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BURLINGTON NORTHERN RAILROAD

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September 15, 1986

Prosecuting Attorney
Skamania County Washington
Courthouse
Stevenson, Washington 98648



Re: Burlington Northern Railroad Co. v. Department of
Revenue of the State of Washington, et al.,
King County Cause No. 86-2-11792-0

Gentlemen:

This office represents Burlington Northern Railroad Company in the above-referenced action. In addition, Eugene A. Ritti and Richard G. Smith of Hawley Troxell Ennis & Hawley, Boise, Idaho have been retained by BN. The complaint alleges overvaluation by the Washington Department of Revenue of BN's operating property for the tax year 1984.

As you know, BN filed a similar complaint for tax year 1984 in Federal Court in Tacoma, Washington, alleging various violations of the 4-R Act. The Federal Court has already issued a preliminary injunction in that case. However, the jurisdiction of the Federal Courts to hear such actions is still being disputed by the States. Therefore, although BN believes the tax year 1984 dispute should be litigated in Federal Court, it did, as a protective measure, feel compelled to file the above-referenced action in State Court, pending resolution by the Federal Appellate Courts of the jurisdiction issue.

Although the Rules of Civil Procedure provide that an answer or other responsive pleading should be filed by you, please be advised that until the jurisdiction issue of whether this type of lawsuit can be brought in Federal Court has been finally resolved, BN will take no further action to prosecute this lawsuit at this particular time. Therefore, if you so desire, you need

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