



Pennsylvania Manufacturers' Association

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:

On behalf of more than 560,000 Pennsylvanians who work in manufacturing, I am writing to urge your close scrutiny of the proposal by Canadian Pacific Railway (CP) to acquire Norfolk Southern (NS). After reading CP's proposal letter dated November 9, 2015 and listening to subsequent public comments made by Mr. Hunter Harrison, CP's Chief Executive Officer (CEO) and venture capitalist Bill Ackman, I have significant concerns that CP's unsolicited proposal to acquire NS, if allowed to proceed, would have a negative impact on Pennsylvania manufacturers, interstate commerce and our country's transportation infrastructure.

NS has been a great partner to Pennsylvania manufacturers. Its expansive network in this state – which spans nearly 2,300 miles of track, 12 rail yards, 10 terminals, three ports and three locomotive shops – is critically important to the Commonwealth's economy. Specifically, in Pennsylvania in 2014, NS was responsible for:

- Enabling the location or expansion of 16 industries that resulted in \$2 billion in customer investment and 1,170 new jobs.
- \$151 million of investments made in its tracks and facilities.
- Handling more than 1.7 million shipments of freight originating or terminating in the Commonwealth.
- Connecting 48 short line railroads to domestic and global markets.
- \$1 billion in purchases and payments.
- \$340 million in wages and benefits paid to 5,200 employees and 2,240 retirees.
- \$34.4 million in state and local taxes.

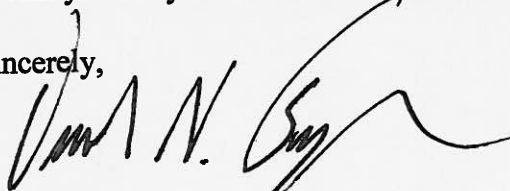
The best example of NS' commitment to not only Pennsylvania, but to the entire Northeast is its recent acquisition of southern portion of the Delaware & Hudson between Sunbury, Pa. and Schenectady, N.Y. from Canadian Pacific. Under CP's ownership, this 283-mile line segment was allowed to deteriorate through lack of maintenance, resulting in poor service to existing customers on the line and discouraging new rail-served business. NS' \$217 million purchase of the D&H South from CP strengthens transportation options for Pennsylvania manufacturers.

Of equal concern is the possible harm the proposed CP acquisition of NS could have on Pennsylvania's short line railroads. Pennsylvania has more short lines than any other state in the U.S. These small railroads, in partnership with NS, are connecting manufacturers in rural areas with domestic and international markets. If CP's lack of investment in the D&H is to be used as an indication, Pennsylvania's rail infrastructure could be in serious jeopardy under CP control.

In closing, I am concerned that an acquisition of NS by CP will be detrimental to freight rail service not only in Pennsylvania, but throughout the Northeast and Mid-Atlantic regions; put additional pressure on local and regional carriers; and reduce shipping options for products made in Pennsylvania. I urge you to provide close scrutiny over any proposed acquisition.

Thank you for your careful consideration of this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "David N. Taylor", with a long, sweeping flourish extending to the right.

David N. Taylor, President