



WEST VIRGINIA CHAMBER

January 25, 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:

I am writing to you regarding Canadian Pacific Railway's unsolicited proposal to acquire Norfolk Southern Corporation. As I know you and the board are aware, West Virginia has a proud heritage of railroading dating back to the foundation of the industry. In fact, thousands of West Virginians still rely on railroads for jobs, industrial development, intermodal transportation, coal mining and chemical production and distribution. In 2014, nearly 2,800 railroad workers and approximately 7,900 retirees, spouses and survivors remain dependent on a robust and secure rail industry.

West Virginia relies on a strong freight rail industry to drive not only its economy but the economy of North America, through coal production, steel making and the movement of hundreds of commodities. Additionally, our state is the backbone of one of two mainline networks linking the Chicago hub with a major east coast port in Norfolk. We have also recently embarked on the public development of new intermodal facility located along this corridor to help revitalize the movement and distribution of intermodal commodities for central Appalachia. In the past decade, hundreds of millions of dollars in investment in West Virginia have modernized tunnels, bridges and mainline track to move goods efficiently for our state and the nation. West Virginia has been a proud partner in that investment with Norfolk Southern and has spent additional public funds to leverage Norfolk Southern's private investment so that West Virginia can offer the latest in network improvements to shippers from all over the world.

West Virginia's economy has experienced unprecedented challenges in the past decade. The coal industry has seen massive contraction and the loss of thousands of jobs in our state. Additionally this has

had a negative impact the rail industry and other related industries, leaving entire communities with economies that have been decimated. Despite these challenges, Norfolk Southern has invested with us to help preserve rail service and to provide new access to its intermodal network. The West Virginia Chamber cannot support a proposed merger with Canadian Pacific Railway if a merger would begin to unravel this progress and lead to disinvestment and further job losses. Norfolk Southern has worked hard to serve the communities of West Virginia and this merger apparently adds little or nothing that would benefit the public interest of the communities that are looking for ways to grow and provide for the industries of the future.

Recently, Canadian Pacific's Chief Executive Officer has suggested that, should a transaction proceed, he or his deputy might become Norfolk Southern's CEO prior to receipt of regulatory approval. Canadian Pacific's CEO has stated that he is targeting \$1.8 billion of "synergies" that would be achieved through fleet and operations rationalization. The recent history of railroading in the United States demonstrates that a railroad's failure to invest in adequate locomotive, crew, and other resources makes it highly vulnerable to catastrophic service collapse in response to growing or shifting shipper demands. I am very concerned that Canadian Pacific's proposal to slash resources available to Norfolk Southern will most certainly threaten the investments our state has made in partnership with the US Department of Transportation.

Investments in the Heartland Corridor Initiative and the Pritchard Intermodal Facility should not be put at jeopardy due to an ill-advised and unsolicited merger scheme. In 2001, the Surface Transportation Board wisely changed its merger rules, having recognized that decades of rail consolidation had fundamentally changed the industry and that this new reality meant that further consolidation could inevitably lead to massive disruption for rail shippers, reduced competition between carriers and a momentum for further consolidation among any remaining railroads.

West Virginia faces enough challenges given the state of the economy at present. I am convinced that Canadian Pacific acquiring Norfolk Southern would not be in the public interest of the United States, or the numerous affected communities in the State of West Virginia. Please know that I consider this matter to be of the utmost importance to our state and constituents.

Sincerely,



Stephen G. Roberts
President, West Virginia Chamber of Commerce

Cc: Sarah Feinberg, Administrator, Federal Railroad Administration