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February 7, 2016

Chairman Daniel R. Elliott III  
Surface Transportation Board  
395 E. Street SW  
Washington DC 20423-0001

Subject: Canadian Pacific Railway, Ltd. Proposed acquisition of Norfolk Southern Corporation

Dear Chairman Elliott:

The purpose of this letter is to express opposition to Canadian Pacific Railway's proposed acquisition on behalf of my Company, that relies heavily upon the domestic rail system, and personally as a registered voter.

As information, Dearborn Steel Center operates a rail served metals distribution facility on the outskirts of Detroit. Our operation processes more than 4,000 rail cars annually in support of supply chains servicing the automotive industry and the value-add supply chain for primary metals (such as aluminum, zinc, lead, and copper). We have worked with Norfolk Southern and one of its predecessors, Conrail, since 1986. Our business is also jointly served by CSXT, which places us (and our customers) in an enviable competitive position.

Norfolk Southern Corporation has made meaningful demonstrations of its domestic priorities consistently over time. Most recently, weather events across a sizable portion of the Norfolk Southern operating area have received the appropriate amount of attention, seemingly without concern for potential economic consequences, to restore service quickly without clouded priorities spanning an international boundary. This represents extremely high value to the United States population of rail users, and consumers in general. Further, history has shown that domestic rail systems have played a major supporting role for our military and there is no evidence to suggest that such a role would not be needed in the future.

Our business relies heavily upon Norfolk Southern rail infrastructure, which includes its rail network and a plethora of personnel who consistently demonstrate just how serious they take their responsibilities for supporting the domestic economy and manufacturing across many industries. Inconsistencies in rail service or a lack of core focus on domestic users potentially put critical industries at risk such as those providing power, lumber, steel, fuel, just to name a few. As a heavy user of rail and a constituent, it should be clear that I view our domestic rail infrastructure as strategic, both to our economy and our national security.

Our business has had failed opportunities to work with CP Rail (U.S. domestic movements) as part of a distribution program for one of our customers. Further, after reviewing the published detail regarding CP Rail's acquisition proposal, we fail to see a value proposition for the shareholders of Norfolk



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Southern, its customer base, or the domestic consumer public. Perhaps a combination of the two entities would reduce back office expenses, but the cost associated with such savings is immaterial given our position that the domestic railroad industry is strategic for our economy. Two major railroad unions have voiced their opposition to the proposed merger based on concerns for substantial domestic job losses – a position which is suggested to be based on historical railroad mergers of such scope.

This proposed merger has several potentially serious consequences:

- Investment in the Norfolk Southern infrastructure will have to compete with other similar investments in Canada;
- back office cost reductions will only benefit shareholders and raise concerns that historically high service and performance levels would be jeopardized;
- the stage would now be set for further consolidation in the domestic rail industry; such consolidation would potentially reduce or eliminate competition in many markets, and is contrary to the STB rules change in 2001, following a series of rail consolidations that caused the number of railroads to decline from 35 to 7.

The concept of a “trust” appears to be nothing more than an end-run around regulators. Canadian Pacific states that such a concept has been approved in 144 other deals, they did not clarify when these deals took place, how many of these involved class I railroads in a hostile takeover situation, or how many of these deals involved class I railroads spread across an international boundary. It would appear that this “trust” would accomplish little in the short-term except to unravel the core of Norfolk Southern leadership.

Should the shareholders of Norfolk Southern ultimately accept the current (or some future) proposal from CP Rail, Washington regulators, the STB in particular, must consider the domestic economic issues, and more importantly such a merger’s impact on the competitive railroad landscape, neither of which are benefitted by this proposed merger, in my opinion.

In summary, it is my position that such a merger does not demonstrate that this major rail combination is consistent with the public interest. I urge the STB to reject a proposal by CP Rail to acquire Norfolk Southern Corporation. I thank you for your time and interest in promoting a competitive, efficient, and reliable domestic rail system.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Hack", written over a horizontal line.

Jerome M. Hack  
President & C.O.O.