



PAT McCrory
Governor

NICHOLAS J. TENNYSON
Secretary

February 2, 2016

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:

This letter is to provide comments from the North Carolina Department of Transportation (NCDOT) regarding Canadian Pacific Railway's proposal to acquire Norfolk Southern Corporation (NS). The state of North Carolina is home to 1,280 Norfolk Southern employees (with a payroll of \$83 million) who operate 1,193 miles of rail vital to the state's industry and communities. Our state relies heavily on a strong freight rail industry to drive our state economy and to foster sustainable economic growth.

NCDOT and NS have had a long standing partnership and have collaborated on key public private partnerships, including the Charlotte Regional Intermodal Terminal. The terminal is a 200-acre, \$92 million intermodal terminal at Charlotte Douglas International Airport, which is expected to generate \$7.6 billion in regional economic development in the next 20 years and create nearly 7,000 jobs.

In addition, NS has been a partner as the state has pursued improvements to allow for additional and improved passenger frequencies in North Carolina on the Raleigh to Charlotte portion of the Southeast Corridor, which is one of USDOT's Federally-designated High Speed Rail Corridors. The company has partnered to improve highway/rail at-grade crossing safety and the work completed between NCDOT and NS is regarded as a national model.

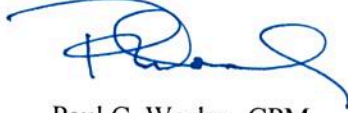
We are well aware the Surface Transportation Board's current rules set a high bar for further consolidation, recognizing that such consolidation could lead to service disruptions for shippers, reduced connectivity to short line and branch line railroads, reduced competition between carriers, and momentum for further consolidation among remaining railroads. We recognize that the Board will carefully weigh any or all of these circumstances to determine if consolidation would be contrary to the greater good of the economy which relies on freight rail service. In

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addition, the Board would consider whether consolidation is likely to have a negative impact on the developing intercity passenger service along the Southeast Corridor, including further degradation of on time performance of passenger trains.

Given these facts and the current economic pressures on the entire industry, we encourage the Surface Transportation Board to review any proposal by Canadian Pacific very closely in light of the potential significant public interest impacts.

Sincerely,



Paul C. Worley, CPM
Rail Division Director

cc: Keith Weatherly, Deputy Secretary, NCDOT
Durwood Laughinghouse, Resident VP – Public Affairs, NS