



## THE MARYLAND AND DELAWARE RAILROAD COMPANY

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February 12, 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,

The Maryland and Delaware Railroad Company (MDDE) is writing to express concern with the proposed acquisition (or hostile takeover) of Norfolk Southern Corporation (NS) by Canadian Pacific Railway, LTD. (CP).


MDDE has been a shortline railroad partner with Norfolk Southern since 1999 when NS commenced operations over much of the former Conrail system. Since that time, NS has shown a keen ability to forecast, anticipate and adapt to changing transportation patterns while maintaining the world-class service for which NS is widely known. As the needs of our industry are again being redefined by low-cost oil, cheap natural gas and an increased focus on the carload merchandise network, Norfolk Southern's service area throughout the eastern United States will not only benefit from, but require, that same purposeful focus as can only be given by Norfolk Southern.

Norfolk Southern has invested billions of public and private dollars into maintaining and improving the efficiency of their rail network, which is one of the two great rail franchises of the eastern United States. The proposed activist investor takeover of Norfolk Southern through the activist's control of Canadian Pacific, with its short-term oriented focus solely on driving down the NS operating ratio, is a short sighted approach to business that is not logical nor practical in the case of a railroad such as NS. When further considering that CP and NS have very few physical connections, and the fact that there is little to no substantive levels of rail traffic existing between points on the two railroads that would benefit from such connections being of a singular entity, the proposed transaction is simply not in the interest of American railroading, American rail shippers or American rail industry stakeholders.

Norfolk Southern has publicly stated their plan for remaining a customer-centric, service-oriented, railroad that will continue to lower costs and become more efficient without varying from the successful principles on which the company was built. MDDE stands by our Class I partner Norfolk Southern and their plan, and MDDE feels that the people best capable of overseeing such a tumultuous time of change at NS are the very same people who have led NS through such times in the past.

For the reasons outlined in this letter, MDDE urges the Surface Transportation Board to closely scrutinize any merger transaction between CP and Norfolk Southern.

Sincerely,



Eric H. Callaway  
President