

Senator Jim Arnold
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Committees:
Ethics, RMM
Public Policy, RMM
Homeland Security & Transportation, RMM
Veterans Affairs & The Military, RMM
Elections
Civil Law
Pensions & Labor
Rules & Legislative Procedure

December 22, 2015

The Honorable Daniel R. Elliott III
Chairman
United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

The Honorable Ann D. Begeman
Vice Chairman
United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

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

Dear Chairman Elliott and Surface Transportation Board Members:

I am writing to you regarding Canadian Pacific Railway's proposal to acquire Norfolk Southern Corporation. As a ranking member of the Senate Transportation Committee, I am concerned about the effects of the proposed NS-CP merger on the state of Indiana.

Norfolk Southern maintains an extensive rail network in the Hoosier State. This network is vital to many industries, among them the automobile manufacturing industry. Moreover, Indiana is focused on the continued development of manufacturing growth. Competitive rail access and service are critical to our efforts on growing this important sector of our State's economy. Norfolk Southern has been a very reliable partner in providing timely investment and cooperation to improve their network, resulting in an environment conducive to manufacturing growth. A merger places that rail access in jeopardy.

With respect to freight rail service, I am very concerned about the increasing gridlock associated with Chicago. My committee has heard testimony on this matter on several occasions. We applaud Norfolk Southern and other industry leaders for their efforts to alleviate this gridlock through coordinated improvements in infrastructure and participation in the Chicago Transportation Coordination Office ("CTCO"). It is my understanding that Canadian Pacific

does not participate in the CTCO or similar coordinating efforts. If a merger were to take place this lack of cooperation on behalf of Canadian Pacific would seem to unravel the improvements that have been made to date.

I am also deeply concerned about the impact of the proposed NS-CP merger on the Norfolk Southern employment footprint in Indiana. With a division headquarters located in Fort Wayne and one of the largest classification yards east of the Mississippi located in Elkhart, NS is an important employer and taxpayer in the State. The rapid downturn in freight flows in 2015 has already resulted in hundreds of job losses in Ft Wayne, through the closing of an NS subsidiary. I fear that a merger could lead to further job reductions in these communities and across the remaining 1,500 miles of track NS maintains here.

Finally, as you are well aware the Surface Transportation Board's current rules set a high bar for further consolidation, recognizing that such consolidation inevitably would lead to massive service disruptions for shippers, reduced competition between carriers, and momentum for further consolidation among remaining railroads. It goes without saying that any or all of these circumstances would be contrary to the greater good of the economy which relies on freight rail service.

Given these facts and the current economic pressures on the entire industry, I believe the Board should be focused on public policy solutions that boost economic growth, support strong sustainable rail competition and protect the recent service gains that are helping our shippers and communities. I encourage the Surface Transportation Board to review any proposal by Canadian Pacific very closely in light of the potential significant public interest harms.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jim Arnold', written in a cursive style.

Jim Arnold
State Senator
District 8