

BEFORE THE SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36873

UNION PACIFIC CORPORATION AND UNION PACIFIC RAILROAD COMPANY
—CONTROL—

NORFOLK SOUTHERN CORPORATION AND NORFOLK SOUTHERN RAILWAY
COMPANY

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**COMMENTS OF M4 RAILCAR GROUP REGARDING THE
OPERATIONAL, INFRASTRUCTURE, WORKFORCE, COMPETITIVE,
AND PUBLIC-INTEREST IMPLICATIONS OF THE PROPOSED
TRANSACTION**

7 September 2026

Dear ALJ Soulikias and Parties of Record,

M4 Railcar Group respectfully submits these comments concerning the proposed acquisition and consolidation of Norfolk Southern Corporation and Norfolk Southern Railway Company by Union Pacific Corporation and Union Pacific Railroad Company (collectively, the “Applicants”) in Finance Docket No. 36873.

M4 Railcar Group supports a strong, safe, efficient, and competitive national freight-rail system. M4 does not ask the Board to reject the proposed transaction merely because it is large, nor does M4 contend that a coast-to-coast railroad cannot produce legitimate transportation benefits.

The issue presented is narrower and more consequential: **whether the Applicants have demonstrated, with sufficient operational evidence, that the public benefits they project can actually be delivered by the physical railroad, terminals, equipment, workforce, technology, and supporting infrastructure that would exist after the transaction.**

The Board's statutory public-interest inquiry expressly encompasses the adequacy of transportation, the interests of affected railroad employees, and the effect of the transaction on competition. 49 U.S.C. § 11324(b). The Board's merger regulations likewise require detailed consideration of these subjects. The Board has explained that its major-merger standards are designed to ensure that the public-interest benefits of a transaction outweigh potential harms and that the Board may impose conditions where necessary to preserve or enhance competition.

The Applicants' amended application makes substantial representations regarding the benefits expected from the transaction. Those representations should be tested against the underlying operating plan and the evidence developed through the Board's merits and environmental reviews.

**I. THE APPLICANTS' PROJECTED GROWTH MAKES CAPACITY, NOT
CONNECTIVITY, THE CENTRAL OPERATIONAL QUESTION**



The Applicants describe the transaction as a growth-oriented combination that will create new single-line transportation opportunities and attract substantial freight from highways and other railroads.

The amended application states that customers are expected to divert more than **2.1 million truckloads of long-haul traffic** to the combined railroad and that the Applicants expect sufficient container capacity to accommodate the resulting intermodal growth. Amended Major Merger Application, Vol. 1, at 1-12 to 1-16; see also Vol. 2, Operating Plan, at 2-745 et seq.

The Applicants further state that the transaction will create more than **88,000 new county-to-county single-line opportunities** and expand single-line service across approximately **10,000 existing lanes**, while reducing transit times by approximately 24 to 48 hours in affected movements.

These representations are material to the public-interest case for the transaction.

They also create a corresponding regulatory question:

What physical capacity is required to make that projected growth operationally achievable, and when will that capacity become available?

Eliminating an interchange does not itself create additional track capacity. It does not create additional yard tracks, locomotive capacity, terminal slots, maintenance capacity, train crews, dispatching capacity, bridge capacity, or intermodal handling capacity.

The Board should therefore distinguish between:

1. capacity made available merely because two railroads are placed under common ownership;
2. capacity resulting from elimination of interchange movements; and
3. new physical or operational capacity that must actually be constructed, staffed, equipped, or programmed to accommodate the Applicants' projected growth.

That distinction is particularly important because the Applicants' own Operating Plan contains a specific analysis of "Capacity Needs of the UP/NS System," beginning at Volume 2, page 2-745, as well as separate discussions of passenger operations, equipment requirements and utilization, facility consolidation, and territory changes.

M4 respectfully requests that the Board evaluate those representations at the level of individual operating territories and major bottlenecks rather than relying solely upon systemwide capacity conclusions.

II. THE BOARD SHOULD TEST THE 2.1 MILLION-TRUCK DIVERSION AGAINST ACTUAL RAILROAD CAPACITY



The Applicants' projected diversion of more than 2.1 million truckloads is one of the principal public benefits offered in support of the transaction.

The amended application states that these diversions will occur because the combined railroad will provide faster, more reliable, more efficient single-line service. It further estimates approximately \$3.5 billion in annual shipper savings resulting from truck-to-rail diversion.

Those projections should be examined as an integrated operating proposition.

The relevant question is not merely whether customers would prefer rail service if a seamless single-line product were available. The Board should determine whether the network can physically provide that product at the projected volume.

At minimum, that inquiry should identify:

- the projected incremental trains by major corridor;
- the resulting increases in train density;
- terminal dwell assumptions;
- yard processing capacity;
- locomotive requirements;
- crew requirements;
- intermodal terminal capacity;
- container and chassis availability;
- maintenance-of-way requirements;
- bridge and structure constraints;
- signaling and dispatching constraints;
- port and inland-terminal capacity;
- anticipated congestion at major gateways; and
- the infrastructure projects necessary to prevent projected growth from degrading existing service.

The Board should also evaluate the sensitivity of the Applicants' conclusions. If traffic diversion occurs faster than anticipated, what operational safeguards prevent the resulting growth from producing congestion before capital projects, personnel, equipment, and terminal expansions are in place?

III. THE APPLICANTS' CLAIM OF “SUFFICIENT CAPACITY” SHOULD BE TESTED AGAINST THE GROWTH PLAN, NOT MERELY THE EXISTING NETWORK

The Applicants state that sufficient equipment and infrastructure capacity exists to support projected growth.

That representation warrants particular scrutiny because the transaction's claimed public benefits depend upon **growth**, not merely preservation of the existing level of service.



The Operating Plan contains separate “Optimized Plan” and “Growth Plan” components. See Amended Major Merger Application, Vol. 2, at 2-689 to 2-745.

The Board should therefore require the Applicants to demonstrate the operating consequences of the Growth Plan under realistic conditions, including peak-period demand and reasonable disruption scenarios.

For example, the Board should determine whether the projected system remains fluid if:

- (a) intermodal growth occurs sooner than forecast;
- (b) manufacturing and industrial freight increases simultaneously with intermodal growth;
- (c) severe weather temporarily reduces available route capacity;
- (d) a major bridge, tunnel, terminal, or subdivision is unavailable;
- (e) locomotive or freight-car availability falls below projections;
- (f) crew availability becomes constrained; or
- (g) a major gateway experiences sustained congestion.

A railroad merger should not be approved on the assumption that every major operating variable will perform at its projected level simultaneously.

IV. WORKFORCE IMPACTS MUST BE EVALUATED AS AN OPERATING-CAPACITY ISSUE

The Board has correctly recognized that employee impacts are a material component of the public-interest analysis.

On July 22, 2026, the Board ordered the Applicants to redesignate as public employee-impact exhibits that had previously been treated as highly confidential. The Board explained that those exhibits contain detailed information concerning craft and management employees, including positions that would be abolished, created, or transferred and locations associated with certain transfers.

That information is directly relevant to the operational question presented here.

The Applicants publicly emphasize that the transaction is expected to generate approximately 1,200 net new union jobs by the third year and that they have offered a jobs-for-life commitment for union employees.

Those representations should be considered together with the detailed employee-impact exhibits rather than separately.



The Board should determine:

1. what positions are eliminated;
2. what positions are newly created;
3. what positions are transferred;
4. where transferred positions will be located;
5. whether the affected employees possess territory-specific knowledge;
6. how staffing levels will change during the integration period;
7. how Maintenance of Way staffing will correspond to increased train density;
8. how operating-employee availability will correspond to projected train growth;
9. whether management reductions affect supervision and operational resilience; and
10. whether the projected workforce is sufficient under the Growth Plan rather than merely under the optimized operating plan.

The relevant issue is not simply whether the transaction produces a positive net employment number.

A railroad can simultaneously create jobs in one occupational category while eliminating experienced employees in another category whose institutional knowledge is essential to safe and reliable operations.

Accordingly, the Board should evaluate the employee-impact evidence as part of the transportation-adequacy analysis required by 49 U.S.C. § 11324(b).

V. MAINTENANCE-OF-WAY STAFFING DESERVES PARTICULAR ATTENTION

The combined railroad would operate a network exceeding 50,000 route miles.

Track, bridges, signals, drainage structures, crossings, communication systems, and other infrastructure cannot be maintained solely through centralized management or technological systems.

The Board should therefore examine whether the Applicants' workforce plan provides sufficient Maintenance of Way staffing to accommodate the increased train volumes projected by the transaction.

This inquiry should include:

- track miles per maintenance employee;
- projected increases in gross ton-miles and train density;
- bridge and structure inspection requirements;
- signal and communications maintenance;
- capital-project staffing;
- emergency-response capability;
- contractor reliance;



- retirement and attrition assumptions; and
- geographic distribution of skilled employees.

The Board should also consider whether personnel reductions or transfers occurring during the integration period could increase risk precisely when the network is expected to experience increased traffic.

VI. THE BOARD SHOULD EVALUATE THE SERVICE ASSURANCE PLAN AS AN ENFORCEABLE OPERATING PROTECTION

The Applicants identify a Service Assurance Plan as a principal protection against service degradation during implementation.

That plan should be examined not simply as a statement of intent but as an enforceable mechanism.

The Board should determine:

- what service metrics will be monitored;
- what baseline service levels will apply;
- what constitutes material service degradation;
- how quickly the Applicants must respond;
- what information will be provided to the Board;
- what remedies will apply if service deteriorates;
- how long the protections will remain in effect; and
- whether the Board will have sufficient information to determine whether the combined railroad is actually delivering the promised benefits.

If the merger depends upon substantial growth, the relevant protections should apply not only to the mechanical integration of the two companies but also to the period during which traffic increases toward the Applicants' projected levels.

VII. TERMINAL AND GATEWAY CONGESTION REQUIRES SPECIFIC ANALYSIS

The Applicants' principal theory is that eliminating interchanges will improve fluidity.

M4 does not dispute that eliminating an interchange can remove a source of delay.

But a railroad's overall transit time depends upon much more than interchange activity.

Terminal congestion can result from switching, classification, inspection, crew availability, locomotive servicing, loading and unloading, intermodal processing, port capacity, highway access, and yard-storage constraints.



The Board should therefore identify the principal gateways and terminals expected to experience material increases in traffic and evaluate their actual processing capacity.

Particular attention should be given to Chicago-area operations and other locations where multiple traffic flows converge.

The question should be whether the merger **moves congestion** from interchange points to other portions of the network.

VIII. EQUIPMENT REQUIREMENTS SHOULD BE VERIFIED AGAINST THE GROWTH PROJECTIONS

The Applicants' Operating Plan contains a dedicated section addressing equipment requirements and utilization. See Amended Major Merger Application, Vol. 2, at 2-780 et seq.

That analysis should be tested against the Applicants' growth projections.

The Board should determine whether the combined railroad will have adequate:

- locomotives;
- freight cars;
- intermodal containers;
- chassis;
- maintenance facilities;
- locomotive servicing facilities; and
- spare equipment.

The issue is particularly important because the Applicants' public-interest case depends upon attracting freight that currently moves by truck.

If the projected demand materializes, the combined railroad must have sufficient equipment not only in aggregate but at the geographic locations where demand develops.

IX. COMPETITION SHOULD BE EVALUATED FROM THE CUSTOMER'S PERSPECTIVE

The Applicants state that the transaction will not materially lessen competition and that the combined railroad will preserve access to competing Class I railroads at affected facilities.

See Amended Major Merger Application, Vol. 1, at 1-50 et seq.; Verified Statements of Dr. Elizabeth M. Bailey and Dr. Mark A. Israel, Vol. 2.

The Applicants further characterize the transaction as a source of increased competition against trucking and emphasize the creation of thousands of new single-line opportunities.

Those arguments should be evaluated under both dimensions of competition.



First, the Board should determine whether the transaction creates new competition against trucking.

Second, the Board should determine whether the transaction reduces existing railroad-to-railroad alternatives for individual shippers, gateways, corridors, short lines, regional railroads, ports, and industrial facilities.

A customer should not be considered competitively benefited merely because a larger railroad offers a new service if that same customer loses a meaningful existing transportation alternative.

The Board's analysis should therefore examine actual customer-level and corridor-level effects rather than relying solely on aggregate systemwide measures.

X. THE INTERESTS OF SHORT LINES AND REGIONAL RAILROADS SHOULD BE CONSIDERED

The Applicants' proposed network will change traffic flows throughout the national rail system.

Those changes may create opportunities for short-line and regional railroads, but they may also affect the economic importance of individual connecting routes.

The Board should examine whether traffic consolidation onto major UP-NS corridors could reduce the importance of secondary routes to the merged carrier while those routes remain essential to local customers.

If such circumstances develop, the Board should preserve the ability of short lines and regional railroads to acquire or continue operating routes that the merged carrier no longer considers strategically important.

XI. SAFETY AND PASSENGER OPERATIONS SHOULD BE CONSIDERED AS PART OF THE CAPACITY ANALYSIS

The Applicants' Operating Plan expressly addresses impacts on passenger operations.

The Board should ensure that the increased freight traffic projected by the transaction does not impair passenger operations or infrastructure reliability.

The safety inquiry should also include the relationship between traffic growth and infrastructure-maintenance resources.

The relevant question is not simply whether the combined railroad satisfies existing safety requirements.

It is whether the railroad will have sufficient personnel, infrastructure, inspection resources, equipment, and management capacity to maintain safe operations **while implementing a major corporate integration and simultaneously increasing traffic.**



XII. THE ENVIRONMENTAL REVIEW SHOULD INFORM THE BOARD'S MERITS ANALYSIS

The Board's Office of Environmental Analysis has commenced the Environmental Impact Statement process for the proposed transaction.

The Board's environmental review is therefore not a peripheral matter. It provides an additional mechanism through which the Board can identify geographic locations where increased train traffic, terminal activity, grade-crossing activity, noise, emissions, infrastructure construction, or other changes may produce material effects.

OEA's preliminary consultation process began in August 2026, and preliminary consultation comments are presently due September 21, 2026.

M4 respectfully requests that the Board integrate the factual information developed through the environmental review with its economic and operational review.

In particular, where the environmental record identifies locations expected to experience significant increases in train traffic or terminal activity, those locations should be evaluated for corresponding infrastructure and operating capacity.

XIII. THE BOARD'S PROCEDURAL HISTORY SUPPORTS A CAREFUL MERITS REVIEW

The procedural history of this proceeding demonstrates the importance of requiring a complete and well-supported record.

The Board rejected the Applicants' December 19, 2025 application on January 16, 2026 because it was incomplete under the Board's regulations. The Board expressly stated that the rejection was without prejudice and did not constitute a determination on the ultimate merits.

The Applicants filed a revised application on April 30, 2026. The Board accepted that application for consideration on May 28, while requiring supplemental information and placing the proceeding in abeyance.

On August 18, 2026, the Board removed the proceeding from abeyance and adopted a procedural schedule. The Board expressly stated that resuming the proceeding did not constitute a merits determination.

The present stage of the proceeding is therefore precisely the stage at which the operational claims in the amended application should be tested against the evidence.

XIV. M4 REQUESTS THAT THE BOARD REQUIRE SPECIFIC FINDINGS BEFORE AUTHORIZING THE TRANSACTION



M4 respectfully requests that the Board, before approving the proposed transaction, make affirmative findings supported by substantial evidence concerning the following:

1. Transportation Capacity.

That the combined railroad has, or will timely obtain, sufficient physical and operational capacity to accommodate the Applicants' projected traffic growth.

2. Intermodal Capacity.

That sufficient terminal, container, chassis, yard, locomotive, crew, and connecting-infrastructure capacity exists to handle the projected diversion of more than 2.1 million truckloads to rail.

3. Terminal Fluidity.

That elimination of interchanges will not merely transfer congestion to other gateways, terminals, yards, ports, or connecting facilities.

4. Workforce Capacity.

That the Applicants' workforce plan provides sufficient staffing to operate and maintain the combined network safely and reliably.

5. Maintenance of Way.

That projected Maintenance of Way staffing and capital resources are adequate for the increased traffic density and infrastructure demands.

6. Equipment.

That the combined railroad will have sufficient locomotives, freight cars, containers, chassis, and maintenance capacity to support projected growth.

7. Technology Integration.

That the Applicants' systems-integration program contains adequate testing, contingency, and service-protection measures.

8. Passenger Operations.

That projected freight growth will not materially impair passenger operations.

9. Competition.

That customers will retain meaningful competitive alternatives and that the proposed competition-enhancing commitments are sufficient and enforceable.

10. Short-Line Connectivity.

That the transaction will not unnecessarily impair rail service to communities and customers dependent upon connecting short-line and regional railroads.

11. Environmental Effects.

That the operational assumptions underlying the public-interest case are consistent with the evidence developed through the Board's environmental review.



12. Implementation Risk.

That the Applicants have enforceable protections addressing the possibility that traffic growth occurs faster than infrastructure, terminal, equipment, or workforce expansion.

XV. REQUEST FOR RELIEF

M4 Railcar Group respectfully requests that the Board:

1. consider these comments as part of the merits record in Finance Docket No. 36873;
2. evaluate the Applicants' projected public benefits against the detailed operating, infrastructure, workforce, equipment, terminal, competitive, safety, and environmental evidence in the record;
3. require the Applicants to provide sufficient quantitative and geographically specific evidence to demonstrate that projected traffic growth can be accommodated without materially degrading existing service;
4. evaluate the publicly disclosed Employee Impact Exhibits together with the Applicants' workforce and operating plans;
5. coordinate the Board's economic and operational analysis with the findings developed through the Environmental Impact Statement process;
6. require enforceable service, competition, and implementation protections sufficient to protect shippers, employees, communities, connecting railroads, and the national transportation system; and
7. grant such other relief, including additional conditions or evidentiary requirements, as the Board determines necessary to ensure that the proposed transaction is consistent with the public interest.

CONCLUSION

The proposed Union Pacific–Norfolk Southern transaction presents potentially significant transportation benefits. A true coast-to-coast single-line railroad could improve routing options, reduce certain interchange delays, increase rail's ability to compete with trucking, and provide benefits to shippers.

But those benefits are projections. They are not self-executing.

The Applicants themselves place substantial weight on traffic growth, including the projected diversion of more than 2.1 million truckloads from highway to rail, expanded single-line service, increased intermodal activity, and substantial shipper savings.

Those representations necessarily place capacity at the center of the Board's public-interest inquiry.

The fundamental question is therefore not whether Union Pacific and Norfolk Southern can be placed under common ownership. They can.



The question is whether the resulting railroad will possess the **track capacity, terminal capacity, equipment, skilled workforce, maintenance resources, technology, capital investment, competitive safeguards, and operational resilience necessary to deliver the benefits represented to the Board.**

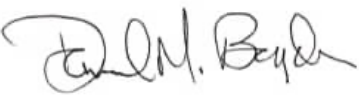
The Board should require that question to be answered with evidence, not assumptions.

M4 Railcar Group respectfully submits that the proposed transaction should not be approved unless the record demonstrates that its projected benefits are **physically achievable, adequately funded, properly staffed, operationally sustainable, and capable of being delivered without unacceptable deterioration in transportation service, safety, competition, or reliability.**

Respectfully submitted,

M4 RAILCAR GROUP

Daniel M. Bigda



Senior Partner – Rail

 (774) 200-4487

 dan@m4cg.com

 <https://m4-railcar.my.canva.site/>

 Ware, Massachusetts

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Written by M4 Railcar Group