

To: Surface Transportation Board
 From: Matthew K. McClure
 Re: opposition to the UP takeover of NS

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The proposed acquisition of Norfolk Southern by Union Pacific should be rejected by the Surface Transportation Board. This is not simply another corporate merger. It would fundamentally reshape American freight railroading by allowing the first coast-to-coast Class I railroad, combine approximately 50,000 route miles across 43 states, and reduce the number of major U.S. freight railroads from six to five. Every aspect of this merger is fraught with negative arguments.

The central theme is clear: Union Pacific's acquisition of Norfolk Southern will significantly reduce meaningful competition; it will not improve service nor strengthen the public interest. Instead, if approved it give an already enormous railroad greater market power over American shippers, communities and workers. The parallels to Frank Norris' muckraking novel "The Octopus" from over 100 years ago are quite strong.

I. Fewer railroads means less competition

The most compelling reason to reject the merger is also the most fundamental: **America does not need fewer major freight railroads.**

Union Pacific and Norfolk Southern argue that combining their largely end-to-end networks will create new single-line routes and allow rail to compete more effectively with trucking. Their revised application claims that approximately 10,000 existing lanes could become single-line movements and that shippers could save billions of dollars annually.

But a promised increase in *efficiency* is not necessarily an increase in *competition*.

A shipper does not benefit from having one railroad move its freight from coast to coast if the merger simultaneously gives that railroad greater leverage over the shipper. The relevant question is not simply whether a shipment can move more conveniently from origin to destination. It is whether customers have meaningful alternatives when negotiating rates, service levels, access, routing and contracts. That distinction is especially important because the combined company would reportedly account for approximately 42% of U.S. rail carloads under the companies' methodology.

The merger's opponents—including BNSF, labor organizations, agricultural and chemical interests and other business groups—have rightfully argued that the transaction would reduce competition and increase transportation costs for manufacturers, farmers and consumers. Those concerns should not be dismissed as the self-interest of competitors. A railroad's market power ultimately affects the price of goods throughout the economy.

There is a particularly important historical precedent: **Union Pacific's 1996 acquisition of Southern Pacific.**

The U.S. Department of Justice opposed that merger because it concluded that the transaction would reduce competition and potentially increase consumer costs. The Department estimated that competitive harm could result in approximately **\$800 million annually in increased consumer prices** and argued that substantial line divestitures were necessary to preserve competition.

The merger nevertheless proceeded. Competition has been reduced and years and years of problems occurred.

The consequences should be remembered before regulators approve another transformational UP acquisition.

Following the UP-SP merger, the railroad experienced severe operational problems. Contemporary reporting described extraordinary congestion at the ports of Los Angeles and Long Beach, with freight cars and containers sitting for days and ships waiting offshore. The lesson is not that every merger inevitably produces another operational disaster. The lesson is that **railroad networks are extraordinarily complicated systems, and promised efficiencies can prove much harder to achieve than projected.**

More than one railroad executive who experienced UP's earlier mergers has acknowledged that the UP-SP integration involved significant operational problems and that key factors such as locomotives, crews and siding capacity can become badly unbalanced during a major integration. The STB should not gamble with the national freight network simply because the acquiring companies promise that this time will be different.

II. Jobs will be throughout the extant Norfolk Southern system.

Union Pacific's history warrants skepticism about promises to preserve lines and jobs

Union Pacific has grown through a long series of acquisitions, including Missouri Pacific, Western Pacific, Missouri-Kansas-Texas and Chicago & North Western, followed by the massive Southern Pacific acquisition.

Those acquisitions were not simply exercises in expanding a railroad's geographic footprint. They were also opportunities to consolidate facilities, eliminate redundancies, rationalize routes and reduce costs.

The history is particularly relevant to Norfolk Southern employees. When UP acquired Chicago & North Western, CNW had approximately 6,000 employees and 5,600 miles of track. Contemporary accounts specifically anticipated substantial operating savings from the combination. Legal records from the subsequent merger show that UP established a voluntary force-reduction program for eligible C&NW nonunion employees, while negotiated labor arrangements provided separation allowances for certain employees affected by the consolidation.

The Southern Pacific acquisition provides an even clearer example. Before that merger was completed, Union Pacific publicly estimated approximately **\$500 million in annual savings through job reductions and cost cutting**. Subsequent reporting put expected job reductions at thousands of positions. This time the jobs will be lost in key political battleground states—in particular Pennsylvania, Ohio, Michigan where NS' presence is strong and has important skilled labor at a variety of facilities.

And line rationalization has long been part of the railroad industry's consolidation process. The UP-SP merger itself included abandonment proceedings involving multiple lines, while the history of railroads subsequently absorbed into the UP system demonstrates repeated abandonment, sale or elimination of routes considered redundant or uneconomic.

That history matters because **a railroad can promise today that no important line will be abandoned while still possessing enormous economic incentives to rationalize the network tomorrow**. Indeed, the current application says UP and NS are not proposing to abandon any rail lines *as part of the transaction*. That is an important distinction. It does not mean that lines will necessarily remain indefinitely once the merger has been completed.

Regulators should judge the transaction on what the merged railroad will have both the **ability and incentive** to do—not merely on what its executives promise during the approval process.

Thousands of Norfolk Southern workers east of Chicago have enormous stakes in this decision—in key battleground states like Ohio, Pennsylvania, and Michigan.

The human consequences deserve much greater attention. Norfolk Southern operates approximately 19,200 route miles across 22 eastern states and the District of Columbia. Its network extends from Chicago into the Southeast and Northeast and to Norfolk, Virginia. For thousands of railroad employees east of Chicago, this merger represents the potential consolidation of a railroad that has existed as an independent eastern system with a railroad whose corporate culture, operating practices and management philosophy originated in the West. UP has promised job protection, including a commitment that union employees working at the time of the merger will retain jobs. The companies have also announced an agreement providing career-long protection to SMART-TD train and yardmaster employees, subject to its terms.

Those commitments deserve consideration—but they should not end the inquiry.

The STB itself has required detailed information concerning positions that would be **abolished, created or transferred** as a result of the merger. The Board even ordered the companies to make portions of their employee-impact data public after labor unions challenged its confidentiality designation.

That is precisely the kind of information regulators and the public need to scrutinize.

A "job guarantee" does not necessarily mean that an employee keeps the same job, at the same location, under the same working conditions, without relocation, disruption or changes to seniority and work assignments.

For a railroad employee, being told that the company will preserve employment while simultaneously transferring the work hundreds of miles away is hardly equivalent to preserving the job.

The consequences extend far beyond railroad employees

The public interest is considerably broader than railroad payrolls.

Freight railroads operate through thousands of communities. Their decisions affect:

- grade-crossing congestion;
- emergency-response times;
- noise and vibration;
- locomotive emissions;
- hazardous-material movements;
- local roads and bridges;
- rail yards and terminals;
- land use;
- infrastructure investment;
- supply-chain resilience; and
- the economic viability of communities dependent on rail service.

The STB's own environmental review identifies rail segments, yards and intermodal facilities in dozens of states that could experience operational changes significant enough to trigger environmental review.

That is not a trivial consequence.

III. **The takeover could make Chicago—and the national network—more vulnerable**

Chicago is the most important freight rail hub in North America. Norfolk Southern and Union Pacific already have major operations there, and their networks intersect in the Chicago region and elsewhere in Illinois and Missouri. The proposed merger would transform those separate networks into a single system with enormous control over traffic moving through and around Chicago. A railroad takeover of this magnitude inevitably changes where trains run, how frequently they run, where they are assembled, where crews change, where locomotives are serviced and where freight is handed off. A train rerouted away from one community does not mean the impact disappeared. It means the impact moved somewhere else.

That raises a fundamental resilience question:

Is it wise public policy to concentrate even more freight traffic and infrastructure under the control of one railroad?

The answer should be no. Transportation networks are more resilient when there are alternative routes and alternative providers. A railroad failure, labor disruption, flood, derailment, infrastructure problem or congestion crisis becomes more consequential when fewer independent carriers exist to absorb the traffic. The goal of national transportation policy should be redundancy—not dependency on ever-larger monopolistic systems.

The companies' promises are not the same thing as competition

UP and NS argue that the merger will actually *increase* competition because rail will be better positioned to take freight away from trucks. They predict millions of truckloads could shift to rail.

That may sound attractive—and moving freight from highway to rail can indeed produce public benefits.

But there is a crucial distinction:

Competition between rail and trucking does not replace competition between railroads.

A manufacturer that has only one practical railroad serving its facility cannot meaningfully bargain with that railroad simply because a truck exists as a theoretical alternative.

The same is true for agricultural producers, chemical manufacturers, energy companies, automobile plants and other rail-dependent industries. Railroads have enormous fixed infrastructure costs. For many shippers, trucking is not a realistic substitute for large volumes of bulk or specialized freight.

The STB therefore must look at actual shipper alternatives—not theoretical alternatives.

The burden should be on the companies to prove the benefits. This is not an argument against all railroad mergers.

It is an argument against approving **this particular merger without proof that the public will be better off.**

The companies have already made an extraordinary number of promises: better service, greater efficiency, new single-line routes, lower costs, increased rail traffic, new jobs, preserved jobs, protected gateways and enhanced competition.

But the history of railroad consolidation demonstrates why promises deserve scrutiny.

The STB's major-merger rules exist precisely because enormous railroad combinations can have consequences that extend far beyond the shareholders of the two companies.

And this proceeding is not hypothetical. The STB initially rejected the companies' December 2025 application as incomplete, unanimously determining that required information was missing. A revised application was subsequently accepted for consideration, and in August 2026 the Board resumed the merits review. The Board has explicitly emphasized that resuming the proceeding is **not** an endorsement of the merger.

The Board therefore has an opportunity—and a responsibility—to ask the hardest questions before it is too late.

America needs more competition, not fewer choices There is a seductive simplicity to the argument for a coast-to-coast railroad: one railroad, one bill of lading, fewer handoffs, faster service. But America's freight system should not be designed solely around the convenience of the railroad.

It should be designed around the interests of **the customers who pay the railroad, the workers who operate it, and the public that lives alongside it.**

A coast-to-coast railroad might be efficient for Union Pacific.

It might generate billions of dollars in shareholder value.

It might eliminate some interchange costs.

But those benefits do not automatically outweigh the loss of competitive choice.

Once two major railroads become one, the lost competition cannot easily be recreated. Once facilities are consolidated, workers displaced and routes rationalized, reversing those decisions can be extraordinarily difficult.

That is why the STB should apply the highest possible standard to this transaction.

If Union Pacific and Norfolk Southern cannot demonstrate—not merely promise—that the merger will produce greater competition, demonstrably better service, meaningful benefits for shippers and substantial benefits for the

American public, the takeover should be rejected. Thus far, they have not. And will not since that argument cannot be made.

America does not need another experiment in railroad consolidation. It needs a freight railroad system in which shippers have choices, workers have stable careers, communities have reliable service and the national economy has redundant transportation capacity.

The public interest is better served by six strong Class I railroads competing with one another than by five—with one of them stretching from the Atlantic to the Pacific.

For those reasons, the Surface Transportation Board should deny Union Pacific's acquisition of Norfolk Southern.

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