February 25, 2016

The Honorable Daniel R. Elliott III, Chairman  
The Honorable Ann D. Begeman, Vice Chairman  
The Honorable Debra Miller  
United States Surface Transportation Board  
395 E Street, SW  
Washington, DC 20423

Dear Chairman Elliott and Surface Transportation Board Members:

FedEx Freight Corporation is one of the largest less-than-truckload (LTL) transportation companies in North America delivering approximately 95,000 shipments each business day. To provide the best, most reliable, and cost-effective service to our customers, FedEx Freight utilizes Class I rail service for those shipments where it makes sense to do that, typically on longer lengths of haul. Because of this reliance on Class I rail service, FedEx Freight has significant concerns about Canadian Pacific Railway’s bid to acquire Norfolk Southern Corp. It is vital to have a competitive market place. Having a choice and competition among suppliers ultimately benefits consumers. According to media reports, other Class I railroads have announced opposition to the merger, citing it would encourage additional mergers and degrade the quality of the U.S. rail network overall.

FedEx Freight believes a merger would lead to diminished service as well as higher shipping costs. Norfolk Southern has been a valued supplier which has keyed in on rail service and has strived to be truck-transit competitive. We have concerns a merger would lead to budgetary cuts in Norfolk Southern’s current intermodal operations leading to possibly fewer services provided.

Equally as important, intermodal transportation provides capacity to keep shipments moving with a transit choice for customers and shippers. With only seven Class I railroads in the United States, such an erosion of competition would ultimately adversely impact the American consumer and our still somewhat fragile economy.

FedEx Freight is concerned with what the landscape of the railroad industry would be following any potential merger and encourages the Surface Transportation Board to take a cautionary approach in reviewing any consolidation of Class I railroads.

Sincerely,

Pat Reed  
Executive Vice President and COO  
FedEx Freight Corporation