such basis being the number of cars handled by switch engines for Proprietary Lines respectively. All depreciation which shall have been charged to each Proprietary Line up to the Effective Date shall be applied in the same amount as so charged in reduction of Belt indebtedness to it for advances made by it.

From and after the Effective Date of this agreement the practice of accruing depreciation on equipment shall be continued and it shall be charged against the New

Proprietary Lines on a User Basis, adjusted as provided by Section 2.2, and the depreciation so charged to the New Proprietary Lines, respectively, shall be applied in the same amount as charged to each of them in reduction of Belt indebtedness for advances made by them respectively.

(b) Road depreciation has been accrued by the Belt and charged to the Proprietary Lines on a cars in and out of terminal basis. All depreciation which shall have been charged to each of the Proprietary Lines up to the Effective Date shall be applied in the same amount as so charged in reduction of Belt indebtedness to it for advances made by it.

From and after the Effective Date of this agreement Belt shall continue to accrue depreciation on depreciable road property owned by it and such depreciation accrued by the Belt shall be charged to the New Proprietary Lines on the basis used for apportionment of maintenance expense, adjusted in accordance with Section 2.2, and the amounts so charged to the New Proprietary Lines, respectively, shall be applied in the same amount as charged to each of them in reduction of Belt indebtedness for advances made by them respectively.

(c) When non-depreciable property owned by Belt, other than land, whether located on land owned or leased by Belt, is retired and not replaced the ledger value thereof, or in the case of replacement with property costing less than the ledger value of the property retired, the excess ledger value retired, shall be charged to each of the New Proprietary Lines in the proportions in which the funds for the construction of the property retired were provided by them therefor. The amount so charged to each New Proprietary Line shall be applied in the same amount as charged in reduction of the Belt indebtedness to it for advances made by it.

The salvage, if any, recovered from any such retirement shall be retained by Belt and the New Proprietary Lines shall be allowed credit on monthly bills for Operating Expenses in the same proportions as the ledger value was charged against them. In all such cases the cost of dismantling such property and recovering salvage therefrom shall be included in Operating Expenses and charged to the New Proprietary Lines in the same proportions as the salvage is credited.

All amounts received by the Belt from the sale of lands, less any expenses incurred by Belt in connection with such sale, shall be apportioned and paid to the New Proprietary Lines in the proportion in which the funds for the acquisition of said lands were provided by them therefor.

Funds shall be deemed to have been provided by the New Proprietary Lines to the extent that they either have advanced them or assumed obligation or liability with respect to bonds, the proceeds of which were used for construction purposes.

It is agreed that Beaumont, I-GN and Santa Fe shall each have the right from time to time to change its lease to the Belt in such manner, if necessary, as to enable it to deduct for tax purposes depreciation or retirements of its leased property; provided, however, no lease shall be so changed as to increase the payments or diminish the rights of Belt thereunder.

SECTION 2.4. *Acquisition of and Rentals of Locomotives.* Heretofore the cost of locomotives purchased by Belt has been advanced by the Proprietary Lines on an equal basis, and interest on deferred installments has been paid by them as rental to the Belt on the same basis.

All new locomotives purchased on and after Effective Date hereof, either for cash or on the installment basis with interest on unpaid balances, shall be paid for by the

New Proprietary Lines on a User Basis, adjusted as provided in Section 2.2. Each of the New Proprietary Lines shall advance to the Belt its estimated percentage of the cost and pay as rental to the Belt its estimated percentage of the interest, if any, during the first year to be determined in accordance with the User Basis heretofore mentioned. At the end of the first year and each succeeding year over a six-year period such percentages shall be so adjusted that such advances shall have been made and such interest shall have been paid by each New Proprietary Line in the proportion that its total use bears to the total use of all New Proprietary Lines during such six-year period; and any unpaid installments of principal or interest remaining at the end of such six year period shall be advanced or paid to the Belt by the New Proprietary Lines on the basis of such six-year percentage. Such six-year period shall in each instance begin with the calendar month in which the locomotive is delivered.

The Belt has heretofore purchased and received ten (10) Diesel switch locomotives under conditional sales agreements, payments on one of which have been completed. The balance of principal and interest on said Diesel locomotives remaining unpaid on the Effective Date shall be advanced to the Belt by the New Proprietary Lines on a Stock Ownership Percentage basis, and any interest on any deferred installments shall be paid by them as rental to the Belt on the same basis.

Each of the Using Lines shall have the right to furnish under lease to Belt approximately its User Basis proportion of all switch locomotives needed by Belt over and above those owned by it, which locomotives so furnished shall, to the extent practicable, be of the Diesel type; provided, that Missouri Pacific shall have the right to furnish under lease to Belt and to maintain the switch locomotives performing the principal service in the New Yard.

All locomotives so furnished shall be leased to Belt on fair and equitable equipment rental terms and the rentals shall be apportioned monthly to the Using Lines on a User Basis.

SECTION 2.5. *Additions and Betterments.* (a) Except as provided by Paragraph (b) of this Section, Belt shall construct or acquire all additions and betterments to the Terminal, as defined in Section 2.1(a), including equipment, that are approved by the affirmative vote of seven of its directors. Except as provided in Section 1.3 and in Paragraphs (b) and (c) of this Section, the cost of each such item of additions and betterments, less retirements for property replaced, which is chargeable to the investment account of the Belt, shall be advanced to Belt by the New Proprietary Lines on a User Basis measured in such manner as may be appropriate and, if any property is paid for by installments, any interest on unpaid balances shall be paid to the Belt by the New Proprietary Lines as rental on the same basis. If depreciable property is retired and replaced, the amount of the service loss from such retirement charged to the depreciation reserve by Belt shall also be advanced to Belt by the New Proprietary Lines on the same basis in order to provide Belt with funds for the construction of the new facility.

In determining the extent of use with respect to additions and betterments to fixed physical property, the method employed for allocating track maintenance in the zone in which the track is located, adjusted in accordance with Section 2.2, shall be used for all additional tracks; and for structures and other additions, except tracks, the method employed for allocating the expense of maintaining similar facilities, adjusted in accordance with Section 2.2 shall be used. When new facilities are of a special nature, separate zones shall be established, which shall include any tracks pertaining thereto.

In determining extent of use with respect of additional equipment (other than locomotives) including portable machines, roadway machines and tools, freight house equipment, furniture and fixtures, shop machinery, automobiles, and other similar items, the User Basis applicable to the zone or facility for which such equipment is to be acquired, adjusted in accordance with Section 2.2, shall be used. It is the intention that any such equipment purchased shall be used for the purposes for which it is purchased so long as it is required for that purpose.

Except in the case of industry tracks constructed pursuant to Paragraph (d) of this Section, the net cost of each such item of additions and betterments to be constructed or acquired by Belt shall be initially advanced to Belt by the New Proprietary Lines based on an estimate in each instance of their User Basis proportions. At the end of the first year and each succeeding year over a six-year period, such User Basis proportions shall be so adjusted that such advances shall have been made and such interest shall have been paid by each New Proprietary Line in the proportion that its use during such six-year period bears to the total use by all New Proprietary Lines determined in accordance with the applicable User Basis, adjusted in accordance with Section 2.2, during such six-year period with respect to the appropriate zone, or facility; provided, however, that, except in the case of industry tracks constructed pursuant to Paragraph (d) of this Section, for each such item of additions or betterments for which the advances by the New Proprietary Lines do not exceed $5,000, all such advances shall be adjusted on the basis of a one-year period only in the manner above provided. All such one or six-year periods shall in each instance begin with the first day of the calendar month in which the item involved is completed or acquired.

(b) All additions and betterments to the Mechanical

Facilities in the New Yard shall be constructed or acquired by Beaumont at its cost; and all additions and betterments to the train yard and less-than-carload freight facility zones shall be constructed or acquired by Beaumont at its cost until such time as the Denver, Rock Island and/or Santa Fe make use of either or both thereof as provided in Section 2.7(b), and the net cost of said additions and betterments shall be included in the value on which rental is required to be paid for the New Yard.

(c) Any additions and betterments to the New Yard, except the Mechanical Facilities, made necessary by the use thereof by Denver, Rock Island and/or Santa Fe pursuant to Section 2.7(b) shall be made by Belt with funds advanced to it by Beaumont and Brownsville, and the other using New Proprietary Line or Lines in proportion to their respective Stock Ownership Percentages.

(d) It is agreed, however, that if any New Proprietary Line or Lines shall, by written notice served on the Belt and the other New Proprietary Lines, request that an industry or an industrial lead track be constructed at a location and in accordance with specifications set out therein Belt shall construct the same with funds advanced to it by the requesting Line or Lines, provided the construction and operation of such track will not unreasonably interfere with the use of the Terminal; and in event of disagreement, the question of whether such interference would result may be submitted to arbitration. Upon receipt by Belt of the advance of the necessary funds, the Belt shall proceed with reasonable diligence and dispatch to construct and complete the track in accordance with the request of such requesting Line or Lines. Upon completion of the track it shall be owned by the Belt and operated as a part of the Terminal for the benefit of all Using Lines.

The advances for the cost of each such industrial track shall be adjusted at the end of the first year after completion and at the end of each succeeding year over a six-year period on a User Basis determined by the number of loaded road-haul industry cars of each New Proprietary Line, adjusted in accordance with the provisions of Section 2.2, switched by Belt on or over such track so that each New Proprietary Line shall have advanced such proportion of the cost of such track as the number of its loaded road-haul industry cars so switched bears to the total number of all such cars of all New Proprietary Lines so switched, adjusted in accordance with the provisions of Section 2.2, during such six-year period; and at the end of each such yearly period all payments necessary to effectuate such adjustment shall be made.

The I-GN shall have the same right as any of the New Proprietary Lines to request and have constructed by Belt such industry tracks and in the event of any such request by I-GN the funds necessary for construction of the track shall be advanced by I-GN to Beaumont and Brownsville and they in turn shall advance such funds to Belt.

SECTION 2.6. *Taxes.* The term Taxes, as herein used, means all taxes, rates, levies, benefits, assessments and other governmental charges of every kind, including capital stock taxes, that in any manner during the period this agreement remains in effect may be imposed upon or accrue against the said Terminal, or any part thereof, including property covered by the I-GN Lease, New Yard Lease and Santa Fe Lease, or which may become due and payable by the Belt, except payroll, sales, use and similar taxes, licenses or other taxes for or with respect to vehicles, equipment or tools, and excise taxes other than capital stock taxes, which are included in Operating Expenses as provided for in Section 2.1(a).

The New Proprietary Lines shall advance to Belt sums equal to all Taxes chargeable by Belt to its Investment Account, and shall pay to Belt as rental sums equal to all other Taxes, as follows:

Each of the New Proprietary Lines shall advance or pay to Belt its Stock Ownership Percentage of sums equal to all Taxes, except Taxes assignable to the New Yard, and its User Basis proportion, adjusted as provided in Section 2.2, of Taxes assignable to the New Yard; provided, however, that the following Taxes chargeable to Investment Account and assignable to the New Yard Zones shall be paid by Beaumont and added to the interest rental base provided for by Paragraph (a) of Section 2 of the New Yard Lease: (1) all such Taxes assignable to the Mechanical Facilities, as defined in Recital (10); and (2) all such Taxes assignable to the freight facility zone and/or the train yard zone prior to the use thereof by Denver, Rock Island and/or Santa Fe pursuant to Section 2.7(b).

In case any of the New Proprietary Companies shall default in making the payments on account of Taxes as hereinbefore provided for, then the sum which it fails to pay or advance shall be apportioned and paid as provided in Paragraph (a) of Section 2.9 hereof in case of default in making advances or payments with respect to bonds issued and outstanding under Belt's existing First Mortgage.

SECTION 2.7. *Operation of New Yard and Use Thereof by Non-Missouri Pacific Lines.* (a) All the New Yard facilities, except the Mechanical Facilities, shall be operated by Belt; and, so long as fifty per centum (50%) or more of the Operating Expenses of the New Yard less-than-carload freight facility and train yard zones is paid by the Missouri Pacific, the General Yardmaster at the New Yard and the agent to be in charge of the said freight facility in the New Yard may be selected by the Missouri Pacific.

(b) Denver, Rock Island and/or Santa Fe shall have the right to make use of the train yard and less-than-carload freight facility zones of the New Yard for purposes in addition to those specified in Paragraph (c) of this Section, but use of only a part of either or both of such zones shall be deemed to be use of the whole thereof; and during any such use Denver, Rock Island and/or Santa Fe shall pay a User Basis proportion of Operating Expenses and also a User Basis proportion, adjusted as provided in Section 2.2, of New Yard interest rental and Taxes, applicable to the zone or zones so used; provided, however, that neither Denver, Rock Island nor Santa Fe shall use the New Yard for freight train yard purposes unless all three of them agree that the same may be so used.

(c) Denver, Rock Island and/or Santa Fe may make occasional or incidental use of the train yard or freight facility zones in the New Yard for interchanging cars of Denver, Rock Island and Santa Fe to I-GN, or in serving industries, or in emergencies or for any other purpose hereafter agreed to constitute only incidental use. No charge, either for Operating Expenses, New Yard Lease interest rental or Taxes, shall be made for the use of the train yard zone by Santa Fe, Denver and Rock Island in interchanging their cars to I-GN, but for such industrial, emergency, or other agreed incidental use of the New Yard freight facility or train yard zones Denver, Rock Island and/or Santa Fe shall pay a User Basis proportion of the charges referred to in Paragraph (b) of this Section.

(d) Missouri Pacific is hereby authorized to maintain and operate the New Yard Mechanical Facilities with their own forces; provided, however, that if requested, Missouri Pacific shall service and make repairs, of a kind that the Mechanical Facilities are equipped to perform, to the locomotives and cars owned by Belt or by any of the other

New Proprietary Lines at cost. Missouri Pacific is also hereby authorized to grant to others such user rights or licenses as may be necessary and appropriate to provide for the maintenance and operation of the Mechanical Facilities.

SECTION 2.8. *Interchange Between Using Lines.* Belt, as agent for each of the Using Lines, shall, at the expense of the respective Using Lines, deliver freight cars in interchange at the point in the Terminal from time to time designated by the receiving Using Line, except that cars to be delivered to Beaumont and Brownsville by Denver, Rock Island and Santa Fe shall be interchanged to Beaumont and Brownsville at the New or Old South Yard. No portion of the Old or New South Yard Operating Expenses shall be charged against interchange movements referred to in this Section, nor, as provided in Paragraph (c) of Section 2.7, shall any portion of the New Yard Operating Expenses, interest rental or Taxes be charged against such movements.

SECTION 2.9. *Advances and Payments by New Proprietary Lines in Connection with Bonds Issued Pursuant to Belt's First Mortgage.* (a) Each New Proprietary Line shall from time to time advance to the Belt its Stock Ownership Percentage of funds sufficient to enable Belt to meet all bond maturities under Belt's First Mortgage dated July 1, 1937, and all sinking fund installments, exclusive of bond premium, and shall pay as rental to or for account of Belt its Stock Ownership Percentage of all bond premium and installments of interest on the bonds issued and outstanding under said First Mortgage; provided that all payments with respect to installments of interest on the said bonds shall be made direct to the Trustee under the Mortgage securing such bonds.

In case any of the New Proprietary Lines shall default in making any of the payments or advances hereinbefore in this subdivision (a) provided for, then any sum which any defaulting New Proprietary Line fails to pay or advance shall be apportioned to and paid or advanced by the New Proprietary Lines not in default in the proportion that their respective Stock Ownership Percentages bear to their total Stock Ownership Percentages, and each of the non-defaulting New Proprietary Lines shall pay or advance such sum forthwith upon demand of the Belt, or if the Belt be in default under its said First Mortgage, then upon demand of the Trustee thereunder with respect to payments provided for thereby, and if all but one of the New Proprietary Lines default, then the one not in default shall make all such payments and advances.

(b) The Belt and the New Proprietary Lines agree that from and after the Effective Date all payments theretofore made by Beaumont, Brownsville, Santa Fe and BRI, as well as all payments thereafter made by the New Proprietary Lines, to enable the Belt to comply with its sinking fund obligations under said existing First Mortgage except the amount thereof used by Belt to pay bond premium, shall constitute loans or advances, and that the Belt is hereby relieved of any obligation to issue and shall not issue stock in satisfaction of any such payments.

SECTION 2.10. *Employe Claims.* Any and all amounts paid by Belt or any Using Line or Lines on account of any dismissal or displacement claims of Belt or Missouri Pacific employes on account of any transaction provided for herein, including construction and operation of the New Yard and leasing by the Belt of the properties herein provided to be leased and the subsequent operation thereof, whether any such claims are made pursuant to conditions imposed by the Interstate Commerce Commission or pursuant to any agreement made with employe representatives in lieu of such conditions, shall be borne by the Using Lines in the proportions that the total Operating Expenses paid by said Using Lines, respectively, bears to the total Operating Expenses of Belt during each yearly period within which any such payments are made.

SECTION 2.11. *Belt Officers and Directors.* The following officers of the Belt shall be independent of and not hold office with any of the Using Lines, shall be elected by the affirmative vote of at least seven Directors, and shall not be subject to removal except by the affirmative vote of at least seven Directors: President, or President and General Manager if said offices are combined, General Manager, Chief Engineer, Auditor, Industrial Commissioner, Purchasing Agent, or any officer otherwise designated performing the duties ordinarily performed by a person holding any of such offices. By unanimous vote the Directors of the Belt may elect an officer of one or more of the Using Lines to any other office of the Belt, but any such non-independent officer so elected shall be removed from office at once whenever any member of the Board of Directors of the Belt so requests in writing, and any non-independent officer with respect to whom such a request is made shall have no power to act for the Belt after a copy of such request is served upon him.

The by-laws of the Belt shall be amended (1) to conform to the foregoing provisions of this agreement; (2) to provide for a Board of nine Directors, of which the independent President shall be one; (3) to provide for an Executive Committee of five members, consisting of one Director representing each of the New Proprietary Lines, which, when the Board is not in session, shall have all the powers of the Board; (4) to provide that no action shall be taken (a) by the Board of Directors except pursuant to the affirmative votes of seven Directors; or (b) by the Executive Committee except pursuant to the affirmative votes of four of its members; and (5) to provide that at any time if the General Attorney is a non-independent officer and shall have been served with a copy of the notice below in this Section provided for he shall have no power to handle for the Belt any matter in which the contentions or interests of the Using Line or Lines by which he is employed are in conflict with the contentions or interests of any other Using Line or Lines; and whenever a written notice is served on the President of the Belt and its non-independent General Attorney by any Using Line or Lines that in its or their opinion such a conflict exists with respect to any such matter, the President of the Belt shall employ independent counsel to represent the Belt with respect to such matter.

In order to provide a qualifying share of Belt stock for the independent President, arrangements shall be made for withdrawal from under the Stock Trust Agreement of one-fourth of a share of Belt stock from each lot of 60¼ shares heretofore pledged by Beaumont, Brownsville, Santa Fe and BRI.

The New Proprietary Lines shall vote their stock in favor of two directors nominated by Beaumont, two directors nominated by Brownsville, two directors nominated by Santa Fe, one director nominated by Denver and one director nominated by Rock Island; and also in favor of one director, who shall be the independent President, nominated by not less than six of the eight directors so nominated by the New Proprietary Lines.

SECTION 2.12 *Removal of Belt Employes.* At the written request of any Using Line or Lines, for cause, Belt shall remove from service any of its employes, but if any employe so removed recovers damages or is reinstated by competent authority, with allowance for time lost, then any such damages and/or allowance, together with any expenses incurred in connection with litigation or proceedings incident to such removal from service, shall be borne by the Using Line or Lines making such request; provided, however, that Belt shall not be required to remove any employe from its service if prevented from so doing by any law or regulation of a public authority having jurisdiction, or by any contract with respect to removal from service.

Section 2.13. *General Provisions.* (a) *Joint Use of Terminal.* Belt hereby gives and grants to each Using Line and it is hereby agreed that each Using Line shall have, upon the terms and conditions set forth in this agreement and during the period it remains in effect, the equal right and privilege to use the Terminal in common with Belt and with the other Using Lines.

(b) *Terminal Facilities Provided for Use and Benefit of Belt and Using Lines.* The train yards, team tracks, less-carload freight facilities, passenger station, and all other facilities of the Belt are for the use and benefit of Belt and the Using Lines, as distinguished from other railroads, and are provided in order to enable Belt and the Using Lines to perform common carrier services for the public under and pursuant to their respective published tariffs; and Belt shall not, except by unanimous consent in writing of all the Using Lines not then in default, grant to any other railroad the right to use the Terminal or any part thereof, or switch either interstate or intrastate shipments on which none of the Using Lines receive a line haul to or from the Belt team or public delivery tracks or facilities or to and from Belt industries, to any greater extent or on any different basis, either as to service or charges, than shipments on which the Using Lines receive a line haul but which do not originate at or are not destined to points on or facilities of the Belt, are switched by other Houston railroads.

All services performed by Belt for account of the Using Lines shall be performed by Belt as agent for the Using Lines, and under their respective tariffs to the extent tariffs covering the performance of such services are required by law.

(c) *Belt to Manage, Control and Operate the Terminal and Perform Certain Services.* Subject to the provisions of Sections 2.5 and 2.7, Belt shall have the exclusive management and control of the operation, maintenance, repair and renewal of the Terminal and every part thereof, except the Mechanical Facilities in the New Yard; shall establish rules and regulations governing the operation of trains within and upon the Terminal and the use and enjoyment thereof in all other respects; provided always that such rules and regulations shall be fair and equitable and shall apply equally and without discrimination to all Using Lines, and each Using Line agrees with the other and with the Belt to comply and cause their employes to comply with such rules and regulations.

Subject to the provisions of Section 2.7 hereof, Belt shall perform all freight and passenger switching service within the Terminal; shall operate the passenger and freight stations and appurtenant facilities, roundhouses, water and fuel stations, and shops and facilities for the care and repair of both locomotives and cars; shall maintain, repair, renew and reconstruct the Terminal and at all times keep the same in good order, condition and repair; and generally shall do and perform any and all things usually and ordinarily done and performed in the maintenance, repair, operation and renewal of a joint freight and passenger terminal.

Insofar as it can conveniently do so without unreasonably interfering with the performance of the classes of work or furnishing materials and supplies of the kind and character required by all the Using Lines, and to the extent that it has facilities to do so Belt shall, upon request and at the sole cost and expense of any Using Line and as agent therefor, perform services or furnish materials or supplies of a kind and character not required by all the other Using Lines, but which are necessary to enable the requesting Using Line to perform its duties and obligations as a common carrier.

(d) *Fidelity Bonds and Insurance.* Belt will bond in a reasonable amount, at the request of any Using Line or Lines, any of Belt's employes who handle funds, and all such bonds shall be so written as to protect the Belt and Using Lines as their respective interests may appear.

Belt shall keep the Terminal buildings and structures, whether owned or leased by Belt, insured against loss or damage by fire, windstorm, or other casualty, to the extent that property of similar character is customarily insured by railroad companies operating in the general area of Houston, Texas, and the amount of such insurance shall be adequate to cover the reasonable insurable value of such facilities at the time insured; provided, however, that Missouri Pacific, at its election and at its cost, may provide such insurance on the New Yard Mechanical Facilities. Insurance policies shall be so written as to protect the Belt and the Using Lines as their respective interests may appear and, if and to the extent required, the loss shall be made payable to the Trustee under the existing or any future Mortgage of Belt. The premiums on such insurance shall be included in Operating Expenses as provided in Section 2.1(a). If at any time or times any of the Using Lines shall be of the opinion that the kind, character, or amount of insurance which Belt provides or proposes to provide does not conform to the requirements above in this Section set forth, such Using Line or Lines shall have the right to submit such question to arbitration as provided in Section 3.2.

In the event that any insured building or structure, except the Mechanical Facilities, shall be damaged or destroyed by fire or other casualty covered by insurance, and the same or a similar facility is necessary for Terminal operations, Belt shall repair and restore or rebuild the same, or construct another facility for the same use or service, in accordance with plans which shall be approved by the Using Lines, and Belt shall apply all insurance monies received from such insurance or such portion thereof as may be necessary, to such repair, restoration, rebuilding or construction. Any amounts in excess of such insurance monies received by Belt which are necessary for the repair, restoration or rebuilding of any such facility, if chargeable to Operating Expenses, shall be apportioned to the Using Lines in accordance with Section 2.1(a), and if chargeable to additions and betterments shall be advanced by the New Proprietary Lines on the basis provided for in Section 2.5.

Any insurance proceeds received by Belt for damage to or destruction of any of the Terminal property which are not expended by Belt for the repair, restoration or rebuilding of the facility destroyed, shall be used for other additions and betterments, and the advances of the New Proprietary Lines therefor shall be diminished by the amount of such excess proceeds, which shall be apportioned to them in the same proportions that the funds for construction of the facility damaged or destroyed were provided by them.

(e) *No Unnecessary Interference by any Using Line with use of Terminal by Others or by Belt.* None of the Using Lines shall have the right to use any part of the Terminal for the storage or standing of cars except as may be necessary for the receipt and delivery of passenger and freight traffic in the usual course of business; nor shall any Using Line in any way obstruct or interfere with access to or use of Terminal or any part thereof by the parties hereto having the right to use the same, or in any way obstruct or interfere with the execution or enforcement of any reasonable rule or regulation that may be established by Belt covering the use of the Terminal or any part thereof.

Each Using Line shall have the right to arrange its own schedules and time tables, but this right shall be judiciously, fairly and equitably exercised by each so as not to produce unnecessary inconveniences to any other Using Line or to Belt in its use of the Terminal. Should a dispute arise between any two or more of the Using Lines or between any of them and the Belt as to the arrangement of trains, the use of the Terminal or the time table of train schedules of any Using Line, such dispute shall be determined by arbitration in the manner provided in Section 3.2 hereof.

(f) *Belt to make Payments and Otherwise Comply with this Agreement.* Belt, with funds secured as herein provided, will pay or cause to be paid the interest and principal of all mortgage bonds or evidence of bonded indebtedness lawfully issued and outstanding under any mortgage of Belt now or hereafter existing; will make all sinking fund payments due and payable under any such mortgage; will pay any and all rents and make all other payments and comply with all its other agreements and undertakings as set out in the Santa Fe Lease, I-GN Lease, New Yard Lease, and each of them; will pay or cause to be paid all Taxes as herein defined, as well as all sums equal to the taxes, levies, assessments, special assessments for local benefit levied upon, assessed against or in respect of any and all properties included within the Santa Fe Lease, the I-GN Lease, New Yard Lease and each of them, as required by said leases; and will pay any and all other sums or debts which may at any time or from time to time become due and payable by Belt; provided, however, that Belt shall not be required to make any of the foregoing payments which other parties hereto are or may hereafter be required by other provisions of this agreement or any amendment thereof to make direct or to relieve them from any such obligation.

(g) *Belt to Maintain Corporate Existence and Rights, Privileges and Franchises.* Belt shall not do or omit to do any act when such doing or omission would operate directly or indirectly to forfeit any of its rights, privileges and franchises under its Charter or Articles of Incorporation before the expiration of the same as now limited by law or which will, in any manner, impair the value of any of the privileges, rights or property, the right to use which is hereby granted each Using Line. Belt will, at the expiration of the present term of its corporate existence, cause the same to be renewed and extended in manner and form as may then be provided by law and will cause similar renewals and extensions to be made from time to time as the same shall be necessary to maintain the existence and power with which it is now vested.

(h) *Belt to Exert Corporate Powers on Request.* Belt shall and will at all times and from time to time during the term hereof, when requested by the Using Lines or any of them put forth and exercise each and every corporate power and do each and every corporate act which Belt might now or may at any time hereafter lawfully put in force or exercise to enable the Using Lines and each of them to enjoy and avail themselves of every right, franchise and privilege hereby granted and the proper management and operation of the Terminal according to the terms hereof.

(i) *Upon Failure of Belt to Make Required Demands, They May be Made by Any Adversely Affected Using Line.* If Belt shall fail at any time to give any notice or statement to or make any demand upon any of the Using

Lines which is required by this agreement, any other Using Line whose obligations or rights are adversely affected by such failure may give such notice or statement or make such demand in the same manner in which Belt is required to give or make the same and with the same effect as if the same had been given or made by Belt.

(j) *Exclusion of Any Defaulting Line.* So long as each Using Line makes the payments herein required to be made by it, and complies with all its other obligations as herein provided, it shall have peaceable and quiet possession and full enjoyment of Terminal and each part thereof in common with Belt and the other Using Lines; provided, however, that if any Using Line shall make default by failing to pay any sum payable by it on or before the date when the same shall become due, or by failing to perform or comply with any other covenant or condition by it to be performed or complied with hereunder, and such default shall continue for a period of ninety days after written demand for such payment, performance or compliance shall have been made upon such Using Line by Belt or by any other Using Line, then and in such case Belt shall have, and is hereby given the right at its election, but subject to the approval of any public authority then having jurisdiction, to exclude such Using Line from the use of Terminal and each part thereof, and upon giving written notice of such election to such Using Line, all rights of such Using Line to use the Terminal and each part thereof, except the right of the Missouri Pacific to use property of I-GN and Beaumont leased to Belt and except the right of Santa Fe to use its property leased to Belt, shall thereupon, by such notice be terminated, and Belt may thereupon take such steps, as may be necessary and appropriate to effect such exclusion of such Using Line from use of the Terminal and each part thereof. Nothing herein done or attempted shall release or relieve any such Using Line of or from any liability that may have accrued prior to the date of such termination or deprive any party hereto of the right to enforce such liability; nor shall any such termination release, relieve or affect the rights or obligation of any other Using Line having the right to use the Terminal or any part thereof whose rights have not been so terminated.

In the event any default as specified above shall continue for a period of ninety days after demand as aforesaid, then and in such event, whenever so requested in writing by any Using Line having the right to use the Terminal or any part thereof not itself in default hereunder, it shall be and become the duty of Belt to elect and to proceed, but subject to the approval of any public authority then having jurisdiction, to effect such exclusion from the Terminal and each part thereof of such defaulting Using Line.

No Using Line shall be deemed or considered in default if it, within sixty days from receipt of any bill, statement or monetary demand from Belt shall in writing notify Belt that it contests the correctness of any specified item or items of such bill, statement or demand and shall pay to Belt within the time provided all sums other than the item or items so specified and, if demanded by Belt, shall furnish adequate security for the contested item or items, so long as such Using Line in good faith contests such specified item or items and with dispatch attempts to settle or conclude such contest, which shall be settled, if demanded by either party to the contest, by arbitration as provided in Section 3.2 hereof.

The agreements of the New Proprietary Lines to make payments with respect to bonds, as provided by Section

2.9, and with respect to Taxes, as provided by Section 2.6, are absolute and unconditional and in case of the default of any of the New Proprietary Lines in making the advances or payments therein provided for the one or more other New Proprietary Lines which make such advances or payments shall be entitled to reimbursement of the amounts so paid or advanced, together with interest thereon at the rate of 6% per annum, from the defaulting Line or Lines, notwithstanding it or they shall have been excluded from the Terminal, pursuant to the foregoing provisions of this Paragraph (j).

(k) *Consent of Using Lines or New Proprietary Lines.* Whenever by this agreement it is provided that an act shall not be done except by the consent, acceptance or approval of each and all of the Using Lines or of each and all of the New Proprietary Lines, the consent, acceptance and approval of each and all shall be deemed to have been fully given by the concurrence of each whose obligations and rights under this agreement continue at the time in force, and it shall not be necessary to secure the consent, acceptance or approval of any Using Line or any New Proprietary Line which may have terminated or have had terminated its obligations under this agreement as in it provided. Any such consent, acceptance or approval shall be deemed sufficiently given when given in writing signed by a Trustee, Receiver, Chief Executive Officer, President, or such other officer as they respectively may designate, of such Using Line or New Proprietary Line.

SECTION 2.14. *Using Lines to Use Terminal.* Except for Beaumont's Houston-North Shore interurban passenger operations, each Using Line agrees to use the Terminal for all of its trains that originate or terminate at or pass through Houston, and to avail itself of the services herein provided to be performed by the Belt for it.

SECTION 2.15. *Apportionment of Lease Rentals.* The New Proprietary Lines shall pay as rental to Belt, from time to time during the term hereof, their respective Stock Ownership Percentages of all sums, other than Taxes provided to be paid by Section 2.6, which shall be payable by Belt under I-GN and Santa Fe Leases; and, except as to certain interchange movements as provided in Section 2.7 (c), they shall pay as rental to Belt, from time to time during the term hereof, their respective User Basis proportions, adjusted as provided by Section 2.2, of all sums, other than Taxes provided to be paid by Section 2.6, which shall be payable by Belt under the New Yard Lease.

SECTION 2.16. *Rendition and Payment of Bills.* Belt shall keep an accurate separate account of all Operating Expenses and on or before the last day of each calendar month shall render to each of the Using Lines a statement of the use of each Using Line and of the total use by all Using Lines and other companies during the preceeding calendar month. The Auditor of Belt shall render to the Auditor of each Using Line monthly statements showing all business done by Belt during the previous month. The books and accounts of Belt and so much of the books and accounts of the Using Lines as relate to the subject matter of this agreement, shall be open for inspection at all reasonable times during office hours by the accredited representatives of any of the parties hereto except BRI. Each Using Line covenants and agrees with Belt and with each other to pay to Belt all sums payable by such Using Line to Belt under this Agreement, the same to be payable within 60 days after rendition of bill therefor.

Any Using Line shall be liable directly to Belt for interest upon any amount due and payable by it at the rate of 6 per cent per annum from the date the same shall become due until the same shall be paid and such interest shall be payable to Belt whether the amount upon which such interest accrued is payable to Belt or to the Trustee under any mortgage of Belt.

Any error, mistaken estimate or omission in any such bill against the Belt or any Using Line shall be adjusted by suitable charges or credits on subsequent bills to be rendered as soon as discovered, but no exception to any bill shall be honored, recognized or considered if filed after the expiration of two years from the last day of the calendar month during which the bill is rendered, and no bill shall be rendered later than two (2) years after (a) the last day of the calendar month in which the expenditure covered thereby is incurred or (b) after the last day of the calendar month in which final expenditure is made under a particular Authority for Expenditure or Work Order for Additions and Betterments, or (c) in case of claims of third parties disputed as to amount or liability, after the amount is liquidated and/or the liability established. This provision shall not limit the retroactive adjustment of billing made pursuant to exceptions taken to original accounting by or under authority of the Interstate Commerce Commission, or other governmental agency having jurisdiction.

Inasmuch as no working fund has been provided for Belt, it is hereby authorized from time to time to draw sight drafts on the Using Lines for the estimated amounts due from them, and such sight drafts shall be honored upon presentation, subject to adjustment after actual amounts due are determined.

III.

Section 3.1. *Liability.* (a) All cost or expense which may be incurred by any of the Using Lines on account of loss or damage to property, or injuries to or death of persons, arising out of or in connection with their operations in the Terminal, or the performance of any service or operations by the Belt shall be borne as provided in this Section.

The term "cars", as used in this Section shall be deemed to include any vehicle, other than locomotives, customarily moved or moving along railroad tracks on its own wheels.

(b) The term Loss or Damage, as used in this Section, relates to loss or damage arising upon or adjacent to the Terminal, and embraces all loss or damage growing out of or arising from the death of or injury to persons, and all loss or damage growing out of or arising from loss, injury, or damage to property, including property belonging to Belt or any of the Using Lines or others, and including all cost or expense incident to such loss or damage.

(c) For the purpose only of establishing responsibility as between the parties hereto for Loss or Damage under this Section, it is understood by and between the parties hereto that,

(1) Belt employes and all other persons engaged in the maintenance, repair, renewal or operation of the Terminal or in making additions and betterments thereto for the joint use and benefit of all the Using Lines,

(2) All switch engines and work or wrecking trains, equipment and tools used in the maintenance, repair, renewal, or operation of the Terminal, or in clearing up wrecks thereon, or in the construction, mainte-

nance, repair or renewal of additions and betterments made for the joint use or benefit of all the Using Lines, as well as persons operating the same or assigned thereto, while so engaged, or while enroute thereto or returning therefrom,

shall while so engaged be deemed the joint employes, and the joint engines, trains, cars, equipment and tools (hereinafter in this Section collectively referred to as Joint Equipment) of the Using Lines.

Enginemen, trainmen and other employes of any Using Line shall, while engaged in its exclusive service, be deemed the sole employes of such party.

(d) Loss or Damage when due to

(1) the acts or omissions, negligent or otherwise, of the sole employe or employes of one of the Using Lines, and/or

(2) the concurring acts or omissions, negligent or otherwise, of a joint employe or joint employes and of a sole employe or employes of one of the Using Lines; and/or

(3) a defect in or failure of the exclusive equipment or appliances of one of the Using Lines,

shall be borne by the Using Line whose sole employe or employes, or whose exclusive equipment or appliances, so caused or concurred in causing such Loss or Damage, except any such Loss or Damage sustained by the property or employes of Belt arising under Subdivision (2) of this Paragraph (d) shall be included in Operating Expenses and apportioned to the Using Lines on the User Basis applicable to the zone or facility involved for the month in which the accident occurred.

(e) Loss or Damage when due to

(4) the concurring acts or omissions, negligent or other-

wise, of the sole employes of two or more of the Using Lines, and/or

(5) the concurring acts or omissions, negligent or otherwise, of a joint employe or joint employes, and the sole employe or employes of two or more of the Using Lines, and/or

(6) the concurring defects in or failure of exclusive equipment or appliances of two or more of the Using Lines,

shall be borne equally by the Using Lines concerned, except that each such Using Line shall bear all such loss or damage to its own exclusive property or of property in its custody or on its cars, and to its sole employes, passengers, or persons upon its locomotives, cars or trains, and any such Loss or Damage sustained by the property or employes of Belt arising under Subdivision (5) shall be included in Operating Expenses and apportioned to the Using Lines on the User Basis applicable to the zone or facility involved for the month in which the accident occurred.

(f) Loss or Damage when due to

(7) the acts or omissions, negligent or otherwise, of a joint employe or joint employes; and/or

(8) defect in or failure of any part of the Terminal or the Joint Equipment; and/or

(9) any other cause whatsoever not herein provided for shall be included in Operating Expenses and apportioned to the Using Lines on the User Basis applicable to the zone or facility involved for the month in which the accident occurred, except that each Using Line shall bear any such Loss or Damage to its own exclusive property or property in its custody or on its cars, and to its sole employes, passengers, or persons upon its locomotives, cars or trains

and all Loss or Damage due to grade crossing accidents in which any of its locomotives, cars or trains while being operated by its own employes are involved; provided, however, that in cases of accidents coming within the foregoing clauses (7), (8) and (9) in which the locomotives, trains, cars or sole employes and passengers of one or more of the Using Lines are concerned, then the liability and responsibility for the resulting injuries, death, loss or damage shall as to such persons and property and to third persons and their property be borne solely by the Using Line, if only one, or jointly and equally by the Using Lines, if more than one, whose locomotives, trains, cars or sole employes are concerned in the accident.

(g) Each of the Using Lines will assume and bear all losses resulting to it from defalcations or thefts of any joint employe or joint employes. If in case of any such defalcation or theft the ownership of any moneys or property lost cannot be determined, the loss shall be borne by the Using Lines, in proportion to the average amount of monthly cash receipts handled for their respective accounts by the joint employe or employes involved, during the six months preceding such defalcation or theft, and if such average amount is not ascertainable, then such loss shall be borne by the Using Lines in the proportion that the cash receipts handled by all Belt employes for them respectively during such period bear to the cash receipts so handled for all of them.

(h) For the purposes of this Section, passengers and other passenger train traffic and less-than-carload freight shall be deemed in the custody of the Using Line over whose line of railroad the same are to be or have been transported, except that in the event of an interline movement, custody shall pass to the receiving Using Line when a passenger shall have safely alighted on the platform of the Belt, or, in the case of other passenger train traffic and less-than-carload freight delivered to employes of the Belt, when the same shall have been safely unloaded. In case a freight or passenger train car is interchanged from one Using Line to another in the Terminal, custody thereof shall be deemed to have passed to the receiving line at such time as the car shall be deemed to have passed into accounts of the receiving Using Line under the interchange rules.

(i) Anything hereinabove to the contrary notwithstanding, no Using Line shall have any claim against any of the other Using Lines or against the Belt for Loss or Damage of any kind, caused by or resulting from interruption or delay to its business.

(j) All settlements for claims for Loss or Damage on the Terminal may be made by the Belt or by the Using Line or Lines, if any, directly sharing in the liability, but no payment in excess of $5,000 shall be voluntarily made by any Using Line in settlement of any claim involving the Belt or another Using Line or Lines without first having obtained consent in writing of the other party or parties involved, and in making all voluntary settlements the party making the same shall procure from each claimant and deliver to Belt and any other Using Line or Lines which may be jointly liable a written release from liability in the premises. No party shall be concluded by any judgment, at law or in equity, unless it has had reasonable notice to appear and make defense thereto for its own account, or jointly with one or more of the other parties hereto. If such notice shall have been given by any party, and the party receiving the same shall have failed to appear and make defense, it shall be concluded by the judgment or decree in said suit.

(k) Belt and the Using Lines agree, each with the others, that each will pay for all Loss or Damage, the risk of which it has assumed under this agreement, and shall and will indemnify and save harmless the others therefrom and against the payment of and liability therefor.

(l) Each of the Using Lines agrees to comply with all laws, rules and regulations of any governmental agency having jurisdiction, with respect to its use of the Terminal, and if any failure on its part so to do shall result in any fine, penalty, cost or charge against the Belt or any other Using Line or Lines, it agrees promptly to reimburse and indemnify the Belt or such other Using Line or Lines, on account thereof, and agrees in event of any such action, upon reasonable notice thereof from the Belt or such other Using Line or Lines, to defend such action, free of cost to the Belt or such other Using Line or Lines.

SECTION 3.2. *Arbitration.* (a) In the event of any disagreement between any of the Using Lines or between any of the Using Lines and the Belt with respect to the construction, interpretation or application of this agreement or any other matter or thing arising under the terms of this agreement (including failure to agree upon anything herein provided to be agreed upon, whether specifically assigned for arbitration in event of disagreement or not), the question or questions in dispute, at the written request of any Using Line or Lines served upon the Belt and the other Using Lines (which request shall set forth the matter or matters in dispute), shall be submitted to an arbitrator or Board of Arbitrators which shall be selected as follows:

If the Board of Directors of the Belt unanimously shall agree upon one arbitrator the matter or matters in dispute shall be submitted to and decided as hereinafter provided by such arbitrator. If said Board of Directors cannot, within thirty (30) days from date of receipt by Belt of request for arbitration, agree unanimously upon a sole arbitrator, then and in such event said Board of Directors within sixty (60) days from date of receipt by Belt of such request shall name by unanimous action two members of the Board of Arbitrators, which two members shall within thirty (30) days agree upon and designate the third member of such Board of Arbitrators; provided, however, that if the Board of Directors shall fail to designate two arbitrators or if the two arbitrators so designated shall fail to designate the third arbitrator within the period specified, then upon application of the Using Line or Lines making the written request the third or all three arbitrators shall be appointed by the United States District Judge senior by date of commission who is then sitting in the district in which Houston is located and who is willing to act.

The arbitrator or Board of Arbitrators so designated or appointed, promptly shall give notice to each party to the controversy, not less than ten (10) days in advance, of the time and place set for the hearing, and at the time and place appointed shall proceed, with such adjournments as may be appropriate, to hear and determine the matter, unless for good cause (of which the sole arbitrator or a majority of the Board of Arbitrators shall be the sole judges) it shall be postponed.

The decision of the arbitrator or arbitrators, or any two of the members of the Board of Arbitrators, given after hearing of which all parties to such dispute shall have been notified and at which they shall have had an opportunity to be heard shall be final and binding upon all parties to the dispute as to the matter or matters submitted for arbitration; and each of the parties to any such arbitration agrees that forthwith upon the rendition of any such decision it will abide by, perform and comply with the requirements thereof. Such decision shall divide or apportion the cost of arbitration, including the fee of the arbitrator or arbitrators, as the arbitrators may deem fair, just and equitable; provided, however, that each party to the arbitration shall pay the expenses of its witnesses and representatives appearing before the arbitrator or arbitrators.

Arbitration proceedings hereunder shall not interrupt the transaction of business under this agreement, and pending the award of the arbitrator or a majority of the Board of Arbitrators, payments required and the performance of the obligations of the parties hereto shall be made and continued in the same manner as before disagreement arose.

It is agreed that in any such arbitration any Using Line may present any contention it desires with respect to the subject matter in dispute, but that all contentions of all the Using Lines with respect to such subject matter shall be submitted to the same three arbitrators, or if a single arbitrator is agreed upon, then to him, to the end that all contentions with respect to the subject matter of the dispute shall be finally determined and settled.

(b) In the case of any dispute between Belt and Santa Fe with respect to any matter arising under the Santa Fe Lease (except any matter arising under Section Third thereof, it being hereby agreed that nothing herein contained shall require the arbitration of any such dispute) if the parties agree upon a single arbitrator the dispute shall be submitted to and decided by him. But if the parties fail to agree upon a single arbitrator, the party desiring the arbitration shall select one arbitrator, and in writing notify the other party of such selection and of the matter or matters in dispute with respect to which arbitration is desired, whereupon the other party shall within 30 days after receipt of such written notice select a second arbitrator, notifying the other party in writing of such selection; the two arbitrators so selected shall within 30 days thereafter select a third arbitrator.

If the party notified fails to select a second arbitrator within said 30-day period, then upon application of the moving party after not less than five days' notice is given to the other, the second arbitrator shall be appointed by the United States District Judge senior by date of commission who is then sitting in the district in which Houston is located and who is willing to act; and if the two arbitrators so selected or appointed fail to select a third arbitrator within thirty days after selection or appointment of the second arbitrator, then the third arbitrator shall be appointed in the same manner as above provided for appointment of the second arbitrator in the event of failure of the party notified to select him.

The procedure before and the effect of any decision of any single arbitrator or Board of Arbitrators in any arbitration under this Paragraph (b) shall be the same as that provided for in Paragraph (a) of this Section.

(c) Disputes with respect to any matters referable to arbitration under the I-GN Lease, or New Yard Lease shall be arbitrated as provided in the Sections thereof covering arbitration.

SECTION 3.3. *Sales, Leases or Consolidations.* No sale, purchase, assignment, lease, consolidation, merger or agreement of any kind, or abandonment or partial abandonment of the use of the Terminal itself by any of the Using Lines shall release it from its obligations under this agreement.

If any of the Using Lines acquires by purchase, lease, or otherwise, the railroad owned or leased by any of the other Using Lines, then it shall be liable to make all payments and perform all obligations under the terms of this agreement obligatory upon it and upon the Using Line whose railroad it acquires. If the railroad owned or leased by any of the Using Lines is sold or leased to or otherwise comes into the hands of, any other party, such party shall be charged with all payments and perform all obligations of this agreement obligatory upon such Using Line.

If any of the Using Lines are consolidated, or if any Using Line is merged with another Using Line, the consolidated or surviving Company shall make all payments and perform all obligations of the Using Lines involved in such consolidation or merger.

None of the Using Lines shall become a party to any agreement or arrangement providing for any sale, purchase, transfer, assignment or lease of the railroad owned or leased by it, or providing for any consolidation or merger, unless such agreement or arrangement is made expressly subject to this Section.

Section 3.4. *Successors and Assigns.* The several covenants and stipulations herein contained shall be mutually binding and inure to the benefit of the Using Lines, their respective successors, lessees and assigns; provided, however, that none of the Using Lines shall have the right or power to assign or transfer any interest or right under this agreement separate and apart from a sale, assignment, lease or sublease of at least that portion located within 50 miles of Houston, Texas, of the railroad owned or operated by it without the written consent of the other Using Lines and any such assignment without such written consent shall be void; and provided, further, that no Using Line, except by unanimous consent of all Using Lines, shall sell, lease, or otherwise transfer any rights to use the Terminal to more than one railroad.

Section 3.5. *Service of Notices.* Any demand, request, notice, designation or statement provided to be given under this agreement shall be in writing and may be given by serving the same upon the General Manager, or officer of similar or higher rank, of the party or parties to be notified, or may be given by mailing such notice to such officer by prepaid U. S. registered mail with return receipt requested, in which latter event date of service shall be deemed to be the date of receipt of the notice as shown by such receipt.

Section 3.6. *Agreement Not for Benefit of Third Parties.* This agreement and each and every provision thereof is for the exclusive benefit of the parties hereto and not for the benefit of any third party, except as to obligations to or for account of the Trustee under the existing and all future mortgages of the Belt and the bondholders thereunder.

Section 3.7. *Effective Date; Leases and this Agreement to Run for Concurrent Terms.*

This agreement shall take effect (a) on the first day of the first calendar month beginning after the effective date of the order or orders of the Interstate Commerce Commission approving and authorizing the transactions herein provided for, to the extent it has jurisdiction, or (b) on the date, following the securing of said approval and authority, that the facilities of New Yard shall in the opinion of Missouri Pacific be sufficiently completed to permit of their use by Missouri Pacific, whichever is later, and shall continue in effect until January 1, 2007, and thereafter until terminated by six months' written notice served by any Using Line upon the others; provided, however, that this agreement and the I-GN and New Yard Leases, and the Santa Fe Lease, as hereby amended, shall remain in effect for concurrent periods of time, and if any one of them shall be terminated, then all of them and this agreement shall concurrently terminate.

Section 3.8. *Amendments to Santa Fe Lease.* The Santa Fe Lease is hereby amended as follows:

1. To provide that unless sooner terminated as

therein or in Section 3.7 provided it shall continue in effect from and after the Effective Date of this agreement until January 1, 2007 and thereafter until terminated by six months' written notice served by either party thereto on the other party.

2. By striking out the words "by the Lessor" from that portion of Section Third reading as follows: "thereunder shall be terminated by the Lessor or shall cease in accordance with the terms thereof."

3. By modifying Paragraph Seventh, relating to arbitration, to conform to Section 3.2(b) of this agreement.

4. To except and reserve unto Santa Fe all of the oil, gas and other minerals underneath the surface of the leased lands, together with the right to lease to others portions of the surface of the leased lands for the exploration, development and production of oil, gas and other minerals, and to sell and dispose of any portion or portions of the leased property not needed for railroad purposes under the Santa Fe Lease to the same extent and upon the same terms and conditions as such rights are reserved to and may be exercised by I-GN under the I-GN Lease.

SECTION 3.9. *Rights of Trustee and Bondholders under Belt's Existing Mortgage; Amendment of this Agreement.* Nothing in this agreement shall be deemed or construed to affect in any way any obligation of the Belt or any right of the Trustee under the existing First Mortgage of Belt or of any holder of bonds issued thereunder, or to relieve the Belt or the Proprietary Lines of any obligation under the existing Operating and Stock Trust Agreements, as amended in 1937, to said Trustee or bondholders, or to deprive them of any right to enforce compliance with any and all obligations of the Proprietary Lines under the existing Operating Agreement, as amended, but as between the parties hereto, the provisions hereof are hereby substituted for those contained in the existing Operating Agreement, as amended. It is agreed, however, that if and upon condition that said Trustee and Metropolitan Life Insurance Company shall consent to such substitution, then and in that event BRI shall be relieved of all obligations to said Trustee and bondholders from and after the effective date hereof, and this agreement is hereby transferred and assigned to said Trustee by way of further security for the bonds issued under and secured by said First Mortgage, and Belt and the New Proprietary Lines hereby covenant and agree with said Trustee that said Trustee shall have the right and power in its own discretion to enforce and require the enforcement of any and every covenant herein contained, the breach of which may in its judgment affect or impair the rights or security of said Trustee or the bondholders represented by it; and Belt hereby expressly agrees to protect and hold said Trustee harmless from every expense, liability, claim, charge, action or demand which might impair the validity of this agreement, the right or security of said Trustee or the bondholders represented by it or which may be incurred by said Trustee in protecting its rights and security and those of the bondholders represented by it; and it is expressly understood and agreed that said Trustee shall not in any manner be responsible or liable for any act, default or misconduct of any officer, agent or other persons employed by the Trustee, nor shall said Trustee be answerable under any circumstances, except for its own willful default or misconduct.

This agreement shall not be modified in any way that will adversely affect the security of the bonds issued under said First Mortgage, or under any future mortgage of Belt, and any such modification, if attempted to be made, shall as between Belt and the New Proprietary Lines, on the one hand, and the Trustee under the existing or any future mortgage of Belt and the holders of the bonds represented by any such Trustee, on the other hand, be absolutely null and void; provided, however, that any modification of this agreement not adversely affecting the security of such bonds may be made, but an executed copy of each and every modification shall be filed with the Trustee under said existing or any future mortgage of the Belt at least 30 days prior to the effective date thereof, together with an opinion of counsel (who may be counsel for the Belt) that such modification will not adversely affect the security of the bonds. The Trustee shall not be under any duty with respect to any such modifications except to exhibit them (together with such opinion of counsel) upon request of the holder of any bond.

In the event that a majority of the bondholders shall object by written instrument or instruments filed with the Trustee to any such proposed modification on the ground that it will adversely affect the security of the bonds, such objection shall be conclusive, and the proposed modification, although effective as between the parties, shall not become effective as against the Trustee under the existing or any future mortgage of Belt and the holders of the bonds issued thereunder unless and until such objection is withdrawn.

In the event the Trustee under the existing Mortgage of Belt and Metropolitan Life Insurance Company, the holder of all bonds issued thereunder, consent to substitution of this agreement for the original Operating Agreement, as amended in 1937, Belt shall cooperate with said Trustee and Metropolitan in doing all things necessary and appropriate to accomplish such substitution, including execution of a supplemental mortgage providing therefor and for stamping the outstanding bonds with an appropriate legend reciting such substitution.

SECTION 3.10. *Court Authority for Trustee of Each Beaumont, Brownsville, I-GN and Sugar Land to Execute Agreement.* This agreement is executed by Guy A. Thompson as Trustee of the debtor companies comprising each the Beaumont, Brownsville, I-GN and Sugar Land under authority of an Order of the United States District Court for the Eastern District of Missouri, Eastern Division, in proceedings under Section 77 of the Bankruptcy Act, as amended, entitled "In the Matter of Missouri Pacific Railroad Company, Debtor, In Proceedings for the Reorganization of a Railroad, No. 6935", and all his duties and obligations herein provided for are as such Trustee and not individually; and said agreement shall bind and inure to the benefit of any successor trustee or trustees of the railways and properties of, respectively, Beaumont, Brownsville, I-GN and Sugar Land hereafter appointed in the aforesaid Reorganization Proceedings, and, upon termination of said trusteeship, the person or corporation acquiring the railways and properties of said respective debtor companies, whether by purchase, dismissal of the Reorganization Proceedings, or pursuant to a plan of reorganization, or otherwise, shall be and become entitled to the benefits of and bound by all the terms and provisions of this agreement applicable to any such debtor company.

SECTION 3.11. *Section Headings.* All section headings are inserted for convenience only, and shall not affect any construction or interpretation of this agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed or caused duly to be executed this agreement as of the day and year first herein written.

HOUSTON BELT & TERMINAL RAILWAY COMPANY,
By J. P. COWLEY,
(CORPORATE SEAL) *President.*

ATTEST:
A. V. MIMS,
Secretary.

CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY,
By J. D. FARRINGTON,
(CORPORATE SEAL) *President.*

ATTEST:
A. O. GIBSON,
Secretary.

FORT WORTH AND DENVER CITY RAILWAY COMPANY,
By RALPH BUDD,
(CORPORATE SEAL) *President.*

ATTEST:
EDITH J. ALDEN,
Assistant Secretary.

GULF, COLORADO AND SANTA FE RAILWAY COMPANY,
By F. G. GURLEY,
President.

(CORPORATE SEAL)

ATTEST:
W. L. CAMP,
Assistant Secretary.

BURLINGTON-ROCK ISLAND RAILROAD COMPANY,
By RALPH BUDD,
President.

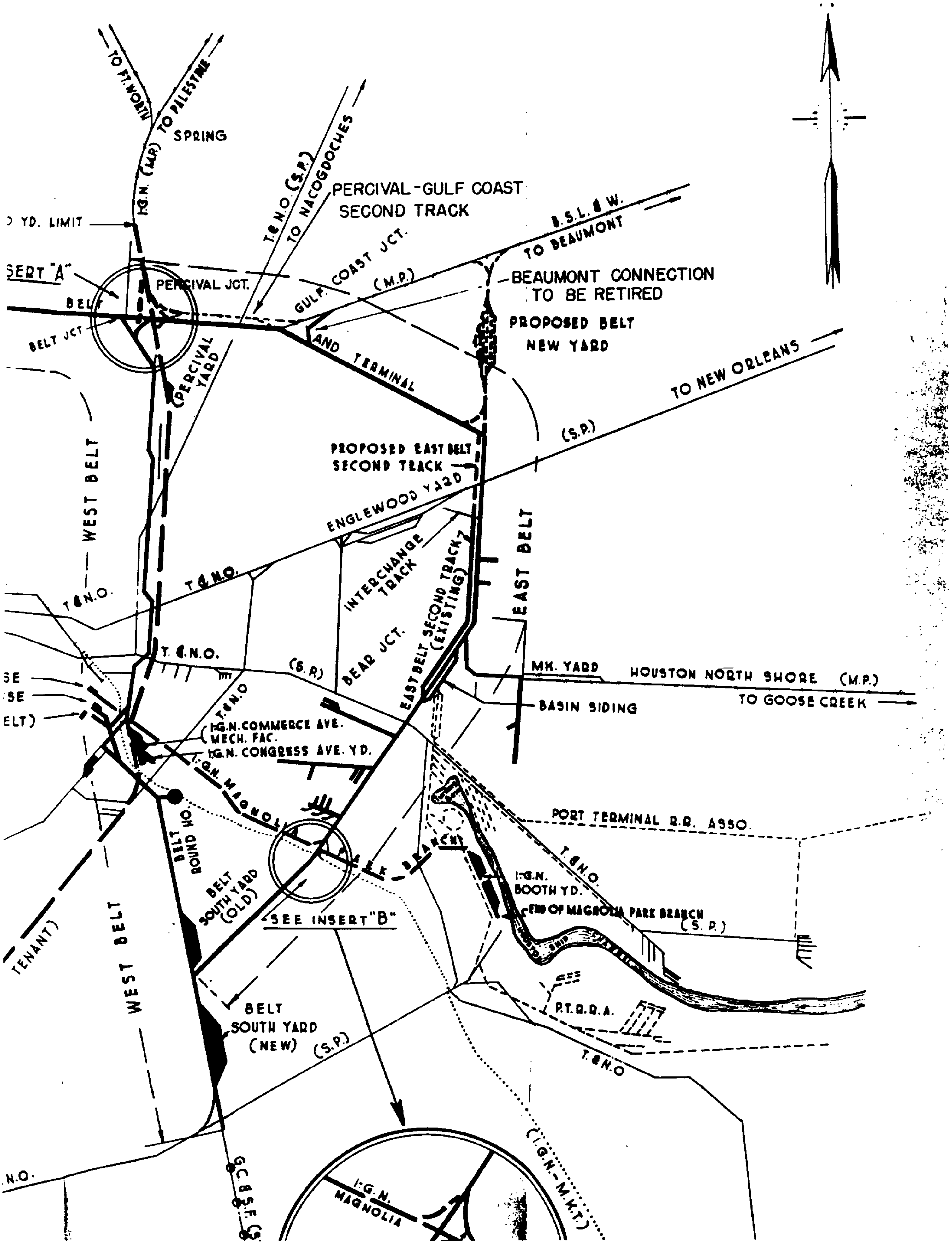
(CORPORATE SEAL)

ATTEST:
EDITH J. ALDEN,
Assistant Secretary.

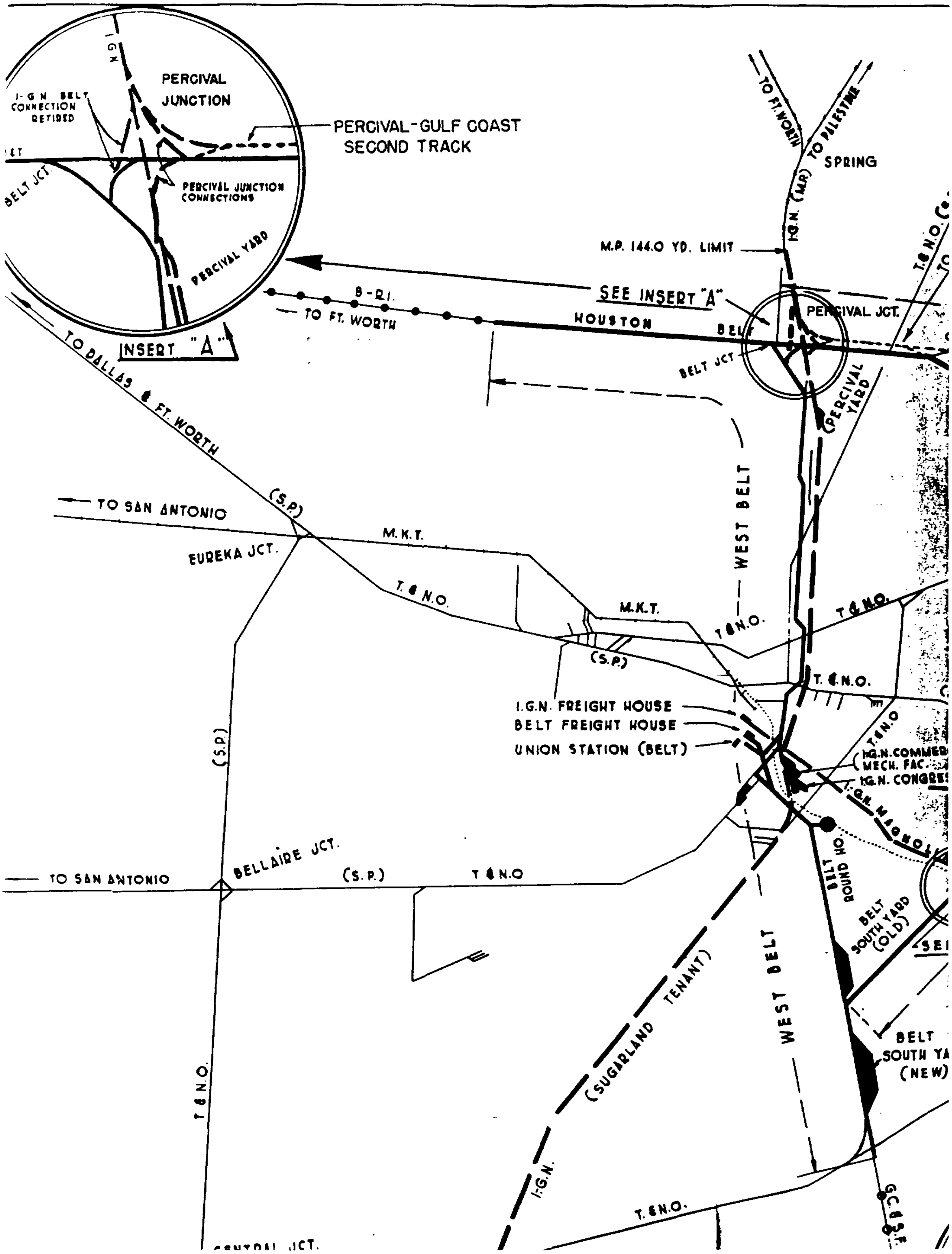
GUY A. THOMPSON,
Trustee of each:

(1) THE BEAUMONT, SOUR LAKE & WESTERN RAILWAY COMPANY, Debtor.
(2) THE ST. LOUIS, BROWNSVILLE AND MEXICO RAILWAY COMPANY, Debtor.
(3) INTERNATIONAL-GREAT NORTHERN RAILROAD COMPANY, Debtor.
(4) SUGAR LAND RAILWAY COMPANY, Debtor.

WITNESSES:
R. C. MASON,
NOBLE G. BOYD.



TO FT. WORTH
TO PALESTINE
SPRING
I.G.N. (M.P.)
T.&N.O. (S.P.)
TO NACOGDOCHES
PERCIVAL-GULF COAST SECOND TRACK
D YD. LIMIT
SERT "A"
PERCIVAL JCT.
BELT
BELT JCT.
PERCIVAL YARD
GULF COAST JCT.
(M.P.)
B.S.L.& W.
TO BEAUMONT
BEAUMONT CONNECTION TO BE RETIRED
PROPOSED BELT NEW YARD
AND TERMINAL
TO NEW ORLEANS
(S.P.)
WEST BELT
PROPOSED EAST BELT SECOND TRACK
ENGLEWOOD YARD
INTERCHANGE TRACK
EAST BELT SECOND TRACK (EXISTING)
EAST BELT
T&N.O.
T&N.O.
T.&N.O.
(S.P.)
BEAR JCT.
MK. YARD
HOUSTON NORTH SHORE (M.P.)
TO GOOSE CREEK
BASIN SIDING
SE
SE
ELT)
T&N.O
I.G.N. COMMERCE AVE. MECH. FAC.
I.G.N. CONGRESS AVE. YD.
I.G.N. MAGNOLIA PARK BRANCH
PORT TERMINAL R.R. ASSO.
T&N.O
BELT ROUND HO.
BELT SOUTH YARD (OLD)
I.G.N. BOOTH YD.
END OF MAGNOLIA PARK BRANCH
(S.P.)
HOUSTON SHIP CHANNEL
SEE INSERT "B"
TENANT)
WEST BELT
BELT SOUTH YARD (NEW)
(S.P.)
P.T.R.R.A.
T&N.O
(I.G.N.-M.K.T.)
.N.O.
GC&SF (S
I.G.N. MAGNOLIA


I-G N
PERCIVAL JUNCTION
I-G N BELT CONNECTION RETIRED
PERCIVAL-GULF COAST SECOND TRACK
BELT JCT
PERCIVAL JUNCTION CONNECTIONS
PERCIVAL YARD
INSERT "A"
TO FT. WORTH
TO PALESTINE
SPRING
I-G.N. (M.P.)
M.P. 144.0 YD. LIMIT
T. & N.O.
B-R.I.
TO FT. WORTH
SEE INSERT "A"
HOUSTON
BELT
PERCIVAL JCT.
BELT JCT
PERCIVAL YARD
TO DALLAS & FT. WORTH
TO SAN ANTONIO
(S.P.)
EUREKA JCT.
M. K. T.
WEST BELT
T. & N.O.
M.K.T.
T. & N.O.
T. & N.O.
(S.P.)
T. & N.O.
I.G.N. FREIGHT HOUSE
BELT FREIGHT HOUSE
UNION STATION (BELT)
T. & N.O.
I.G.N. COMMER
MECH. FAC.
I.G.N. CONGRES
I.G.N. MAGNOL
BELT ROUND HO.
TO SAN ANTONIO
BELLAIRE JCT.
(S. P.)
T & N.O
(S.P.)
BELT SOUTH YARD (OLD)
SE
(SUGARLAND TENANT)
WEST BELT
BELT SOUTH YA (NEW)
T. & N.O.
I-G.N.
T. & N.O.
GC & S.F.
CENTRAL JCT.

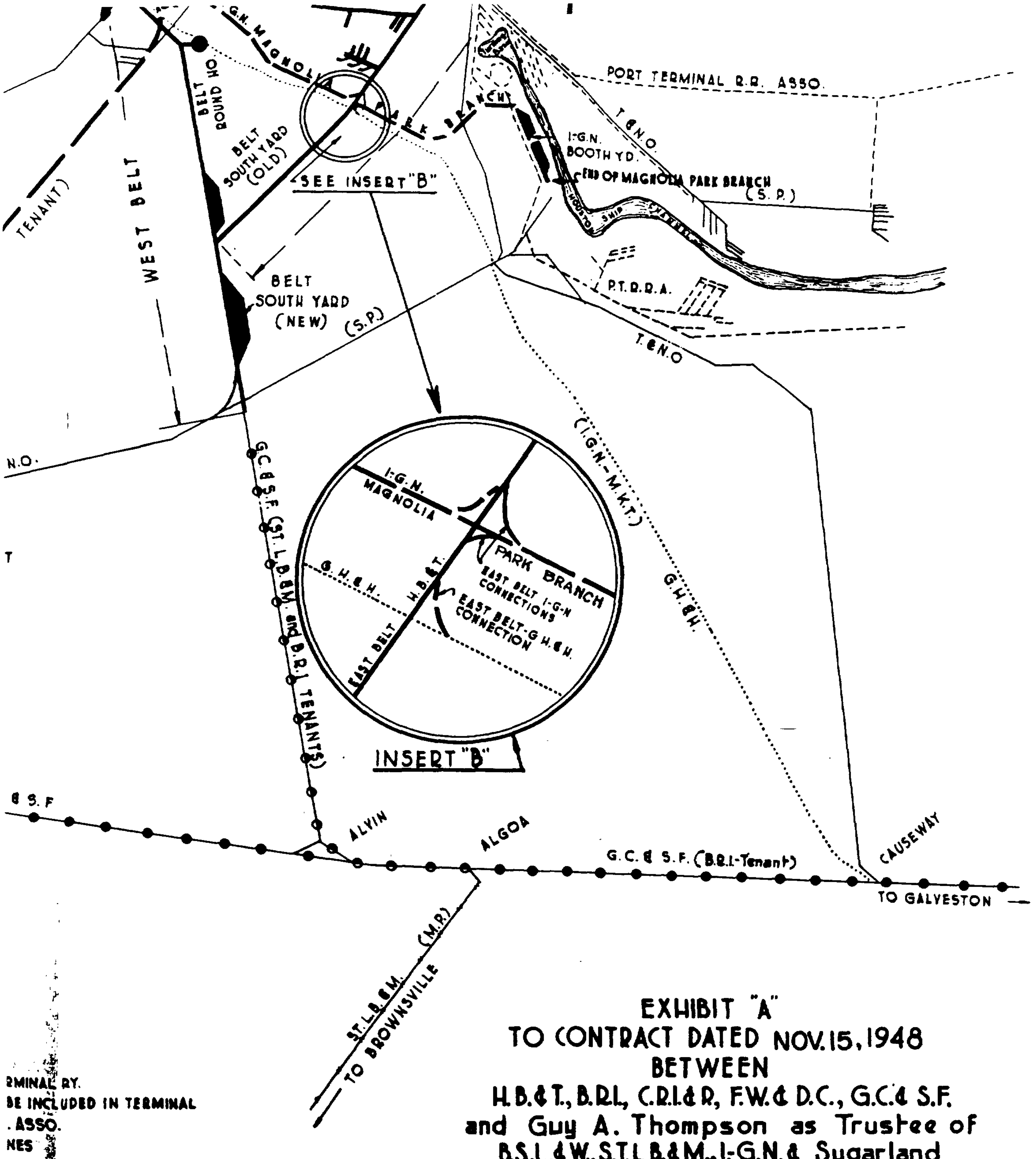


EXHIBIT "A"
TO CONTRACT DATED NOV. 15, 1948
BETWEEN
H.B.&T., B.R.I., C.R.I.&P., F.W.& D.C., G.C.& S.F.
and Guy A. Thompson as Trustee of
B.S.L.& W., S.T.L.B.& M., I-G.N.& Sugarland
SHOWING
GENERAL RELATIVE LOCATION OF
H.B.&T., I-G.N. and CONNECTING LINES
NOT DRAWN TO SCALE

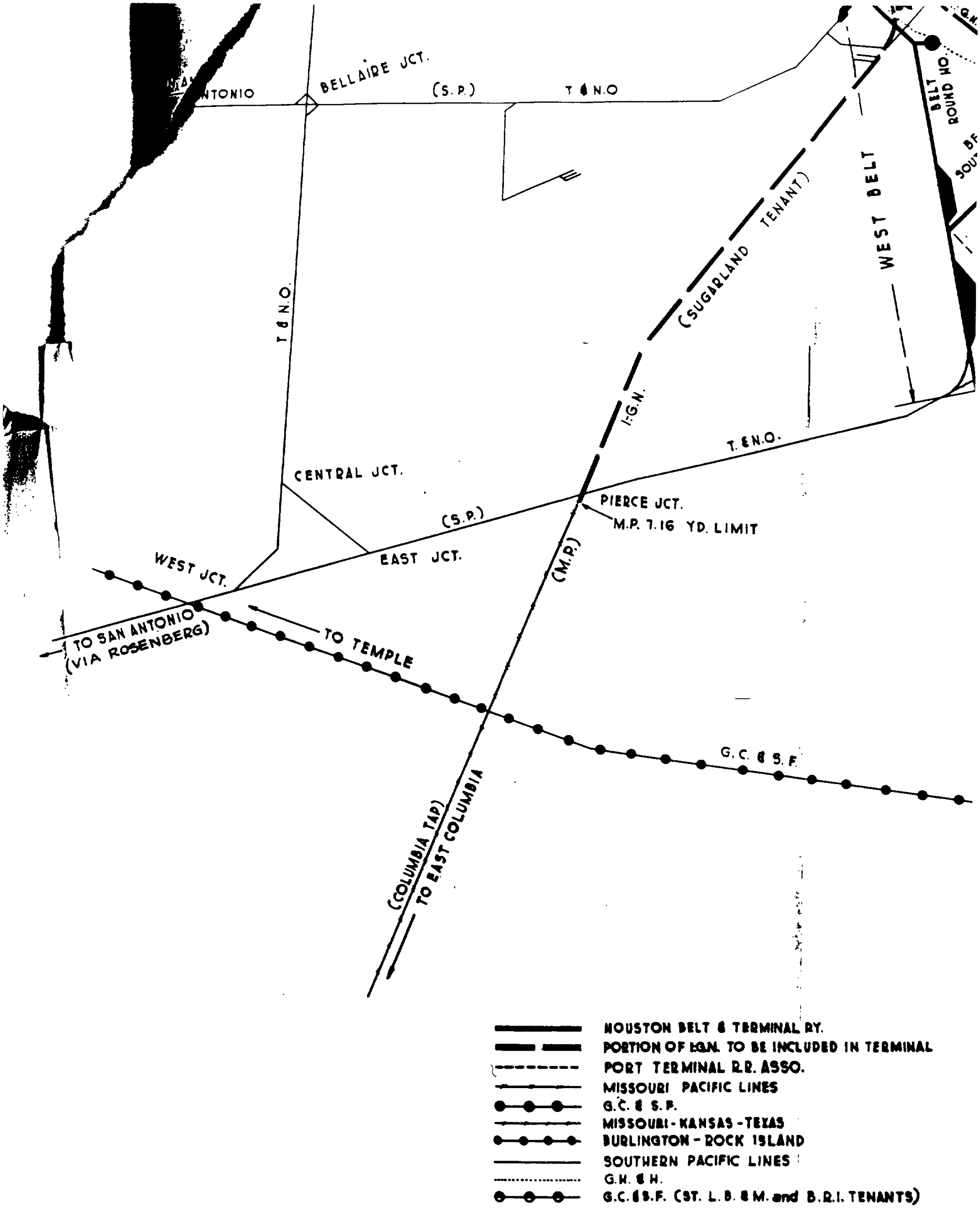

ANTONIO
BELLAIRE JCT.
(S.P.)
T & N.O
T & N.O.
(SUGARLAND TENANT)
WEST BELT
BELT ROUND HO.
G.N.
I.G.N.
T.&N.O.
CENTRAL JCT.
PIERCE JCT.
M.P. 7.16 YD. LIMIT
(S.P.)
EAST JCT.
WEST JCT.
(M.P.)
TO SAN ANTONIO (VIA ROSENBERG)
TO TEMPLE
G.C. & S.F.
(COLUMBIA TAP)
TO EAST COLUMBIA
HOUSTON BELT & TERMINAL RY.
PORTION OF I.G.N. TO BE INCLUDED IN TERMINAL
PORT TERMINAL R.R. ASSO.
MISSOURI PACIFIC LINES
G.C. & S.F.
MISSOURI-KANSAS-TEXAS
BURLINGTON-ROCK ISLAND
SOUTHERN PACIFIC LINES
G.H. & H.
G.C. & S.F. (ST. L. B. & M. and B.R.I. TENANTS)

EXHIBIT B—NEW YARD LEASE.

This Agreement, made as of ...., 194....., between **GUY A. THOMPSON** as Trustee of the properties of **THE BEAUMONT, SOUR LAKE & WESTERN RAILWAY COMPANY,** hereinafter sometimes called Beaumont, and **HOUSTON BELT & TERMINAL RAILWAY COMPANY,** a Texas corporation, hereinafter called Belt,

Witnesseth That:

Whereas, Beaumont has acquired the necessary right of way and is engaged in constructing the New Yard, defined in Recital (10) of an agreement dated as of November 15, 1948, designated 1948 HB&T Operating Agreement and hereinafter called Operating Agreement, between Belt, Chicago, Rock Island and Pacific Railroad Company, Fort Worth and Denver City Railway Company, Gulf, Colorado and Santa Fe Railway Company, Burlington-Rock Island Railroad Company, and Guy A. Thompson, as Trustee of the properties of (1) The Beaumont, Sour Lake & Western Railway Company, (2) The St. Louis, Brownsville and Mexico Railway Company, (3) International-Great Northern Railroad Company, and (4) Sugar Land Railway Company; and

Whereas, Section 1.2 of the Operating Agreement provides in substance, among other things, that Beaumont shall lease the New Yard to Belt by an instrument designated and hereinafter referred to as New Yard Lease, substantially in the form hereof, for a term beginning with the effective date of the Operating Agreement and, unless sooner terminated as hereinafter or in Section 3.7 of the Operating Agreement provided, extending to January 1, 2007, and thereafter until terminated by six months' written notice served by either party on the other; and

Whereas, the Operating Agreement has this day become effective and the parties hereto desire to comply with their obligations under Section 1.2 of the Operating Agreement so far as leasing the New Yard is concerned:

Now, therefore, the parties hereto, for the consideration and upon the terms and conditions herein and in the Operating Agreement expressed, agree as follows:

Section 1. Beaumont, subject to the oil, gas and other mineral exception and reservation hereinafter in this section stated, hereby leases to Belt, for a period beginning with the Effective Date of the Operating Agreement, and, unless sooner terminated as hereinafter or in Section 3.7 of the Operating Agreement provided, extending to January 1, 2007 and thereafter until terminated by six months' written notice served by either party on the other, the following described property, hereinafter called Leased Property:

> All those certain five parcels of land located in the W. M. Black, J. L. Stanley, Eli Nolan and Andrew Daly Surveys, Harris County, Texas, which parcels are described by metes and bounds in Schedule of New Yard Properties attached hereto and made a part hereof, together with all tracks, railroad facilities and other improvements constructed thereon or appertaining thereto, including portions in any and all intervening public roads and streets, by Beaumont in accordance with the provisions of Section 1.2 of the Operating Agreement, including all such improvements constructed by Beaumont subsequent to the date of and during the term of this Lease, all of which land and improvements thereon comprise the New Yard, as defined in Recital (10) of the Operating Agreement.
>
> Upon completion of the New Yard detailed maps

showing the location and extent of the New Yard property, together with an inventory thereof, with appropriate references to the New Yard Lease thereon, shall be prepared and filed in the offices of the New Proprietary Lines, I-GN and Belt referred to in the Operating Agreement and shall be identified by the signatures of the Chief Engineers of said New Proprietary Lines and I-GN.

Beaumont hereby excepts and reserves from this lease all of the oil, gas, and other minerals underneath the surface of the Leased Property together with the following rights:

(1) The right to lease to others portions of the surface of Leased Property for the exploration, development and production of said oil, gas, and other minerals, provided the lease of any such portion will not unduly interfere with or endanger the railroad operations of the Belt on the Leased Property; and

(2) the right to sell and dispose of, with the consent of Belt, any portion or portions of the property hereby leased which are not required to be used as a site for improvements and facilities required in connection with Belt's railroad terminal operations;

and Belt hereby agrees that on request of Beaumont from time to time it will by suitable instrument release from the operation of this lease any portions of the leased premises which Beaumont shall desire to lease or sell in accordance with the provisions of (1) and (2) next above and the interest rental base provided for by Section 2 shall be decreased by the amount at which the property released from the operation of this lease was included therein.

Section 2. Belt shall pay to Beaumont as rental the following sums:

(a) Monthly on or before the 15th day of each calendar month, a sum equal to 1/12 of 3½% annual interest on the amount of the Original Net Investment as hereinafter in this Section 2 defined, such interest rental base to be increased from time to time by the net additions and betterments made by Beaumont from and after the date hereof, pursuant to Section 2.5(b) of the Operating Agreement, the cost of which shall be determined on the same basis as the Original Net Investment. In the event retirements by Beaumont of property paid for by it exceed such additions and betterments the interest rental base shall be diminished by the amount of such excess.

(b) Sums equal to all Taxes, as defined in Section 2.6 of the Operating Agreement, except the following Taxes chargeable to Investment Account which shall be paid by Beaumont and added to the interest rental base provided for by paragraph (a) of this Section: (1) all such Taxes assignable to the Mechanical Facilities, as defined in Recital (10) of the Operating Agreement; and (2) all such Taxes assignable to the freight facility zone and/or the train yard zone prior to the use thereof by Denver, Rock Island and/or Santa Fe pursuant to Section 2.7(b) of the Operating Agreement.

"Original Net Investment", as used herein, means the cost of acquiring and constructing the New Yard as of the date hereof, which shall include all amounts chargeable to Investment Account under the Interstate Commerce Commission's Classification of Accounts in effect on December 31, 1941, including rental of equipment at rates ordinarily charged by Missouri Pacific in the case of equipment furnished by it, transportation of material over company lines at rate of seven and one-half (7½) mills per ton mile, claims paid for personal injury and property damage resulting from construction of the New Yard, ad valorem taxes during construction, insurance, and all additives properly applicable to the cost of labor on a percentage basis representing vacation allowances, payroll taxes, and any other governmental charges predicated on wages or salaries paid; provided, however, that no interest or carrying charge shall be included and no deduction for depreciation shall be made in arriving at the Original Net Investment.

Section 3. (a) So long as the leased property is assessed and taxed by the State and County with and as a part of other property of Beaumont, the State and County taxes accruing upon the leased property shall be taken to be such share of the State and County taxes upon all the property of the Beaumont so assessed and taxed as an entirety, including any valid assessments of intangible assets that may be made with respect to property of Beaumont in Harris County, as shall bear to the whole of such taxes thereon the same ratio as the actual value of the leased property shall bear to the actual value at the time of all such property of Beaumont so assessed and taxed together or as an entirety. In the event Beaumont and Belt shall fail in any way to agree on such actual values the same shall be determined by arbitration as provided in Section 7.

(b) So long as practicable so much of the New Yard as is or shall be situated within the limits of any municipality, including intangible assets, if any, pertaining thereto, shall for municipal taxation be assessed separately from other property of Beaumont. If at any time such separate assessments for municipal taxation shall not be made, and any part of the New Yard situated in any municipality shall for municipal taxation be assessed with other property of the Beaumont, the municipal taxes upon the New Yard or the part thereof so assessed with other property of Beaumont for municipal taxation shall be taken to be such share of the municipal taxes upon all the property of Beaumont so assessed and taxed for municipal purposes as an entirety including any valid assessments for municipal purposes of intangible assets, as shall bear to the whole of such municipal taxes thereon the same ratio as that which the actual value of the New Yard or the part thereof so assessed for municipal purposes with other property of Beaumont shall bear to the actual value at the time being of all such property of Beaumont so assessed and taxed together or as an entirety for municipal purposes. In the event Beaumont and Belt shall fail in any year to agree on such actual values, the same shall be determined by arbitration as provided in Section 7. Each sum payable by the Belt in respect of any tax or assessment shall be payable within fifteen (15) days after Beaumont shall have paid such tax or assessment and shall have caused a written statement thereof to be furnished to Belt.

SECTION 4. Belt covenants that at its own cost and expense, during the continuance of the aforesaid term, it will maintain, operate and use the New Yard, except the Mechanical Facilities, as defined in Recital (10) of the Operating Agreement, as a part of the Terminal, as defined in Section 2.1(a) of the Operating Agreement, so that during the term hereof, and upon any termination thereof, the New Yard, except the Mechanical Facilities, shall be in substantially as good condition, exhaustion, wear and tear, and obsolescence excepted, as the same will be in at date of completion; will comply with and perform all legal requirements with respect to maintenance, use and operation of the New Yard; will not by any act or omission to act subject the New Yard, or any part thereof, to any lien or charge, or subject Beaumont to any legal penalty or damage or cause forfeiture of the New Yard or any part thereof; will save harmless Beaumont, its successors and assigns, from and against all damages and liabilities whatsoever that may be claimed or occasioned or suffered to be claimed or occasioned by Belt, in the possession, maintenance, use or operation of the New Yard; and will deliver up and restore to Beaumont the New Yard at the expiration of said term, or upon the earlier termination of this lease in substantially as good condition, exhaustion, wear and tear, and obsolescence excepted, as that in which the New Yard will be when completed.

SECTION 5. Belt covenants that in case at any time during said term Belt shall fail or refuse to comply with any of its covenants or agreements, herein provided, or shall fail or refuse to comply with any of its covenants in said Operating Agreement provided, and shall continue in such failure or refusal for a period of thirty days after written notice specifying such failure given to it by Beaumont, or in case for any reason Beaumont shall be deprived of its use and enjoyment provided for in the Operating Agreement of the terminal facilities, or any thereof, or in case the Beaumont's obligation to use the terminal facilities thereunder shall be terminated or shall cease in accordance with the terms thereof, or in case for any reason whatsoever the Operating Agreement shall be cancelled, abrogated and annulled as to all the railroads parties thereto, then Beaumont, anything herein contained to the contrary notwithstanding, shall have and is hereby granted the right, at its election, by notice in writing given to Belt, to terminate this lease and all the rights of the Belt hereunder, and thereupon Beaumont shall be entitled, without demand or other formality, forthwith to enter upon and take possession of all and singular the New Yard, and every part thereof, and thereafter shall be entitled to hold, retain and enjoy the same as of its original estate therein, and the Belt agrees that it will quietly and peaceably surrender possession thereof to Beaumont. Any waiver by Beaumont of one or more defaults of Belt shall not in any way impair its right to take advantage of any other default or defaults of Belt. The provisions herein for terminating this lease are cumulative and in addition to all remedies at law or in equity which Beaumont may have for enforcing this lease, or securing redress for any breach thereof.

SECTION 6. Beaumont shall have the right to construct, at its own sole cost and expense, all additions and betterments to the New Yard provided for in Section 2.5(b) of the Operating Agreement and all such additions and betterments shall be and remain the property of Beaumont.

Belt shall have the right, at its own sole cost and expense, to make additions and betterments to the freight facility and train yard zones of the New Yard as provided in Section 2.5 of the Operating Agreement, after Denver, Rock Island and/or Santa Fe make use of either of such zones pursuant to Section 2.7(b) of the Operating Agreement, and all such additions and betterments shall be and remain the property of the Belt, but upon the expiration or any termination of this lease Beaumont shall have the right and option, to be exercised within ninety (90) days after such termination, of purchasing from Belt all such additions and betterments, including any rights or franchises acquired from any governmental agencies, at their then fair value. If the parties hereto shall not be able to agree upon such fair value, the question shall be submitted to arbitration, as hereinafter provided. If Beaumont shall not exercise its option to purchase said additions and betterments within said period of ninety (90) days, Belt shall have the right for a period of ninety (90) days thereafter to enter upon said demised premises, but in such manner as not unreasonably to obstruct the operation of the New Yard by Beaumont, and take up and remove therefrom said additions and betterments, and failing so to do, said additions and betterments shall thenceforth be and become the property of Beaumont. In case Belt shall forthwith remove the same it shall restore said demised premises to the condition in which the same were before said additions and betterments were placed thereon, failing in which Beaumont may so restore the same, and the Belt will, promptly upon bill rendered therefor, pay to Beaumont the entire cost and expense of so restoring the same.

SECTION 7. In the event of any disagreement between the parties hereto with respect to the construction, interpretation or application of this lease or any other matter or thing arising under the terms of this lease (including failure to agree upon anything herein provided to be agreed upon), the question or questions in dispute at the written request of either party served upon the other party and all Using Lines (which request shall set forth the matter or matters in dispute) shall be submitted to an arbitrator or Board of Arbitrators which shall be selected as follows:

If the parties agree upon a single arbitrator the matters in dispute shall be submitted to and decided by him as hereinafter provided, but if the parties fail to agree upon a single arbitrator the party desiring the arbitration shall select one arbitrator and in writing notify the other party of such selection; whereupon the other party shall within thirty (30) days after receipt of such written notice select a second arbitrator, notifying the moving party in writing of such selection and of any subject matter with respect to the dispute which it desires to arbitrate; the two arbitrators so selected shall within thirty (30) days thereafter select a third arbitrator. If the party notified fails to select a second arbitrator within said thirty (30) day period, then upon application of the moving party after not less than five days' notice is given to the other party, the second arbitrator shall be appointed by the United States District Judge, senior by date of commission who is then sitting in the district in which Houston is located and who is willing to act; and if the two arbitrators so selected or appointed fail to select a third arbitrator within thirty (30) days after selection or appointment of the second arbitrator, then the third arbitrator shall be appointed in the same manner as above provided for appointment of the second arbitrator in the event of failure of the party notified to select him.

The arbitrator or Board of Arbitrators promptly shall give notice to each party to the controversy, not less than ten (10) days in advance, of the time and place set for the hearing, and at the time and place appointed shall proceed, with such adjournments as may be appropriate, to hear and determine the matter, unless for good cause (of which the sole arbitrator or a majority of the Board of Arbitrators shall be the sole judges) it shall be postponed.

The decision of the arbitrator or arbitrators, or any two of the members of the Board of Arbitrators, given after a hearing of which all parties to such dispute shall have been notified and at which they shall have had an opportunity to be heard shall be final and binding upon all parties to the dispute as to the matter or matters submitted for arbitration; and each of the parties to any such arbitration agrees that forthwith upon the rendition of any such decision it will abide by, perform and comply with the requirements thereof. Such decision shall divide or apportion the cost of arbitration, including the fee of the arbitrator or arbitrators, as the arbitrator or arbitrators may deem fair, just and equitable; provided, however, that each party to the arbitration shall pay the expense of its witnesses and representatives appearing before the arbitrator or arbitrators.

It is agreed that in any such arbitration any Using Line, as defined in Recital (8) of the Operating Agreement, may present any contention it desires with respect to the subject matter in dispute, but that all contentions of all the Using Lines with respect to such subject matter shall be submitted to the same three arbitrators, or if a single arbitrator is agreed upon, then to him, to the end that all contentions with respect to the subject matter of the dispute shall be finally determined and settled.

It is expressly agreed that nothing in this Section 7 contained shall require the arbitration of any disagreement arising under Section 5 hereof.

Arbitration proceedings hereunder shall not interrupt the transaction of business under this lease, and pending the award of the arbitrator or a majority of the Board of Arbitrators, payments required and the performance of the obligations of the parties hereto shall be made and continued in the same manner as before disagreement arose.

SECTION 8. This Lease shall be subject to the termination provisions of Section 3.7 of the Operating Agreement.

SECTION 9. This agreement shall be binding upon the successors and assigns of the parties hereto and shall inure in favor of Beaumont and its successors and assigns, and in favor of Belt and of any corporation that shall be formed for the purpose of taking over the property of Belt upon the expiration of its charter, but Belt shall have no power to assign or transfer this lease, except with the written consent of Beaumont, to any other person or corporation; provided, however, that nothing in this Section contained shall be construed as forbidding the Belt to grant the use of the New Yard or any part thereof to the Railroads parties to the Operating Agreement, or to other railroads, persons, firms or corporations as in the Operating Agreement provided, subject, nevertheless, to the provisions of this lease and agreement.

Any transfer or assignment of this lease, or of any rights thereunder, by operation of law shall *ipso facto* terminate this agreement and every right and interest of the Belt or of such assignee thereunder.

Beaumont consents to the assignment of all rights acquired by the Belt hereunder to the Trustee in the Mortgage or Deed of Trust from the Belt to Central-Hanover Bank and Trust Company, dated July 1, 1937, or to any Trustee or Trustees under any future Mortgage or Deed of Trust from Belt.

SECTION 10. This agreement is executed by Guy A. Thompson, as Trustee of Beaumont, under authority of an order of the United States District Court for the Eastern District of Missouri, Eastern Division, in proceedings under Section 77 of the Bankruptcy Act entitled "In the Matter of Missouri Pacific Railroad Company, Debtor, In Proceedings for the Reorganization of a Railroad, No. 6935," and all his duties and obligations herein provided for are as such Trustee and not individually; and said agreement shall bind and inure to the benefit of any successor trustee or trustees of the railways and properties of Beaumont hereafter appointed in the aforesaid Reorganization Proceedings, and, upon termination of said trusteeship, the person or corporation acquiring the railways and properties of Beaumont, whether by purchase, dismissal of the Reorganization Proceedings, or pursuant to a plan of reorganization, or otherwise, shall be and become bound by all the terms and provisions of this agreement as a general obligation without lien.

IN WITNESS WHEREOF, as of the day and year first above written, the said Trustee of Beaumont has hereunto subscribed his name as such by authority of an order duly entered in said reorganization proceeding, and the Belt has caused this lease to be executed by its President or Vice President and its corporate seal to be hereunto affixed and attested by its Secretary or an Assistant Secretary.

....
Trustee (as such Trustee and not individually), The Beaumont, Sour Lake & Western Railway Company, Debtor.

HOUSTON BELT & TERMINAL RAILWAY COMPANY,

By..
President.

ATTEST:

....
Secretary.

(Acknowledgments)

SCHEDULE OF NEW YARD PROPERTIES.

To Lease Agreement dated .... day of ...., 194......, between **GUY A. THOMPSON**, as Trustee of the properties of **THE BEAUMONT, SOUR LAKE & WESTERN RAILWAY COMPANY**, and **HOUSTON BELT & TERMINAL RAILWAY COMPANY.**

Parcel No. 1.

A certain tract of land in the W. M. Black Survey, Harris County, Texas, more particularly described as follows: Beginning at the point of intersection of the north line of Liberty Road with the east line of a 100-foot strip of land conveyed to the Houston Belt and Terminal Railway Company by Mrs. Jeanetta K. Bennett, by deed dated October 22, 1910, and recorded in Volume 259, Page 389 of the Deed Records of Harris County, Texas; thence north, along the said east right-of-way line, a distance of 1,480 feet to a point in the south right-of-way line of the North Loop Road; thence north 89 degrees 50 minutes east, along the said south line of the North Loop Road, a distance of 50 feet; thence south, 50 feet easterly from and parallel with the course described in second call above, a distance of 1,460.4 feet to a point in the north line of Liberty Road; thence south 68 degrees 10 minutes west, along the said north line of Liberty Road, a distance of 53.6 feet to the point of beginning; containing 1.69 acres, more or less.

Parcel No. 2.

A certain tract of land in the W. M. Black and the J. L. Stanley surveys, Harris County, Texas, more particularly described as follows: Commencing at an iron pipe at the northeast corner of Lot #4, Block "D," in the W. M. Black survey, being also in the south line of the J. L. Stanley survey; thence south 89 degrees 40 minutes west along the north line of the William Black survey and the south line of the J. L. Stanley survey, a distance of 244.7 feet to the point of beginning; thence south 0 degrees 50 minutes west, a distance of 606.8 feet to a point in the north right-of-way line of the North Loop Road for corner; thence south 89 degrees 50 minutes west, a distance of 126.3 feet to a point in the northeast right-of-way line of the Houston Belt and Terminal Railway Company for corner; thence on a curve to the left having a radius of 1482.69 feet, a distance of 1146.5 feet along the northeast right-of-way of the Houston Belt and Terminal Railway to a point for corner; thence north 89 degrees 49 minutes east along the south right-of-way line of the Houston Light & Power Company. a distance of 782.19 feet to an iron pin for corner; thence south 0 degrees 45 minutes west 299.0 feet to a point for corner; thence north 89 degrees 40 minutes east, a distance of 22.95 feet to the point of beginning, containing 7.83 acres, more or less.

PARCEL No. 3.

A certain irregular tract of land in the J. L. Stanley survey, Harris County, Texas, more particularly described as follows: Commencing at a point in the northwest corner of the W. M. Black survey—said point being the southwest corner of the J. L. Stanley survey in the east line of the Harris and Wilson survey; thence north 0 degrees 45 minutes east along the west line of the J. L. Stanley survey 568.9 feet to the point of beginning; thence continuing north 0 degrees 45 minutes east along the west line of the J. L. Stanley survey 1023.7 feet to a point for corner; thence north 89 degrees 15 minutes east 453.0 feet to a point for corner; thence north 0 degrees 45 minutes east

1364.5 feet to an iron pin for corner; thence south 89 degrees 15 minutes west 423.0 feet to an iron pin for corner; thence north 0 degrees 45 minutes east 967.5 feet to a point for corner; thence north 89 degrees 15 minutes east 423 feet to a point for corner; thence north 0 degrees 45 minutes east 834 feet to an iron pin for corner; thence south 89 degrees 15 minutes west 423 feet to a point for corner; thence north 0 degrees 45 minutes east 2019.8 feet to an iron pin for corner; thence north 89 degrees 25 minutes east 211.5 feet to an iron pin for corner; thence north 0 degrees 45 minutes east 315 feet to a point for corner; thence south 89 degrees 25 minutes west 211.5 feet to an iron pin for corner; thence north 0 degrees 45 minutes east 137.5 feet to an iron pin for corner; thence north 89 degrees 35 minutes east 340 feet to a point for corner; thence north 0 degrees 45 minutes east 353.2 feet to a point for corner; thence south 89 degrees 35 minutes west 370 feet to an iron pin for corner in the west line of the J. L. Stanley survey; thence north 872.5 feet along the west line of the J. L. Stanley survey to an iron pin for corner; thence north 89 degrees 35 minutes east 652.4 feet along the south line of the East Houston Gardens subdivision to an iron pin for corner; thence north 0 degrees 45 minutes east 529.9 feet along the west line of Lot 11, Block 9, of the East Houston Gardens subdivision to a point in the south line of Ley Road—said point being 20 feet south of the original south line of Ley Road; thence north 88 degrees 55 minutes east 786.68 feet along the south line of Ley Road to a point for corner; thence south 0 degrees 45 minutes west 520.7 feet along the east line of Lot 7, Block 9, of the East Houston Gardens subdivision to an iron pin for corner; thence north 89 degrees 35 minutes east 304.5 feet to an iron pin for corner; thence south 871.3 feet to an iron pin for corner; thence south 87 degrees 58 minutes east 125.5 feet to a point for corner; thence south 1 degree 13 minutes east 158.7 feet to a point for corner; thence north 88 degrees 05 minutes west 306.5 feet to a point for corner; thence south 0 degrees 45 minutes west 3455.7 feet to a point for corner; thence south 89 degrees 15 minutes west 92 feet to a point for corner; thence south 0 degrees 45 minutes west 427.0 feet to a point for corner; thence north 89 degrees 15 minutes east 92 feet to a point for corner; thence south 0 degrees 45 minutes west 1945.0 feet to a point for corner; thence south 89 degrees 15 minutes west 350.1 feet to a point for corner; thence south 0 degrees 45 minutes west 1247.1 feet to an iron pin for corner; thence south 89 degrees 47 minutes west 721.96 feet along the north line of the Houston Lighting & Power Company right-of-way crossing the main line at Engr. Station 15 plus 56.8 to a point for corner; thence north 67 degrees 32 minutes west 536.5 feet to the point of beginning; containing 264.56 acres more or less.

PARCEL NO. 4.

That certain tract of land being a part of the J. L. Stanley survey and the Eli Nolan survey, Harris County, Texas, in and to which the right to use for highway purposes has heretofore been granted to Harris County, more particularly described as follows: Commencing at the northwest corner of the East Houston Gardens subdivision—said point being in the east line of the Harris and Wilson survey and the west line of the J. L. Stanley survey, 468.5 feet north 0 degrees 21 minutes east from the north line of Ley Road; thence north 89 degrees 55 minutes east 743 feet to the point of beginning; thence continuing north 89 degrees 55 minutes east, a distance of 242.8 feet to a point for corner; thence north 0 degrees 45 minutes east 4941.76 feet to a point for corner; thence east, a distance of 60 feet to a point for corner; thence south 0 degrees 45 minutes west, a distance 5001.76 feet to a point for corner; thence south 89 degrees 55 minutes west, a distance of 242.8 feet to a point for corner; thence south 0 degrees 22 minutes west, a distance 403.5 feet to a point for corner; thence north 88 degrees 55 minutes west, a distance 60 feet to a point for corner; thence north 0 degrees 22 minutes east along the west line of Block #5, Lot #8, East Houston Gardens subdivision, a distance of 463.5 feet to the point of beginning, containing 7.7 acres, more or less. This parcel of land is subject to the rights of the public therein.

Parcel No. 5.

A certain tract of land being a part of the J. L. Stanley survey, the Eli Nolan survey, and the Andrew Daly survey, Harris County, Texas, being more particularly described as follows: Commencing at the northwest corner of the East Houston Gardens subdivision—said point being in the east line of the Harris and Wilson survey and the west line of the J. L. Stanley survey 468.5 feet north 0 degrees 21 minutes east from north line of Ley Road; thence north 89 degrees 55 minutes east for a distance of 1045.8 feet to point of beginning; thence north 0 degrees 45 minutes east, a distance of 4941.76 feet to a point for corner; thence west, a distance of 1074.32 feet to a point for corner in the east line of the Andrew Daly survey and the west line of the Eli Nolan survey; thence north a distance of 540.29 feet to an iron pin for corner; thence on the radius of 905.37 feet of a curve to the left, a distance of 539.6 feet to a point in the south right-of-way line of the BSL&W Railway Company to a point for corner; thence north 42 degrees 26 minutes east, a distance of 3379.7 feet along the south right-of-way line of the BSL&W Railway to a point for corner; thence south 47 degrees 34 minutes east along common right-of-way line of BSL&W for a distance of 8.7 feet to a point for corner; thence on the radius of 2814.93 feet of a curve to the left and 50 feet left of center line of newly constructed railroad for a distance of 391 feet to a point for corner; thence south for a distance of 2214.1 feet to a point for corner; thence north 89 degrees 52 minutes west for a distance of 44.4 feet to a point for corner; thence south for a distance of 935.66 feet to a point for corner; thence west for a distance of 287.75 feet to a point for corner; thence south 0 degrees 45 minutes west for a distance of 4222.44 feet to a point for corner; thence north 89 degrees 55 minutes east for a distance of 131.2 feet to a point for corner; thence south 0 degrees 22 minutes west for a distance of 475.22 feet to a point for corner; thence north 88 degrees 55 minutes west for a distance of 576.2 feet to a point for corner; thence north 0 degrees 22 minutes east for a distance of 403.5 feet to a point for corner; thence north 89 degrees 55 minutes east for a distance of 242.8 feet to a point for corner; thence north 0 degrees 45 minutes east for a distance of 60 feet to the point of beginning; containing 93.81 acres more or less.

EXHIBIT C—I-GN LEASE.

This Agreement of Lease, made as of this .... day of ...., 194.........., by and between **GUY A. THOMPSON, TRUSTEE, INTERNATIONAL-GREAT NORTHERN RAILROAD COMPANY, DEBTOR,** hereinafter called I-GN, and **HOUSTON BELT & TERMINAL RAILWAY COMPANY,** a corporation created and existing under the laws of the State of Texas, hereinafter called Belt;

WITNESSETH:

WHEREAS, by an Indenture of Lease, dated the first day of July 1907, hereinafter called Santa Fe Lease, Gulf, Colorado and Santa Fe Railway Company, a Texas corporation, hereinafter called Santa Fe, let, leased and demised unto Belt, certain real estate, terminal facilities and property situated in and about Houston, Harris County, Texas, more particularly described in the Santa Fe Lease and therein and hereinafter referred to as Gulf Terminals; and

WHEREAS, the Santa Fe Lease was executed concurrently with an agreement also dated July 1, 1907, therein and hereinafter referred to as Terminal Agreement, between the Belt, Santa Fe, the Trinity and Brazos Valley Railway Company, now and since prior to 1937, Burlington-Rock Island Railroad Company, hereinafter called BRI, Central Trust Company of New York, now and since prior to 1937, Central-Hanover Bank and Trust Company, hereinafter called Mortgage Trustee, The St. Louis, Brownsville and Mexico Railway Company, and The Beaumont, Sour Lake & Western Railway Company, said two last named companies being hereinafter called Brownsville Company and Beaumont Company, respectively; and

Whereas, the Terminal Agreement provided, among other things, for the acquisition, construction and operation by Belt and use by the other railroad companies parties thereto, of terminal facilities in and about Houston, including the Gulf Terminals, and for the payment of certain bonds of the Belt due July 1, 1937, issued pursuant to a mortgage under which the Mortgage Trustee was Trustee; and

Whereas, prior to 1937, Guy A. Thompson was appointed and qualified, and since has acted as Trustee of Brownsville Company, Debtor, Beaumont Company, Debtor, and I-GN, Debtor in proceedings for the re-organization of a railroad in the United States District Court, Eastern Division, Eastern Judicial District of Missouri in cause No. 6935 in the Docket of said court, and styled "In the Matter of Missouri Pacific Railroad Company, Debtor", said first two parties being hereinafter referred to as Brownsville or Beaumont; and

Whereas, the Terminal Agreement was amended and supplemented by an agreement dated July 1, 1937, between Belt, Beaumont, Brownsville, BRI, Santa Fe and the Mortgage Trustee, providing, among other things, for the issuance by the Belt of certain 30-year bonds dated July 1, 1937, to procure funds to pay off the bonds due on that date; and

Whereas, by an agreement dated as of November 15, 1948, designated 1948 HB&T Operating Agreement and hereinafter called Operating Agreement, between Fort Worth and Denver City Railway Company, hereinafter called Denver, Chicago, Rock Island and Pacific Railroad Company, hereinafter called Rock Island, Belt, BRI, Beaumont, Brownsville, Guy A. Thompson, Trustee, Sugar Land

Railway Company, hereinafter called Sugar Land, I-GN and Santa Fe, the Terminal Agreement, as amended, has been superseded; and

WHEREAS, Section 1.4 of the Operating Agreement provides in substance, among other things, that I-GN shall lease to Belt, the property herein below described, by an instrument substantially in the form hereof, for a period beginning with the effective date of the Operating Agreement and, unless sooner terminated as herein or in Section 3.7 of the Operating Agreement provided, extending to January 1, 2007 and thereafter until terminated by six months' written notice served by either party hereto upon the other; and

WHEREAS, the Operating Agreement has this day become effective and the parties desire to comply with their obligations under Section 1.4 of the Operating Agreement so far as leasing the property herein below described is concerned;

Now, THEREFORE, the I-GN, in consideration of the payments to be made to it by Belt, as hereinafter set forth, and of the covenants and agreements of Belt, as hereinafter set forth, and upon condition of the faithful performance of the same, and in consideration of the execution by Belt of the Operating Agreement, and of the faithful performance by Belt of all its covenants thereunder, I-GN has let, leased and demised, and by these presents does let, lease and demise unto Belt, upon the terms, conditions and limitations, and subject to the oil, gas and other mineral exception and reservation, hereinafter set forth, the property, sometimes hereinafter referred to as Leased Property, situated, lying and being in the County of Harris and State of Texas, and partly in the City of Houston, more particularly described as follows, to-wit:

All of the rights of way, lands, tracks, property and facilities of I-GN within the yard limits of Houston (other than the excepted property described below), including its main line extending southerly from operating mile post 144.0 located 12,318 feet north of the center of the crossing of I-GN and Belt main tracks near Percival Junction, which point is the northerly yard limit, to I-GN operating mile post 7.16, located 1,463 feet southerly of the center of the crossing of the main tracks of I-GN and the Texas and New Orleans Railroad Company at Pierce Junction, which point is the southerly yard limit, a distance of approximately 14.6 miles, and including the I-GN Magnolia Park Branch extending from a point in Commerce Avenue near its intersection with Main Street, in a general easterly direction, approximately 6.3 miles to the southeasterly end of Booth Yard, together with all tracks and other facilities connected therewith or appurtenant thereto, and all corporate rights, privileges, immunities, franchises, licenses, easements, leases, leasehold rights and contracts of I-GN pertaining to use, operation or enjoyment of the property hereby leased.

The I-GN property hereby excepted from this lease consists of the communication and signal lines referred to in Section Eighth hereof and also the following property, all of which is more particularly described in Schedule of Excepted Properties attached to and made a part hereof and is indicated on Map Exhibits 1 to 5, inclusive, to the Operating Agreement:

1. The Booth Yard creosote and fuel oil storage facilities shown on Map Exhibit 1.
2. The present I-GN freight house property shown on Map Exhibit 2.
3. The mechanical facilities adjacent to the Percival Yard shown on Map Exhibit 3.
4. The Commerce Avenue mechanical facilities shown on Map Exhibit 4.
5. The central portion of the I-GN Congress Avenue Yard shown on Map Exhibit 5.

It is the intention of the parties hereto that only real estate and other fixed physical property shall be included in this lease and that equipment of all kinds, tools, furniture and fixtures, material and supplies and also all tracks on the Percival Yard property except those shown on Map Exhibit 6 to the Operating Agreement shall be and are hereby excluded from this lease; and that, with respect to the Percival Yard, I-GN will remove all tracks not hereby leased.

I-GN hereby excepts and reserves from this lease all of the oil, gas, and other minerals underneath the surface of the Leased Property together with the following rights:

> (1) The right to lease to others portions of the surface of Leased Property for the exploration, development and production of said oil, gas, and other minerals, provided the lease of any such portion will not unduly interfere with or endanger the railroad operations of the Belt on the Leased Property; and
>
> (2) the right to sell and dispose of, with the consent of Belt, any portion or portions of the Leased Property which are not required to be used as site for improvements and facilities required in connection with Belt's railroad terminal operations;

and Belt hereby agrees that on request of I-GN from time to time it will by suitable instrument release from the operation of this lease any portions of the leased premises which I-GN shall desire to lease or sell in accordance with the provisions of (1) and (2) next above, and the Basic Valuation, as adjusted, provided for by Paragraph (a) of Section Second, shall be decreased by the amount at which the property released from the operation of this Lease was included therein.

To HAVE AND TO HOLD said demised property unto the Belt, its successors and assigns, from the date hereof, for a term which, unless sooner terminated as hereinafter and in Section 3.7 of the Operating Agreement provided, shall extend to January 1, 2007, and thereafter until terminated by six months' written notice served by either party hereto on the other, and upon the terms and conditions hereinafter set forth, subject, however, to the prior liens of the International-Great Northern Railroad Company's First Mortgage dated July 1, 1922 and of the International-Great Northern Railroad Company's Adjustment Mortgage bearing the same date.

And I-GN and Belt do hereby covenant and agree with each other as follows:

First: The Belt covenants that at its own cost and expense, during the continuance of the aforesaid term, it will maintain and operate and use the Leased Property as a part of the Terminal, as defined in Section 2.1(a) of the Operating Agreement so that during the term hereof, and upon any termination thereof, the Leased Property shall be in substantially as good condition, exhaustion, wear and tear, and absolescence excepted, as the same was in at the time of the delivery of possession thereof to the Belt hereunder; will comply with and perform all legal requirements with respect to maintenance, use and operation of the Leased Property; will not by any act or omission to act subject the Leased Property, or any part thereof, to any lien or charge, or subject I-GN to any legal penalty or damage or cause forfeiture of the Leased Property, or any part thereof; will save harmless I-GN, its successors and assigns from and against all damages and liabilities whatsoever that may be claimed or occasioned or suffered to be claimed or occasioned by Belt, in the possession, maintenance, use or operation of the Leased Property; and will deliver up and restore to I-GN the Leased Property at the expiration of said term, or upon the earlier termination of this lease, as herein provided, in substantially as good condition, exhaustion, wear and tear and obsolescence excepted, as that in which they now are.

Second: Belt covenants that for the use of the Leased Property, hereby demised, Belt will pay in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, to I-GN, at the office of I-GN in City of Houston, Texas, so long as Belt shall have the right to use the Leased Property hereunder, the following sums, viz:

(a) Monthly, on or before the fifteenth (15th) day of each calendar month, a sum equal to one-twelfth (1/12) of three and one-half per cent (3½%) per annum on the Basic Valuation as adjusted. The Basic Valuation shall be $3,772,000 as of December 31, 1947 plus or minus an adjustment for property added or retired subsequent to December 31, 1947 as provided in Section 1.4 of the Operating Agreement. Said Basic Valuation as so adjusted shall be agreed to by the parties hereto and an instrument evidencing such agreement shall be executed by them.

(b) Sums equal to all taxes, rates, benefits, assessments and other governmental charges of every kind—including assessments for paving, sewerage, or any other public purpose, that in any manner during said term may be imposed upon or accrue against said Leased Property, or any part thereof. Taxes and assessments for any period not wholly embraced in said term shall be apportioned and Belt shall pay said taxes and assessments for a ratable part of such period. So long as the Leased Property is assessed and taxed by the State and County with and as a part of other property of I-GN, the State and County taxes accruing upon the Leased Property shall be taken to be such share of the State and County taxes upon all the property of I-GN so assessed and taxed as an entirety, including any valid assessments of intangible assets that may be made with respect to property of I-GN in Harris County, as shall bear to the whole of such taxes thereon the same ratio as that which the actual value of the Leased Property shall bear to the actual value at the time being of all such property of I-GN so assessed and taxed together or as an entirety. In the event I-GN and Belt shall fail in any year to agree on such actual values, the same shall be determined by arbitration, as hereinafter provided.

So long as practicable that portion of the Leased Property situated in the City of Houston including intangible assets, if any, pertaining thereto, shall for municipal taxation be assessed separately from other property of I-GN. If at any time such separate assessments for municipal taxation shall not be made, and the Leased Property situated in the City of Houston, or a part thereof, shall for municipal taxation be assessed with other property of I-GN, the municipal taxes upon the Leased Property or the part thereof so assessed with other property of I-GN for municipal taxation shall be taken to be such share of the municipal taxes upon all the property of I-GN so assessed and taxed for municipal purposes as an entirety including any valid assessments for municipal purposes of intangible assets, as shall bear to the whole of such municipal taxes thereon the same ratio as that which the actual value of the Leased Property or the part thereof so assessed for municipal purposes with other property of I-GN shall bear to the actual value at the time being of all such property of I-GN so assessed and taxed together or as an entirety for municipal purposes. In the event I-GN and Belt shall fail in any year to agree on such actual values, the same shall be determined by arbitration as hereinafter provided. Each sum payable by Belt in respect of any tax or assessment shall be payable within fifteen (15) days after I-GN shall have paid such tax or assessment and shall have caused a written statement thereof to be furnished to the Belt.

Third: Belt covenants that in case at any time during said term Belt shall fail or refuse to comply with any of its covenants or agreements, herein provided, or shall fail or refuse to comply with any of its covenants in said

Operating Agreement provided, and shall continue in such failure or refusal for a period of thirty days after written notice specifying such failure given to it by I-GN, or in case for any reason I-GN shall be deprived of its use and enjoyment provided for in the Operating Agreement of the terminal facilities, or any part thereof, or in case I-GN's obligations to use the terminal facilities thereunder shall be terminated or shall cease in accordance with the terms thereof, or in case for any reason whatsoever the Operating Agreement shall be canceled, abrogated and annulled as to all the railroads parties thereto, then I-GN, anything herein contained to the contrary notwithstanding, shall have and is hereby granted the right, at its election, by notice in writing given to Belt, to terminate this lease and all the rights of Belt hereunder, and thereupon I-GN shall be entitled, without demand or other formality, forthwith to enter upon and take possession of all and singular the Leased Property, and every part thereof, and thereafter shall be entitled to hold, retain and enjoy the same as of its original estate therein, and Belt agrees that it will quietly and peaceably surrender possession thereof to I-GN. Any waiver by I-GN of one or more defaults of Belt shall not in any way impair the right of I-GN to take advantage of any other default or defaults of Belt. The provisions herein for terminating this lease are cumulative and in addition to all remedies at law or in equity which I-GN may have for enforcing this lease, or securing redress for any breach hereof.

Fourth: The I-GN covenants that so long as Belt shall be legally entitled hereunder to the possession of the Leased Property, I-GN, the rentals herein reserved being duly paid and all other terms of this lease being fulfilled, will warrant and defend the peaceful occupation and enjoyment of the Leased Property, and every part thereof, to Belt against the lawful claims of all persons claiming by, through or under I-GN.

Fifth: Belt shall have the right, at its own sole cost and expense, to construct such additional tracks, buildings and other railroad facilities on the land or right of way of I-GN hereby demised including rights in streets as it may deem necessary for the purposes set forth in said Operating Agreement and all such tracks, buildings and other railroad facilities shall be and remain the property of Belt, but upon the expiration or any termination of this lease, as herein provided, I-GN shall have the right and option, to be exercised within ninety (90) days after such termination, of purchasing from Belt all such tracks, buildings and other railroad facilities at their then fair value. If the parties hereto shall not be able to agree upon such fair value, the question shall be submitted to arbitration, as hereinafter provided. If I-GN shall not exercise its option to purchase said tracks, buildings and other railroad facilities within said period of ninety (90) days, Belt shall have the right for a period of ninety (90) days thereafter to enter upon said demised premises, but in such manner as not unreasonably to obstruct the operation of Leased Property by I-GN, and take up and remove therefrom said tracks, buildings and other railroad facilities, and failing so to do, said tracks, buildings and other railroad facilities shall thenceforth be and become the property of I-GN. In case Belt shall forthwith remove the same it shall restore said demised premises to the condition in which the same were before said tracks, buildings and other railroad facilities were placed thereon, failing in which I-GN may so restore the same, and Belt will, promptly upon bill rendered therefor, pay to I-GN the entire cost and expense of so restoring the same.

Sixth: In case Belt shall, during said term, have occasion to acquire any additional rights or franchises to construct any additional track or tracks in or over any street or streets of said City of Houston, upon or connected with the Leased Property, the parties hereto will apply for such rights or franchises either in the name of Belt or in the names of I-GN and Belt, but at the sole cost and expense of Belt. In case any such rights or franchises shall be granted in the name of Belt, Belt shall forthwith assign and transfer to I-GN a joint and equal interest in the same for the full duration of such grant, subject to use under this lease. The cost of securing any such rights or franchises shall be borne by Belt. Upon the expiration or any termination of this lease, I-GN shall have the right at its election to purchase a one-half interest in any facilities created under any one or more of such rights or franchises which may under this section belong jointly to I-GN and Belt upon paying Belt one-half of the fair value of such facilities at such time. If I-GN and Belt shall not be able to agree upon such fair value, the same shall be determined by arbitration as provided in Section Seventh hereof.

Seventh: In the event of any disagreement between the parties hereto with respect to the construction, interpretation or application of this lease or any other matter or thing arising under the terms of this Lease (including failure to agree upon anything herein provided to be agreed upon), the question or questions in dispute at the written request of either party served upon the other party and all Using Lines (which request shall set forth the matter or matters in dispute) shall be submitted to an arbitrator or Board of Arbitrators which shall be selected as follows:

If the parties agree upon a single arbitrator the matters in dispute shall be submitted to and decided by him as hereinafter provided, but if the parties fail to agree upon a single arbitrator the party desiring the arbitration shall select one arbitrator and in writing notify the other party of such selection; whereupon the other party shall within thirty (30) days after receipt of such written notice select a second arbitrator, notifying the moving party in writing of such selection and of any subject matter with respect to the dispute which it desires to arbitrate; the two arbitrators so selected shall within thirty (30) days thereafter select a third arbitrator. If the party notified fails to select a second arbitrator within said thirty (30) day period, then upon application of the moving party after not less than five days' notice is given to the other party, the second arbitrator shall be appointed by the United States District Judge, senior by date of commission who is then sitting in the district in which Houston is located and who is willing to act; and if the two arbitrators so selected or appointed fail to select a third arbitrator within thirty (30) days after selection or appointment of the second arbitrator, then the third arbitrator shall be appointed in the same manner as above provided for appointment of the second arbitrator in the event of failure of the party notified to select him.

The arbitrator or Board of Arbitrators promptly shall give notice to each party to the controversy, not less than ten (10) days in advance, of the time and place set for the hearing, and at the time and place appointed shall proceed, with such adjournments as may be appropriate, to hear and determine the matter, unless for good cause (of which the sole arbitrator or a majority of the Board of Arbitrators shall be the sole judges) it shall be postponed.

The decision of the arbitrator or arbitrators, or any two of the members of the Board of Arbitrators, given after a hearing of which all parties to such dispute shall have been notified and at which they shall have had an opportunity to be heard shall be final and binding upon all parties to the dispute as to the matter or matters submitted for arbitration; and each of the parties to any such arbitration agrees that forthwith upon the rendition of any such decision it will abide by, perform and comply with the requirements thereof. Such decision shall divide or apportion the cost of arbitration, including the fee of the arbitrator or arbitrators, as the arbitrator or arbitrators may deem fair, just and equitable; provided, however, that each party to the arbitration shall pay the expense of its witnesses and representatives appearing before the arbitrator or arbitrators.

It is agreed that in any such arbitration any Using Line, as defined in Recital (8) of the Operating Agreement, may present any contention it desires with respect to the subject matter in dispute, but that all contentions of all the Using Lines with respect to such subject matter shall be submitted to the same three arbitrators, or if a single arbitrator is agreed upon, then to him, to the end that all contentions with respect to the subject matter of the dispute shall be finally determined and settled.

It is expressly agreed that nothing in this Section Seventh contained shall require the arbitration of any disagreement arising under Section Third hereof.

Arbitration proceedings hereunder shall not interrupt the transaction of business under this Lease, and pending the award of the arbitrator or a majority of the Board of Arbitrators, payments required and the performance of the obligations of the parties hereto shall be made and continued in the same manner as before disagreement arose.

Eighth: (a) I-GN hereby expressly reserves the right, on such terms and for such considerations as to it shall seem proper, from time to time, provided such use does not unreasonably interfere with the use of such tracks by Belt or any other railroad or railroads which may have the right to use same under the Operating Agreement, to admit to the use of all or any part or parts of its main tracks hereby leased, any other carrier or carriers by railroad, but before doing so I-GN shall forthwith give to the Belt written notice of its intention to grant such admission, with the name of the carrier or carriers to be so admitted and a description of the track or tracks to the use of which each such carrier will be so admitted. For the purposes of apportioning liability under the Operating Agreement, the engines, trains, cars and employes of each carrier so admitted to such use shall be deemed and treated as the engines, trains, cars and employes of I-GN. All compensation charged by I-GN for any such use shall be paid to Belt.

(b) In the event a dispute arises as to whether the exercise by I-GN of rights reserved under paragraph (a) of this Section or in the granting clause of this lease will result in unreasonable interference the dispute shall be determined by arbitration under Section Seventh hereof.

(c) The Western Union Telegraph Company owns certain pole and wire lines, conduits and cables on or along certain portions of the I-GN right of way, on which are located certain communication and signal wires of Western Union and/or I-GN. This lease is hereby made subject to the rights of Western Union under its contract dated July 19, 1917, with Beaumont, Brownsville and other Missouri Pacific Lines, which among other things covers construction, maintenance, ownership and operation of communication lines on and along the I-GN, and to the rights of I-GN to own, operate, maintain, renew, add wires to and reconstruct its existing lines, conduits and cables, and to provide as required in the conduct of Missouri Pacific business additional pole lines, conduits and cables, and to enter on the leased property for such purposes and such rights are expressly reserved by I-GN.

Ninth: This Lease is hereby made subject to the termination provisions of Section 3.7 of the Operating Agreement.

Tenth: This lease shall be binding upon the successors and assigns of the parties hereto and shall inure in favor of I-GN and its successors and assigns, and of Belt and of any corporation that shall be formed for the purpose of taking over the property of Belt upon the expiration of the charter of Belt, but Belt shall have no power to assign or transfer this lease, except with the written consent of I-GN to any other person or corporation; provided, however, that nothing in this Section Tenth contained shall be construed as forbidding the Belt to grant the use of the Leased Property or any part thereof to the Railroads parties to said Operating Agreement, or to other railroads, persons, firms or corporations as in said Operating Agreement provided, subject, nevertheless, to the provisions of this lease and agreement.

Any transfer or assignment of this lease, or of any rights thereunder, by operation of law shall *ipso facto* terminate this lease and every right and interest of Belt or of such assignee thereunder.

The I-GN consents to the assignment of all rights acquired by the Belt hereunder to the Trustee in the Mortgage or Deed of Trust from the Belt to Central-Hanover Bank and Trust Company, dated the first day of July, 1937, or to any Trustee or Trustees under any future Mortgage or Deed of Trust from Belt.

Eleventh: This agreement of lease is executed by Guy A. Thompson, as Trustee of International-Great Northern Railroad Company, Debtor, under authority of an order of the United States District Court for the Eastern District of Missouri, Eastern Division, in proceedings under Section 77 of the Bankruptcy Act entitled "In the Matter of Missouri Pacific Railroad Company, Debtor, In Proceedings for the Reorganization of a Railroad, No. 6935," and all his duties and obligations herein provided for are as such Trustee and not individually; and said agreement of lease shall bind and inure to the benefit of any successor trustee or trustees of the railways and properties of the International-Great Northern Railroad Company, Debtor, hereafter appointed in the aforesaid Reorganization Proceedings, and, upon termination of said trusteeship, the person or corporation acquiring the major portion of the Debtor's railways and properties, whether by purchase, dismissal of the Reorganization Proceedings, or pursuant to a plan of reorganization, or otherwise, shall be and become bound by all the terms and provisions of this agreement of lease as a general obligation without lien.

IN WITNESS WHEREOF, on the day and year first above written, the said trustee has hereunto subscribed his name as such by authority of an order duly entered in said reorganization proceeding, and the Belt has caused this Lease to be executed by its President or Vice President and its corporate seal to be hereunto affixed and attested by its Secretary or Assistant Secretary.

....

Trustee (as such Trustee and not individually), International-Great Northern Railroad Company, Debtor.

HOUSTON BELT & TERMINAL COMPANY,

By ....

President.

ATTEST:

....

Secretary.

SCHEDULE OF EXCEPTED PROPERTIES.

To Agreement of Lease dated .... day of ...., 194....., between **GUY A. THOMPSON, TRUSTEE, INTERNATIONAL - GREAT NORTHERN RAILROAD COMPANY, DEBTOR,** and **HOUSTON BELT & TERMINAL RAILWAY COMPANY.**

1—*The Booth Yard Creosote and Fuel Oil Storage Facilities shown on Map Exhibit 1.*

Parcel No. 1: All that certain tract or parcel of land being a part of Block No. 83 of Magnolia Park Addition, Houston, Harris County, Texas, and more particularly described as follows:

Beginning at the northwest corner of said Block 83, being at the intersection of the east line of 78th Street, and the south line of Avenue K; thence easterly, along the north line of Block 83, a distance of 225 feet, to the northeast corner of Lot 33, in Block 83: thence southerly along the east line of said Lot 33, a distance of 15 feet more or less, to a point for corner; said point being 100 feet from the common I-GN and PTRA property line; thence south 27 degrees 15 minutes east, along a line 100 feet from and parallel with the common I-GN and PTRA property line, a distance of 270 feet, more or less, to a point for corner in the south line of Block 83, which is on the north line of Avenue J; thence westerly along the south line of Block 83, a distance of 430 feet to the southwest corner of Block 83; thence northerly along the west line of Block 83, said line being also the east line of 78th Street, a distance of 200 feet to the Point of Beginning, containing 1.47 acres, more or less, including all improvements located thereon.

Parcel No. 2: All that certain tract or parcel of land being a part of Block No. 73, Magnolia Park Addition, Houston, Harris County, Texas, and more particularly described as follows:

Lots 1 to 44, both inclusive, in Block No. 73, and being all of said Block 73, except Lots 45 to 48 inclusive; said Lots 1 to 44 inclusive containing 2.52 acres, more or less, including all improvements located thereon.

Parcel No. 3: All that certain tract or parcel of land being a part of what is known as Booth Yard, and more particularly described as follows: Commencing at the point of switch of track I. C. C. No. 41-N, being at Engineer's Chaining Station 297 + 80; thence southeasterly along the center line of the turnout of said Track No. 41-N, a distance of 15 feet; thence southwesterly at right angles, a distance of 8.5 feet to the Point of Beginning; thence southeasterly 8.5 feet from and parallel with the center line of Track No. 41-N, through the turnout, and in all a distance of 95.9 feet to a point; thence continuing southeasterly 8.5 feet from and parallel with the center line of said track No. 41-N, a distance of 203.1 feet to the Point of Switch of Track I. C.-C. No. 41-S; thence southeasterly 8.5 feet from and parallel with the center line of said track 41-S, through the turnout, a distance of 40 feet to a point for corner; thence southwesterly at right angles to Track I. C. C. No. 41-J, a distance of 20.2 feet to a point 8.5 feet distant, northwesterly at right angles from the center line of said Track No. 41-J; thence northwesterly 8.5 feet from and parallel with the center line of said Track No. 41-J, a distance of 338.2 feet to a point for corner; thence northeasterly at right angles, a distance of 15.85 feet to the Point of Beginning and containing .16 acres, more or less, including all improvements located thereon.

Various service pipe lines for handling creosote and fuel oil into and out of facilities located on the lands above in this subdivision described, extend therefrom across portions of the Leased Property. All such pipe lines, including all portions thereof located either on or off the Leased Property and any contracts appertaining thereto, are hereby excepted from this lease and IGN reserves the right to enter on the Leased Property for the purpose of maintaining, renewing and operating them.

2—*The Present I-GN Freight House Property shown on Map Exhibit 2.*

All that certain irregular strip or parcel of land, located north of Franklin Avenue and between San Jacinto and Austin Streets, Houston, Harris County, Texas, being more particularly described as follows:

Beginning at a point in the north line of Franklin Avenue which is 186 feet east of the easterly line of San Jacinto Street as measured along the north line of Franklin Avenue; thence westerly, along the north line of Franklin Avenue, a distance of 186 feet to a point in the easterly line of San Jacinto Street; thence northerly, along the easterly line of San Jacinto Street, a distance of 87 feet to a point; thence easterly, at right angles, a distance of 21 feet to a point; thence easterly, along the northerly edge of a 10 foot wooden platform, a distance of 79.5 feet to a point; thence northerly, at right angles, a distance of 22 feet to a point; thence easterly, at right angles, a distance of 10 feet to a point; thence southerly, at right angles, a distance of 30 feet to a point; thence easterly, at right angles, a distance of 485 feet to a point in the west line of Austin Street; thence southerly, along the westerly line of Austin Street, a distance of 55 feet to a point which is 6.7 feet northerly, as measured at right angles, from the center line of I. C. C. track No. 12; thence southwesterly, 6.7 feet from and parallel to the center line of said I. C. C. track No. 12, a distance of 50 feet to a point; thence northerly, at right angles, a distance of 1.8 feet to a point; thence westerly, along a curve to the right and being 8.5 feet northerly from and concentric to the center line of said I. C. C. track No. 12, a distance of 378 feet to a point; thence southerly, at right angles, to the north line of Franklin Avenue, a distance of 24 feet to the point of beginning; containing 1.38 acres, more or less, and including all buildings and other improvements thereon.

3—*The Mechanical Facilities Adjacent to Percival Yard Shown on Map Exhibit 3.*

Parcel No. 1: All that certain tract or parcel of land in the J. T. Harrell Survey, Abstract No. 329, Harris County, Texas, and formerly being a part of the Seligman Addition, in said survey. Said tract or parcel of land being more particularly described by metes and bounds as follows: Commencing at the intersection of the center line of the International-Great Northern Railroad Company main track with the northerly line of Hirsch Street; said point being I. C. C. Chaining Station 7732 + 63.7; thence easterly, along the north line of Hirsch Street 51 feet to a point 50 feet distant, at right angles from the center line of said main track for the Point of Beginning; thence continuing easterly, from said Point of Beginning, along the northerly line of Hirsch Street, a distance of 220 feet, more or less, to a point for corner; thence northerly, at right angles, a distance of 250 feet; thence westerly, at right angles, a distance of 50 feet to a point for corner; thence northerly, at right angles, a distance of 340 feet to a point for corner; thence westerly, at right angles, a distance of 296 feet, more or less, to a point for corner, said point being 50 feet distant, at right angles, from the center of said railroad main track; thence southerly, 50 feet from and parallel with the center line of said main track, a distance of 600 feet to the point of beginning, and containing 3.45 acres, more or less, including all tracks, buildings and other improvements located thereon.

Parcel No. 2: All that certain tract or parcel of land in the J. S. Collins Survey, Abstract 195, Harris County, Texas, and being a part of that certain 7.137 acre tract of land described in Deed to the International-Great Northern Railroad Company, dated March 28, 1924 and recorded in Volume 557, Page 193 of the Deed Records of Harris County. Texas; said tract or parcel of land being more particularly described by metes and bounds as follows: Commencing at the intersection of the center line of the International-Great Northern Railroad Company main track, with the southerly line of Hirsch Street; said point being at I. C. C. Chaining Station 7733 + 45; thence easterly along the southerly line of Hirsch Street, a distance of 142.85 feet to the point of beginning; thence continuing easterly along the southerly line of Hirsch Street, from said Point of Beginning, a distance of 115 feet to a point for corner; thence south 11 degrees twenty-one minutes east, along said Railroad Company easterly property line, a distance of 735 feet to a point for corner; thence north twenty-one degrees thirty-nine minutes west, a distance of 621.75 feet to a point for corner; thence north 11 degrees thirty-nine minutes west, a distance of 150 feet to the Point of Beginning, and containing 1.13 acres, more or less, including all tracks, buildings and other improvements located thereon.

4—*The Commerce Avenue Mechanical Facilities Shown on Map Exhibit 4.*

All that certain tract or parcel of land in the S. M. Williams Survey, in the City of Houston, Harris County, Texas, and more particularly described as follows: Beginning at the point of intersection of the southerly line of Commerce Avenue with the westerly line of North St. Charles, or Buffalo Street; thence southwesterly along the westerly line of North St. Charles Street, a distance of 536 feet to an angle point in the westerly line of said street; thence continuing along the westerly line of North St. Charles Street in a southwesterly direction, a distance of 288.6 feet to a point 100 feet distant easterly, at right angles, from the easterly line of Schrimpf Street; thence northwesterly, parallel with and 100 feet from the easterly line of Schrimpf Street, a distance of 1106.8 feet to a point 125 feet distant, at right angles, from the southerly line of Commerce Avenue; thence easterly, parallel with and 125 feet from the southerly line of Commerce Avenue, a distance of 513.2 feet to a point for corner; thence northerly, at right angles, a distance of 125 feet to a point in the southerly line of Commerce Avenue; thence easterly along the southerly line of Commerce Avenue, a distance of 366.7 feet to the point of beginning and containing 8.35 acres, more or less, including all tracks, buildings and other improvements located thereon.

There is also excepted from this lease all that portion of I. C. C. tracks Nos. 208, 209, 212 and 221 located on the Leased Property between the boundary of the excepted area set out above and the point of switch of I. C. C. track No. 213-B and that portion of I. C. C. tracks Nos. 209 and 233 located on the Leased Property between the boundary of the excepted area set out above and the south point of switch of I. C. C. track 232-241, all as indicated on Map Exhibit 4.

5—*The Central Portion of the I-GN Congress Avenue Yard shown on Map Exhibit 5.*

Parcel No. 1: All that certain tract or parcel of land in Block 56 of the S. M. Williams Survey and being a part of what is known as Congress Avenue Yard, said tract or parcel of land being more particularly described by metes and bounds as follows: Commencing at the intersection of the south property line of the International-Great Northern Railroad Company, being also the north property line of the GH&H Railroad Company, and the west right-of-way line of the (SA&AP) T&NO Railroad Company; said point being 25 feet distant, northeasterly, along said T&NO west right-of-way line produced from the center of the old GH&H main track, and 25 feet distant, at right angles westerly from the center of said T&NO railway; thence northeasterly, along said T&NO Railroad Company west right-of-way line, a distance of 30 feet to the Point of Beginning; thence westerly, a distance of 361.4 feet to a point 50 feet distant, northeasterly at right angles from the center line of the I-GN main track; thence northwesterly, along a curve, and 50 feet from the center line of said I-GN main track, a distance of 731.1 feet, to a point 100 feet distant northeasterly, at right angles, from the I-GN westerly property line; thence northwesterly, 100 feet from and parallel with said I-GN westerly property line to Engineer Chaining Station 7966+00, and continuing this same course, in a straight line, a total distance of 1343 feet to a point 15 feet distant southwesterly, at right angles, from the center of track I. C. C. No. 243; thence southeasterly, in the same general direction as said track No. 243, in a straight line, a distance of 881.2 feet, to a point 15 feet distant, at right angles, from the point of switch of track I. C. C. No. 269; thence southeasterly, at an angle of 2 degrees thirty-two minutes to the left from the last described course, a distance of 419.3 feet to a point 15 feet distant westerly, at right angles, from the center of track I. C. C. No. 269-A; thence southerly 15 feet from and parallel with the center line of said track I. C. C. No. 269-A, a distance of 700 feet to a point in the northwesterly line of that certain tract of 2.58 acres described as "1st Tract" in a Deed to the I-GN Railroad Company, from the GH&H Railroad Company, dated August 22, 1940, and recorded in Volume 1181, Page 225, of the Deed Records of Harris County, Texas; thence northeasterly along the northwesterly line of said 2.58 acre tract, a distance of 70 feet to the northwesterly corner of said tract; thence southeasterly along the northeast line of said 2.58 acre tract a distance of 249 feet to a point in the westerly line of the T&NO right-of-way; thence southerly along said right-of-way line, a distance of 362 feet to the point of beginning, and containing 13.73 acres, more or less, and including all tracks, buildings and other improvements located thereon.

Parcel No. 2: Being all that certain tract or parcel of land, described as "2nd Tract" in Deed to the I-GN Railroad Company, from the GH&H Railroad Company, dated August 22, 1940, and recorded in Volume 1181, Page 225, Deed Records of Harris County, Texas, and containing 1.59 acres, more or less, and including all tracks, buildings and other improvements located thereon.

There is also excepted from this lease all that portion of I. C. C. tracks Nos. 243, 245, 246, 248, 249, 250, 252, 253, 256, 258, 262, 263, 264 and 269 at the north end of Congress Avenue Yard located on the Leased Property between the boundary of the excepted area set out above and the point of switch of said tracks, and that portion of I. C. C. tracks Nos. 245, 247, 252, 255, 261, 265 and 270 at the south end of Congress Avenue Yard located on the Leased Property between the boundary of the excepted area as set out above and the point of switch of said tracks, all such portions of said tracks being indicated on Map Exhibit 5.

EXHIBIT D—PROPOSED I-GN-GH&H AGREEMENT.

THE STATE OF TEXAS,
COUNTY OF GALVESTON. }

By virtue of an agreement dated November 19, 1895, between Galveston, Houston and Henderson Railroad Company (therein called "Galveston, Houston and Henderson Railroad Company of 1882"), hereinafter called the "Galveston Company," and International-Great Northern Railroad Company, hereinafter called the "International Company," as heretofore supplemented and amended, which agreement is hereinafter called the "Operating Agreement," Guy A. Thompson, Trustee, International-Great Northern Railroad Company, Debtor, hereinafter called the "Trustee," as the successor of the International Company, has the right to perform switching service, and heretofore has performed and now is performing switching service, to and from the industries served by the tracks of the Galveston Company situated within the switching limits of the City of Houston, Texas, and the Trustee desires, at some later date to be designated by the Trustee, to have such switching service performed for him, his successors and assigns, by Houston Belt & Terminal Railway Company, a corporation of the State of Texas:

Now, THEREFORE, this agreement made and entered into on this the.................day of................................, 194...., by and between the Galveston Company and the Trustee,

WITNESSETH:

1. The Trustee, his successors and assigns, shall have the right from time to time and for and during the period in which the Operating Agreement shall be in force to have said Houston Belt & Terminal Railway Company for

and on behalf of the Trustee, his successors and assigns, perform the said switching service which is now and has recently heretofore been performed by the Trustee on and over the tracks of the Galveston Company within the switching limits of the City of Houston as now or hereafter defined or constituted, but subject to the terms and conditions hereinbelow set forth. The dates upon which such service by the said Houston Belt & Terminal Railway Company shall begin and/or terminate shall be furnished in writing in advance by the Trustee, his successors and assigns, to the Galveston Company.

2. All connecting tracks which may be desired or required in connection with the performance of such switching service by such other corporation or agency shall be constructed and maintained at the sole cost and expense of the Trustee, his successors and assigns, and shall be constructed to connect with the tracks of the Galveston Company at such point or points as may be mutually agreed upon between the Chief Engineers of the parties hereto. The materials in such connecting tracks shall remain the property of the Trustee, his successors and assigns, but by the occupation of portions of the right of way or property of the Galveston Company by means of any such connecting track, the Trustee, his successors and assigns, shall acquire no title to or interest in the right of way or property of the Galveston Company.

3. The liability of the Trustee, his successors and assigns, in connection with the performance of such switching service by said Houston Belt & Terminal Railway Company, whether to the Galveston Company or to Missouri-Kansas-Texas Railroad Company of Texas, its successors and assigns, hereinafter called the "Texas Company", shall remain the same as though such switching had in fact been performed by the Trustee, his successors and assigns.

4. Prior to the commencement of its performance of such switching service the said Houston Belt & Terminal Railway Company, by written instrument duly executed by it, an executed counterpart whereof shall be delivered to the Galveston Company and the Texas Company, their respective successors and assigns, shall assume liability for and in connection with such switching operations to the same extent as that resting upon the Trustee for or in connection with similar operations by the Trustee.

5. The Trustee, his successors and assigns, and the said Houston Belt & Terminal Railway Company, its successors and assigns, jointly and severally, by virtue of the designation of said Houston Belt & Terminal Railway Company by the Trustee to perform such switching service and the acceptance of such designation by said Houston Belt & Terminal Railway Company, shall be deemed to have assumed and to have agreed to save harmless both the Galveston Company and the Texas Company from all claims that may arise or be asserted against the Galveston Company and the Texas Company, or either of them, by employees, or by labor organizations acting in their behalf, as a result of the performance of such switching operations by said Houston Belt & Terminal Railway Company on behalf or in lieu of the Trustee.

6. Nothing in this agreement, or in any designation that may be made pursuant hereto, or in any acceptance of any such designation, shall ever be construed to impair or limit or in any manner to affect the obligation of the Trustee, his successors and assigns, to make payment, as minima, of the sums mentioned and provided for in paragraph *Fourth* of an amendment to the Operating Agreement dated the 15th day of April, 1947.

7. This agreement is executed by Guy A. Thompson, as Trustee of International-Great Northern Railroad Company, Debtor, under authority of an order of the United

States District Court for the Eastern District of Missouri, Eastern Division, in proceedings under Section 77 of the Bankruptcy Act entitled "In the Matter of Missouri Pacific Railroad Company, Debtor, In Proceedings for the Reorganization of a Railroad, No. 6935", and all his duties and obligations herein provided for are as such Trustee and not individually; and said agreement shall bind and inure to the benefit of any successor trustee or trustees of the railways and properties of the International-Great Northern Railroad Company, Debtor, hereafter appointed in the aforesaid Reorganization Proceedings, and, upon termination of said trusteeship, the person or corporation acquiring the Debtor's railways and properties, whether by purchase, dismissal of the Reorganization Proceedings, or pursuant to a plan of reorganization, or otherwise, shall be and become bound by all the terms and provisions of this agreement as a general obligation without lien.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their respective officers hereunto duly authorized, and the corporate seal of the Galveston Company to be hereunto affixed and attested by its Secretary or Assistant Secretary, the day and year above written.

GALVESTON, HOUSTON AND HENDERSON RAILROAD COMPANY,

By..

President.

ATTEST:

....

GUY A. THOMPSON, Trustee, INTERNATIONAL-GREAT NORTHERN RAILROAD COMPANY, Debtor,

By..

Chief Executive Officer.

(acknowledgments)

EXHIBIT 7-A.

THIS AGREEMENT, made as of November 15, 1948, between Guy A. Thompson, as Trustee of The Beaumont, Sour Lake & Western Railway Company (herein referred to as Beaumont or Beaumont Trustee); Guy A. Thompson, as Trustee of The St. Louis, Brownsville and Mexico Railway Company (herein referred to as Brownsville or Brownsville Trustee); Guy A. Thompson, as Trustee of International-Great Northern Railroad Company (herein referred to as I.-G. N. or I.-G. N. Trustee); and Guy A. Thompson as Trustee of Sugar Land Railway Company (herein referred to as Sugar Land or Sugar Land Trustee); all jointly referred to as Missouri Pacific or Missouri Pacific Lines;

WITNESSETH:

WHEREAS, above described Missouri Pacific Lines, together with Chicago, Rock Island and Pacific Railroad Company (Rock Island), Fort Worth and Denver City Railway Company (Denver), Gulf, Colorado and Santa Fe Railway Company (Santa Fe), and Burlington-Rock Island Railroad Company (B. R. I.), have simultaneously entered into an agreement between themselves and with Houston Belt & Terminal Railway Company (Belt), hereinafter referred to as Belt Operating Agreement, covering the reorganization and operation of Belt, reference to which is made for the terms and conditions thereof and for the definitions of terms used herein; and

WHEREAS, it becomes necessary for Missouri Pacific Lines, parties hereto, to make provision respecting certain allocations of expenses as among themselves in the carrying out of said Belt Operating Agreement:

NOW, IT IS HEREBY AGREED:

1. Expenses and revenues which are a direct charge against or credit to any Using Line are to be settled direct between Belt and such Using Line.

2. Beaumont's and Brownsville's ownership proportion of the following expenses of Belt shall be apportioned among and borne by the respective Missouri Pacific Lines parties hereto on a user basis, calculated as provided in paragraph 6 hereof, to-wit:

(a) Taxes as defined in Section 2.6 of Belt Operating Agreement, except taxes currently chargeable to investment account.

(b) Bond interest secured by Belt Mortgage; and

(c) Interest rental under I.-G. N., Santa Fe, and Beaumont leases.

3. I.-G. N. and Sugar Land shall pay to Beaumont and Brownsville additional monthly contributions at the rate of 3½% percent per annum upon I.-G. N.'s and Sugar Land's respective user basis proportions, determined as provided in paragraph 6 hereof, of advances and payments made by Beaumont and Brownsville, respectively, after the effective date of Belt Operating Agreement for Belt bond retirement sinking fund and for additions and betterments to Terminal (including taxes chargeable to Belt's Investment Account), with due allowance for credits thereon, if any, authorized by Belt Operating Agreement, as of record at the close of the preceding month.

4. At the time depreciable property is retired and replaced by Belt, I.-G. N. and Sugar Land will pay, on a user basis, determined in the manner provided in paragraph 6 hereof, their respective proportions of amounts to be advanced by Beaumont and Brownsville representing the service loss on such property, determined as provided in Section 2.5 of Belt Operating Agreement.

5. Missouri Pacific Lines' proportion of all expenses for maintenance and operation of the Terminal as set forth in the Belt Operating Agreement, not specifically provided for in paragraphs 1 to 4, inclusive, of this agreement, shall be allocated among the respective parties hereto on a user

basis, in accordance with the provisions of paragraph 6 hereof; but there shall be credited each month to I.-G. N. and Sugar Land the proportion so allocated to them, respectively, on a user basis, of all rentals or payments received by Beaumont and Brownsville from Belt in accordance with the provisions of Section 2.1 (d) of Belt Operating Agreement.

6. "User basis" as herein provided for allocation of amounts among the respective parties hereto shall, unless otherwise agreed in specific instances, be understood to be the ratio of their respective loaded and empty freight and passenger cars arriving at and departing from Terminal monthly to the total of such cars so arriving and departing over the lines of all of the parties hereto, except that (a) total expense set forth in paragraph 5, supra, chargeable to Missouri Pacific Lines for use of passenger station facilities shall be allocated between the respective parties hereto, solely on the basis of the passenger train cars arriving at and departing from the Belt passenger station handled by or for the account of each of said lines, and (b) total expense set forth in paragraph 5 chargeable to Missouri Pacific Lines for use of l. c. l. freight station facilities shall be allocated between the parties hereto, according to the tons of l. c. l. freight received and forwarded by or for the account of the respective Missouri Pacific Lines at freight stations within said Terminal.

7. The arbitration provisions contained in Section 3.2 of Belt Operating Agreement, other than the provisions in paragraph 2 thereof relating to appointment of arbitrators by the Board of Directors of Belt, are by reference made a part of this agreement with like effect as if incorporated herein in full. If I.-G. N. is involved in any controversy to be arbitrated under Belt Operating Agreement, it is hereby agreed that Beaumont and Brownsville, acting through their nominees on the Board of Directors of Belt, shall decline to agree upon any arbitrator or arbitrators unsatisfactory to I.-G. N. In any controversy arising under this agreement when the

interests of I.-G. N. are or may be adverse to those of Beaumont or Brownsville, the party or parties on each side of said controversy shall endeavor, within thirty days after being served with notice of arbitration, to select an arbitrator, and these two arbitrators shall, within thirty days thereafter, select a third arbitrator. If arbitrators to be appointed under Belt Operating Agreement or under this agreement cannot be agreed upon, or if the two arbitrators so designated shall fail to designate a third arbitrator within the period specified, then upon application of the using line or lines making the written request for arbitration, the third arbitrator, or all three arbitrators, as the circumstances may require, shall be appointed by the United States District Judge senior by date of commission who is then sitting in the district in which Houston is located and who is willing to act.

8. In the event I.-G. N. advances funds to Beaumont and/or Brownsville for construction of an industry track, as provided in paragraph "d" of Section 2.5 of Belt Operating Agreement, Beaumont and/or Brownsville shall repay to I.-G. N. at the end of each adjustment year, and over the six year adjustment period described, any amount which New Proprietary Lines would be obligated to advance for the cost of constructing said track on the basis of loaded road haul industry cars, as provided in said section.

9. This agreement shall become effective upon the effective date of Belt Operating Agreement, and shall continue in effect during the life of said agreement.

10. This Agreement is executed by Guy A. Thompson as Trustee of the Debtor Companies comprsing each the Beaumont, Brownsville, I.-G. N., and Sugar Land, under authority of an order of the United States District Court for the Eastern District, Eastern Division of Missouri, in proceedings under Section 77 of the Bankruptcy Act, as amended, entitled "In the Matter of Missouri Pacific Railroad Company, Debtor, in Proceedings for the Reorganization of a

Railroad, No. 6935," and all his duties and obligations herein provided for are as such Trustee and not individually; and this Agreement shall bind and inure to the benefit of any successor trustee or trustees of the Railway and properties of, respectively, Beaumont, Brownsville, I.-G. N., and Sugar Land, hereafter appointed in the aforesaid Reorganization proceedings, and upon termination of said trusteeship, the person or corporation acquiring the Railways and properties of said respective Debtor Companies, whether by purchase, dismissal of the Reorganization Proceedings, or pursuant to a Plan of Reorganization, or otherwise, shall be and become entitled to the benefits of and bound by all the terms and provisions of this Agreement applicable to any such Debtor Company.

In Witness Whereof, the parties hereto have duly executed this Agreement as of the day and year first herein written.

....
As Trustee, The Beaumont, Sour Lake and Western Railway Company, Debtor.

....
As Trustee, The St. Louis, Brownsville and Mexico Railway Company, Debtor.

....
As Trustee, International-Great Northern Railroad Company, Debtor.

....
As Trustee, Sugar Land Railway Company, Debtor.

EXHIBIT 8 (Belt).

Sheet 1 of 2

HOUSTON BELT & TERMINAL RAILWAY COMPANY

GENERAL BALANCE SHEET STATEMENT

December 31st, 1948

ASSETS

Investments:	
Road and Equipment Property	$ 7,453,907
Improvements on Leased Property	925,103
Donations and Grants (Cr.)	226,950
Investment in Transportation Property	$ 8,152,060
Accrued Depreciation—Road and Equipment (Cr.)	486,758
Investment in Transportation Property Less Depreciation	$ 7,665,302
Sinking Fund	985
Capital and Other Reserve Funds	7,124
Miscellaneous Physical Property	84,831
Total	$ 7,758,242
Current Assets:	
Cash	$ 145,699
Special Deposits	92,942
Net Balances Receivable from Agents and Conductors	4,561
Miscellaneous Accounts Receivable	216,709
Material and Supplies	449,416
Other Current Assets	15,214
Total	$ 924,541
Deferred Assets:	
Working Fund Advances	$ 1,403
Other Deferred Assets	459,561
Total	$ 460,964
Unadjusted Debits:	
Prepayments	$ 11,581
Discount on Funded Debt	59,909
Other Unadjusted Debits	9,905
Total	$ 81,395
Total Assets	$ 9,225,142

State of Texas }
County of Harris } ss.

L. M. Edrington, first being duly sworn, says that he is auditor of Houston Belt & Terminal Railway Company, that the foregoing general balance sheet statement was prepared under his supervision; and that to the best of his knowledge and belief, it is correct.

L. M. Edrington.

Subscribed and sworn to before me this 31 day of March, 1949.

D. W. Barker,
Notary Public.

(Seal)

My commission expires June 1, 1949.

EXHIBIT 8 (Belt).

Sheet 2 of 2

HOUSTON BELT & TERMINAL RAILWAY COMPANY

GENERAL BALANCE SHEET STATEMENT

December 31st, 1948

LIABILITIES

Stock:		
Capital Stock	$	25,000
Long Term Debt:		
Funded Debt Unmatured	$	3,106,000
Equipment Obligations		418,504
Amounts Payable to Affiliated Companies		3,404,526
Total	$	6,929,030
Current Liabilities:		
Traffic and Car Service Balances—Cr.	$	5,638
Audited Accounts and Wages Payable		496,079
Miscellaneous Accounts Payable		60,662
Interest Matured Unpaid		53,988
Taxes Accrued		63,086
Other Current Liabilities		395
Total	$	679,848
Unadjusted Credits:		
Other Unadjusted Credits	$	188,884
Total	$	188,884
Corporate Surplus:		
Unearned Surplus	$	1,569
Earned Surplus—Appropriated		1,402,380
Total Corporate Surplus	$	1,400,811
Total Liabilities	$	9,225,142

State of Texas }
County of Harris } ss.

L. M. Edrington, first being duly sworn, says that he is auditor of Houston Belt & Terminal Railway Company, that the foregoing general balance sheet statement was prepared under his supervision; and that to the best of his knowledge and belief, it is correct.

L. M. Edrington.

Subscribed and sworn to before me this 31 day of March, 1949.

D. W. Barker,
Notary Public.

(Seal)

My commission expires June 1, 1949.

EXHIBIT 8 (Santa Fe).

Sheet 1 of 2

GULF, COLORADO AND SANTA FE RAILWAY COMPANY

GENERAL BALANCE SHEET

December 31, 1948

ASSETS

Investments:	
Road and equipment property	$ 81,505,668.39
Acquisition adjustment (Cr.)	6,615,373.64
Donations and grants (Cr.)	491,255.92
Investment in transportation property	$ 74,399,038.83
Accrued depreciation—Road (Cr.)	3,634,897.44
Accrued amortization of defense projects—Road (Cr.)	203,441.10
Investment in transportation property less recorded depreciation and amortization	$ 70,560,700.29
Miscellaneous physical property	785,059.97
Accrued depreciation—Miscellaneous physical property (Cr.)	30,924.13
Miscellaneous physical property less recorded depreciation	$ 754,135.84
Investments in affiliated companies	977,115.48
Other investments	1,006.89
Total	$ 72,292,958.50
Current Assets:	
Cash	$ 2,502,521.76
Temporary cash investments	100,000.00
Traffic and car-service balances—Dr.	548,768.35
Net balance receivable from agents and conductors	660,822.99
Miscellaneous accounts receivable	1,617,382.36
Material and supplies	5,738,598.45
Accrued accounts receivable	12,870.29
Other current assets	62,003.44
Total current assets	$ 11,242,967.64
Deferred Assets:	
Working fund advances	$ 34,626.02
Other deferred assets	64,902.44
Total deferred assets	$ 99,528.46
Unadjusted Debits:	
Prepayments	8,267.69
Other unadjusted debits	449,241.14
Total unadjusted debits	$ 457,508.83
Total Assets	$ 84,092,963.43

EXHIBIT 8 (Santa Fe).

Sheet 2 of 2

GULF, COLORADO AND SANTA FE RAILWAY COMPANY

GENERAL BALANCE SHEET

December 31, 1948

LIABILITIES

Stock:	
Capital stock—Common	$ 15,508,000.00
Premiums and assessments on capital stock	157,042.17
Long Term Debt:	
Funded debt unmatured	$ 52,211,000.00
Amounts payable to affiliated companies	23,972,578.55
Total long term debt	$ 76,183,578.55
Current Liabilities:	
Audited accounts and wages payable	$ 3,136,563.03
Miscellaneous accounts payable	1,896,807.19
Unmatured interest accrued	31,200.76
Accrued accounts payable	405,738.61
Taxes accrued	2,040,392.20
Other current liabilities	140,161.65
Total current liabilities	$ 7,650,863.44
Deferred Liabilities:	
Other deferred liabilities	$ 109,916.08
Unadjusted Credits:	
Other unadjusted credits	$ 937,134.71
Surplus:	
Unearned surplus	$ 4,295,802.92
Earned surplus—Unappropriated (Debit)	20,749,374.44
Total surplus (Debit)	16,453,571.52
Total Liabilities	$ 84,092,963.43

State of Texas } ss.
County of Galveston }

J. F. Lovely, first being duly sworn, says that he is Auditor of the Gulf, Colorado and Santa Fe Railway Company, that the foregoing balance sheet was prepared under his supervision; and that to the best of his knowledge and belief, it is correct.

J. F. Lovely,
Auditor.

Subscribed and sworn to before me this 18 day of March, 1949.

Chas. B. Abbott,
Notary Public.

(Seal)

EXHIBIT 8 (Denver).

Sheet 1 of 2

FORT WORTH AND DENVER CITY RAILWAY COMPANY

GENERAL BALANCE SHEET

December 31, 1948

ASSETS

Investments:		
Road and equipment property		$ 35,104,443.12
Improvements on leased property (Cr.)		74,152.21
Donations and grants (Cr.)		176,755.94
Accrued depreciation—Road (Cr.)		859,545.28
Accrued depreciation—Equipment (Cr.)		5,253,939.00
Accrued amortization of defense projects—Road (Cr.)		42,501.17
Accrued amortization of defense projects—Equipment (Cr.)		1,589,628.12
Capital and other reserve		6,760.00
Miscellaneous physical property		87,985.08
Accrued depreciation—Miscellaneous physical property (Cr.)		3,508.20
Investments in affiliated companies:		
(a) Stocks	$ 52,346.00	
(b) Bonds	8,192,549.47	
(d) Unsecured notes	50,982.42	
(e) Investment advances	519,915.21	8,815,793.10
Other investments:		
(c) Other secured obligations		1,100.00
Total investments		$ 36,016,051.38
Current Assets:		
Cash		$ 2,812,418.65
Special deposits		453,102.54
Loans and bills receivable		22,619.00
Net balance receivable from agents and conductors		154,958.60
Miscellaneous accounts receivable		750,458.88
Materials and supplies		1,838,192.50
Accrued accounts receivable		447,460.45
Other current assets		13,148.46
Total current assets		$ 6,492,359.08
Deferred Assets:		
Working fund advances		$ 18,259.93
Other deferred assets		21,325.21
Total deferred assets		$ 39,585.14
Unadjusted Debits:		
Prepayments		$ 11,329.55
Discount on funded debt		25,759.72
Other unadjusted debits		236,255.86
Securities issued or assumed—Pledged	$8,176,000.00	xxx xxx xx
Total unadjusted debits		$ 273,345.13
Grand Total		$ 42,821,340.73

EXHIBIT 8 (Denver).

Sheet 2 of 2

FORT WORTH AND DENVER CITY RAILWAY COMPANY

GENERAL BALANCE SHEET

December 31, 1948

LIABILITIES

Stock:		
Capital stock		$ 9,243,800.00
Long-Term Debt:		
Funded debt unmatured:		
Book liability at date	$15,436,000.00	
Held by or for carrier at date	8,176,000.00	
Actually outstanding		7,260,000.00
Equipment obligations		1,047,530.53
Total long-term debt		$ 8,307,530.53
Current Liabilities:		
Traffic and car service balances (Cr.)		$ 64,915.92
Audited accounts and wages payable		918,435.79
Miscellaneous accounts payable		293,421.20
Interest matured unpaid		81,106.49
Dividends matured unpaid		4,476.63
Unmatured interest accrued		27,775.01
Accrued accounts payable		431,640.45
Taxes accrued		1,047,137.82
Other current liabilities		44,115.51
Total current liabilities		$ 2,913,024.82
Deferred Liabilities:		
Other deferred liabilities		$ 116,668.74
Unadjusted Credits:		
Other unadjusted credits		$ 215,000.52
Accrued depreciation—Leased Lines		368,328.21
Total unadjusted credits		$ 583,328.73
Surplus:		
Unearned surplus		$ 45,257.72
Earned surplus appropriated		6,668,082.36
Earned surplus unappropriated		14,943,647.83
Total surplus		$ 21,656,987.91
Grand Total		$ 42,821,340.73

State of Texas }
County of Tarrant } ss.

C. E. Nottingham, first being duly sworn, says that he is General Auditor of the Fort Worth and Denver City Railway Company; that the foregoing Balance Sheet Statement was prepared under his supervision; and that to the best of his knowledge and belief, it is correct.

C. E. Nottingham.

Subscribed and sworn to before me this 22 day of April, 1949.

Ulmont Johnson,
Notary Public.

(Seal)

EXHIBIT 8 (Rock Island).

Sheet 1 of 2 sheets

CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY

GENERAL BALANCE SHEET

as of December 31, 1948

ASSETS

	Investments:	
701	Road and equipment property	$ 569,980,945
702	Improvements on leased property	888,041
702½-A	Acquisition adjustment (Cr.)	115,567,277
702½-B	Donations and grants (Cr.)	35,390
	Investment in transportation property	$ 455,266,319
702½-C	Accrued depreciation—Road (Cr.)	42,026,451
702½-D	Accrued depreciation—Equipment (Cr.)	80,498,158
702½-E	Accrued amortization of defense projects—Road (Cr.)	825,370
702½-F	Accrued amortization of defense projects—Equipment (Cr.)	18,479,961
	Investment in transportation property less depreciation and amortization	$ 313,436,379
703	Sinking funds	10
704	Capital and other reserve funds	3,145,334
705	Miscellaneous physical property less depreciation	3,829,211
706	Investments in affiliated companies	13,938,055
707	Other investments	1,109
	Total Investments	$ 334,350,098
	Current Assets:	
708	Cash	$ 10,019,630
709	Temporary cash investments	32,360,000
711	Special deposits	8,079,535
712	Loans and bills receivable	193,570
713	Traffic and car service balances—Dr.	—
714	Net balance receivable from agents and conductors	1,632,296
715	Miscellaneous accounts receivable	4,141,699
716	Material and supplies	15,515,581
717	Interest and dividends receivable	434,236
718	Accrued accounts receivable	2,737,512
719	Other current assets	205,093
	Total Current Assets	$ 75,319,152
	Deferred Assets:	
720	Working fund advances	$ 123,882
721	Insurance and other funds	34,967
722	Other deferred assets	307,080
	Total Deferred Assets	$ 465,929
	Unadjusted Debits:	
723	Prepayments	$ 186,792
725	Discount on funded debt	154,818
727	Other unadjusted debits	647,766
	Total Unadjusted Debits	$ 989,376
	Total Assets	$ 411,124,555

Cr.—Denotes credit

EXHIBIT 8 (Rock Island).

Sheet 2 of 2 sheets

CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY
GENERAL BALANCE SHEET
as of December 31, 1948

LIABILITIES

	Stock:	
751	Capital stock in hands of public	$ 211,472,842
	Long Term Debt:	
755	Funded debt unmatured in hands of public	$ 60,261,392
756½	Equipment obligations	16,880,665
757	Amounts payable to affiliated companies	9,249
	Total Long Term Debt	$ 77,151,306
	Current Liabilities:	
759	Traffic and car-service balances—Cr.	$ 254,016
760	Audited accounts and wages payable	8,144,341
761	Miscellaneous accounts payable	3,096,896
762	Interest matured unpaid	715,512
763	Dividends matured unpaid	2,595,788
764	Unmatured interest accrued	2,100,205
766	Accrued accounts payable	5,040,669
767	Taxes accrued	19,115,428
768	Other current liabilities	4,763,146
	Total Current Liabilities	$ 45,826,001
	Deferred Liabilities:	
770	Other deferred liabilities	$ 603,883
	Unadjusted Credits:	
773	Insurance reserves	$ 46,156
774	Maintenance reserves	—
778	Other unadjusted credits	4,786,372
779	Accrued Depreciation—Leased Property	107,086
	Total Unadjusted Credits	$ 4,939,614
	Surplus:	
784	Unearned surplus	$ 7,718
785	Earned Surplus—Appropriated	3,240,877
786	Earned Surplus—Unappropriated	67,882,314
	Total Surplus	$ 71,130,909
	Total Liabilities	$ 411,124,555

Cr.—Denotes credit

Office of General Auditor
Chicago, February 10, 1949

State of Illinois } ss.
County of Cook }

A. Weiberg, being first duly sworn upon his oath, deposes and says that he is Assistant General Auditor of Chicago, Rock Island and Pacific Railroad Company, and that the General Balance Sheet as of December 31, 1948, is a true and correct copy.

A. Weiberg,
Assistant General Auditor.

Subscribed and sworn to before me this 10 day of February 1949.

C. J. A. Carlson,
Notary Public.

(Seal)

My commission expires December 30, 1952.

EXHIBIT 8 (Beaumont).

Sheet 1 of 2

GUY A. THOMPSON, TRUSTEE
THE BEAUMONT, SOUR LAKE & WESTERN RAILWAY COMPANY, DEBTOR

GENERAL BALANCE SHEET STATEMENT

December 31, 1948

ASSETS

Investments:	
Road and Equipment Property	$ 6,079,679
Donations and Grants (Cr.)	14,286
Investment in Transportation Property	$ 6,065,393
Accrued Depreciation—Road and Equipment (Cr.)	104,629
Accrued Amortization of Defense Projects—Road and Equipment (Cr.)	351,716
Investment in Transportation Property Less Depreciation etc.	$ 5,609,048
Capital and Other Reserve Funds	46,437
Miscellaneous Physical Property	3,175
Investments in Affiliated Companies	1,762,377
Total	$ 7,421,037
Current Assets:	
Cash	$ 1,231,668
Temporary Cash Investments	2,584,544
Loans and Bills Receivable	1,113
Net Balance Receivable from Agents and Conductors	320,170
Miscellaneous Accounts Receivable	138,679
Interest and Dividends Receivable	67
Accrued Accounts Receivable	233,047
Other Current Assets	12,362
Total	$ 4,521,650
Deferred Assets:	
Working Fund Advances	$ 132
Other Deferred Assets	207,700
Total	$ 207,832
Unadjusted Debits:	
Prepayments	$ 3,559
Other Unadjusted Debits	263,721
Total	$ 267,280
Total Assets	$12,417,799

State of Texas }
County of Harris } ss.

L. M. Edrington, first being duly sworn, says that he is auditor of The Beaumont, Sour Lake & Western Railway Company, that the foregoing general balance sheet statement was prepared under his supervision; and that to the best of his knowledge and belief, it is correct.

L. M. Edrington.

Subscribed and sworn to before me this 31 day of March 1949.

D. W. Barker,
Notary Public.

(Seal)

My commission expires June 1, 1949.

EXHIBIT 8 (Beaumont).

Sheet 2 of 2

GUY A. THOMPSON, TRUSTEE

THE BEAUMONT, SOUR LAKE & WESTERN RAILWAY COMPANY, DEBTOR

GENERAL BALANCE SHEET STATEMENT

December 31, 1948

LIABILITIES

Stock:	
Capital Stock	$ 85,000
Current Liabilities:	
Traffic and Car Service Balances—Cr.	$ 13,680
Audited Accounts and Wages Payable	154,026
Miscellaneous Accounts Payable	1,291,310
Accrued Accounts Payable	236,820
Accrued Tax Liability	786,853
Other Current Liabilities	22,340
Total	$ 2,505,029
Deferred Liabilities:	
Other Deferred Liabilities	$ 210,345
Total	$ 210,345
Unadjusted Credits:	
Other Unadjusted Credits	$ 266,549
Accrued Depreciation—Leased Property	108,278
Total	$ 374,827
Corporate Surplus:	
Earned Surplus—Appropriated	$ 109,169
Earned Surplus—Unappropriated	9,133,429
Total Corporate Surplus	$ 9,242,598
Total Liabilities	$12,417,799

State of Texas } ss.
County of Harris }

L. M. Edrington, first being duly sworn, says that he is auditor of The Beaumont, Sour Lake & Western Railway Company, that the foregoing general balance sheet statement was prepared under his supervision; and that to the best of his knowledge and belief, it is correct.

L. M. Edrington.

Subscribed and sworn to before me this 31 day of March 1949.

D. W. Barker,
Notary Public.

(Seal)

My commission expires June 1, 1949.

EXHIBIT 8 (Brownsville).

Sheet 1 of 2

GUY A. THOMPSON, TRUSTEE
THE ST. LOUIS, BROWNSVILLE AND MEXICO RAILWAY COMPANY, DEBTOR

GENERAL BALANCE SHEET STATEMENT

December 31, 1948

ASSETS

Investments:	
Road and Equipment Property	$43,684,656
Acquisition Adjustment	21,355
Donations and Grants (Cr.)	289,095
Investment in Transportation Property	$43,416,916
Accrued Depreciation—Road and Equipment (Cr.)	4,744,946
Accrued Amortization of Defense Projects—Road and Equipment (Cr.)	3,228,366
Investment in Transportation Property Less Depreciation etc.	$35,443,604
Capital and Other Reserve Funds	2,331,813
Miscellaneous Physical Property	2,936,975
Accrued Depreciation—Miscellaneous Physical Property (Cr.)	239,438
Miscellaneous Physical Property Less Depreciation	$ 2,697,537
Investments in Affiliated Companies	2,229,494
Other Investments	1,060
Total	$42,703,508
Current Assets:	
Cash	$ 408,876
Temporary Cash Investments	206,339
Special Deposits	2,922
Loans and Bills Receivable	336
Net Balance Receivable from Agents and Conductors	163,481
Miscellaneous Accounts Receivable	14,407,869
Material and Supplies	1,119,595
Interest and Dividends Receivable	198
Accrued Accounts Receivable	761,437
Other Current Assets	247
Total	$17,071,300
Deferred Assets:	
Working Fund Advances	$ 569
Other Deferred Assets	189,613
Total	$ 190,182
Unadjusted Debits:	
Prepayments	$ 41,664
Discount on Funded Debt	56
Other Unadjusted Debits	204,064
Total	$ 245,784
Total Assets	$60,210,774

State of Texas } ss.
County of Harris }

L. M. Edrington, first being duly sworn, says that he is auditor of The St. Louis, Brownsville and Mexico Railway Company, that the foregoing general balance sheet statement was prepared under his supervision; and that to the best of his knowledge and belief, it is correct.

L. M. Edrington.

Subscribed and sworn to before me this 31 day of March 1949.

D. W. Barker,
Notary Public.

(Seal)

My commission expires June 1, 1949.

EXHIBIT 8 (Brownsville).

Sheet 2 of 2

GUY A. THOMPSON, TRUSTEE
THE ST. LOUIS, BROWNSVILLE AND MEXICO RAILWAY COMPANY, DEBTOR

GENERAL BALANCE SHEET STATEMENT

December 31, 1948

LIABILITIES

Stock:	
Capital Stock	$ 500,000
Long Term Debt:	
Debt in Default	$12,913,342
Equipment Obligations	5,105,629
Amounts Payable to Affiliated Companies	10,650,117
Total	$28,669,088
Current Liabilities:	
Traffic and Car Service Balances—Cr.	$ 4,399
Audited Accounts and Wages Payable	942,610
Miscellaneous Accounts Payable	539,800
Unmatured Interest Accrued	16,061
Accrued Accounts Payable	313,396
Accrued Tax Liability	1,515,798
Other Current Liabilities	96,503
Total	$ 3,428,567
Deferred Liabilities:	
Interest in Default	$ 8,974,773
Other Deferred Liabilities	130,490
Total	$ 9,105,263
Unadjusted Credits:	
Other Unadjusted Credits	$ 325,289
Total	$ 325,289
Corporate Surplus:	
Unearned Surplus	$ 13,440
Earned Surplus—Appropriated	1,441,238
Earned Surplus—Unappropriated	16,727,889
Total Corporate Surplus	$18,182,567
Total Liabilities	$60,210,774

State of Texas } ss.
County of Harris }

L. M. Edrington, first being duly sworn, says that he is auditor of The St. Louis, Brownsville and Mexico Railway Company, that the foregoing general balance sheet statement was prepared under his supervision; and that to the best of his knowledge and belief, it is correct.

L. M. Edrington.

Subscribed and sworn to before me this 31 day of March 1949.

D. W. Barker,
Notary Public.

(Seal)

My commission expires June 1, 1949.

EXHIBIT 8 (International).

Sheet 1 of 2

GUY A. THOMPSON, TRUSTEE

INTERNATIONAL-GREAT NORTHERN RAILROAD COMPANY—DEBTOR

BALANCE SHEET

at December 31, 1948

ASSETS

Investments:	
Road and Equipment—Property	$ 73,156,216.55
Acquisition Adjustment (Cr.)	81,216.43
Donations and Grants (Cr.)	730,669.07
Accrued Depreciation—Road (Cr.)	1,304,388.73
Accrued Depreciation—Equipment (Cr.)	8,168,684.13
Accrued Amortization of Defense Projects—Road (Cr.)	274,807.97
Accrued Amortization of Defense Projects—Equipment (Cr.)	1,651,796.04
Capital and Other Reserve Funds	1,885,422.04
Maintenance Funds	51,565.00
Miscellaneous Physical Property	803,450.40
Accrued Depreciation—Miscellaneous Physical Property (Cr.)	60,879.10
Investments in Affiliated Companies—Pledged	926,160.01
Investments in Affiliated Companies—Unpledged	610,978.53
Other Investments—Unpledged	5,000.00
	$ 65,166,351.06
Current Assets:	
Cash	$ 1,999,185.43
Temporary Cash Investments	5,035,052.70
Special Deposits	496,141.24
Loans and Bills Receivable	1,109.20
Net Balance Receivable from Agents and Conductors	836,324.91
Miscellaneous Accounts Receivable	1,425,412.96
Material and Supplies	3,607,677.78
Interest and Dividends Receivable	—
Accrued Accounts Receivable	1,418,094.84
Other Current Assets	114,329.77
	$ 14,933,328.83
Deferred Assets:	
Working Fund Advances	$ 51,774.64
Other Deferred Assets	105,410.29
	$ 157,184.93
Unadjusted Debits:	
Prepayments	$ 68,009.77
Discount on Funded Debt	—
Other Unadjusted Debits	504,507.23
	$ 572,517.00

	Prior	
Securities Issued or Accrued—Unpledged	$18,000.00	
		$ 80,829,381.82

EXHIBIT 8 (International).

Sheet 2 of 2

GUY A. THOMPSON, TRUSTEE
INTERNATIONAL-GREAT NORTHERN RAILROAD COMPANY—DEBTOR
BALANCE SHEET
at December 31, 1948

LIABILITIES

Stock:		
Capital Stock:		
Common		$ 7,500,000.00
Long Term Debt:		
Funded Debt Unmatured	$45,768,000.00	
Less Portion Held by or for Company	18,000.00	$ 45,750,000.00
Equipment Obligations		4,303,770.01
Amounts Payable to Affiliated Companies		4,948,500.68
		$ 55,002,270.69
Current Liabilities:		
Traffic and Car Service Balances—Cr.		$ 2,002,429.23
Audited Accounts and Wages Payable		1,786,699.97
Miscellaneous Accounts Payable		576,136.44
Interest Matured Unpaid		228,447.50
Unmatured Interest Accrued		16,479.80
Accrued Accounts Payable		1,091,964.08
Taxes Accrued		500,452.05
Other Current Liabilities		989,889.59
		$ 7,192,498.66
Deferred Liabilities:		
Interest in Default		$ 32,555,000.00
Other Deferred Liabilities		2,533.25
		$ 32,557,533.25
Unadjusted Credits:		
Equalization Reserves		$ —
Maintenance Reserves		47,089.95
Other Unadjusted Credits		575,139.87
		$ 622,229.82
Surplus:		
Unearned Surplus		$ 14,325.31
Earned Surplus—Appropriated		884,659.31
Earned Surplus—Unappropriated (Dr.)		22,944,135.22
(Dr.)		$ 22,045,150.60
		$ 80,829,381.82

E. D. Graham, upon his oath, states that he is Auditor of International-Great Northern Railroad Company (Guy A. Thompson, Trustee), and that the foregoing statement was prepared under his direction and is correct.

E. D. Graham,
Auditor.

Subscribed and sworn to before me this 8 day of March, 1949.

L. Q. Linson,
(Seal) Notary Public, Anderson County, Texas.
My commission expires June 1, 1949.

EXHIBIT 8 (Sugar Land).

Sheet 1 of 2

GUY A. THOMPSON, TRUSTEE

SUGAR LAND RAILWAY COMPANY, DEBTOR

GENERAL BALANCE SHEET STATEMENT

December 31, 1948

ASSETS

Investments:		
Road and Equipment Property	$	614,311
Donations and Grants (Cr.)		20,695
Investment in Transportation Property	$	593,616
Accrued Depreciation—Road and Equipment		74,798
Investment in Transportation Property less Depreciation etc.	$	518,818
Capital and Other Reserve Funds		3,687
Miscellaneous Physical Property		9,109
Investments in Affiliated Companies		52,522
Total	$	584,136
Current Assets:		
Cash	$	59,644
Net Balance Receivable from Agents and Conductors		50
Miscellaneous Accounts Receivable		1,501
Material and Supplies		5,005
Accrued Accounts Receivable		2,137
Other Current Assets		99
Total	$	68,436
Deferred Assets:		
Other Deferred Assets	$	48
Total	$	48
Unadjusted Debits:		
Prepayments	$	284
Other Unadjusted Debits		208
Total	$	492
Total Assets	$	653,112

State of Texas }
County of Harris } ss.

L. M. Edrington, first being duly sworn, says that he is auditor of Sugar Land Railway Company, that the foregoing general balance sheet statement was prepared under his supervision; and that to the best of his knowledge and belief, it is correct.

L. M. Edrington.

Subscribed and sworn to before me this 31 day of March 1949.

D. W. Barker,
Notary Public.

(Seal)

My commission expires June 1, 1949.

EXHIBIT 8 (Sugar Land).

Sheet 2 of 2

GUY A. THOMPSON, TRUSTEE
SUGAR LAND RAILWAY COMPANY, DEBTOR
GENERAL BALANCE SHEET STATEMENT

December 31, 1948

LIABILITIES

Stock:	
Capital Stock	$ 250,000
Long Term Debt:	
Debt in Default	$ 384,000
Amounts Payable to Affiliated Companies	136,751
Total	$ 520,751
Current Liabilities:	
Traffic and Car Service Balances—Cr.	$ 1,501
Audited Accounts and Wages Payable	18,653
Miscellaneous Accounts Payable	457,997
Accrued Accounts Payable	2,422
Accrued Tax Liability (Dr.)	19
Other Current Liabilities	19,186
Total	$ 499,740
Deferred Liabilities:	
Interest in Default	$ 166,400
Total	$ 166,400
Unadjusted Credits:	
Other Unadjusted Credits	$ 10,038
Total	$ 10,038
Corporate Surplus:	
Unearned Surplus	$ 112
Earned Surplus—Appropriated	313,369
Earned Surplus—Unappropriated (Dr.)	1,107,298
Total (Dr.)	$ 793,817
Total Liabilities	$ 653,112

State of Texas } ss.
County of Harris }

L. M. Edrington, first being duly sworn, says that he is auditor of Sugar Land Railway Company, that the foregoing general balance sheet statement was prepared under his supervision; and that to the best of his knowledge and belief, it is correct.

L. M. Edrington.

Subscribed and sworn to before me this 31 day of March 1949.

D. W. Barker,
Notary Public.

(Seal)

My commission expires June 1, 1949.

EXHIBIT 8 (B-RI).

Sheet 1 of 2

BURLINGTON-ROCK ISLAND RAILROAD COMPANY

GENERAL BALANCE SHEET

December 31, 1948

ASSETS

Investments:

Road and Equipment Property		$ 9,655,568.60
Improvements on Leased Property		7,490.50
Donations and Grants (Cr.)		30,123.98
Accrued Depreciation—Road (Cr.)		74,083.00
Accrued Depreciation—Equipment (Cr.)		179,927.87
Miscellaneous Physical Property		16,201.25
Investments in Affiliated Companies:		
(a) Stocks	$ 162.50	
(e) Investment Advances	1,184,893.98	1,185,056.48
Total Investments		$10,580,181.98

Current Assets:

Cash	$ 355,343.12
Net Balance Receivable from Agents and Conductors	311,760.26
Miscellaneous accounts receivable	285,339.50
Material and supplies	187,128.17
Accrued accounts receivable	179,637.00
Other current assets	4,165.49
Total current assets	$ 1,323,373.54

Deferred Assets:

Working fund advances	$ 5,467.14
Other deferred assets	237,547.22
Total deferred assets	$ 243,014.36

Unadjusted Debits:

Insurance premiums paid in advance	$ 3,716.61
Other unadjusted debits	275,250.60
Total unadjusted debits	$ 278,967.21
Grand Total	$12,425,537.09

EXHIBIT 8 (B-RI).

Sheet 2 of 2

BURLINGTON-ROCK ISLAND RAILROAD COMPANY

GENERAL BALANCE SHEET

December 31, 1948

LIABILITIES

Stock:		
Capital Stock		$ 304,000.00
Long-Term Debt:		
Debt in default		$19,659,844.66
Amounts payable to affiliated companies:		
(c) Open Advances	$ 486,030.05	
(d) Interest on Open Advances	2,113,959.32	2,599,989.38
Total long-term debt		$22,259,834.04
Current Liabilities:		
Traffic and car service balances—Cr.		$ 750,498.22
Audited accounts and wages payable		290,367.44
Miscellaneous accounts payable		66,468.02
Accrued accounts payable		231,603.10
Taxes accrued		21,059.38
Other current liabilities		39,269.34
Total current liabilities		$ 1,399,265.50
Deferred Liabilities:		
Interest in default		$ 2,924,740.08
Other deferred liabilities		64,247.62
Total deferred liabilities		$ 2,988,987.70
Unadjusted Credits:		
Other unadjusted credits		$ 58,351.71
Accrued depreciation—leased property		11,247.81
Total unadjusted credits		$ 69,599.52
Surplus:		
Unearned surplus		$22,775,655.90
Earned surplus—unappropriated (Dr.)		37,371,805.57
Total surplus (Dr.)		$14,596,149.67
Grand Total		$12,425,537.09

State of Texas }
County of Harris } ss.

D. C. Haggart, first being duly sworn, says that he is Auditor of Burlington-Rock Island Railroad Company; that the foregoing Balance Sheet Statement was prepared under his supervision; and that to the best of his knowledge and belief, it is correct.

D. C. Haggart.

Subscribed and sworn to before me this 28 day of March 1949.

David C. Smith.
Notary Public.

(Seal)

EXHIBIT 9 (Belt).

HOUSTON BELT & TERMINAL RAILWAY COMPANY

INCOME ACCOUNT STATEMENT

Five Calendar Years 1944 to 1948, Inclusive

	Year 1944	Year 1945	Year 1946	Year 1947	Year 1948
Railway Tax Accruals:					
Railway Taxes	$ 79,214	$ 82,020	$ 83,484	$116,146	$116,690
Federal Income, Etc.	526	871	1,033	1,175	1,776
Federal Unemployment Insurance Act	75,354	73,904	84,720	84,210	15,534
Federal Retirement Act	81,633	80,063	98,855	161,373	178,644
Total Railway Tax Accruals	$236,727	$236,858	$268,092	$362,904	$312,644
Railway Operating Income	Dr. $236,727	Dr. $236,858	Dr. $268,092	Dr. $362,904	Dr. $312,644
Rent Income:					
Rent from Work Equipment	$ 78	$ 424	$ 660	$ 256	$ 53
Joint Facility Rent Income	602,238	610,768	574,480	634,716	617,278
Total Rent Income	$602,316	$611,192	$575,140	$634,972	$617,331
Rents Payable:					
Equipment Rents—Debit	$232,694	$239,948	$182,376	$162,266	$186,174
Joint Facility Rents—Debit	4,331	6,336	10,976	11,042	8,715
Total Rents Payable	$237,025	$246,284	$193,352	$173,308	$194,889
Net Rents	$365,291	$364,908	$381,788	$461,664	$422,442
Net Railway Operating Income	$128,564	$128,050	$113,696	$ 98,760	$109,798
Other Income	34,897	37,420	38,937	39,103	45,404
Total Income	$163,461	$165,470	$152,633	$137,863	$155,202
Deductions from Income	2,955	3,141	3,050	3,818	3,688
Income Available for Fixed Charges	$160,506	$162,329	$149,583	$134,045	$151,514
Rent for Leased Roads	$ 38,476	$ 38,409	$ 38,360	$ 38,114	$ 38,175
Interest on Funded Debt	119,655	118,478	118,017	116,957	114,264
Amortization of Discount on Funded Debt		3,238	3,238	3,238	3,238
Total Fixed Charges	$158,131	$160,125	$159,615	$158,309	$155,677
Net Income After Fixed Charges	$ 2,375	$ 2,204	Dr. $ 10,032	Dr. $ 24,264	Dr. $ 4,163

State of Texas }
County of Harris } ss.

L. M. Edrington, first being duly sworn, says that he is auditor of Houston Belt & Terminal Railway Company, that the foregoing income account statement was prepared under his supervision; and that to the best of his knowledge and belief, it is correct.

L. M. Edrington.

Subscribed and sworn to before me this 31 day of March 1949.

(Seal) My commission expires June 1, 1949.

D. W. Barker,
Notary Public.

EXHIBIT 9 (Belt).

HOUSTON BELT & TERMINAL RAILWAY COMPANY

PROFIT AND LOSS (EARNED SURPLUS) STATEMENT

For the Five-Year Period 1944-1948, Inclusive

	Year 1944	Year 1945	Year 1946	Year 1947	Year 1948
Debit balance at beginning of year	$ 59,143	—	—	—	—
Credit balance transferred from income	2,375	$ 2,204	—	—	—
Miscellaneous credits	59,187	10,216	$ 12,382	$ 26,860	$ 6,598
Debit balance transferred from income	—	—	10,032	24,264	4,163
Miscellaneous debits	2,419	12,420	2,350	2,596	2,435
Balance at end of year	—	—	—	—	—

State of Texas } ss.
County of Harris }

L. M. Edrington, first being duly sworn, says that he is auditor of Houston Belt & Terminal Railway Company; that the foregoing Profit and Loss Statement was prepared under his supervision; and that to the best of his knowledge and belief, it is correct.

L. M. Edrington.

Subscribed and sworn to before me this 25 day of April 1949.

D. W. Barker,
Notary Public.

(Seal)

My commission expires June 1, 1949.

Sheet 1 of 3

EXHIBIT 9 (Santa Fe).

GULF, COLORADO AND SANTA FE RAILWAY COMPANY

STATEMENT OF INCOME AND EARNED SURPLUS

For the Years 1944 to 1948, Inclusive

Item	Years ended December 31				
	1944	1945	1946	1947	1948
1. Operating Income:					
(A) Railway Operating Income:					
501 Railway operating revenues	$40,688,309.80	$41,321,678.46	$33,609,027.80	$42,523,686.79	$52,291,818.97
531 Railway operating expenses	25,170,666.35	28,539,322.44	28,588,570.98	33,189,014.83	41,139,570.03
Net revenue from railway operations	$15,517,643.45	$12,782,356.02	$ 5,020,456.82	$ 9,334,671.96	$11,152,248.94
532 Railway tax accruals	$ 8,668,679.55	$ 6,000,239.82	$ 1,959,858.32	$ 3,812,381.26	$ 4,174,385.42
Railway operating income	$ 6,848,963.90	$ 6,782,116.20	$ 3,060,598.50	$ 5,522,290.70	$ 6,977,863.52
(B) Rent Income:					
504 Rent from locomotives	$ 36,065.59	$ 27,360.46	$ 19,296.35	$ 25,631.35	$ 50,420.33
505 Rent from passenger-train cars	—	—	—	1,044.70	—
507 Rent from work equipment	1,659.55	1,437.69	1,491.08	3,533.50	2,262.13
508 Joint facility rent income	259,560.65	247,435.20	240,300.92	259,974.58	277,049.35
Total rent income	$ 297,285.79	$ 276,233.35	$ 261,088.35	$ 290,184.13	$ 329,731.81
(C) Rents Payable:					
536 Hire of freight cars—Debit balance	$ 595,017.92	$ 636,663.74	$ 162,800.97	$ 386,856.90	$ 455,639.10
537 Rent for locomotives	259,889.19	320,794.36	347,716.24	323,019.47	343,693.50
538 Rent for passenger-train cars	141,704.89	119,417.58	103,288.52	78,261.89	112,798.11
540 Rent for work equipment	25,165.44	27,008.59	28,054.09	25,280.88	22,539.51
541 Joint facility rents	315,061.25	368,869.14	347,504.25	399,063.33	458,726.39
Total rents payable	$ 1,336,838.69	$ 1,472,753.41	$ 989,364.07	$ 1,212,482.47	$ 1,393,396.61
Net rents	Dr. 1,039,552.90	Dr. 1,196,520.06	Dr. 728,275.72	Dr. 922,298.34	Dr. 1,063,664.80
Net railway operating income	$ 5,809,411.00	$ 5,585,596.14	$ 2,332,322.78	$ 4,599,992.36	$ 5,914,198.72

Sheet 2 of 3

EXHIBIT 9 (Santa Fe).

GULF, COLORADO AND SANTA FE RAILWAY COMPANY

STATEMENT OF INCOME AND EARNED SURPLUS

For the Years 1944 to 1948, Inclusive

		Years ended December 31				
	Item	1944	1945	1946	1947	1948
II.	**Other Income:**					
509	Income from lease of road and equipment	$ 46,350.96	$ 46,282.97	$ 46,234.45	$ 47,181.34	$ 46,285.92
510	Miscellaneous rent income	37,377.49	39,246.55	43,783.85	51,888.53	56,220.99
511	Miscellaneous non-operating physical property	29,032.28	53,763.16	53,154.00	53,794.40	79,121.30
513	Dividend income	19.74	1,551.59	153.21	11.40	212.80
514	Income from funded securities	11.15	—	—	—	—
515	Income from unfunded securities and accounts	7,117.87	10,902.98	8,703.20	9,877.98	8,383.50
519	Miscellaneous income	45,580.61	73,537.79	45,686.91	70,721.56	70,626.87
	Total other income	$ 165,490.10	$ 225,285.04	$ 197,715.62	$ 233,475.21	$ 260,851.38
	Total income	$ 5,974,901.10	$ 5,810,881.18	$ 2,530,038.40	$ 4,833,467.57	$ 6,175,050.10
III.	**Miscellaneous Deductions from Income:**					
543	Miscellaneous rents	$ 977.14	$ 891.18	$ 1,096.29	$ 1,301.05	$ 1,779.65
544	Miscellaneous tax accruals	6,111,52	5,960.55	6,842.49	5,980.40	6,513.47
549	Maintenance of investment organization	—	648.00	1,865.50	—	—
551	Miscellaneous income charges	600.00	250.00	25.00	—	—
	Total miscellaneous deductions	$ 7,688.66	$ 7,749.73	$ 9,829.28	$ 7,281.45	$ 8,293.12
	Income available for fixed charges	$ 5,967,212.44	$ 5,803,131.45	$ 2,520,209.12	$ 4,826,186.12	$ 6,166,756.98
IV.	**Fixed Charges:**					
542	Rent for leased roads and equipment	$ 1,027,706.41	$ 1,033,548.29	$ 1,005,813.76	$ 1,055,752.71	$ 989,050.58
546	Interest on funded debt	2,555,171.06	2,582,531.32	2,566,195.45	2,561,912.95	2,565,999.16
547	Interest on unfunded debt	3,433.54	2,771.62	2,721.05	2,109.01	2,913.24
	Total fixed charges	$ 3,586,311.01	$ 3,618,851.23	$ 3,574,730.26	$ 3,619,774.67	$ 3,557,962.98
	Income after fixed charges	$ 2,380,901.43	$ 2,184,280.22	Dr. 1,054,521.14	$ 1,206,411.45	$ 2,608,794.00

Sheet 3 of 3

EXHIBIT 9 (Santa Fe).

GULF, COLORADO AND SANTA FE RAILWAY COMPANY

STATEMENT OF INCOME AND EARNED SURPLUS

For the Years 1944 to 1948, Inclusive

	Item	Years ended December 31 1944	1945	1946	1947	1948
V. Contingent Charges:						
546	Interest on funded debt	$ 31,200.76	$ 31,200.76	$ —	$ 62,401.52	$ 31,200.76
	Net income after fixed charges and other deductions	$ 2,349,700.67	$ 2,153,079.46	Dr. 1,054,521.14	$ 1,144,009.93	$ 2,577,593.24
Earned Surplus—Unappropriated:						
602	Credit balance transferred from income	$ 2,349,700.67	$ 2,153,079.46	Dr. 1,054,521.14	$ 1,144,009.93	$ 2,577,593.24
607	Miscellaneous credits	31,644.42	13,696.21	59,567.23	30,194.99	29,324.95
621	Miscellaneous debits	259,472.48	33,139.62	12,672.60	10,277.33	13,315.03
	Net—Earned Surplus—Unappropriated	$ 2,121,872.61	$ 2,133,636.05	Dr. 1,007,626.51	$ 1,163,927.59	$ 2,593,603.16

State of Texas } ss.
County of Galveston }

J. F. Lovely, first being duly sworn, says that he is Auditor of the Gulf, Colorado and Santa Fe Railway Company; that the foregoing income and earned surplus statement was prepared under his supervision; and that to the best of his knowledge and belief, it is correct.

J. F. Lovely,
Auditor.

Subscribed and sworn to before me this 18 day of March 1949.

(Seal)

Chas. B. Abbott,
Notary Public.

EXHIBIT 9 (Denver).

Sheet 1 of 6

FORT WORTH AND DENVER CITY RAILWAY COMPANY

INCOME ACCOUNT AND PROFIT AND LOSS STATEMENTS

For Each of the Five Years Ended December 31, 1944 to 1948, Inclusive, and Two Months Ended February 28, 1949

Item	1944	1945
I. Operating Income:		
A. Railway Operating Income		
501 Railway operating revenues	$17,217,191	$16,210,994
531 Railway operating expenses	10,631,894	12,786,676
Net revenue from railway operations	$ 6,585,297	$ 3,424,318
532 Railway tax accruals	2,718,210	1,729,973
Railway operating income	$ 3,867,087	$ 1,694,345
B. Rent Income		
504 Rent from locomotives	$ 44,318	$ 58,262
505 Rent from passenger train cars	10,241	130,135
507 Rent from work equipment	8,514	6,466
508 Joint facility rent income	18,744	20,193
Total rent income	$ 81,817	$ 215,056
C. Rents Payable		
536 Hire of freight cars—Dr.	$ 621,709	$ 261,304
537 Rent for locomotives	38,211	52,325
538 Rent for passenger train cars	107,428	198,304
540 Rent for work equipment	3,038	2,066
541 Joint facility rents	204,377	206,400
Total rents payable	$ 974,763	$ 720,399
Net rents	Dr. $ 892,946	Dr. $ 505,343
Net railway operating income	$ 2,974,141	$ 1,189,002
II. Other Income		
509 Income from lease of road and equipment	$ 821	$ 821
510 Miscellaneous rent income	13,636	12,683
511 Miscellaneous nonoperating physical property	350	9,199
513 Dividend income	—	—
514 Income from funded securities	465	1,024
515 Income from unfunded securities and accounts	13,716	20,342
519 Miscellaneous income	76	170
520 Delayed income credits	286,017	—
Total other income	$ 315,081	$ 44,239
Total Income	$ 3,289,222	$ 1,233,241
III. Miscellaneous Deductions from Income		
543 Miscellaneous rents	$ 677	$ 826
544 Miscellaneous tax accruals	635	693
551 Miscellaneous income charges	84,116	84,930
Total miscellaneous deductions	$ 85,428	$ 86,449
Income available for fixed charges	$ 3,203,794	$ 1,146,792
IV. Fixed Charges:		
542 Rent for leased road and equipment	$ 811,377	$ 811,314
546 Interest on funded debt	336,026	351,001
547 Interest on unfunded debt	1,418	1,464
548 Amortization of discount on funded debt	2,775	3,267
Total fixed charges	$ 1,151,596	$ 1,167,046
Net Income	$ 2,052,198	Dr. $ 20,254
Income Balance transferred to Earned Surplus	$ 2,052,198	Dr. $ 20,254

EXHIBIT 9 (Denver).

Sheet 2 of 6

FORT WORTH AND DENVER CITY RAILWAY COMPANY
INCOME ACCOUNT AND PROFIT AND LOSS STATEMENTS

For Each of the Five Years Ended December 31, 1944 to 1948, Inclusive, and
Two Months Ended February 28, 1949

Item	1946	1947
I. Operating Income:		
A. Railway Operating Income		
501 Railway operating revenues	$12,030,501	$14,922,247
531 Railway operating expenses	10,104,138	10,489,464
Net revenue from railway operations	$ 1,926,363	$ 4,432,783
532 Railway Tax accruals	664,148	1,645,702
Railway operating income	$ 1,262,215	$ 2,787,081
B. Rent Income		
504 Rent from locomotives	$ 37,688	$ 34,458
505 Rent from passenger train cars	97,524	89,636
507 Rent from work equipment	5,471	4,980
508 Joint facility rent income	32,628	38,456
Total rent income	$ 173,311	$ 167,530
C. Rents Payable		
536 Hire of freight cars—Dr.	$ 233,348	$ 419,995
537 Rent for locomotives	18,987	15,064
538 Rent for passenger train cars	131,490	105,801
540 Rent for work equipment	2,291	2,931
541 Joint facility rents	187,315	193,199
Total rents payable	$ 573,431	$ 736,990
Net rents	Dr. $ 400,120	Dr. $ 569,460
Net railway operating income	$ 862,095	$ 2,217,621
II. Other Income:		
509 Income from lease of road and equipment	$ 377	$ 732
510 Miscellaneous rent income	20,071	21,690
511 Miscellaneous nonoperating physical property	1,347	989
513 Dividend income	—	629
514 Income from funded securities	—	—
515 Income from unfunded securities and accounts	25,128	6,639
519 Miscellaneous income	231	160
520 Delayed income credits	—	—
Total other income	$ 47,154	$ 30,839
Total income	$ 909,249	$ 2,248,460
III. Miscellaneous Deductions from Income:		
543 Miscellaneous rents	$ 646	$ 2,089
544 Miscellaneous tax accruals	687	504
551 Miscellaneous income charges	4,059	84,463
Total miscellaneous deductions	$ 5,392	$ 87,056
Income available for fixed charges	$ 903,857	$ 2,161,404
IV. Fixed Charges:		
542 Rent for leased road and equipment	$ 810,187	$ 810,543
546 Interest on funded debt	333,697	325,172
547 Interest on unfunded debt	2,769	1,654
548 Amortization of discount on funded debt	2,812	2,719
Total fixed charges	$ 1,149,465	$ 1,140,088
Net income	Dr. $ 245,608	$ 1,021,316
Income balance transferred to Earned Surplus	Dr. $ 245,608	$ 1,021,316

EXHIBIT 9 (Denver).

Sheet 3 of 6

FORT WORTH AND DENVER CITY RAILWAY COMPANY
INCOME ACCOUNT AND PROFIT AND LOSS STATEMENTS

For Each of the Five Years Ended December 31, 1944 to 1948, Inclusive, and
Two Months Ended February 28, 1949

	Item	1948	Two months ended Feb. 28, 1949
I.	**Operating Income:**		
A.	**Railway Operating Income**		
501	Railway operating revenues	$16,582,258	$ 2,098,092
531	Railway operating expenses	11,835,886	1,791,718
	Net revenue from railway operations	$ 4,746,372	$ 306,374
532	Railway tax accruals	1,583,031	113,087
	Railway operating income	$ 3,163,341	$ 193,287
B.	**Rent Income**		
504	Rent from locomotives	$ 40,529	$ 5,916
505	Rent from passenger train cars	83,993	12,150
507	Rent from work equipment	6,371	1,226
508	Joint facility rent income	35,490	5,237
	Total rent income	$ 166,383	$ 24,529
C.	**Rents Payable**		
536	Hire of freight cars—Dr.	$ 511,329	$ 36,236
537	Rent for locomotives	14,077	8,508
538	Rent for passenger train cars	97,145	13,047
540	Rent for work equipment	2,222	37
541	Joint facility rents	226,242	33,557
	Total rents payable	$ 851,015	$ 91,385
	Net rents	Dr. $ 684,632	Dr. $ 66,856
	Net railway operating income	$ 2,478,709	$ 126,431
II.	**Other Income:**		
509	Income from lease of road and equipment	$ 732	$ 249
510	Miscellaneous rent income	23,366	18,287
511	Miscellaneous nonoperating physical property	273	40
513	Dividend income	629	—
514	Income from funded securities	—	—
515	Income from unfunded securities and accounts	6,121	19
519	Miscellaneous income	210	10
520	Delayed income credits	—	—
	Total other income	$ 31,331	$ 18,605
	Total income	$ 2,510,040	$ 145,036
III.	**Miscellaneous Deductions from Income:**		
543	Miscellaneous rents	$ 2,748	Dr. $ 466
544	Miscellaneous tax accruals	456	100
551	Miscellaneous income charges	82,163	13
	Total miscellaneous deductions	$ 85,367	Cr. $ 353
	Income available for fixed charges	$ 2,424,673	$ 145,389
IV.	**Fixed Charges:**		
542	Rent for leased road and equipment	$ 814,565	$ 133,470
546	Interest on funded debt	316,245	50,446
547	Interest on unfunded debt	1,807	143
548	Amortization of discount on funded debt	2,535	409
	Total fixed charges	$ 1,135,152	$ 184,468
	Net income	$ 1,289,521	Dr. $ 39,079
	Income balance transferred to Earned Surplus	$ 1,289,521	Dr. $ 39,079

EXHIBIT 9 (Denver).

Sheet 4 of 6

FORT WORTH AND DENVER CITY RAILWAY COMPANY

INCOME ACCOUNT AND PROFIT AND LOSS STATEMENTS

For Each of the Five Years Ended December 31, 1944 to 1948, Inclusive, and
Two Months Ended February 28, 1949

Item	1944	1945
CREDITS		
Balance at beginning of fiscal period	$10,831,963	$12,883,305
Credit balance transferred from income	2,052,198	—
Miscellaneous credits	4,720	8,994
Total	$12,888,881	$12,892,299
DEBITS		
Debit balance transferred from income	$ —	$ 20,254
Miscellaneous debits	5,576	1,352
Balance carried to balance sheet	12,883,305	12,870,693
Total	$12,888,881	$12,892,299

EXHIBIT 9 (Denver).

Sheet 5 of 6

FORT WORTH AND DENVER CITY RAILWAY COMPANY

INCOME ACCOUNT AND PROFIT AND LOSS STATEMENTS

For Each of the Five Years Ended December 31, 1944 to 1948, Inclusive, and
Two Months Ended February 28, 1949

Item	1946	1947
CREDITS		
Balance at beginning of fiscal period	$12,870,693	$12,621,873
Credit balance transferred from income	—	1,021,316
Miscellaneous credits	3,004	11,604
Total	$12,873,697	$13,654,793
DEBITS		
Debit balance transferred from income	$ 245,608	$ —
Miscellaneous debits	6,216	823
Balance carried to balance sheet	12,621,873	13,653,970
Total	$12,873,697	$13,654,793

EXHIBIT 9 (Denver).

Sheet 6 of 6

FORT WORTH AND DENVER CITY RAILWAY COMPANY

INCOME ACCOUNT AND PROFIT AND LOSS STATEMENTS

For Each of the Five Years Ended December 31, 1944 to 1948, Inclusive, and
Two Months Ended February 28, 1949

Item	1948	Two months ended Feb. 28, 1949
CREDITS		
Balance at beginning of fiscal period	$13,653,970	$14,943,648
Credit balance transferred from income	1,289,521	—
Miscellaneous credits	2,091	Dr. 26
Total	$14,945,582	$14,943,622
DEBITS		
Debit balance transferred from income	$ —	$ 39,079
Miscellaneous debits	1,934	9
Balance carried to balance sheet	14,943,648	14,904,534
Total	$14,945,582	$14,943,622

State of Texas }
County of Tarrant } ss.

The foregoing statements, Exhibit 9, Sheets 1 to 6 inclusive, Income Account and Profit and Loss for each of the five years ended December 31, 1944 to 1948, inclusive, and two months ended February 28, 1949, have been prepared under my direction and I certify the information shown therein is true and correct to the best of my knowledge and belief.

C. E. Nottingham,
General Auditor.

Subscribed and sworn to before me this 30 day of March, 1949.

Ulmont Johnson,
Notary Public.

(Seal)

My commission expires June 1, 1949.

EXHIBIT 9 (Rock Island).

Sheet 1 of 3 sheets

CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY

INCOME ACCOUNT STATEMENT

Year Ended December 31, 1948

I. Operating Income:

(A) Railway Operating Income:

501	Railway operating revenue	$197,404,990
531	Railway operating expenses	143,163,106
	Net revenue from railway operations	$ 54,241,884
532	Railway tax accruals	$ 23,374,458
	Railway operating income	$ 30,867,426

(B) Rent Income:

504	Rent from locomotives	$ 47,721
505	Rent from passenger-train cars	862,272
507	Rent from work equipment	8,422
508	Joint facility rent income	764,222
	Total rent income	$ 1,682,637

(C) Rents Payable:

536	Hire of freight cars—Debit Balance	$ 7,704,216
537	Rent for locomotives	7,489
538	Rent for passenger-train cars	847,699
540	Rent for work equipment	4,882
541	Joint facility rents	2,094,024
	Total rents payable	$ 10,658,310
	Net railway operating income	$ 21,891,753

II. Other Income:

509	Income from lease of road	$ 65,302
510	Miscellaneous rent income	300,975
511	Miscellaneous non-operating physical property	4,036
512	Separately operated properties—Profit	4,607
513	Dividend income	40,942
514	Income from funded securities	63,637
515	Income from unfunded securities and accounts	492,467
516	Income from sinking and other reserve funds	27,586
519	Miscellaneous income	22,646
	Total other income	$ 1,022,198
	Total income	$ 22,913,951

EXHIBIT 9 (Rock Island).

Sheet 2 of 3 sheets

CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY

INCOME ACCOUNT STATEMENT

Year Ended December 31, 1948

III.	**Miscellaneous Deductions from Income:**	
543	Miscellaneous rents	$ 11,137
544	Miscellaneous tax accruals	51,473
551	Miscellaneous income charges	39,906
557	Delayed income debits	94
	Total Miscellaneous Deductions	$ 102,610
	Income available for fixed charges	$ 22,811,341
IV.	**Fixed Charges:**	
542	Rent for leased roads	$ 256,046
546	Interest on funded debt:	
	(a) Fixed interest	1,394,249
547	Interest on unfunded debt	17,008
548	Amortization of discount on funded debt	5,939
	Total fixed charges	$ 1,673,242
	Income after fixed charges	$ 21,138,099
V.	**Other Deductions:**	
546	Interest on funded debt:	
	(b) Contingent interest	$ 1,525,834
	Net income	$ 19,612,265
VI.	**Disposition of Net Income:**	
552	Income applied to sinking and other reserve funds	$ 755,877
	Balance of income transferred to surplus	$ 18,856,388
	Supplemental Statement of Specified Income Items:	
(A)	Net railway operating income	$ 21,891,753
	Add depreciation—W. & S.	2,630,708
	Add depreciation—Equipment	4,517,498
	Add amortization of defense projects—Equipment	744,884
	Add amortization of defense projects—Road	29,579
	Net railway operating income before depreciation and amortization of defense projects	$ 29,814,422
(B)	Balance of income	$ 18,856,388
	Add Federal income taxes	12,975,500
	Balance of income before Federal income taxes	$ 31,831,888
(C)	Balance of income	$ 18,856,388
	Add depreciation—W. & S.	2,630,708
	Add depreciation—Equipment	4,517,498
	Add amortization of defense projects—Equipment	744,884
	Add amortization of defense projects—Road	29,579
	Add Federal income taxes	12,975,500
	Balance of income before depreciation and amortization of defense projects and Federal income taxes	$ 39,754,557

EXHIBIT 9 (Rock Island).

Sheet 3 of 3 sheets

CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY

ANALYSIS OF EARNED SURPLUS ACCOUNT

As of December 31, 1948

CREDITS

601	Credit balance at beginning of year	$49,884,768
602	Credit balance transferred from income	18,856,388
607	Miscellaneous credits	9,583,096
	Total Credits	$78,324,252

DEBITS

601	Credit balance carried to balance sheet	$67,882,313
613	Surplus applied to sinking and other reserve funds	2,485,000
614	Dividend appropriations of surplus	7,754,943
615	Surplus appropriated for investment in physical property	—
616	Stock discount extinguished thru surplus	—
621	Miscellaneous debits	201,996
	Total debits	$78,324,252

Office of General Auditor
Chicago, February 10, 1949

State of Illinois }
County of Cook } ss.

A. Weiberg, being first duly sworn upon his oath, deposes and says that he is Assistant General Auditor of Chicago, Rock Island and Pacific Railroad Company, and that the Earned Surplus Account as of December 31, 1948, and Income Account for year ended December 31, 1948, is a true and correct copy.

A. Weiberg,
Assistant General Auditor.

Subscribed and sworn to before me this 10 day of February 1949.

C. J. A. Carlson,
Notary Public.

(Seal)

My commission expires December 30, 1952.

EXHIBIT 9 (Beaumont).

GUY A. THOMPSON, TRUSTEE

THE BEAUMONT, SOUR LAKE & WESTERN RAILWAY COMPANY, DEBTOR

INCOME ACCOUNT STATEMENT

Five Calendar Years 1944 to 1948, Inclusive

	Year 1944	Year 1945	Year 1946	Year 1947	Year 1948
Railway Operating Revenues:					
Freight	$10,871,788	$ 8,324,871	$ 7,590,040	$ 8,269,413	$ 9,149,830
Passenger	938,639	728,591	458,673	218,148	233,616
Mail	58,814	21,187	38,206	47,317	51,295
Express	49,232	56,536	48,728	42,395	30,479
Miscellaneous	150,855	96,661	49,047	53,907	76,606
Incidental	256,085	259,497	251,463	254,667	275,788
Total Railway Operating Revenues	$12,325,413	$ 9,487,343	$ 8,436,157	$ 8,885,847	$ 9,817,614
Railway Operating Expenses:					
Maintenance of Way and Structures	$ 1,343,241	$ 1,439,316	$ 1,020,605	$ 1,297,768	$ 1,686,018
Maintenance of Equipment	749,708	683,441	696,330	799,256	832,729
Traffic	163,320	169,447	174,223	183,419	185,793
Transportation	2,952,937	2,604,761	2,579,616	2,707,868	2,980,368
General and Other	287,468	279,061	275,604	305,338	314,392
Total Railway Operating Expenses	$ 5,496,674	$ 5,176,026	$ 4,746,378	$ 5,293,649	$ 5,999,300
Net Revenue from Railway Operations	$ 6,828,739	$ 4,311,317	$ 3,689,779	$ 3,592,198	$ 3,818,314

Railway Tax Accruals:					
Railway Taxes	$ 34,474	$ 37,782	$ 35,202	$ 40,730	$ 42,853
Federal Income	4,534,276	2,050,000	620,616	356,218	735,495
Federal Unemployment Insurance Act	21,476	20,908	22,621	21,914	3,971
Federal Retirement Act	23,270	22,701	26,396	41,893	48,591
Total Railway Tax Accruals	$ 4,613,496	$ 2,131,391	$ 704,835	$ 460,755	$ 830,910
Railway Operating Income	$ 2,215,243	$ 2,179,926	$ 2,984,944	$ 3,131,443	$ 2,987,404
Equipment Rents—Debit	$ 981,135	$ 981,138	$ 883,125	$ 896,434	$ 982,449
Joint Facility Rents—Debit	385,691	342,507	316,036	340,998	312,529
Net Rents—Debit	$ 1,366,826	$ 1,323,645	$ 1,199,161	$ 1,237,432	$ 1,294,978
Net Railway Operating Income	$ 848,417	$ 856,281	$ 1,785,783	$ 1,894,011	$ 1,692,426
Other Income	72,574	110,957	97,780	135,054	28,087
Total Income	$ 920,991	$ 967,238	$ 1,883,563	$ 2,029,065	$ 1,720,513
Deductions from Income	145	95	156	70,005	342
Income Available for Fixed Charges	$ 920,846	$ 967,143	$ 1,883,407	$ 1,959,060	$ 1,720,171
Rent for Leased Roads and Equipment	$ 51,000	$ 51,000	$ 120,836	$ 51,000	$ 51,000
Interest on Funded Debt	123,539	123,470	123,469	113,180	—
Interest on Unfunded Debt	968	429	43,989	8,380	2,026
Total Fixed Charges	$ 175,507	$ 174,899	$ 288,294	$ 172,560	$ 53,026
Net Income	$ 745,339	$ 792,244	$ 1,595,113	$ 1,786,500	$ 1,667,145

State of Texas }
County of Harris } ss.

L. M. Edrington, first being duly sworn, says that he is auditor of The Beaumont, Sour Lake & Western Railway Company, that the foregoing income account statement was made under his supervision; and that to the best of his knowledge and belief, it is correct.

L. M. Edrington.

Subscribed and sworn to before me this 31 day of March 1949.

D. W. Barker,
Notary Public.

(Seal)

My commission expires June 1, 1949.

EXHIBIT 9 (Beaumont).

GUY A. THOMPSON, TRUSTEE

THE BEAUMONT, SOUR LAKE & WESTERN RAILWAY COMPANY, DEBTOR

PROFIT AND LOSS (EARNED SURPLUS) STATEMENT

For the Five Year Period 1944-1948, Inclusive

	Year 1944	Year 1945	Year 1946	Year 1947	Year 1948
Credit balance at beginning of the year	$ 3,143,885	$ 4,177,975	$ 4,970,058	$ 6,565,142	$ 7,737,131
Credit balance transferred from income	745,339	792,244	1,595,113	1,786,500	1,667,145
Miscellaneous credits	42	1,188	357	434	91
Miscellaneous appropriations of surplus	Cr. 289,139	Cr. 2,439	Cr. 730		
Miscellaneous debits	430	3,788	1,116	614,945	270,938
Credit balance at end of year	$ 4,177,975	$ 4,970,058	$ 6,565,142	$ 7,737,131	$ 9,133,429

State of Texas } ss.
County of Harris }

L. M. Edrington, first being duly sworn, says that he is Auditor of The Beaumont, Sour Lake & Western Railway Company; that the foregoing Profit and Loss Statement was prepared under his supervision; and that to the best of his knowledge and belief, it is correct.

L. M. Edrington.

Subscribed and sworn to before me this 25 day of April, 1949.

D. W. Barker,
Notary Public.

(Seal)

My commission expires June 1, 1949.

EXHIBIT 9 (Brownsville).

(See reverse side.)

EXHIBIT 9 (Brownsville).

Sheet 1 of 2 Sheets

GUY A. THOMPSON, TRUSTEE

THE ST. LOUIS, BROWNSVILLE AND MEXICO RAILWAY COMPANY, DEBTOR

INCOME ACCOUNT STATEMENT

Five Calendar Years 1944 to 1948, Inclusive

	Year 1944	Year 1945	Year 1946	Year 1947	Year 1948
Railway Operating Revenues:					
Freight	$16,791,399	$15,302,544	$13,727,755	$15,679,282	$19,628,656
Passenger	1,824,737	1,488,928	856,317	608,366	468,103
Mail	172,487	184,695	158,692	200,102	232,400
Express	290,499	336,185	311,812	319,093	338,797
Miscellaneous	99,728	29,639	127,829	243,823	249,655
Incidental	193,816	226,669	234,411	271,200	269,339
Total Railway Operating Revenue	$19,372,666	$17,568,660	$15,416,816	$17,321,866	$21,186,950
Railway Operating Expenses:					
Maintenance of Way and Structures	$ 2,737,688	$ 2,959,903	$ 2,839,674	$ 2,972,845	$ 3,426,763
Maintenance of Equipment	2,469,044	3,447,611	2,342,639	2,609,180	2,914,336
Traffic	269,857	289,514	348,677	362,313	435,321
Transportation	4,462,990	4,652,223	5,556,145	5,976,187	6,522,955
General and Other	396,130	407,857	494,249	551,141	608,574
Total Railway Operating Expenses	$10,335,709	$11,757,108	$11,581,384	$12,471,666	$13,907,949
Net Revenue from Railway Operations	$ 9,036,957	$ 5,811,552	$ 3,835,432	$ 4,850,200	$ 7,279,001

Railway Tax Accruals:					
Railway Taxes	$ 193,107	$ 213,845	$ 212,455	$ 245,496	$ 244,297
Federal Income	5,208,284	2,394,000	641,998	407,824	1,482,897
Federal Unemployment Insurance Act	151,900	144,078	178,955	184,762	33,757
Federal Retirement Act	164,566	156,001	208,852	354,505	381,235
Total Railway Tax Accruals	$ 5,717,857	$ 2,907,924	$ 1,242,260	$ 1,192,587	$ 2,142,186
Railway Operating Income	$ 3,319,100	$ 2,903,628	$ 2,593,172	$ 3,657,613	$ 5,136,815
Equipment Rents—Debit	$ 1,139,549	$ 872,461	$ 920,381	$ 931,687	$ 725,089
Joint Facility Rents—Debit	228,240	346,353	242,390	217,607	137,613
Net Rents—Debit	$ 1,367,789	$ 1,218,814	$ 1,162,771	$ 1,149,294	$ 862,702
Net Railway Operating Income	$ 1,951,311	$ 1,684,814	$ 1,430,401	$ 2,508,319	$ 4,274,113
Other Income	98,952	8,293	120,516	171,466	211,189
Total Income	$ 2,050,263	$ 1,693,107	$ 1,550,917	$ 2,679,785	$ 4,485,302
Deductions from Income	22,816	21,350	26,906	34,426	42,396
Income Available for Fixed Charges	$ 2,027,447	$ 1,671,757	$ 1,524,011	$ 2,645,359	$ 4,442,906
Interest on Funded Debt	$ 774,939	$ 774,800	$ 774,800	$ 784,592	$ 842,791
Interest on Unfunded Debt	707	619	56,805	1,607	52,089
Amortization of Discount on Funded Debt					17,799
Total Fixed Charges	$ 775,646	$ 775,419	$ 831,605	$ 786,199	$ 912,679
Net Income After Fixed Charges, Etc.	$ 1,251,801	$ 896,338	$ 692,406	$ 1,859,160	$ 3,530,227

EXHIBIT 9 (Brownsville).

Sheet 2 of 2 Sheets

GUY A. THOMPSON, TRUSTEE

THE ST. LOUIS, BROWNSVILLE AND MEXICO RAILWAY COMPANY, DEBTOR

INCOME ACCOUNT STATEMENT—Continued

Five Calendar Years 1944 to 1948, Inclusive

	Year 1944	Year 1945	Year 1946	Year 1947	Year 1948
Disposition of Net Income:					
Income Applied to Sinking and Other Reserve Funds:					
Other Appropriations, Allotments and Payments	$ 61,135	$ 65,133	$ 91,167	$ 121,855	$ 217,148
Balance Income Transferred to Surplus	$ 1,190,666	$ 831,205	$ 601,239	$ 1,737,305	$ 3,313,079

State of Texas
County of Harris } ss.

L. M. Edrington, first being duly sworn, says that he is auditor of The St. Louis, Brownsville and Mexico Railway Company, that the foregoing income account statement was prepared under his supervision; and that to the best of his knowledge and belief, it is correct.

L. M. Edrington.

Subscribed and sworn to before me this 31 day of March 1949.

D. W. Barker,
Notary Public.

(Seal)

My commission expires June 1, 1949.

EXHIBIT 9 (Brownsville).

GUY A. THOMPSON, TRUSTEE

THE ST. LOUIS, BROWNSVILLE AND MEXICO RAILWAY COMPANY, DEBTOR

PROFIT AND LOSS (EARNED SURPLUS) STATEMENT

For the Five-Year Period 1944-1948, Inclusive

	Year 1944	Year 1945	Year 1946	Year 1947	Year 1948
Credit balance at beginning of year	$ 9,272,324	$10,975,948	$11,791,584	$12,364,790	$13,712,338
Credit balance transferred from income	1,190,666	831,205	601,239	1,737,305	3,313,079
Miscellaneous credits	1,237	5,041	9,813	1,923	1,036
Miscellaneous appropriations of surplus	Cr. 519,610	Cr. 4,300	Cr. 1,280		
Miscellaneous debits	7,889	24,910	39,126	391,680	298,564
Credit balance at end of year	$10,975,948	$11,791,584	$12,364,790	$13,712,338	$16,727,889

State of Texas }
County of Harris } ss.

L. M. Edrington, first being duly sworn, says that he is Auditor of The St. Louis, Brownsville and Mexico Railway Company; that the foregoing Profit and Loss Statement was prepared under his supervision; and that to the best of his knowledge and belief, it is correct.

L. M. Edrington.

Subscribed and sworn to before me this 25 day of April, 1949.

(Seal)

D. W. Barker,
Notary Public.

My commission expires June 1, 1949.

EXHIBIT 9 (International).

GUY A. THOMPSON, TRUSTEE

INTERNATIONAL-GREAT NORTHERN RAILROAD COMPANY—DEBTOR

INCOME ACCOUNT

For Years 1944 to 1948, Inclusive

	Year 1944	Year 1945	Year 1946	Year 1947	Year 1948
Railway Operating Revenues:					
Freight	$21,787,284.16	$20,976,775.77	$20,119,266.13	$24,239,421.69	$28,203,325.71
Passenger	6,225,372.21	5,725,238.56	3,812,748.11	2,679,405.52	2,361,004.54
Mail	590,457.45	540,060.33	569,124.79	746,783.30	916,134.52
Express	808,270.70	915,443.80	788,693.57	668,490.38	453,501.47
Miscellaneous	670,756.61	677,171.65	754,020.44	932,047.45	1,023,351.66
Incidental	760,524.75	756,728.30	782,643.18	817,142.44	738,190.28
Joint Facility	39,547.15	43,113.99	42,775.73	64,463.50	61,851.10
Total Railway Operating Revenues	$30,882,213.03	$29,634,532.40	$26,869,271.95	$30,147,754.28	$33,757.359.28
Railway Operating Expenses:					
Maintenance of Way and Structures	$ 5,913,427.99	$ 5,501,827.37	$ 5,408,924.94	$ 5,335,121.22	$ 5,615,716.03
Maintenance of Equipment	4,089,520.50	4,798,511.10	4,343,164.40	4,830,851.92	5,058,039.59
Traffic	438,498.99	461,390.68	513,154.33	549,358.46	600,955.75
Transportation	9,829,957.07	9,963,891.75	11,681,810.29	13,180,407.63	14,914,072.72
Miscellaneous Operations	500,485.72	470,698.32	555,995.65	570,912.75	537,569.59
General	694,867.25	725,828.83	815,403.24	876,206.22	946,524.95
Total Railway Operating Expenses	$21,466,757.52	$21,922,148.05	$23,318,452.85	$25,342,858.20	$27,672,878.63
Net Revenue from Railway Operations	$ 9,415,455.51	$ 7,712,384.35	$ 3,550,819.10	$ 4,804,896.08	$ 6,084,480.65
Railway Tax Accruals:					
Railway Taxes	$ 321,575.07	$ 365,500.57	$ 352,938.87	$ 407,109.68	$ 413,437.85
Federal Income Tax and Excess Profits Tax	2,908,542.00	1,574,000.00	—	—	193,000.00
Federal Unemployment Insurance Act	354,914.49	354,587.95	411,935.13	420,207.72	70,187.37
Federal Retirement Act	384,767.29	384,127.48	480,624.96	805,337.41	843,996.81
Total Railway Tax Accruals	$ 3,969,798.85	$ 2,678,216.00	$ 1,245,498.96	$ 1,632,654.81	$ 1,520,622.03
Railway Operating Income	$ 5,445,656.66	$ 5,034,168.35	$ 2,305,320.14	$ 3,172,241.27	$ 4,563,858.62

Rents Payable:					
Hire of Freight Cars—Debit Balance	$ 1,148,943.97	$ 1,142,282.12	$ 1,211,848.11	$ 1,343,663.68	$ 1,593,400.56
Other Equipment Rents—Debit Balance	657,942.54	630,578.17	571,846.76	229,031.53	20,756.21
Joint Facility Rents—Debit Balance	186,321.88	203,561.64	240,427.69	308,929.45	267,481.04
Total Rents Payable	$ 1,993,208.39	$ 1,976,421.93	$ 2,024,122.56	$ 1,881,624.66	$ 1,881,637.81
Net Railway Operating Income	$ 3,452,448.27	$ 3,057,746.42	$ 281,197.58	$ 1,290,616.61	$ 2,682,220.81
Other Income:					
Income from Lease of Road and Equipment	$ —	$ —	$ —	$ —	$ 11,706.27
Miscellaneous Rent Income	46,419.80	51,802.00	56,250.29	65,910.44	64,860.60
Misc. Non-Operating Physical Property	11,664.66	Dr. 11,175.79	1,395.62	2,231.25	Dr. 12,198.19
Dividend Income	300.00	300.00	300.00	300.00	3,784.00
Income from Funded Securities	43.33	—	4,319.33	—	—
Income from Unfunded Securities and Accounts	99,590.94	142,976.07	107,973.62	58,792.09	61,972.86
Income from Sinking and Other Reserve Funds	5,431.50	10,655.21	8,031.90	5,773.84	7,754.67
Miscellaneous Income	164,153.17	149,209.96	150,283.17	199,004.15	263,273.01
Total Other Income	$ 327,603.40	$ 343,767.45	$ 328,553.93	$ 332,011.77	$ 401,153.22
Total Income	$ 3,780,051.67	$ 3,401,513.87	$ 609,751.51	$ 1,622,628.38	$ 3,083,374.03
Miscellaneous Deductions from Income:					
Miscellaneous Rents	$ 9,967.45	$ 1,579.06	$ 1,532.12	$ 1,683.02	$ 1,848.71
Miscellaneous Tax Accruals	14,208.29	15,908.46	15,018.72	26,405.42	28,680.26
Miscellaneous Income Charges	19,204.31	66,268.32	23,018.51	19,878.56	29,917.35
Total Miscellaneous Deductions	$ 43,380.05	$ 83,755.84	$ 39,569.35	$ 47,967.00	$ 60,446.32
Income Available for Fixed Charges	$ 3,736,671.62	$ 3,317,758.03	$ 570,182.16	$ 1,574,661.38	$ 3,022,927.71
Fixed Charges:					
Rent for Leased Roads and Equipment	$ —	$ —	$ —	$ —	$ —
Interest on Funded Debt	2,773,189.02	2,770,836.93	2,768,844.08	2,776,254.81	2,821,621.69
Interest on Unfunded Debt	1,417.85	1,595.39	2,010.33	2,757.03	4,777.29
Amortization of Discount on Funded Debt	—	—	—	2,259.34	19,591.05
Total Fixed Charges	$ 2,774,606.87	$ 2,772,432.32	$ 2,770,854.41	$ 2,781,271.18	$ 2,845,990.03
Net Income (or Loss)	$ 962,064.75	$ 545,325.71	Dr. 2,200,672.25	Dr. 1,206,609.80	$ 176,937.68

E. D. Graham, upon his oath, states that he is Auditor of International-Great Northern Railroad Company (Guy A. Thompson, Trustee), and that the foregoing statement was prepared under his direction and is correct.

E. D. Graham,
Auditor.

Subscribed and sworn to before me this 8 day of March, 1949.

L. Q. Linson,
Notary Public, Anderson County, Texas.

(Seal)

My commission expires June 1, 1949.

EXHIBIT 9 (International).

GUY A. THOMPSON, TRUSTEE

INTERNATIONAL-GREAT NORTHERN RAILROAD COMPANY—DEBTOR

PROFIT AND LOSS ACCOUNT

For Years 1944 to 1948, Inclusive

	Year 1944	Year 1945	Year 1946	Year 1947	Year 1948
Debits:					
Debit Balance at Beginning of Period	$23,622,801.51	$22,449,497.51	$22,011,822.41	$24,305,009.24	$23,803,454.61
Debit Balance Transferred from Income	—	—	2,320,086.51	1,368,136.41	45,426.09
Payment of Old Accounts previously written off	575.22	1,509.05	2,373.91	2,501.94	272.83
Fines for Violation of Various Federal and State Laws	100.00	204.90	1,314.59	997.58	2,151.35
Adjustment in connection with Retirement of Road Property	2,589.39	—	1,494.29	5,826.12	16,506.65
Overpayment of Claims	—	—	—	—	35.42
Estimated final distribution—RR Credit Corporation Advances	—	—	6,592.56	—	980.05
Uncollectible Accounts written off	—	—	—	437.13	13.17
Irregularities in payroll of Foreman Charlie Harris	—	—	—	—	6.60
Loss on Sale of Central Security Stock	—	94.15	—	—	—
Uncollectible Amounts due from Railroads in Receivership	—	158.56	—	—	—
Various Miscellaneous Debits each less than $100.00	69.99	79.32	—	.38	—
Adjustment on Cancellation of Balance Sheet Accounts	3,186.71	—	—	—	—
	$23,629,322.82	$22,451,543.49	$24,340,695.69	$25,682,908.80	$23,868,846.77

Credits:

Credit Balance transferred from Income	$ 1,171,293.79	$ 421,144.00	$ —	$ —	$ —
Unclaimed Wages, Vouchers and Drafts Written Off	—	12,366.95	8,658.40	2,740.10	3,990.64
Collection of Old Accounts previously written off	2,686.09	—	62.81	—	—
Profit from Sale of Road Property	—	2,042.21	21,454.71	14,841.59	11,220.85
Station Agents Unexplained Overages	—	44.00	275.65	302.32	65.21
Adjustment of Reserve for Possible Losses—RR Credit Corporation	—	3,898.92	—	—	—
Adjustment or Cancellation of Balance Sheet Accounts	5,845.43	—	5,234.88	15.00	7.50
Refund of Duty paid from San Juan Trading Co.	—	225.00	—	—	—
Income Tax Refund Account Operating Loss	—	—	—	1,861,555.18	909,365.35
Received from Anonymous Source for Material	—	—	—	—	62.00
	$ 1,179,825.31	$ 439,721.08	$ 35,686.45	$ 1,879,454.19	$ 924,711.55
Debit Balance at end of Period	$22,449,497.51	$22,011,822.41	$24,305,009.24	$23,803,454.61	$22,944,135.22

State of Texas
County of Anderson } ss.

E. D. Graham, being first duly sworn, says that he is Auditor of Guy A. Thompson, Trustee, International-Great Northern Railroad Company, Debtor; that the foregoing Profit and Loss Statement was prepared under his supervision; and that to the best of his knowledge and belief, it is correct.

E. D. Graham,
Auditor.

Subscribed and sworn to before me this 26 day of April, 1949.

(Seal)

L. Q. Linson,
Notary Public, Anderson County, Texas.

My commission expires June 1, 1949.

Note—Bold face figures denotes red in original.

EXHIBIT 9 (Sugar Land).

GUY A. THOMPSON, TRUSTEE

SUGAR LAND RAILWAY COMPANY, DEBTOR

INCOME ACCOUNT STATEMENT

Five Calendar Years 1944 to 1948, Inclusive

	Year 1944	Year 1945	Year 1946	Year 1947	Year 1948
Railway Operating Revenues:					
Freight	$ 208,185	$ 162,619	$ 139,860	$ 178,930	$ 234,350
Miscellaneous	12,219	12,008	14,089	20,944	26,644
Incidental	2,024	3,552	5,395	4,711	10,096
Total Railway Operating Revenues	$ 222,428	$ 178,179	$ 159,344	$ 204,585	$ 271,090
Railway Operating Expenses:					
Maintenance of Way and Structures	$ 41,778	$ 53,035	$ 49,542	$ 58,081	$ 58,745
Maintenance of Equipment	26,547	31,419	18,430	41,317	23,565
Traffic	2,343	2,423	2,508	2,600	3,350
Transportation	111,573	123,149	113,555	144,989	162,296
General and Other	3,824	3,804	4,218	4,689	6,314
Total Railway Operating Expenses	$ 186,065	$ 213,830	$ 188,253	$ 251,676	$ 254,270
Net Revenue from Railway Operations	$ 36,363	Dr. $ 35,651	Dr. $ 28,909	Dr. $ 47,091	$ 16,820

Railway Tax Accruals:					
Railway Taxes	$ 2,811	$ 2,815	$ 2,938	$ 3,631	$ 2,976
Federal Unemployment Insurance Act	2,749	2,791	2,804	3,190	545
Federal Retirement Act	2,979	3,024	3,260	6,108	6,285
Total Railway Tax Accruals	$ 8,539	$ 8,630	$ 9,002	$ 12,929	$ 9,806
Railway Operating Income	$ 27,824	Dr. $ 44,281	Dr. $ 37,911	Dr. $ 60,020	$ 7,014
Equipment Rents—Debit	$ 44,243	$ 49,963	$ 52,161	$ 64,951	$ 75,392
Joint Facility Rents—Debit	4,857	4,814	4,855	5,246	5,224
Net Rents—Debit	$ 49,100	$ 54,777	$ 57,016	$ 70,197	$ 80,616
Net Railway Operating Income	Dr. $ 21,276	Dr. $ 99,058	Dr. $ 94,927	Dr. $ 130,217	Dr. $ 73,602
Other Income	715	1,770	2,051	841	Dr. 31
Total Income	Dr. $ 20,561	Dr. $ 97,288	Dr. $ 92,876	Dr. $ 129,376	Dr. $ 73,633
Deductions from Income	245	164	99	455	320
Income Available for Fixed Charges	Dr. $ 20,806	Dr. $ 97,452	Dr. $ 92,975	Dr. $ 129,831	Dr. $ 73,953
Interest on Funded Debt	$ 19,200	$ 19,200	$ 19,200	$ 19,200	$ 19,200
Interest on Unfunded Debt		2			
Total Fixed Charges	$ 19,200	$ 19,202	$ 19,200	$ 19,200	$ 19,200
Net Income	Dr. $ 40,006	Dr. $ 116,654	Dr. $ 112,175	Dr. $ 149,031	Dr. $ 93,153

State of Texas }
County of Harris } ss.

L. M. Edrington, first being duly sworn, says that he is auditor of Sugar Land Railway Company, that the foregoing income account statement was prepared under his supervision; and that to the best of his knowledge and belief, it is correct.

L. M. Edrington.

Subscribed and sworn to before me this 31 day of March 1949.

D. W. Barker,
Notary Public.

(Seal)

My commission expires June 1, 1949.

EXHIBIT 9 (Sugar Land).

GUY A. THOMPSON, TRUSTEE

SUGAR LAND RAILWAY COMPANY, DEBTOR

PROFIT AND LOSS (EARNED SURPLUS) STATEMENT

For the Five Year Period 1944-1948, Inclusive

	Year 1944	Year 1945	Year 1946	Year 1947	Year 1948
Debit balance at beginning of year	$ 598,633	$ 638,723	$ 752,795	$ 864,882	$1,013,909
Debit balance transferred from income	40,006	116,654	112,175	149,031	93,153
Miscellaneous credits	1	2,633	173	5	
Miscellaneous appropriations of surplus		Cr. 484	Cr. 145		
Miscellaneous debits	85	535	230	1	236
Debit balance at end of year	$ 638,723	$ 752,795	$ 864,882	$1,013,909	$1,107,298

State of Texas } ss.
County of Harris }

L. M. Edrington, first being duly sworn, says that he is Auditor of Sugar Land Railway Company; that the foregoing Profit and Loss Statement was prepared under his supervision; and that to the best of his knowledge and belief, it is correct.

L. M. Edrington.

Subscribed and sworn to before me this 25 day of April, 1949.

D. W. Barker,
Notary Public.

(Seal)

My commission expires June 1, 1949.

EXHIBIT 9 (B-RI).

Sheet 1 of 6

BURLINGTON-ROCK ISLAND RAILROAD COMPANY
INCOME ACCOUNT AND PROFIT AND LOSS STATEMENTS

For Each of the Five Years Ended December 31, 1944 to 1948, Inclusive, and
Two Months Ended February 28, 1949

Item	1944	1945
I. Operating Income:		
A. Railway Operating Income		
501 Railway operating revenues	$ 2,999,841	$ 3,270,836
531 Railway operating expenses	1,915,297	2,151,275
Net revenue from railway operations	$ 1,084,544	$ 1,119,561
532 Railway tax accruals	$ 118,062	$ 103,613
Railway operating income	$ 966,482	$ 1,015,948
B. Rent Income		
504 Rent from locomotives	$ 979	$ 541
505 Rent from passenger train cars	2,881	7,525
507 Rent from work equipment	2,925	4,479
Total rent income	$ 6,785	$ 12,545
C. Rents Payable		
536 Hire of freight cars—Dr.	$ 213,043	$ 266,293
537 Rent for locomotives	36,621	56,314
538 Rent for passenger train cars	32,494	55,271
540 Rent for work equipment	498	1,069
541 Joint facility rents	142,518	147,024
Total rents payable	$ 425,174	$ 525,971
Net rents	Dr. $ 418,389	Dr. $ 513,426
Net railway operating income	$ 548,093	$ 502,522
II. Other Income:		
509 Income from lease of road and equipment	$ 130,978	$ 126,183
510 Miscellaneous rent income	4,033	2,137
511 Miscellaneous nonoperating physical property	Dr. 2	—
514 Income from funded securities	1,065	1,145
515 Income from unfunded securities and accounts	4,513	3,175
519 Miscellaneous income	6,997	7,028
Total other income	$ 147,584	$ 139,668
Total income	$ 695,677	$ 642,190
III. Miscellaneous Deductions from Income:		
543 Miscellaneous rents	$ —	$ —
544 Miscellaneous tax accruals	258	186
551 Miscellaneous income charges	100	100
Total miscellaneous deductions	$ 358	$ 286
Income available for fixed charges	$ 695,319	$ 641,904
IV. Fixed Charges:		
542 Rents for leased road and equipment	$ 23,087	$ 17,716
546 Interest on funded debt	734,159	729,868
547 Interest on unfunded debt	372	66
Total fixed charges	$ 757,618	$ 747,650
Net income	Def. $ 62,299	Def. $ 105,746
Income balance transferred to Earned Surplus	Def. $ 62,299	Def. $ 105,746

EXHIBIT 9 (B-RI).

Sheet 2 of 6

BURLINGTON-ROCK ISLAND RAILROAD COMPANY
INCOME ACCOUNT AND PROFIT AND LOSS STATEMENTS

For Each of the Five Years Ended December 31, 1944 to 1948, Inclusive, and
Two Months Ended February 28, 1949

Item	1946	1947
I. Operating Income:		
A. Railway Operating Income		
501 Railway operating revenues	$ 3,221,436	$ 3,826,987
531 Railway operating expenses	2,528,153	2,903,838
Net revenue from railway operations	$ 693,283	$ 923,149
532 Railway tax accruals	$ 112,414	$ 137,159
Railway operating income	$ 580,869	$ 785,990
B. Rent Income		
504 Rent from locomotives	$ —	$ —
505 Rent from passenger train cars	96	2,903
507 Rent from work equipment	891	2,579
Total rent income	$ 987	$ 5,482
C. Rents Payable		
536 Hire of freight cars—Dr.	$ 289,764	$ 364,018
537 Rent for locomotives	39,090	40,769
538 Rent for passenger train cars	23,464	20,061
540 Rent for work equipment	825	652
541 Joint facility rents	160,999	180,305
Total rents payable	$ 514,142	$ 605,805
Net rents	Dr. $ 513,155	Dr. $ 600,323
Net railway operating income	$ 67,714	$ 185,667
II. Other Income:		
509 Income from lease of road and equipment	$ 126,001	$ 126,001
510 Miscellaneous rent income	1,880	3,271
511 Miscellaneous nonoperating physical property	68	277
514 Income from funded securities	1,225	1,306
515 Income from unfunded securities and accounts	2,987	2,882
519 Miscellaneous income	7,365	11,723
Total other income	$ 139,526	$ 145,460
Total income	$ 207,240	$ 331,127
III. Miscellaneous Deductions from Income:		
543 Miscellaneous rents	$ —	$ 73
544 Miscellaneous tax accruals	272	244
551 Miscellaneous income charges	106	100
Total miscellaneous deductions	$ 378	$ 417
Income available for fixed charges	$ 206,862	$ 330,710
IV. Fixed Charges:		
542 Rent for leased road and equipment	$ 19,628	$ 11,838
546 Interest on funded debt	982,887	1,267,503
547 Interest on unfunded debt	63	75
Total fixed charges	$ 1,002,578	$ 1,279,416
Net income	Def. $ 795,716	Def. $ 948,706
Income balance transferred to Earned Surplus	Def. $ 795,716	Def. $ 948,706

EXHIBIT 9 (B-RI).

Sheet 3 of 6

BURLINGTON-ROCK ISLAND RAILROAD COMPANY
INCOME ACCOUNT AND PROFIT AND LOSS STATEMENTS

For Each of the Five Years Ended December 31, 1944 to 1948, Inclusive, and
Two Months Ended February 28, 1949

	Item	1948	Two months ended Feb. 28, 1949
I. Operating Income:			
A. Railway Operating Income			
501	Railway operating revenues	$ 4,677,813	$ 737,047
531	Railway operating expenses	3,273,936	530,236
	Net revenue from railway operations	$ 1,403,877	$ 206,811
532	Railway tax accruals	$ 117,964	$ 17,780
	Railway operating income	$ 1,285,913	$ 189,031
B. Rent Income			
504	Rent from locomotives	$ —	$ —
505	Rent from passenger train cars	2,599	—
507	Rent from work equipment	2,528	269
	Total rent income	$ 5,127	$ 269
C. Rents Payable			
536	Hire of freight cars—Dr.	$ 407,747	$ 61,297
537	Rent for locomotives	38,600	6,055
538	Rent for passenger train cars	19,840	3,767
540	Rent for work equipment	357	280
541	Joint facility rents	174,271	25,444
	Total rents payable	$ 640,815	$ 96,843
	Net rents	Dr. $ 635,688	Dr. $ 96,574
	Net railway operating income	$ 650,225	$ 92,457
II. Other Income:			
509	Income from lease of road and equipment	$ 126,001	$ 21,000
510	Miscellaneous rent income	4,632	114
511	Miscellaneous nonoperating physical property	281	52
514	Income from funded securities	1,386	—
515	Income from unfunded securities and accounts	2,978	418
519	Miscellaneous income	12,452	1,427
	Total other income	$ 147,730	$ 23,011
	Total income	$ 797,955	$ 115,468
III. Miscellaneous Deductions from Income:			
543	Miscellaneous rents	$ —	$ —
544	Miscellaneous tax accruals	308	52
551	Miscellaneous income charges	100	—
	Total miscellaneous deductions	$ 408	$ 52
	Income available for fixed charges	$ 797,547	$ 115,416
IV. Fixed Charges			
542	Rent for leased road and equipment	$ 12,310	$ 2,023
546	Interest on funded debt	1,246,839	201,299
547	Interest on unfunded debt	114	54
	Total fixed charges	$ 1,259,263	$ 203,376
	Net income	Def. $ 461,716	Def. $ 87,960
	Income balance transferred to Earned Surplus	Def. $ 461,716	Def. $ 87,960

EXHIBIT 9 (B-RI).

Sheet 4 of 6

BURLINGTON-ROCK ISLAND RAILROAD COMPANY

INCOME ACCOUNT AND PROFIT AND LOSS STATEMENTS

For Each of the Five Years Ended December 31, 1944 to 1948, Inclusive, and
Two Months Ended February 28, 1949

Item	1944	1945
CREDITS		
Balance at beginning of fiscal period—Debit	$34,777,570	$34,839,500
Miscellaneous credits	518	93
Total	$34,777,052	$34,839,407
DEBITS		
Debit balance transferred from income	$ 62,299	$ 105,746
Miscellaneous debits	149	1,043
Balance carried to balance sheet—Debit	34,839,500	34,946,196
Total	$34,777,052	$34,839,407

EXHIBIT 9 (B-RI).

Sheet 5 of 6

BURLINGTON-ROCK ISLAND RAILROAD COMPANY

INCOME ACCOUNT AND PROFIT AND LOSS STATEMENTS

For Each of the Five Years Ended December 31, 1944 to 1948, Inclusive, and
Two Months Ended February 28, 1949

Item	1946	1947
CREDITS		
Balance at beginning of fiscal period—Debit	$34,946,196	$35,751,400
Miscellaneous Credits	294	319
Total	$34,945,902	$35,751,081
DEBITS		
Debit balance transferred from income	$ 795,716	$ 948,706
Miscellaneous debits	9,782	210,694
Balance carried to balance sheet—Debit	35,751,400	36,910,481
Total	$34,945,902	$35,751,081

EXHIBIT 9 (B-RI).

Sheet 6 of 6

BURLINGTON-ROCK ISLAND RAILROAD COMPANY

INCOME ACCOUNT AND PROFIT AND LOSS STATEMENTS

For Each of the Five Years Ended December 31, 1944 to 1948, Inclusive, and
Two Months Ended February 28, 1949

Item	1948	Two months ended Feb. 28, 1949
CREDITS		
Balance at beginning of fiscal period—Debit	$36,910,481	$37,371,806
Miscellaneous credits	392	—
Total	$36,910,089	$37,371,806
DEBITS		
Debit balance transferred from income	$ 461,716	$ 87,960
Miscellaneous debits	1	2,569
Balance carried to balance sheet—Debit	37,371,806	37,462,335
Total	$36,910,089	$37,371,806

Two months 1949 income balance not transferred to Earned Surplus.

State of Texas }
County of Harris } ss.

D. C. Haggart, first being duly sworn, says that he is Auditor of Burlington-Rock Island Railroad Company; that the foregoing statements, Exhibits 1 to 6, inclusive, were prepared under his supervision; and that to the best of his knowledge and belief, are correct.

D. C. Haggart.

Subscribed and sworn to before me this 28 day of March 1949.

David C. Smith,
Notary Public.

(Seal)