



2016 FEB 17 PM 1:02
OFFICE OF CHAIRMAN

February 6, 2016

The Honorable Daniel R. Elliott, Chairman
U.S. Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

Chairman Elliott and S.T.B Board Members,

I am writing this letter from the perspective of a shortline railroad operator that connects with the Norfolk Southern (NS) that has concerns about what Canadian Pacific (CP) may have in the works regarding NS.

Over the past several months we have read that CP desires to merge their rail operations with NS and that NS has rebuffed multiple propositions from CP. Normally you would think that would be the end of the conversation.

As I understand, to merge Class I railroads, both parties to the proposed merger need to first agree to equitable terms then jointly file an application with your agency to request approval of the combination. Your agency would then have adequate time to thoroughly vet the proposal and would then be charged with; denying the application, approving the application as presented, or approving the application with conditions. For the STB to even conditionally approve another Class I merger that would almost certainly start the dominoes falling for some combination of mergers between the remaining 5-Class I carriers, I believe benefits to all stakeholders (customers, connecting carriers, employees and shareholders), the general public and the transportation system as a whole should be real and well defined. With oversight authority and adjudication powers held by the STB, I believe we have a good system in place to make sure we retain balance and competition in our national rail network.

Just recently I have been made aware that CP and/or their top officers are planning to possibly try to circumvent the STB's oversight authority and may undertake actions akin to a hostile takeover of NS. If CP takes this approach and it is not checked in some way, I think a bad precedent will be set and most stakeholders that depend on the NS system operating reliably and efficiently may be harmed.

Please remain aware of what may be underfoot with CP as it relates to any type of backdoor play for NS to try to avoid STB oversight and use your powers and authority as appropriate and necessary to make sure our national rail network remains balanced and competitive for all stakeholders.

Thank you, sincerely,

Gale E. Shultz, President
Indiana Northeastern Railroad Company
South Milford, Indiana