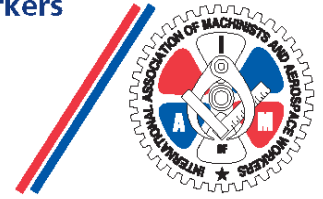


# Transportation Communications Union/IAM

International Association of Machinists and Aerospace Workers



Robert A. Scardelletti  
National President



January 7, 2016

The Honorable Daniel R. Elliott, III, Chairman  
United States Surface Transportation Board  
395 E Street, S.W.  
Washington, DC 20423-0001

The Honorable Ann D. Begeman, Vice Chairman  
United States Surface Transportation Board  
395 E Street, S.W.  
Washington, DC 20423-0001

The Honorable Deb Miller, Member  
United States Surface Transportation Board  
395 E Street, S.W.  
Washington, DC 20423-0001

Dear Chairman Elliott, Vice Chairman Begeman, and Member Miller:

I am writing to you on behalf of the 40,000 members of the Transportation Communications Union/International Association of Machinists (TCU/IAM) in regard to Canadian Pacific Railway's (CP) proposal to acquire Norfolk Southern Corporation (NS).

TCU/IAM strongly opposes this proposed acquisition. CP's proposed merger would result in massive job reductions of United States rail workers. TCU/IAM, which represents Carmen and Clerical workers, would be especially hard hit, as clerical and mechanical jobs would either be eliminated through centralization or transferred to Canada.

As the Board has acknowledged in previous transactions involving Canadian carriers, U.S. workers generally cannot follow their work to Canada. Although STB-imposed protective conditions somewhat ameliorate the adverse impact on dismissed and displaced employees, they are little solace to the thousands of employees who will see their rail careers end.

♦ 3 Research Place ♦ Rockville, Maryland 20850-3279 ♦ E-mail-scardellettir@tcunion.org ♦  
Phone-301-840-8701 ♦ FAX-301-330-7664 ♦ Website-www.tcunion.org



The damage will not be limited to Norfolk Southern employees. If such a merger is approved, it undoubtedly would lead to further consolidation of the remaining U.S. carriers, with attendant job loss throughout every railroad craft. That alone is sufficient reason for the STB to not approve this proposed acquisition. As the STB wrote in its 2001 rulemaking on mergers and acquisitions, “The prospect of reducing the already small number of major Class I railroads even further, perhaps to the point where only two major railroads remain in the U.S. and Canada, gives us substantial concern.”

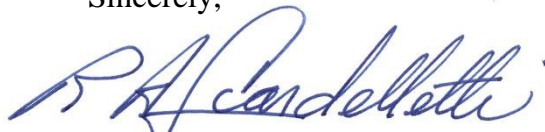
In its December 14, 2015 letter to the STB on this issue, various Members of Congress from Illinois wrote, “If CP is proposing to cut costs on the backs of Illinois workers, the STB has a responsibility to evaluate and publicly disclose the details of such a proposal.” To that I would simply add that we represent workers not just in Illinois, but in every state that Norfolk Southern operates. All will potentially be affected. CP has publicly targeted \$1.8 billion in cost reductions if the merger is approved, a large part of which will be achieved through headcount reduction in the United States.

There is little doubt, given CP’s existing track record, that its promise to drastically reduce operating ratios if the merger is consummated will be primarily achieved at the expense of NS employees. In 2013, CP announced a restructuring to reduce its own operating ratio by cutting its workforce by more than 30 percent. By October, 2015, the 19,500 workers it employed in 2013 had been slashed to fewer than 14,000.

TCU/IAM also strongly objects to CP’s proposal to immediately assume control through a voting trust during the pendency of STB review proceedings. We believe such a trust would be in direct violation of existing statutory and regulatory prohibitions on “unlawful control”. Such a Trust could immediately begin the transfer of U.S. jobs to Canada, and/or elimination of U.S. jobs, which the STB would be hard pressed to reverse once executed.

In conclusion, I strongly urge you to reject the proposed acquisition by Canadian Pacific of Norfolk Southern, and to take all legal means available to prevent CP from circumventing your normal review authority by moving ahead with consolidation through creation of a voting trust.

Sincerely,



Robert A. Scardelletti  
National President