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Bob Basila, VP and Chief Sourcing Officer – North America
CMA CGM (America) LLC
5701 Lake Wright Drive
Norfolk, VA 23502

Re: Finance Docket No. 36500 – Reply to Objections to KCS Waiver

My name is Bob Basila and my business address is 5701 Lake Wright Drive, Norfolk, VA 23502 USA. I am VP and Chief Sourcing Officer of CMA CGM (America) LLC. In my role, I am responsible for Sourcing of all transportation activities in the US and Canada as well as our domestic intermodal business.

CMA CGM has previously submitted to the Board a letter supporting approval of the proposed CP-KCS combination, and I have attached a copy of that letter for the Board's convenience. As expressed in our previous letter, CMA CGM supports swift approval of the CP-KCS combination because of the significant benefits we expect to realize from this transaction.

CMA CGM is aware that several parties have filed objections to the application of the pre-2001 merger rules to the CP-KCS transaction under the "waiver" issued in 2001 for transactions involving KCS. CMA CGM wishes to reply to those objections by urging the Board not to revoke the KCS waiver. The pre-2001 rules provide the Board and all interested parties all the tools that are needed to fully evaluate the proposed transaction.

We are fully cognizant of the Board's mandate to ensure that Class I mergers are in the public interest, and do not risk significant disruptions in the railway system. From our perspective, the unique nature of the CP-KCS transaction alleviates the concerns that motivated the new rules adopted in 2001. Reviewing the CP-KCS combination under the tried and true pre-2001 merger standards will prevent undue delay, while still allowing for a thorough public interest assessment by the Board.

As we have mentioned in our March 29 letter, the end-to-end CP-KCS transaction will improve service options, with new single-line hauls and broader access to markets across North America. Our experience shows us that single-line rail service options are far superior to public and private fleets. The unique synergies of a CP-KCS combination promise significant public benefits to CMA CGM and similarly situated shippers, which we are eager to see realized as soon as possible, without the delays and additional burdens that would result from applying the 2001 rules for the first time ever to this transaction.



Nothing about the CP-KCS transaction raises the kinds of concerns that would flow from a merger of the much larger Class I railroads. The issues should be simple – the transaction improves competitive options and service – and any concerns any party has should be easy to address under the pre-2000 rules. The 2001 rules were designed for much more complex transactions and they should not be tested out in this case.

CMA CGM and our shipping partners are looking forward to a stronger CPKC network that will increase our access to diversified market opportunities. As such, we urge the Board to apply the KCS waiver provision it thoughtfully included in its 2001 Major Merger Rules. An elongated period of review will delay and potentially reduce the positive synergies this merger promises. The KCS waiver will allow the Board to conduct a thorough but efficient and fair review and allow for the benefits of the new CPKC network to come to fruition more quickly.

CMA CGM is additionally concerned that applying the 2001 Major Merger Rules to the CP-KCS merger, a transaction the rules were not designed for, would lead to precedent with unintended consequences and might also create an easier path for some other Class I merger proposals that would be problematic in ways CP-KCS is not. The CP-KCS merger is unlike other Class I merger combinations, in that it is a straightforward transaction between the two smallest U.S. Class I railroads, and it promises substantially more benefits than risks to the public interest. We also know that this transaction, among all possible Class I mergers, is unique in not posing any serious concerns about lost competition, service disruption, or other harms. Interpreting and applying the 2001 rules to this transaction could encourage other Class I railroads to see an easier path for their own Class I merger proposals without the same unique benefits of the CP-KCS transaction.

For these reasons, CMA CGM urges the Board to maintain the KCS waiver and reject calls to revoke it, and to proceed to review and approve the CP-KCS proposed combination as expeditiously as possible. We look forward to seeing CPKC as a stronger competitor in the industry.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Bob Basila', written in a cursive style.

Bob Basila

CC: All Parties of Record



Surface Transportation Board

To Whom It May Concern;

As Vice-President of CMA CGM (America) LLC, I write this letter on behalf of our company to lend support for the proposed merger of the Canadian Pacific ("CP") and Kansas City Southern ("KCS") railways. As one of the largest ocean carriers in North America and indeed the World, CMA CGM is a significant user of both of these railroads, shipping more than 12,750 shipping containers annually on their networks.

CMA CGM supports approval of the CP/KCS combination. The transaction would provide significant benefits that we are eager to see realized as soon as possible.

For our perspective, the transaction promises to provide improved service options and invigorate transportation competition in the markets we serve. The combined CPKC network – with new single-line hauls and access to premier ports on the U.S. Gulf, Atlantic and Pacific coasts as well as to key overseas markets – would help us reach our existing markets and new markets more efficiently.

We are very excited about the transaction because it will allow a combined CPKC to provide new, more efficient and reliable rail service options. This will strengthen competition against the other, larger rail carriers and trucks that serve our markets. As an ocean carrier, living with competition is a daily reality and we know that we need to serve our customers in the best, most cost effective manner. We believe the combination of CP and KCS will add healthy competition to the Class 1 railroads, which will be applauded by all rail customers including CMA CGM and our competitors.

There is little to no overlap between the services of CP and KCS and the complementary nature of CP's and KCS's networks – connecting only at Kansas City, means that the transaction will not have any adverse effects on competition. Trust me, you would be receiving a much different letter if we were concerned about limiting competition, even if in only one market. Instead, the lack of overlap will make these carriers a better alternative relative to the other options that already exist and we understand that CPKC will continue to interchange with all of their other existing interline partners to provide the services we need.

Finally, the merger of CP and KCS has the potential to provide new solutions for our beneficial cargo owning customers by creating entry and IPI points not previously available. We are particularly enthusiastic about the role new CPKS single-line routes will play in expanding access to growing markets across the United States, Mexico and Canada that under the USMCA trade agreement. It is important that there be a true USMCA railroad option.

For these reasons, CMA CGM (America) is voicing strong support for the combination of CP and KCS, because it will enhance competition, provide expanded options and drive efficiencies for customers of all sizes. CMA CGM urges the STB to approve CP's acquisition of KCS as swiftly as possible so that these systems can be integrated, and the end-to-end benefits of this deal can be realized for the benefit of all stakeholders.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Bob Basila'.

Bob Basila
Vice-President