

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

JAN 28 1965

AIR MAIL

Colonel B. F. Chadwick
San Antonio, Texas 78209

Re: Chicago Rock Island and Pacific Railroad Co.
File No. 1-S460

Dear Colonel Chadwick:

Your telegram dated January 15, 1965 addressed to the President concerning trading in the common stock of Chicago Rock Island and Pacific Railroad Company has been referred to this Commission for reply.

I understand that you are of the opinion that shares of common stock of Rock Island deposited with the exchange agent under the exchange offer of Union Pacific Railroad Company, or the deposit receipts therefore, should be traded and should carry a price in excess of the market price for shares which were not deposited under such offer. I believe that you have overlooked the fact that since the receipts issued on deposit of shares are non-negotiable and non-transferable there can be no market for the receipts. However, I am sure that you understand that you can surrender your receipts as provided in the exchange agreement and receive the return of the deposited shares. If this is done such shares would have the status of non-deposited shares and would be freely tradable. This would, of course, be changed if the Interstate Commerce Commission authorizes the issuance of negotiable and transferable Certificates of Deposit in lieu of the non-negotiable receipts. You should, of course, understand that the above is not an attempt to summarize the provisions of the deposit arrangements or the exchange offer or other possible results that may obtain.

If you have any further questions regarding this matter, you may wish to write us again.

Very truly yours,

Edmund H. Worthy
Director
Division of Corporation Finance

cc:
Mr. Arthur C. Perry
Assistant to the President
The White House Office
Room 268
Executive Office Building
Washington, D. C.
Route Slip & original telegram ret. w/c.c.