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April 8, 2011

The Honorable Dan Elliott
Chairman, Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Subject: Public Hearing on Revisiting Railroad Regulatory Exemptions

Dear Chairman Elliott:

My name is Masao Nishi. I am the Vice President, Supply Chain Management for Sysco Corporation and I would like to share my concerns regarding the upcoming June 22nd hearing to review the regulatory framework under which this country's freight railroads operate today.

Our country is struggling in a turbulent economy and now is not the time to make changes in the stable rail system. The rail systems today are a vital part of our country's transportation system as it is a cost effective, fast and safe means of transporting goods. Since the start of deregulation of the railroads in 1976, the industry has evolved into a thriving business as the average railroad rates have fallen by 55 percent since 1980. The rail industry has been revitalized into a strong general freight business by building an alliance with trucking companies to carry their long distant cargo.

A large portion of Sysco Corporation's business is transporting our product. We use freight rail to transport over 306 million pounds of dry canned goods, frozen fruits and vegetables, fresh potatoes, rice, and flour per year. We spend approximately 20 million dollars annually to transport our product by rail. As the market rebounds, we are finding that rail capacity in the infrastructure affords us growth. We are strongly considering increasing our use of rail transportation due to it being cost effective.

With the volatile oil market we are seeing diesel price that are comparable to the summer of 2008. As we all know, high fuel costs have a spiraling effect on our economy. This effect also causes loss of jobs and a rise in product prices to the consumer, As a food distributor, we are forced to find the most cost effective way to get our products transported. We are able to realize an 89% savings on our fuel surcharges when rail is used as opposed to trucking.

With the government under increasing pressure to expand the economy and create jobs, all while restraining spending growth, any action by the STB to adopt policies that would discourage private investment in this country's transportation infrastructure would be unwise and extremely counterproductive. Instead, the STB should focus its resources on actions that will encourage investment and promote this country's continued economic recovery.

Respectfully,

Masao Nishi
Vice President, Supply Chain Management