

February 8, 2016

The Honorable Daniel Elliot
Chairman

The Honorable Ann D. Begeman
Vice Chairman

The Honorable Deb Miller
United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

Dear Chairman Elliot, Vice Chairman Begeman and Member Miller,

I write to express concern regarding the proposed acquisition (or potential hostile takeover) of Norfolk Southern Corporation (NS) by Canadian Pacific Railway, LTD. (CP). Carload Express (Carload) is concerned that the proposed transaction presents more risk than benefit to the railroad shipping public. Carload is opposed to any acquisition that places NS in a voting trust at the risk of the railroad shipping public without the prior close scrutiny by the US Surface Transportation Board (STB).

The CP proposed transaction will ultimately lead to a North American railroad duopoly characterized by reduced routing options and increased carrier pricing power at the expense of the rail shipping public. Once one eastern US Class 1 is acquired by a Class 1 other than a western US Class 1, a national network imbalance is created that can only be rebalanced through further consolidations that lead to a comprehensive duopoly. Accordingly, we believe that the CP proposed transaction is challenged to meet the standards set forth in the STB's 2001 rule making.

Moreover, CP's proposal letter dated November 9, 2015 and public comments by Mr. Hunter Harrison and activist investor William Ackman make it clear that CP would focus on reducing NS's operating ratio. Activist reduction of operating ratio is likely achieved through severely reducing resources including slashing the work force, slashing the locomotive roster, slashing investment in infrastructure, decreasing frequency of train service, closing needed rail yards, and avoiding US taxation through domestication in Canada; as well as through increasing income by raising freight rates and accessorial charges.

Carload's experience with NS indicates that NS is well-managed and maintains appropriate levels of workforce, locomotives, physical plant conditions, and frequency of

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service needed to deliver consistent and sustainable high-quality service to its customers and its connecting carriers. NS is a customer-centric, service-oriented railroad with valued product offerings that have enabled Carload to grow the use of transportation by rail within its network by an average of 35% per annum for the last six years.

Moreover, the current excellent condition of NS's physical plant in the northeast is a national asset that has been hard earned through the enormous public and private capital investment required to revitalize the once-bankrupt and maintenance-deferred northeast rail network. It is in the rail shipping public's interest that this investment not be the target of an activist investor's slashing of investment. Carload urges the STB to protect the shipping public in this case of Activist Investor vs. Public Interest.

In conclusion, Carload Express views the hostile takeover or acquisition of Norfolk Southern by Canadian Pacific as not in the public interest because (1) it will likely lead to severe cuts in resources appropriated to the NS service network, (2) it will likely not benefit rail shippers in general, (3) it will likely harm competition, (4) it will likely result in less frequent local service, (5) it will likely put more financial pressure on shortlines and undermine utilization of Congress's 45G railroad track maintenance tax credit, (6) it will likely lead to the avoidance of NS taxes payable to the US Treasury, and (7) it will likely cause more rail industry consolidations that will ultimately lead to a comprehensive rail duopoly.

For these reasons, Carload urges the STB to closely scrutinize the potential long-term impact of the CP proposal on all of the stakeholders of the railroad industry. The shipping public depends upon a rail network that provides long-term sustainability and reliability of rail commerce and infrastructure at competitive cost. The shipping public's interests supersede activist investors' interests in realizing quick profit. This and all future proposed Class 1 railroad consolidations must be carefully weighed to avoid an irreparable long-term negative network map outcome.

Thank you.

Sincerely,



Russell A. Peterson
CEO