February 9, 2016

The Hon. Daniel R. Elliott, III
The Hon. Deb Miller
The Hon. Ann D. Begeman
U.S. Surface Transportation Board
395 E Street, SW
Washington, DC  20423

Dear Chairman Elliott, Vice Chairman Miller and Member Begeman:

UPS operates the world’s largest private multimodal transportation services and solutions network, combining air, truck, rail and ocean movements into a seamless mosaic to service customers around the globe. This sophisticated transportation operation moves, on a daily basis, goods equaling approximately 6% of the nation’s gross domestic product. More than 435,000 worldwide employees work in concert to meet our customers’ needs and deliver approximately 18 million packages, documents and freight shipments a day, whether it be across town, or around the globe.

For almost 40 years, UPS has utilized truck-rail intermodal transportation to service our customers throughout the United States. Today, UPS is one of the nation’s largest corporate customers of the Class I railroad industry, moving approximately 3,000 containers and trailers on the rail network each business day.

The freight rail intermodal network provides UPS a safe, efficient, sustainable manner to move commercial vehicles off the highway as we transport both small packages and palletized freight across the United States. While trucks ultimately make final-mile delivery for all UPS shipments, the rail intermodal component is critical in helping to alleviate highway congestion, promote air quality, and mitigate highway infrastructure degradation. UPS works closely with all Class I freight railroads to maximize opportunities to move intermodal rail traffic, while balancing financial and time-in-transit constraints of the rail network.

From our perspective, UPS does not believe a hostile takeover or acquisition of Norfolk Southern Corporation (NS) by the Canadian Pacific Railway (CP) is in the best interests of the intermodal rail shipping community. In contrast, UPS is concerned that this combination would lead to diminished rail intermodal service levels and increased costs for all segments of rail customers. In addition, UPS is concerned about potential
industry consolidation as a reaction to an NS-CP merger, which would only further negatively impact freight rail shippers. UPS does not believe that a NS-CP acquisition or hostile takeover is in the public interest, and encourages the Board to deny any related voting trust or merger application.

UPS encourages the Surface Transportation Board to keep this perspective in mind when deliberating on this matter and to consider this, or any other proposed Class I rail mergers, with the utmost of scrutiny.

Sincerely,

Kenneth A. Buenker
UPS Corporate Transportation