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Michael L. Rosenthal

Covington & Burling LLP
One CityCenter
850 Tenth Street, NW
Washington, DC 20001-4956
T +1 202 662 5448
mrosenthal@cov.com

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ENTERED

Office of Chief Counsel
September 11, 2026

September 11, 2026

By E-Filing

Chief of Case Administration
Office of Chief Counsel
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

Part of
Public Record

Re: Docket No. FD 36873, *Union Pacific Corp., et al. - Control - Norfolk Southern Corp., et al.*

Dear Chief of Case Administration:

Applicants are correcting certain errors in the Supplemental Verified Statement of David T. Hunt (“Hunt Supplemental Statement”), which was submitted with the Applicants’ Second Response to Decision No. 21 on July 27, 2026. Most of the changes reflect corrections to the diversion study described in Applicants’ September 4, 2026, filing in the referenced docket.

Applicants are enclosing a table identifying the changes to the Hunt Supplemental Statement. Applicants are filing “HIGHLY CONFIDENTIAL” and “PUBLIC” versions of the table. In the table, bold text in the “Original” column identifies material to be deleted or changed, and bold text in the “Corrected” column identifies material to be added or substituted. Where a correction affects multiple numbers in a table or exhibit, Applicants are providing a copy of the corrected table or exhibit as an attachment to the table.

The “HIGHLY CONFIDENTIAL” version of the table and associated workpapers are being made available via Covington’s Kiteworks FTP site to individuals who have executed the appropriate undertakings to the Protective Order. Other individuals may obtain a copy by contacting Caroline Harrison at charrison@cov.com and Charlotte Krovoza at ckrovoza@cov.com.

Applicants are also enclosing a “change log” that identifies new and replacement workpapers to the Hunt Supplemental Statement. In addition, Applicants are providing on their Kiteworks FTP site a revised version of their comprehensive index to the workpapers for the Second Response to Decision No. 21.

Finally, Applicants are enclosing a full, corrected “PUBLIC” version of the Hunt Supplemental Statement and providing a “HIGHLY CONFIDENTIAL” version on their Kiteworks FTP site.

COVINGTON

Chief of Case Administration
September 11, 2026
Page 2

Please contact me with any questions.

Sincerely,

/s/ Michael L. Rosenthal

Michael L. Rosenthal
*Attorney for Union Pacific
Corporation and Union
Pacific Railroad Company*

Enclosures

cc: All Parties of Record
ALJ Soulikias

CERTIFICATE OF SERVICE

I hereby certify that, on this 11th day of September, 2026, the foregoing document was served by first-class mail or email on all parties of record in this proceeding, the Secretary of Transportation, the Attorney General of the United States, and Administrative Law Judge Jenifer Soulikias.

/s/ Charlotte Krovoza

Docket No. FD 36874

UNION PACIFIC CORP.—CONTROL—NORFOLK SOUTHERN CORP.

ERRATA TO SUPPLEMENTAL VERIFIED STATEMENT OF DAVID T. HUNT

Conf. – Conforming text to data.

Corr. – Correcting erroneous data.

Ref. – Correcting an internal reference.

Typo. – Correcting a typographical error.

Page Number	Component	Original	Corrected	Reason
SUPP. Page 328	Hunt Supp. VS at 6	“Should BNSF and CSX merge, I estimate that UP-NS net diversions would be reduced by 63,000 carloads and 629,000 intermodal units annually, for a total reduction of 692,000 carloads/units per year. Should CPKC and CSX merge, I estimate that UP-NS net diversions would be reduced by 15,000 carloads and 59,000 intermodal units annually, for a total reduction of 73,000 carloads/units per year. Finally, if BNSF, CPKC, and CSX merge, I estimate that UP-NS diversions would be reduced by 70,000 carloads and 629,000 intermodal units annually, for a total reduction of 699,000 carloads/units per year.”	“Should BNSF and CSX merge, I estimate that UP-NS net diversions would be reduced by 62,000 carloads and 633,000 intermodal units annually, for a total reduction of 695,000 carloads/units per year. Should CPKC and CSX merge, I estimate that UP-NS net diversions would be reduced by 15,000 carloads and 63,000 intermodal units annually, for a total reduction of 77,000 carloads/units per year. Finally, if BNSF, CPKC, and CSX merge, I estimate that UP-NS diversions would be reduced by 70,000 carloads and 633,000 intermodal units annually, for a total reduction of 703,000 carloads/units per year.”	Corr.

REDACTED VERSION – TO BE PLACED ON PUBLIC RECORD

Page Number	Component	Original	Corrected	Reason
329	Hunt Supp. VS at 7	Exhibit PB2.1	Replacement in Att. 1	Corr.
330	Hunt Supp. VS at 8	Exhibit PB2.2	Replacement in Att. 1	Corr.
331	Hunt Supp. VS at 9	Exhibit PB2.3	Replacement in Att. 1	Corr.
332	Hunt Supp. VS at 10	“The largest diversion impact would be to T2R intermodal, which shows a 48% reduction from 1,178,000 units to 615,000 units in both Scenario 1 and Scenario 3.”	“The largest diversion impact would be to T2R intermodal, which shows a 48% reduction from 1,201,000 units to 627,000 units in both Scenario 1 and Scenario 3.”	Corr.
332	Hunt Supp. VS at 10	“... with a 24% decline from 193,000 carloads to 147,000 carloads for...”	“... with a 24% decline from 196,000 carloads to 149,000 carloads for...”	Corr.
332	Hunt Supp. VS at 10	“In Scenario 1 and Exhibit PB2.1 total R2R diversions are estimated to decrease from 508,000 to 395,000 , a decline of 112,000 , should BNSF-CSX merge.”	“In Scenario 1 and Exhibit PB2.1 total R2R diversions are estimated to decrease from 467,000 to 366,000 , a decline of 101,000 , should BNSF-CSX merge.”	Corr.
332	Hunt Supp. VS at 10 n.8	“Workpaper ‘HC-R2R Traffic vFinal v260702-STB-Dec21-PB2.xlsx.’ Rounding is done after the calculations, thus 508,000 minus 395,000 is 112,000 when the subtraction is prior to rounding. ”	“Workpaper ‘HC-R2R Traffic vFinal v260702-STB-Dec21-PB2.xlsx.’”	Corr.
333	Hunt Supp. VS at 11	“...to decrease from 193,000 to 152,000 rail carloads...”	“...to decrease from 191,000 to 151,000 rail carloads...”	Corr.
334	Hunt Supp. VS at 12	Exhibit PB2.4	Replacement in Att. 1	Corr.

REDACTED VERSION – TO BE PLACED ON PUBLIC RECORD

Page Number	Component	Original	Corrected	Reason
334	Hunt Supp. VS at 12	“...to decrease from 1,178,000 to 615,000 units under...”	“...to decrease from 1,201,000 to 627,000 units under...”	Corr.
335	Hunt Supp. VS at 13	“This led to a reduction of 48,000 containers, 4% of the estimated 1.178 million diversions.”	“This led to a reduction of 54,000 containers, 4% of the estimated 1.201 million diversions.”	Corr.
336	Hunt Supp. VS at 14	“Under a hypothetical BNSF-CSX merger, I calculate that the UP-NS estimated \$4.04 billion revenue increase from diversions would be reduced by \$1.51 billion, for a new UP-NS total revenue gain from diversions of \$2.53 billion (see Exhibit PB2.6). A CPKC-CSX merger would reduce the UP-NS estimated diversion revenue by \$197 million to \$3.85 billion (see Exhibit PB2.7). A BNSF-CPKC-CSX merger would reduce the UP-NS estimated diversion revenue by \$1.56 billion to \$2.49 billion (see Exhibit PB2.8).”	“Under a hypothetical BNSF-CSX merger, I calculate that the UP-NS estimated \$4.03 billion revenue increase from diversions would be reduced by \$1.51 billion, for a new UP-NS total revenue gain from diversions of \$2.52 billion (see Exhibit PB2.6). A CPKC-CSX merger would reduce the UP-NS estimated diversion revenue by \$202 million to \$3.82 billion (see Exhibit PB2.7). A BNSF-CPKC-CSX merger would reduce the UP-NS estimated diversion revenue by \$1.55 billion to \$2.47 billion (see Exhibit PB2.8).”	Corr.
336	Hunt Supp. VS at 14	“The estimated T2IM diversions were 1,178,000 units and the estimated reduction due to a hypothetical BNSF-CSX merger are 563,000 units, for a ratio of 0.478”	“The estimated T2IM diversions were 1,201,000 units and the estimated reduction due to a hypothetical BNSF-CSX merger are 574,000 units, for a ratio of 0.478.”	Corr.
336	Hunt Supp. VS at 14	Exhibit PB2.5	Replacement in Att. 1	Corr.
337	Hunt Supp. VS at 15	Exhibit PB2.6	Replacement in Att. 1	Corr.

REDACTED VERSION – TO BE PLACED ON PUBLIC RECORD

Page Number	Component	Original	Corrected	Reason
338	Hunt Supp. VS at 16	Exhibit PB2.7	Replacement in Att. 1	Corr.
342	Hunt Supp. VS at 20	“Rail shippers switching from interline service to new UP-NS single-line service can expect to save an additional \$199 million per year...”	“Rail shippers switching from interline service to new UP-NS single-line service can expect to save an additional \$192 million per year...”	Corr.
342	Hunt Supp. VS at 20	Exhibit PB6.2	Replacement in Att. 1	Corr.
342	Hunt Supp. VS at 20	“...the difference in pre- and post- revenue summing to the \$199 million in annual rail shipper savings...”	“...the difference in pre- and post- revenue summing to the \$192 million in annual rail shipper savings...”	Corr.
343	Hunt Supp. VS at 21	“...UP-NS increased traffic on 3,993 existing and new Routes while traffic decreased on 4,331 existing, less-efficient Routes.”	“...UP-NS increased traffic on 4,000 existing and new Routes while traffic decreased on 4,338 existing, less-efficient Routes.”	Corr.
343	Hunt Supp. VS at 21	Exhibit MS1.1	Replacement in Att. 1	Corr.
343	Hunt Supp. VS at 21	“...the UP-NS Route gains {{ }} units... ”	“...the UP-NS Route gains {{ }} tons... ”	Corr.
344	Hunt Supp. VS at 22	“Exhibit MS1.2: R2R traffic diversion results for Los Angeles-Riverside-Orange County, CA-AZ BEA to Cincinnati-Hamilton, OH-KY-IN BEA intermodal diversions”	“Exhibit MS1.2: R2R traffic diversion results (in net tons) for Los Angeles-Riverside-Orange County, CA-AZ BEA to Cincinnati-Hamilton, OH-KY-IN BEA intermodal diversions”	Conf.
344	Hunt Supp. VS at 22	Exhibit MS1.2	Replacement in Att. 1	Corr.

REDACTED VERSION – TO BE PLACED ON PUBLIC RECORD

Page Number	Component	Original	Corrected	Reason
344	Hunt Supp. VS at 22	Exhibit MS1.3	Replacement in Att. 1	Corr.
354	Hunt Supp. VS at 32	“Approximately 31% of the 788 active merchandise/bulk Locations operate below 202,000 net tons/year... the 31% figure is likely an undercount... These lower traffic Locations collectively account for only approximately 0.8% of total merchandise/bulk volume.”	“Approximately 31% of the 788 active merchandise/bulk Locations operate below 202,000 net tons/year... the 31% figure is likely an undercount... These lower traffic Locations collectively account for only approximately 0.5% of total merchandise/bulk volume.”	Conf.
357	Hunt Supp. VS at 35	“We identified 10 Locations showing projected volume drops of more than 30%...”	“We identified 7 Locations showing projected volume drops of more than 30%...”	Corr.
357	Hunt Supp. VS at 35	Exhibit MS1.13	Replacement in Att. 1	Corr.
357	Hunt Supp. VS at 35 n.61	“Workpaper ‘MS1_Service Viability_vFinal.xlsx’ Tab ‘LocationsWFlags.’”	“Workpaper ‘ HC -MS1_Service Viability_vFinal.xlsx’ Tab ‘LocationsWFlags.’”	Ref.
358	Hunt Supp. VS at 36	Exhibit MS1.14	Replacement in Att. 1	Corr.
358	Hunt Supp. VS at 36 n.63	“Workpaper ‘MS1_Service Viability_vFinal.xlsx’ Tab ‘LocationsWFlags.’”	“Workpaper ‘ HC -MS1_Service Viability_vFinal.xlsx’ Tab ‘LocationsWFlags.’”	Ref.
359	Hunt Supp. VS at 37	“...the remaining traffic from BNSF to this CSXT facility remains at {{ }} net tons per year...”	“...the remaining traffic from BNSF to this CSXT facility remains at {{ }} net tons per year...”	Corr.

REDACTED VERSION – TO BE PLACED ON PUBLIC RECORD

Page Number	Component	Original	Corrected	Reason
359	Hunt Supp. VS at 37	“Knoxville: while CSXT loses some volume at this Location, with a volume over three times the 150,000 net tons/year viability threshold for intermodal facilities, this Location’s viability is not threatened.”	“Knoxville: while CSXT loses some volume at this Location, with a volume over 2.5 times the 202,000 net tons/year viability threshold for merchandise/bulk facilities, this Location’s viability is not threatened.”	Corr.
359	Hunt Supp. VS at 37	“The five Locations in Mexico and Canada shown in Exhibit MS1.15 are likely false positives...”	“The two Locations in Canada shown in Exhibit MS1.15 are likely false positives...”	Corr.
360	Hunt Supp. VS at 38	Exhibit MS1.15	Replacement in Att. 1	Corr.
360	Hunt Supp. VS at 38 n.66	“Workpaper ‘MS1_Service Viability_vFinal.xlsx’ Tab ‘LocationsWFlags.’”	“Workpaper ‘ HC -MS1_Service Viability_vFinal.xlsx’ Tab ‘LocationsWFlags.’”	Ref.
360	Hunt Supp. VS at 38	“...RCPE, TRAA , UP and WER.”	“...RCPE, TRRA , UP and WER.”	Typo.
360	Hunt Supp. VS at 38	Exhibit MS1.16	Replacement in Att. 1	Corr.
360	Hunt Supp. VS at 38 n.67	“Workpaper ‘MS1_Service Viability_vFinal.xlsx’ Tab ‘CFE to Chicago .’”	“Workpaper ‘ HC -MS1_Service Viability_vFinal.xlsx’ Tab ‘CFE Summary .’”	Ref.
360	Hunt Supp. VS at 38	Exhibit MS1.17	Replacement in Att. 1	Corr.
360	Hunt Supp. VS at 38 n.68	“Workpaper ‘MS1_Service Viability_vFinal.xlsx’ Tab ‘CFE from Chicago .’”	“Workpaper ‘ HC -MS1_Service Viability_vFinal.xlsx’ Tab ‘CFE Summary .’”	Ref.

REDACTED VERSION – TO BE PLACED ON PUBLIC RECORD

Page Number	Component	Original	Corrected	Reason
361	Hunt Supp. VS at 39 n.69		“Workpaper ‘HC-MS1_Service Viability_vFinal.xlsx’ Tab ‘CFE Summary.’”	Ref.
361	Hunt Supp. VS at 39 n.70	“Workpaper ‘MS1_Service Viability_vFinal.xlsx’ Tab ‘CFE Summary.’”	“Workpaper ‘ HC -MS1_Service Viability_vFinal.xlsx’ Tab ‘CFE Summary.’”	Ref.
365	Hunt Supp. VS at 43	“(Diversio n Analysis.mkt_share.im_with_stc c4_ 20260410)”	“(Diversio n Analysis.mkt_share.im_with_stc c4_ 20260702)”	Ref.

ATTACHMENT 1

Exhibit PB2.1: Scenario 1 Variant of Hunt Verified Statement Exhibit 2-4, considering UP-NS merger and assumed BNSF-CSX merger

Total UP-NS diversion estimate is on top, changes in the middle, and revised UP-NS diversions on the bottom. All values in thousands of carloads or intermodal units

Estimated total annual diversions from UP-NS merger

	Merchandise	Bulk	Automotive	Subtotal Carload	Intermodal	Total
A. Total rail to rail diversion	123	31	53	206	261	467
A1. R2R extended haul diversions	97	28	43	168	181	349
A2. R2R new traffic	25	3	10	39	79	118
B. Total T2R diversions	191	0	5	196	1,201	1,397
C. Long haul drayage diversions	0	0	0	0	70	70
D. Total gross diversions	314	31	58	402	1,532	1,934
E. R2R extended haul offsets	(84)	(34)	(32)	(150)	(181)	(332)
F. Long haul drayage offsets	0	0	0	0	(70)	(70)
G. Net diversions	230	(4)	26	252	1,280	1,532

Estimated total annual reductions in UP-NS diversions should BNSF-CSX merge

	Merchandise	Bulk	Automotive	Subtotal Carload	Intermodal	Total
A. Total rail to rail diversion	(14)	(3)	(15)	(32)	(68)	(101)
A1. R2R extended haul diversions	(5)	(2)	(6)	(14)	(10)	(23)
A2. R2R new traffic	(9)	(1)	(9)	(19)	(59)	(77)
B. Total T2R diversions	(41)	-	(1)	(42)	(574)	(616)
C. Long haul drayage diversions	0	0	0	0	0	-
D. Total gross diversions	(55)	(3)	(17)	(74)	(643)	(717)
E. R2R extended haul offsets	4	3	5	12	10	22
F. Long haul drayage offsets	0	0	0	0	0	-
G. Net diversions	(50)	(0)	(12)	(62)	(633)	(695)

Estimated total annual diversions for UP-NS considering a merger of BNSF-CSX

	Merchandise	Bulk	Automotive	Subtotal Carload	Intermodal	Total
A. Total rail to rail diversion	109	28	38	174	192	366
A1. R2R extended haul diversions	93	25	36	154	172	326
A2. R2R new traffic	16	2	1	20	21	40
B. Total T2R diversions	151	-	4	154	627	781
C. Long haul drayage diversions	0	0	0	0	70	70
D. Total gross diversions	259	28	41	328	889	1,217
E. R2R extended haul offsets	(80)	(31)	(28)	(138)	(172)	(310)
F. Long haul drayage offsets	-	-	-	-	(70)	(70)
G. Net diversions	180	(4)	14	190	647	837

Exhibit PB2.2: Scenario 2 Variant of Hunt Verified Statement Exhibit 2-4 considering UP-NS merger and assumed CPKC-CSX merger

Total UP-NS diversion estimate is on top, changes in the middle, and revised UP-NS diversions on the bottom. All values in thousands of carloads or intermodal units

Estimated total annual diversions from UP-NS merger

	Merchandise	Bulk	Automotive	Subtotal Carload	Intermodal	Total
A. Total rail to rail diversion	123	31	53	206	261	467
A1. R2R extended haul diversions	97	28	43	168	181	349
A2. R2R new traffic	25	3	10	39	79	118
B. Total T2R diversions	191	0	5	196	1,201	1,397
C. Long haul drayage diversions	0	0	0	0	70	70
D. Total gross diversions	314	31	58	402	1,532	1,934
E. R2R extended haul offsets	(84)	(34)	(32)	(150)	(181)	(332)
F. Long haul drayage offsets	0	0	0	0	(70)	(70)
G. Net diversions	230	(4)	26	252	1,280	1,532

Estimated total annual reductions in UP-NS diversions should CPKC-CSX merge

	Merchandise	Bulk	Automotive	Subtotal Carload	Intermodal	Total
A. Total rail to rail diversion	(7)	(0)	(5)	(13)	(14)	(27)
A1. R2R extended haul diversions	(4)	(0)	(3)	(7)	(5)	(12)
A2. R2R new traffic	(3)	(0)	(2)	(5)	(9)	(15)
B. Total T2R diversions	(8)	-	(0)	(8)	(54)	(62)
C. Long haul drayage diversions	0	0	0	0	0	-
D. Total gross diversions	(15)	(0)	(6)	(21)	(67)	(88)
E. R2R extended haul offsets	4	0	2	6	5	11
F. Long haul drayage offsets	0	0	0	0	0	-
G. Net diversions	(12)	(0)	(3)	(15)	(63)	(77)

Estimated total annual diversions for UP-NS considering a merger of CPKC-CSX

	Merchandise	Bulk	Automotive	Subtotal Carload	Intermodal	Total
A. Total rail to rail diversion	116	30	47	193	247	440
A1. R2R extended haul diversions	93	27	40	160	177	337
A2. R2R new traffic	22	3	8	33	70	103
B. Total T2R diversions	183	-	5	188	1,147	1,335
C. Long haul drayage diversions	0	0	0	0	70	70
D. Total gross diversions	299	30	52	382	1,464	1,846
E. R2R extended haul offsets	(80)	(34)	(30)	(144)	(177)	(321)
F. Long haul drayage offsets	-	-	-	-	(70)	(70)
G. Net diversions	219	(4)	22	237	1,217	1,455

Exhibit PB2.3: Scenario 3 Variant of Hunt Verified Statement Exhibit 2-4 considering UP-NS merger and assumed BNSF-CPKC-CSX merger

Total UP-NS diversion estimate is on top, changes in the middle, and revised UP-NS diversions on the bottom. All values in thousands of carloads or intermodal units

Estimated total annual diversions from UP-NS merger

	Merchandise	Bulk	Automotive	Subtotal Carload	Intermodal	Total
A. Total rail to rail diversion	123	31	53	206	261	467
A1. R2R extended haul diversions	97	28	43	168	181	349
A2. R2R new traffic	25	3	10	39	79	118
B. Total T2R diversions	191	0	5	196	1,201	1,397
C. Long haul drayage diversions	0	0	0	0	70	70
D. Total gross diversions	314	31	58	402	1,532	1,934
E. R2R extended haul offsets	(84)	(34)	(32)	(150)	(181)	(332)
F. Long haul drayage offsets	0	0	0	0	(70)	(70)
G. Net diversions	230	(4)	26	252	1,280	1,532

Estimated total annual reductions in UP-NS diversions should BNSF-CPKC-CSX merge

	Merchandise	Bulk	Automotive	Subtotal Carload	Intermodal	Total
A. Total rail to rail diversion	(17)	(3)	(15)	(35)	(69)	(104)
A1. R2R extended haul diversions	(6)	(3)	(6)	(15)	(10)	(24)
A2. R2R new traffic	(11)	(1)	(9)	(21)	(59)	(80)
B. Total T2R diversions	(46)	-	(1)	(47)	(574)	(621)
C. Long haul drayage diversions	0	0	0	0	0	-
D. Total gross diversions	(62)	(3)	(17)	(82)	(643)	(725)
E. R2R extended haul offsets	5	3	5	13	10	23
F. Long haul drayage offsets	0	0	0	0	0	-
G. Net diversions	(57)	(0)	(12)	(70)	(633)	(703)

Estimated total annual diversions for UP-NS considering a merger of BNSF-CPKC-CSX

	Merchandise	Bulk	Automotive	Subtotal Carload	Intermodal	Total
A. Total rail to rail diversion	106	27	38	171	192	363
A1. R2R extended haul diversions	92	25	36	153	172	325
A2. R2R new traffic	14	2	1	18	20	38
B. Total T2R diversions	146	-	4	149	627	776
C. Long haul drayage diversions	0	0	0	0	70	70
D. Total gross diversions	251	27	41	320	889	1,209
E. R2R extended haul offsets	(79)	(31)	(27)	(137)	(172)	(309)
F. Long haul drayage offsets	-	-	-	-	(70)	(70)
G. Net diversions	173	(4)	14	183	647	829

Exhibit PB2.4: Ratio of BNSF-CPKC-CSX to UP-NS mileages for T2R diverted merchandise/bulk lane

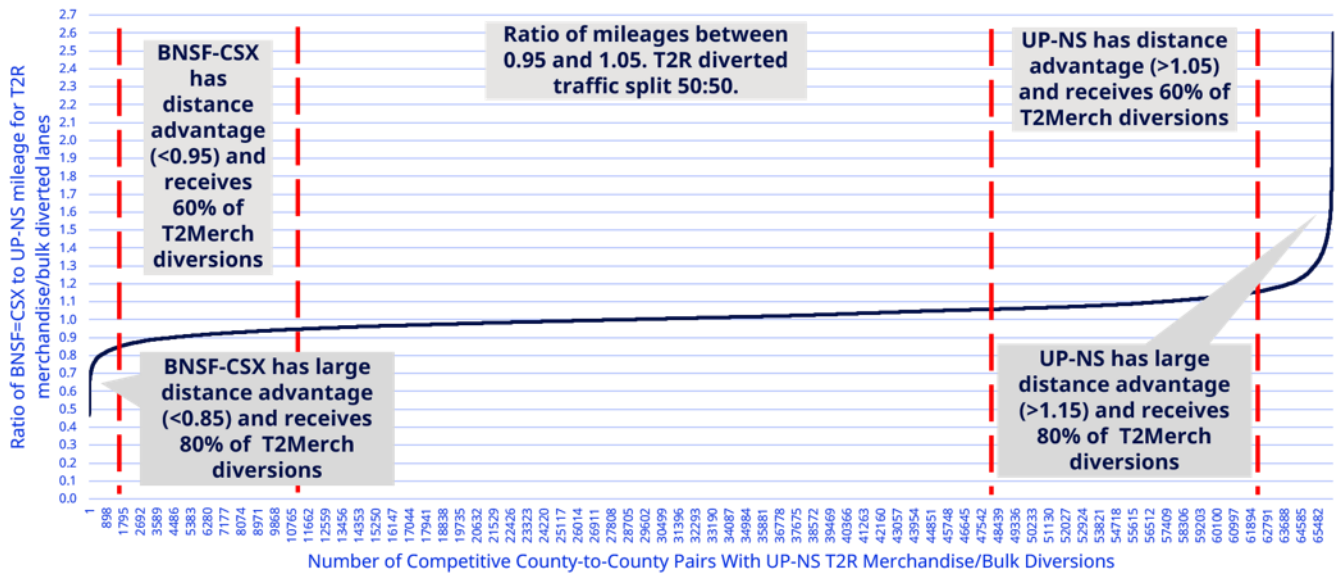


Exhibit PB2.5: Calculation illustrating how Exhibits PB2.6 through PB2.8 were developed using T2R intermodal from Scenario 1 (BNSF-CSX)

	Volume (thousands)	Revenue (millions)
Total Diversion Est.	1,201	\$ 2,110
Est. Reduction From BNSF-CSX	(574)	\$ (1,009)
Ratio	-0.478	-0.478

Exhibit PB2.6: Scenario 1 Variant of Hunt Verified Statement Exhibit 8-1 considering UP-NS and a hypothetical BNSF-CSX merger

Original Exhibit 8-1 on top, changes in the middle, and revised UP-NS diversions revenue estimates on the bottom. All values in millions of US dollars

	R2R	T2R	Total	Offsets	Net revenue
Merchandise	\$628	\$1,280	\$1,908	(\$415)	\$1,494
IM w/o LHD	\$481	\$2,110	\$2,591	(\$261)	\$2,330
Long-Haul Dray	\$0	\$119	\$119	(\$114)	\$5
Bulk	\$177	\$0	\$177	(\$114)	\$63
Auto	\$239	\$22	\$261	(\$126)	\$135
Total	\$1,525	\$3,531	\$5,056	(\$1,029)	\$4,027

Estimated total annual reductions in UP-NS diversion revenue should BNSF-CSX merge

	R2R	T2R	Total	Offsets	Net revenue	
Merchandise		(\$72)	(\$272)	(\$344)	\$21	(\$323)
IM w/o LHD		(\$126)	(\$1,009)	(\$1,135)	\$14	(\$1,121)
Long-Haul Dray		\$0	\$0	\$0	\$0	\$0
Bulk		(\$18)	\$0	(\$18)	\$10	(\$8)
Auto		(\$69)	(\$6)	(\$75)	\$18	(\$56)
Total		(\$284)	(\$1,287)	(\$1,571)	\$63	(\$1,508)

Estimated total annual revenue from UP-NS merger considering a BNSF-CSX merger

	R2R	T2R	Total	Offsets	Net revenue
Merchandise	\$557	\$1,008	\$1,565	(\$394)	\$1,171
IM w/o LHD	\$355	\$1,101	\$1,456	(\$247)	\$1,209
Long-Haul Dray	\$0	\$119	\$119	(\$114)	\$5
Bulk	\$159	\$0	\$159	(\$104)	\$56
Auto	\$170	\$16	\$186	(\$107)	\$79
Total	\$1,241	\$2,244	\$3,485	(\$966)	\$2,519

Exhibit PB2.7: Scenario 2 Variant of Hunt Verified Statement Exhibit 8-1 considering UP-NS and a hypothetical CPKC-CSX merger

Original Exhibit 8-1 on top, changes in the middle, and revised UP-NS diversions revenue estimates on the bottom. All values in millions of US dollars

	R2R	T2R	Total	Offsets	Net revenue	
Merchandise		\$628	\$1,280	\$1,908	(\$415)	\$1,494
IM w/o LHD		\$481	\$2,110	\$2,591	(\$261)	\$2,330
Long-Haul Dray		\$0	\$119	\$119	(\$114)	\$5
Bulk		\$177	\$0	\$177	(\$114)	\$63
Auto		\$239	\$22	\$261	(\$126)	\$135
Total		\$1,525	\$3,531	\$5,056	(\$1,029)	\$4,027

Estimated total annual reductions in UP-NS diversion revenue should CPKC-CSX merge

	R2R	T2R	Total	Offsets	Net revenue	
Merchandise		(\$36)	(\$54)	(\$90)	\$18	(\$72)
IM w/o LHD		(\$25)	(\$94)	(\$120)	\$7	(\$113)
Long-Haul Dray		\$0	\$0	\$0	\$0	\$0
Bulk		(\$2)	\$0	(\$2)	\$1	(\$1)
Auto		(\$25)	(\$0)	(\$25)	\$9	(\$16)
Total		(\$88)	(\$148)	(\$237)	\$34	(\$202)

Estimated total annual revenue from UP-NS merger considering a CPKC-CSX merger

	R2R	T2R	Total	Offsets	Net revenue	
Merchandise		\$592	\$1,226	\$1,818	(\$397)	\$1,421
IM w/o LHD		\$456	\$2,016	\$2,471	(\$254)	\$2,217
Long-Haul Dray		\$0	\$119	\$119	(\$114)	\$5
Bulk		\$175	\$0	\$175	(\$113)	\$62
Auto		\$214	\$22	\$236	(\$117)	\$119
Total		\$1,437	\$3,383	\$4,820	(\$995)	\$3,824

Exhibit PB2.8: Scenario 3 Variant of Hunt Verified Statement Exhibit 8-1 considering UP-NS and a hypothetical BNSF-CPKC-CSX merger

Original Exhibit 8-1 on top, changes in the middle, and revised UP-NS diversions revenue estimates on the bottom. All values in millions of US dollars

	R2R	T2R	Total	Offsets	Net revenue	
Merchandise		\$628	\$1,280	\$1,908	(\$415)	\$1,494
IM w/o LHD		\$481	\$2,110	\$2,591	(\$261)	\$2,330
Long-Haul Dray		\$0	\$119	\$119	(\$114)	\$5
Bulk		\$177	\$0	\$177	(\$114)	\$63
Auto		\$239	\$22	\$261	(\$126)	\$135
Total		\$1,525	\$3,531	\$5,056	(\$1,029)	\$4,027

Estimated total annual reductions in UP-NS diversion revenue should BNSF-CPKC-CSX merge

	R2R	T2R	Total	Offsets	Net revenue
Merchandise		(\$86)	(\$306)	(\$391)	\$25 (\$367)
IM w/o LHD		(\$127)	(\$1,009)	(\$1,136)	\$14 (\$1,122)
Long-Haul Dray		\$0	\$0	\$0	\$0
Bulk		(\$19)	\$0	(\$19)	\$10 (\$8)
Auto		(\$69)	(\$6)	(\$76)	\$19 (\$57)
Total		(\$300)	(\$1,321)	(\$1,621)	\$68 (\$1,554)

Estimated total annual revenue from UP-NS merger considering a BNSF-CPKC-CSX merger

	R2R	T2R	Total	Offsets	Net revenue	
Merchandise		\$543	\$974	\$1,517	(\$390)	\$1,127
IM w/o LHD		\$354	\$1,101	\$1,455	(\$247)	\$1,208
Long-Haul Dray		\$0	\$119	\$119	(\$114)	\$5
Bulk		\$158	\$0	\$158	(\$103)	\$55
Auto		\$169	\$16	\$185	(\$107)	\$78
Total		\$1,225	\$2,210	\$3,435	(\$962)	\$2,473

Exhibit PB6.2: Rail shippers are estimated to save \$192 million annually by switching from interline to UP-NS single-line rail service

Values in millions of US dollars

Service Type	Pre-Merger Revenue	Post-Merger-Revenue	Shipper Savings	Pct Savings	Avg LOH
General Merchandise	\$ 743	\$ 628	-\$ 115	-15.5%	1,318
Intermodal	\$ 502	\$ 481	-\$ 21	-4.2%	2,559
Bulk	\$ 215	\$ 177	-\$ 38	-17.6%	1,208
Assembled Autos	\$ 257	\$ 239	-\$ 18	-7.2%	2,018
Total	\$ 1,717	\$ 1,525	-\$ 192	-11.2%	

Exhibit MS1.1: Count of Routes increasing or decreasing traffic by service type

	Merch/Bulk	Intermodal	Automotive	Totals
UP-NS Routes with Gains	3,672	192	136	4,000
Existing Routes with Losses	3,843	337	158	4,338
Routes Unchanged	30,147	2,505	1,960	34,612
Total R2R Routes	37,662	3,034	2,254	42,950
Loss/Gain Ratio	1.05	1.76	1.16	1.08

Exhibit MS1.2: R2R traffic diversion results (in net tons) for Los Angeles-Riverside-Orange County, CA-AZ BEA to Cincinnati-Hamilton, OH-KY-IN BEA intermodal diversions

Origin BEA	Origin RR	Destination BEA	Dest. RR	Base Traffic	Change in Traffic	Projected Traffic
Los Angeles	BNSF	Cincinnati	CSXT	{{ }}	{{ }}	{{ }}
Los Angeles	UP	Cincinnati	CSXT	{{ }}	{{ }}	{{ }}
Los Angeles	UP	Cincinnati	NS	{{ }}	{{ }}	{{ }}
Los Angeles	BNSF	Cincinnati	NS	{{ }}	{{ }}	{{ }}

Exhibit MS1.3: R2R traffic diversion estimated impact on other Class I carriers

Carrier	Carload Diversion	Intermodal Diversions	Total Carloads/Units	2023 Total Carloads Carried ¹	Pct Div of Total
BNSF	-86,000	-184,000	-270,000	9,003,000	-3.0%
CSX	-95,000	-130,000	-225,000	6,063,000	-3.7%
CPKC ²	-16,000	-6,000	-22,000	2,296,000	-1.0%
CN ³	-13,000	0	-13,000	2,359,000	-0.6%

¹ Analysis of Class I Railroads 2023, Association of American Railroads, Line 713, Total Carloads Carried. US total is 34.6 million, which will including double counting. Total includes carloads and intermodal box (rather than intermodal railcars).

² CPKC is the sum of KCS and SOO (CP). This is only the U.S. traffic and excludes intra-Canada and intra-Mexico traffic. Adding SOO (CP) and KCS likely double counts some traffic.

³ CN is GTC(CN) and is only the U.S. traffic, excluding intra-Canada traffic

Exhibit MS1.13: US Locations with volume losses greater than 30%

Service Type	BEA Name	Country	Carrier	Class I railroad?	Actual tons	Projected tons	Relative change
Merch/Bulk	Charleston-North Charleston, SC	US	PR	N	{{ }}	{{ }}	-100.0%
Merch/Bulk	Rochester, NY-PA	US	BPRR	N	{{ }}	{{ }}	-46.9%
Merch/Bulk	El Paso, TX-NM	US	FXE	N	{{ }}	{{ }}	-42.7%
Automotive	Fort Wayne, IN	US	CFE	N	{{ }}	{{ }}	-34.7%
Automotive	San Antonio, TX	US	BNSF	Y	{{ }}	{{ }}	-30.8%

Exhibit MS1.14: US Locations with volume losses between 20% and 30% (sensitivity analysis)

Service Type	BEA Name	Country	Carrier	Class I railroad?	Actual tons	Projected tons	Relative change
Merch/Bulk	Washington-Baltimore, DC-MD-VA-WV-PA	US	TPR	N	{{ }}	{{ }}	-25.0%
Merch/Bulk	Columbus, OH	US	CFE	N	{{ }}	{{ }}	-23.4%
Automotive	New York-No. New Jer.-Long Island, NY-NJ-CT-PA-MA-VT	US	CSXT	Y	{{ }}	{{ }}	-23.4%
Merch/Bulk	Toledo, OH	US	BNSF	Y	{{ }}	{{ }}	-22.9%
Intermodal	Albany, GA	US	CSXT	Y	{{ }}	{{ }}	-22.2%
Merch/Bulk	Knoxville, TN	US	CSXT	Y	{{ }}	{{ }}	-20.9%
Intermodal	Toledo, OH	US	BNSF	Y	{{ }}	{{ }}	-20.5%

Exhibit MS1.15: Canadian and Mexican Locations with significant volume losses

Service Type	BEA Name	Country	Carrier	Class I railroad?	Actual tons	Projected tons	Relative change
Intermodal	Ontario, Canada	Canada	CPKC	Y	{{ }}	{{ }}	-37.7%
Intermodal	Alberta, Canada	Canada	CPKC	Y	{{ }}	{{ }}	-33.4%

Exhibit MS1.16: Estimated CFE Volumes to Chicago

Service Type	Base Tons	Base Cars / Platforms	Post UP-NS Projected Tons	Post UP-NS Projected Cars / Platforms
Automotive	{{ }}	{{ }}	{{ }}	{{ }}
Intermodal	{{ }}	{{ }}	{{ }}	{{ }}
Merch/Bulk	{{ }}	{{ }}	{{ }}	{{ }}

Exhibit MS1.17: Estimated CFE Volumes from Chicago

Service Type	Base Tons		Base Cars / Platforms		Post UP-NS Projected Tons		Post UP-NS Projected Cars / Platforms	
Automotive	{{	}}	{{	}}	{{	}}	{{	}}
Intermodal	{{	}}	{{	}}	{{	}}	{{	}}
Merch/Bulk	{{	}}	{{	}}	{{	}}	{{	}}

BEFORE THE SURFACE TRANSPORTATION BOARD

STB DOCKET NO. FD 36873

UNION PACIFIC CORPORATION AND UNION PACIFIC RAILROAD
COMPANY – CONTROL – NORFOLK SOUTHERN CORPORATION AND
NORFOLK SOUTHERN RAILWAY COMPANY

Supplemental Verified Statement of David T. Hunt

July 20, 2026

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1. Introduction

My name is David T. Hunt. I am a Vice President with Oliver Wyman, LLC, a leading general management consulting firm with more than 60 offices in 31 countries.

I sponsored the traffic diversion analysis and related analyses developed by Oliver Wyman and included in the Amended Application requesting Surface Transportation Board (“STB” or “Board”) authority for Union Pacific (“UP”) to control Norfolk Southern (“NS”) filed April 29, 2026 (the “Hunt VS”).

The Board’s Decision No. 21 in the UP-NS merger proceeding contains six requests for supplemental information related to analyses that I sponsored.¹ Exhibit 1.1 summarizes the six requests. This Supplemental Verified Statement responds to each request.

Exhibit 1.1: STB Decision 21 Requests Addressed by Oliver Wyman

No.	Question	Question Request
PB-1	Competitive response assumption	Confirm whether Applicants’ diversion analyses and public benefit summaries reflect Applicants’ assumption that no competitive response, by any market participant, in any form, will occur during the first three years after consummation. If Applicants’ analyses and summaries incorporate a competitive response, detail how that response was incorporated into the model and affects the diversion and benefit estimates.
PB-2	Most likely competitive responses	Taking into account analyses reflected in documents produced in response to Decision No. 13, identify and describe the most likely competitive responses from any mode of transportation to the proposed Transaction and how each response would impact Applicants’ ability to attract new traffic. For each response, (a) provide a quantitative estimate or, if not feasible, a detailed qualitative assessment of the potential reduction in projected diversions, including carload and intermodal on an individual basis and rail-to-rail and truck-to-rail on an individual basis; (b) provide the resulting impact on projected net revenues and annual public benefits; and (c) discuss the impact on earnings available for fixed charges.
PB-4	CGP impact on diversion/ benefits	Confirm whether Applicants’ diversion analysis and public benefit summaries reflect any impact from CGP.
PB-6	Business, commercial, and pricing changes	Beyond conversion of routes to single-line service, elaborate on the extent to which other changes to business or commercial strategies or practices, including pricing, are planned or modeled to achieve projected traffic diversions. Specify (a) the extent to which rate adjustments outside CGP are planned to achieve projected diversions and (b) the extent to which modeled revenue projections reflect any reduction in revenue per carload or other pricing adjustment for any shipper or group of shippers outside CGP.
MS-1	Impact on competing/ alternative routes	For each route on which Applicants’ combined market share will increase if the Transaction is approved, elaborate on the potential impact on competing or alternative routes, including whether those competing or alternative routes’ viability may be jeopardized due to insufficient post-Transaction traffic.
MS-2	Impact of recent industry transactions	Because the diversion analysis does not account for industry changes since 2023 from transactions involving CP-KCS, CSXT-Pan Am, and CN-Iowa Northern, discuss the impact of these transactions on Applicants’ ability to achieve the truck-to-rail

¹ U.S. Surface Transportation Board Decision No. 21 in Docket No. FD 36873, decided May 26, 2026.

and rail-to-rail diversions modeled by Hunt’s diversion and projected market share analysis, including relevant intermodal services such as Falcon Premium and the BNSF/Grupo México/J.B. Hunt service.

2. PB-1: Competitive Response Assumptions

STB Request

Confirm whether Applicants’ diversion analyses and public benefit summaries reflect Applicants’ assumption that no competitive response, by any market participant, in any form, will occur during the first three years after consummation. If Applicants’ analyses and summaries incorporate a competitive response, detail how that response was incorporated into the model and affects the diversion and benefit estimates.

My report submitted with the Amended Application presented two models: a truck-to-rail (“T2R”) model and a rail-to-rail (“R2R”) model. The extent to which the diversion models account for competitive response depends on the type of competitive response at issue. Competitive response can take the form of *structural changes* (e.g., a subsequent merger) or non-structural *normal course competition* (e.g., more competitive pricing or improved service offerings as competitors strive to retain customers). The T2R model and the R2R model do not incorporate structural changes. However, the T2R and R2R models both directly incorporate normal course competitive responses to the introduction of single-line rail service, such as changes to price or service offerings based on historical shipper behavior incorporated in the models as explained below.

More specifically, both the T2R and R2R models incorporate historical data that reflects actual shipper choices in mature markets where carriers have already responded to the presence of single-line rail service by adjusting their price and service offerings. As a result, the models do not require additional market-level assumptions about how competing carriers may adjust price, reliability, transit time, or other service attributes when new single-line rail service is introduced. Those responses are already embedded in the market data.

I alluded to this feature of the R2R and T2R models in my prior report. Regarding the T2R model, Section 3.5 of the Hunt VS explains:

“For example, a 1,500-mile Houston-Cleveland tank-truck lane that would gain single-line service post-merger is matched to similar lanes where single-line rail service already exists. The rail share observed in those comparable markets is then used to predict the rail share for the improved lane. This approach naturally incorporates the key drivers of shipper choice – price, reliability, and transit time – because it relies on actual shipper behavior in markets where single-line rail competes directly with truck.”

Although this statement about the T2R model focuses on shipper behavior, the comparison to similar lanes where single-line rail service already exists also captures the competitive responses of other carriers in those markets. Specifically, by matching a lane that will gain new single-line rail service to comparable lanes in other US regions, the T2R model reflects the market equilibrium that actually emerges after truck carriers and interline rail carriers adjust their pricing and service offerings in response to single-line rail competition. Thus, the predicted truck and

rail shares incorporate not only shipper preferences but also the historical competitive responses of truck and rail carriers in similar markets.

Said differently, the T2R diversion model looks to markets where a competitive process analogous to that associated with the UP-NS merger has already run its course. In those markets, truck and rail competitors have made their ordinary business decisions about price, service, reliability, and transit time. Shippers have made their choices in light of those decisions. The model uses those documented choices of transportation service providers and shippers to predict what may happen in similar markets.

The same basic point applies to rail-to-rail diversion. The R2R model described in my report uses impedances and junction frequency “as practical proxies for the underlying factors that drive shipper preference on price, reliability, and transit time.”² Because the R2R model was calibrated using historical data, the calibrated relationship reflects shipper behavior in markets where competing rail carriers have already responded to the availability of single-line service through their pricing, service levels, reliability, and transit-time offerings. Accordingly, the R2R model incorporates historical competitive responses to single-line rail service, rather than requiring those responses to be separately assumed. Just as the shipper choices observed in the data reflect normal course competitive responses, so too does the diversion model not assume that other railroads do nothing; rather, it is using market outcomes after railroads have already competed as the basis for the projected rail-to-rail diversions.

3. PB-2: Most Likely Competitive Responses

STB Request

Taking into account analyses reflected in documents produced in response to Decision No. 13, identify and describe the most likely competitive responses from any mode of transportation to the proposed Transaction and how each response would impact Applicants’ ability to attract new traffic. For each response, (a) provide a quantitative estimate or, if not feasible, a detailed qualitative assessment of the potential reduction in projected diversions, including carload and intermodal on an individual basis and rail-to-rail and truck-to-rail on an individual basis; (b) provide the resulting impact on projected net revenues and annual public benefits; and (c) discuss the impact on earnings available for fixed charges.

Competitive response can take the form of *structural changes* (e.g., a subsequent merger) or non-structural *normal course competition* (e.g., more competitive pricing or service offerings as competitors strive to retain customers). As I discussed in response to Request PB-1, the R2R and T2R models already incorporate normal course competition through the incorporation of historical data from analogous competitive environments.

I would not expect structural competitive responses from the trucking industry to impact the results of my T2R diversion analysis. The trucking industry is already characterized by participants that provide nationwide, single-line service. This makes it possible to use the T2R to compare market shares in lanes with existing single-line railroad service to archetype lanes where UP-NS will introduce new single-line service. This approach reflects the rail share in markets where trucking companies – which offer single-line service – have already made any

² Hunt Verified Statement (“VS”), April 30, 2026, Section 3.5.

price, service adjustments, or other responses to account for single-line rail service. Therefore, the estimated UP-NS diversions fully account for a foreseeable trucking industry response and no adjustments for structural responses are warranted.

By contrast, there are structural responses from the railroad industry that would be expected to impact the results of my R2R diversion analysis. In particular, structural responses from other railroads could involve different combinations of mergers. For the purposes of this response, therefore, I considered three hypothetical mergers that would likely have the greatest impact on the estimated UP-NS diversions: BNSF-CSX, CPKC-CSX, and BNSF-CPKC-CSX.

To estimate the reduction in UP-NS diversion volumes and gross revenues under these three merger scenarios, I assumed no other railroad industry structural responses occur simultaneously. I also focused exclusively on the Board's request for information regarding the reduction in UP-NS diversion volumes and revenues. I used my existing UP-NS traffic study as a baseline to project how much traffic might not divert to UP-NS in the event of the assumed structural response. I did not create a new diversion model to estimate whether or how much additional volume and revenue might be diverted from UP-NS as the result of a structural response.

My analysis was comprehensive, in that it considered R2R, T2R merchandise/bulk, T2R intermodal, T2R assembled automobiles, and extended haul diversions.

As described below, my analysis showed the difference between a BNSF-CSX and a BNSF-CPKC-CSX response was minimal—that is, adding CPKC had very little impact. Given these results, I decided that merger combinations involving CN would have similar minor incremental impacts to the BNSF-CSX scenario and therefore did not model CN.

3.1. Overall Volume Impacts of Additional Merger Assumptions

Should BNSF and CSX merge, I estimate that UP-NS net diversions would be reduced by 62,000 carloads and 633,000 intermodal units annually, for a total reduction of 695,000 carloads/units per year. Should CPKC and CSX merge, I estimate that UP-NS net diversions would be reduced by 15,000 carloads and 63,000 intermodal units annually, for a total reduction of 77,000 carloads/units per year. Finally, if BNSF, CPKC, and CSX merge, I estimate that UP-NS diversions would be reduced by 70,000 carloads and 633,000 intermodal units annually, for a total reduction of 703,000 carloads/units per year.

Exhibits PB2.1 through PB2.3 below show the details. The top table in each exhibit contains the total estimated diversions for UP-NS, without considering responsive railroad mergers.³ These tables are broken out by the diversion source (e.g., T2R intermodal, R2R extended haul) and service types. The middle tables use the same format to show the estimated reduction in UP-NS diversion traffic under the three hypothetical merger scenarios. The bottom table in each exhibit is the sum of the top and middle tables, which is the revised UP-NS estimated diversions considering other potential railroad mergers.

³ Hunt Verified Statement, Exhibit 2-4, inclusive of errata corrections filed concurrently with this supplemental statement

Exhibit PB2.1: Scenario 1 Variant of Hunt Verified Statement Exhibit 2-4, considering UP-NS merger and assumed BNSF-CSX merger⁴

Total UP-NS diversion estimate is on top, changes in the middle, and revised UP-NS diversions on the bottom. All values in thousands of carloads or intermodal units

Estimated total annual diversions from UP-NS merger

	Merchandise	Bulk	Automotive	Subtotal Carload	Intermodal	Total
A. Total rail to rail diversion	123	31	53	206	261	467
A1. R2R extended haul diversions	97	28	43	168	181	349
A2. R2R new traffic	25	3	10	39	79	118
B. Total T2R diversions	191	0	5	196	1,201	1,397
C. Long haul drayage diversions	0	0	0	0	70	70
D. Total gross diversions	314	31	58	402	1,532	1,934
E. R2R extended haul offsets	(84)	(34)	(32)	(150)	(181)	(332)
F. Long haul drayage offsets	0	0	0	0	(70)	(70)
G. Net diversions	230	(4)	26	252	1,280	1,532

Estimated total annual reductions in UP-NS diversions should BNSF-CSX merge

	Merchandise	Bulk	Automotive	Subtotal Carload	Intermodal	Total
A. Total rail to rail diversion	(14)	(3)	(15)	(32)	(68)	(101)
A1. R2R extended haul diversions	(5)	(2)	(6)	(14)	(10)	(23)
A2. R2R new traffic	(9)	(1)	(9)	(19)	(59)	(77)
B. Total T2R diversions	(41)	-	(1)	(42)	(574)	(616)
C. Long haul drayage diversions	0	0	0	0	0	-
D. Total gross diversions	(55)	(3)	(17)	(74)	(643)	(717)
E. R2R extended haul offsets	4	3	5	12	10	22
F. Long haul drayage offsets	0	0	0	0	0	-
G. Net diversions	(50)	(0)	(12)	(62)	(633)	(695)

Estimated total annual diversions for UP-NS considering a merger of BNSF-CSX

	Merchandise	Bulk	Automotive	Subtotal Carload	Intermodal	Total
A. Total rail to rail diversion	109	28	38	174	192	366
A1. R2R extended haul diversions	93	25	36	154	172	326
A2. R2R new traffic	16	2	1	20	21	40
B. Total T2R diversions	151	-	4	154	627	781
C. Long haul drayage diversions	0	0	0	0	70	70
D. Total gross diversions	259	28	41	328	889	1,217
E. R2R extended haul offsets	(80)	(31)	(28)	(138)	(172)	(310)
F. Long haul drayage offsets	-	-	-	-	(70)	(70)
G. Net diversions	180	(4)	14	190	647	837

⁴ Workpaper “C-STB-Decision21-PB2-Summary v20260714.xlsx,” Tab “PB2-Volume”

Exhibit PB2.2: Scenario 2 Variant of Hunt Verified Statement Exhibit 2-4 considering UP-NS merger and assumed CPKC-CSX merger⁵

Total UP-NS diversion estimate is on top, changes in the middle, and revised UP-NS diversions on the bottom. All values in thousands of carloads or intermodal units

Estimated total annual diversions from UP-NS merger

	Merchandise	Bulk	Automotive	Subtotal Carload	Intermodal	Total
A. Total rail to rail diversion	123	31	53	206	261	467
<i>A1. R2R extended haul diversions</i>	97	28	43	168	181	349
<i>A2. R2R new traffic</i>	25	3	10	39	79	118
B. Total T2R diversions	191	0	5	196	1,201	1,397
C. Long haul drayage diversions	0	0	0	0	70	70
D. Total gross diversions	314	31	58	402	1,532	1,934
E. R2R extended haul offsets	(84)	(34)	(32)	(150)	(181)	(332)
F. Long haul drayage offsets	0	0	0	0	(70)	(70)
G. Net diversions	230	(4)	26	252	1,280	1,532

Estimated total annual reductions in UP-NS diversions should CPKC-CSX merge

	Merchandise	Bulk	Automotive	Subtotal Carload	Intermodal	Total
A. Total rail to rail diversion	(7)	(0)	(5)	(13)	(14)	(27)
<i>A1. R2R extended haul diversions</i>	(4)	(0)	(3)	(7)	(5)	(12)
<i>A2. R2R new traffic</i>	(3)	(0)	(2)	(5)	(9)	(15)
B. Total T2R diversions	(8)	-	(0)	(8)	(54)	(62)
C. Long haul drayage diversions	0	0	0	0	0	-
D. Total gross diversions	(15)	(0)	(6)	(21)	(67)	(88)
E. R2R extended haul offsets	4	0	2	6	5	11
F. Long haul drayage offsets	0	0	0	0	0	-
G. Net diversions	(12)	(0)	(3)	(15)	(63)	(77)

Estimated total annual diversions for UP-NS considering a merger of CPKC-CSX

	Merchandise	Bulk	Automotive	Subtotal Carload	Intermodal	Total
A. Total rail to rail diversion	116	30	47	193	247	440
<i>A1. R2R extended haul diversions</i>	93	27	40	160	177	337
<i>A2. R2R new traffic</i>	22	3	8	33	70	103
B. Total T2R diversions	183	-	5	188	1,147	1,335
C. Long haul drayage diversions	0	0	0	0	70	70
D. Total gross diversions	299	30	52	382	1,464	1,846
E. R2R extended haul offsets	(80)	(34)	(30)	(144)	(177)	(321)
F. Long haul drayage offsets	-	-	-	-	(70)	(70)
G. Net diversions	219	(4)	22	237	1,217	1,455

⁵ Ibid.

Exhibit PB2.3: Scenario 3 Variant of Hunt Verified Statement Exhibit 2-4 considering UP-NS merger and assumed BNSF-CPKC-CSX merger⁶

Total UP-NS diversion estimate is on top, changes in the middle, and revised UP-NS diversions on the bottom. All values in thousands of carloads or intermodal units

Estimated total annual diversions from UP-NS merger

	Merchandise	Bulk	Automotive	Subtotal Carload	Intermodal	Total
A. Total rail to rail diversion	123	31	53	206	261	467
A1. R2R extended haul diversions	97	28	43	168	181	349
A2. R2R new traffic	25	3	10	39	79	118
B. Total T2R diversions	191	0	5	196	1,201	1,397
C. Long haul drayage diversions	0	0	0	0	70	70
D. Total gross diversions	314	31	58	402	1,532	1,934
E. R2R extended haul offsets	(84)	(34)	(32)	(150)	(181)	(332)
F. Long haul drayage offsets	0	0	0	0	(70)	(70)
G. Net diversions	230	(4)	26	252	1,280	1,532

Estimated total annual reductions in UP-NS diversions should BNSF-CPKC-CSX merge

	Merchandise	Bulk	Automotive	Subtotal Carload	Intermodal	Total
A. Total rail to rail diversion	(17)	(3)	(15)	(35)	(69)	(104)
A1. R2R extended haul diversions	(6)	(3)	(6)	(15)	(10)	(24)
A2. R2R new traffic	(11)	(1)	(9)	(21)	(59)	(80)
B. Total T2R diversions	(46)	-	(1)	(47)	(574)	(621)
C. Long haul drayage diversions	0	0	0	0	0	-
D. Total gross diversions	(62)	(3)	(17)	(82)	(643)	(725)
E. R2R extended haul offsets	5	3	5	13	10	23
F. Long haul drayage offsets	0	0	0	0	0	-
G. Net diversions	(57)	(0)	(12)	(70)	(633)	(703)

Estimated total annual diversions for UP-NS considering a merger of BNSF-CPKC-CSX

	Merchandise	Bulk	Automotive	Subtotal Carload	Intermodal	Total
A. Total rail to rail diversion	106	27	38	171	192	363
A1. R2R extended haul diversions	92	25	36	153	172	325
A2. R2R new traffic	14	2	1	18	20	38
B. Total T2R diversions	146	-	4	149	627	776
C. Long haul drayage diversions	0	0	0	0	70	70
D. Total gross diversions	251	27	41	320	889	1,209
E. R2R extended haul offsets	(79)	(31)	(27)	(137)	(172)	(309)
F. Long haul drayage offsets	-	-	-	-	(70)	(70)
G. Net diversions	173	(4)	14	183	647	829

R2R diversions considered the historical route when “giving back” diverted traffic. In Scenario 1, for example, if the estimated diversions were new traffic and the historical route was a BNSF-CSX move, then 100% of the diversions were returned to BNSF-CSX. If the estimated diversions were extended haul (e.g., BNSF-NS or UP-CSXT) then diverted traffic was given back so the total market traffic was split 50:50. Scenario 2 used the same approach under the assumption of a CPKC-CSX merger. Scenario 3 also used the same approach, although any

⁶ Ibid.

combination of the three railroads was considered. Thus, if UP-NS diverted traffic from a BNSF-CPKC, BNSF-CSX, or CPKC-CSX route, 100% was given back to the historical route.

The largest diversion impact would be to T2R intermodal, which shows a 48% reduction from 1,201,000 units to 627,000 units in both Scenario 1 and Scenario 3. The majority of the lanes where UP-NS will operate intermodal service will also be lanes where BNSF-CSX could offer a competitive service. Adding CPKC to BNSF-CSX in Scenario 3 did not open any new intermodal lanes in markets with UP-NS estimated truck-to-rail intermodal diversions, so the results are identical. These lanes were given a 50:50 split of the diversions, with no attempt made to estimate if additional trucks could be diverted from those lanes. Based on input from railroad experts, in lanes where one railroad would have a clear distance advantage (more than 250 miles) a 60/40 split was used, while lanes where other hypothetical merging roads could not offer a competing service remain with UP-NS.⁷

T2R merchandise/bulk followed a similar approach by considering the relative distance between the UP-NS routes and the routes of other potential merging carriers. The T2R merchandise/bulk was modeled at a county-to-county level rather than at the Bureau of Economic Analysis economic area (“BEA”) level used in T2R intermodal. The more detailed geography led to smaller reductions than estimated for T2R intermodal, with a 24% decline from 196,000 carloads to 149,000 carloads for T2R merchandise in Scenario 3.

The following sections provide details of the methodology used to generate Exhibits PB2.1 through PB2.3. The detailed methodological descriptions focus on Scenario 1 above, as summarized in Exhibit PB2.1. The other two scenarios, summarized in Exhibit PB2.2 and Exhibit PB2.3, use an identical methodology and so the discussions below broadly apply to them as well.

3.2. Rail-to-Rail Diversion

In Scenario 1 and Exhibit PB2.1 total R2R diversions are estimated to decrease from 467,000 to 366,000, a decline of 101,000, should BNSF-CSX merge.⁸ The following rules were used in estimating the “give-back” traffic:

1. BNSF-CSX historical traffic diverted to UP-NS was assumed to remain on BNSF-CSX (gave back 100% of this traffic).
2. BNSF-NS historical traffic diverted to UP-NS was given back so that the market was 50:50.
 - Markets were split 50:50 only if UP-NS had diverted more than 50% of the carloads. If the R2R diversion model gave UP-NS less than half the total carloads for that origin-destination-service type, then no UP-NS diversions were “given back” to BNSF-CSX.
 - For example, in a market where BNSF-NS moved 100 carloads and 60 were diverted to UP-NS, then the diversions were reduced by 10 carloads so the market was split 50:50. If instead, the R2R diversion model estimated 40 of the 100 carloads would divert to UP-NS, then zero was given back.

⁷ The only lanes considered non-competitive for intermodal traffic in a BNSF-CSX or BNSF-CPKC-CSX merger involve the Lehigh Valley. See “HC-STB-Decision21-PB2-T2IM v20260625.xlsx.”

⁸ Workpaper “HC-R2R Traffic vFinal v260702-STB-Dec21-PB2.xlsx.”

3. UP-CSX historical traffic diverted to UP-NS was given back using the same rule as BNSF-NS.
4. Diversions from routes involving BNSF or CSX but not falling under the first three rules used the same rule as BNSF-NS where the market was split 50:50. An example would be Boston, MA-CSX-Chicago, IL-CN-Duluth, MN. The assumption being that BNSF could replace CN or potentially improve the route.
5. If BNSF or CSX did not serve at least the origin or termination, 100% of the diversions were retained on UP-NS.

3.3. Truck-to-Rail Merchandise and Bulk Diversions

Total T2R merchandise/bulk diversions are estimated to decrease from 191,000 to 151,000 rail carloads, a decline of 41,000 carloads, in the event of a BNSF-CSX merger.⁹ The following rules were used in estimating the traffic that would shift to BNSF-CSX:

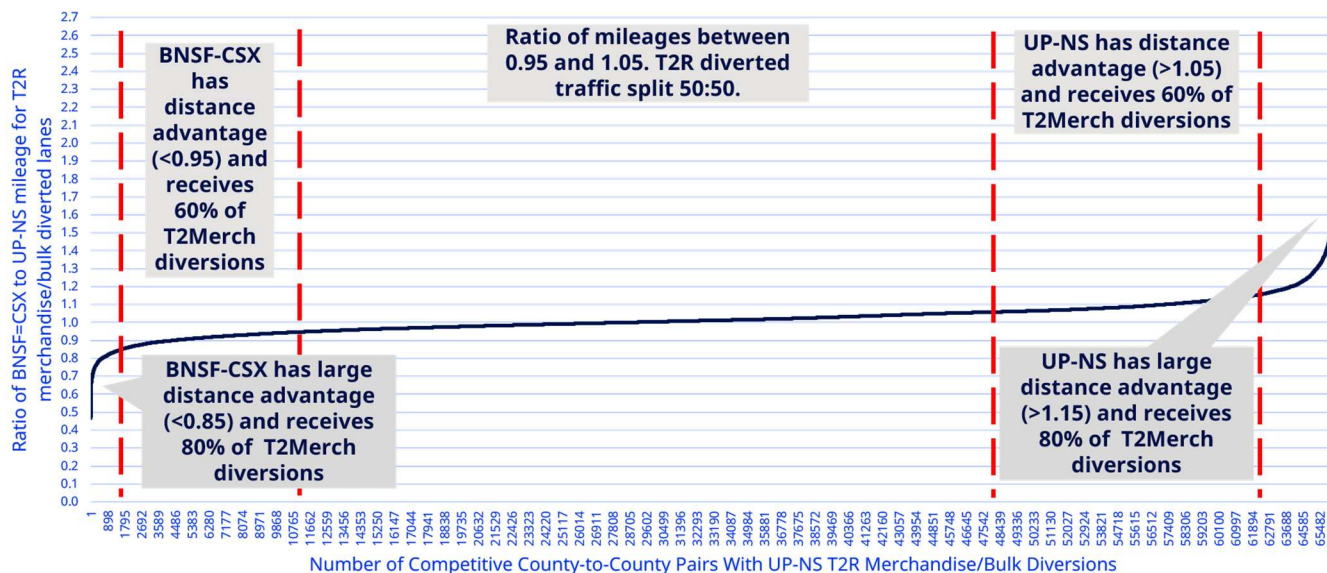
1. If BNSF-CSX cannot directly serve the origin county and the destination county, then UP-NS retains 100% of the T2R diversions.
2. If distances are not available for both UP-NS and BNSF-CSX, then split diversions 50:50.
3. If UP-NS cannot directly serve the origin and destination county but BNSF-CSX can, then split diversions 50:50.
4. If BNSF-CSX can serve the origin and destination county, then:
 - If the ratio of BNSF-CSX/UP-NS mileage is <0.85 then BNSF-CSX gets 80% of diverted traffic;
 - If the ratio of BNSF-CSX/UP-NS mileage is ≥ 0.85 and <0.95 then BNSF-CSX gets 60% of diverted traffic;
 - If the ratio of BNSF-CSX/UP-NS mileage is ≥ 0.95 and <1.05 then BNSF-CSX gets 50% of diverted traffic;
 - If the ratio of BNSF-CSX/UP-NS mileage is ≥ 1.05 and <1.15 then BNSF-CSX gets 40% of diverted traffic; and
 - If the ratio of BNSF-CSX/UP-NS mileage is ≥ 1.15 then BNSF-CSX gets 20% of diverted traffic.
5. All mileages were based on Quantanet network routes for consistency.

I decided on the above mileage ratios for determining market shares based on a review of the cumulative distribution curve for mileage ratios as shown in Exhibit PB2.4. Exhibit PB2.4 graphs the ratio of BNSF-CPKC-CSX to UP-NS mileages for the competitive county-to-county pairs where there were UP-NS T2R merchandise/bulk diversions. The y-axis is the mileage ratio where values below one indicate a BNSF-CPKC-CSX distance advantage and values above one indicate a UP-NS distance advantage. The graph appears skewed in favor of UP-NS, but that is to be expected since T2R diversions only occurred in lanes where UP-NS improves the existing rail service. Since the exercise is to estimate how many UP-NS estimated diversions would be lost to other rail carriers, lanes where BNSF-CPKC-CSX would provide sole service are not

⁹ Workpaper “HC-STB-Decision21-PB2-T2Merch v20260707.xlsx”.

considered. Because the graph is skewed with more lanes showing a UP-NS distance advantage, I used an equal distribution so there was a 10-point range for BNSF-CPKC-CSX or UP-NS to gain a 60/40 split (0.85-0.95 distance ratio for BNSF-CPKC-CSX vs. 1.05-1.15 distance ratio for UP-NS).

Exhibit PB2.4: Ratio of BNSF-CPKC-CSX to UP-NS mileages for T2R diverted merchandise/bulk lanes¹⁰



Scenarios 2 and 3 were done using the same methodology. The same ratio of mileages (merging carrier mileage divided by UP-NS mileage) used to apportion the diverted traffic in Scenario 1 were used for Scenarios 2 and 3 because the values used were based on an equal distribution informed by Exhibit PB2.4 rather than exact values from Exhibit PB2.4.

3.4. Truck-to-Rail Intermodal Diversion

The estimated UP-NS T2R intermodal diversions are projected to decrease from 1,201,000 to 627,000 units under a hypothetical BNSF-CSX merger.¹¹ Railroads compete with trucks and with other railroads for intermodal traffic over broad geographic catchment areas around terminals.¹² While my methodology for estimating structural competitive response impacts for T2R intermodal is similar to the method I used for T2R merchandise/bulk, my assumptions reflect the different geographic competitive dynamics. In T2R merchandise/bulk, the traffic originates and terminates in a specific county, while in T2R intermodal the traffic can originate and terminate in a large catchment area of counties, prompting an expansion of the distance difference between UP-NS and BNSF-CSX. The assumptions for T2R intermodal competitive response impacts were as follows:

1. If BNSF-CSX does, or can, provide intermodal service in a lane where UP-NS diversions are estimated, then the intermodal traffic is split 50:50 if the route mileages are within 250 miles of each other. This was most of the lanes;

¹⁰ Workpaper “HC-STB-Decision21-PB2-T2Merch v20260707.xlsx” Tab “Ratio.”

¹¹ Workpaper “HC-STB-Decision21-PB2-T2IM v20260625.xlsx.”

¹² Hunt VS, Exhibit B-7.

2. If BNSF-CSX does, or can, provide intermodal service in the lane where the diversions are estimated, but their route is 250 miles longer than the UP-NS route, then UP-NS retained 60% of the diversions and BNSF-CSX received 40%;
3. If BNSF-CSX does, or can, provide intermodal service in the lane where the diversions are estimated, but their route is 250 miles shorter than the UP-NS route, then UP-NS retained 40% of the diversions and BNSF-CSX received 60%; and
4. If BNSF-CSX does not serve the lane, then all the diversions remain on UP-NS. This only occurred on diversions involving the Lehigh Valley Line.

Distances were calculated by the railroads using PC*Miler[Rail by selecting the most likely BNSF-CSX terminal location in a region. The results were validated with UP and NS.¹³

As noted, Scenarios 2 and 3 used the same methodology. In Scenario 2, most lanes involving UP-NS estimated T2R intermodal diversions were not served by CPKC-CSX, for example California to New Jersey. This led to a reduction of 54,000 containers, 4% of the estimated 1.201 million diversions. For Scenario 3, the results were the same as Scenario 1 because adding CPKC to BNSF-CSX did not open new intermodal lanes involving estimated UP-NS diversions.

3.5. Truck-to-Rail Automotive Diversion

The estimated UP-NS T2R automotive diversions are projected to decrease from 5,000 to 4,000 under a hypothetical BNSF-CSX merger. The assumptions were:

1. BNSF-CSX needs to access the originating plant to capture a share of the T2R diversions; and¹⁴
2. BNSF-CSX needs to serve the destination region, but they could add a ramp at the destination if one is not already present.

If BNSF-CSX meets both criteria, then the T2R diversion estimate is split 50:50 between BNSF-CSX and UP-NS. If BNSF-CSX fails either criterion, then UP-NS retains all the traffic. Oliver Wyman made an initial pass at identifying BNSF-CSX access at the origin and destination and then validated the results with UP and NS.¹⁵

Using the same methodology, Scenario 2 had a negligible number of UP-NS T2R auto diversions lost, while the Scenario 3 results were identical to Scenario 1.

3.6. Long-Haul Drayage Extended Haul Diversions

Long-haul drayage consists of intermodal movements involving a western Class I railroad and a drayage from Chicago or Memphis eastward of greater than 150 miles. As discussed in Section 5.5 of my Verified Statement, the linehaul intermodal leg of this long-haul drayage traffic was assumed to be currently split 50:50 between the two western Class I railroads.¹⁶

¹³ Workpaper “HC-STB-Decision21-PB2-T2IM v20260625.xlsx.”

¹⁴ Conservative estimates regarding auto plant access were made. For example, although CSX does not access the Subaru plant near Tippecanoe County, IN, the model however, CSX could build an origin ramp in nearby Lafayette, IN.

¹⁵ Workpaper “HC-STB-Decision21-PB2-T2Auto v20260625.xlsx”

¹⁶ Hunt VS, Section 5.5.

The Transearch database was used to estimate the total addressable market for long-haul drayage at 175,000 units.¹⁷ Based on discussions with UP subject matter experts, it was assumed these 175,000 units were evenly split between UP and BNSF. Since only half of the estimated long-haul drayage moves were assumed to involve UP, there is no change required to the estimated UP-NS extended haul diversions as a result of hypothetical BNSF-CSX, CPKC-CSX, or BNSF-CPKC-CSX mergers.

3.7. Revenue Impacts

Under a hypothetical BNSF-CSX merger, I calculate that the UP-NS estimated \$4.03 billion revenue increase from diversions would be reduced by \$1.51 billion, for a new UP-NS total revenue gain from diversions of \$2.52 billion (see Exhibit PB2.6). A CPKC-CSX merger would reduce the UP-NS estimated diversion revenue by \$202 million to \$3.82 billion (see Exhibit PB2.7). A BNSF-CPKC-CSX merger would reduce the UP-NS estimated diversion revenue by \$1.55 billion to \$2.47 billion (see Exhibit PB2.8).

These estimates of the revenue impact of other possible mergers were derived by applying the ratio of the changes to volumes provided in Exhibits PB2.1 through PB2.3. I assumed that for the purpose of answering the STB’s question PB-2 regarding “*assessment of the potential reduction in projected diversions*” the diversions “lost” due to other Class I mergers would be similar to the overall diverted traffic, with respect to commodity mix and length of haul, and therefore applying the ratio of volume reductions to overall diversions for estimating revenue impacts would provide an unbiased estimate. Exhibit PB2.5, immediately below, provides a sample calculation for truck-to-rail intermodal traffic. The estimated T2IM diversions were 1,201,000 units and the estimated reduction due to a hypothetical BNSF-CSX merger are 574,000 units, for a ratio of 0.478. The same ratio was applied to the estimated \$2.1 billion revenue increase to estimate a reduction of \$0.99 billion.¹⁸ To improve precision, the calculations were done without rounding.

Exhibit PB2.5: Calculation illustrating how Exhibits PB2.6 through PB2.8 were developed using T2R intermodal from Scenario 1 (BNSF-CSX)¹⁹

	Volume (thousands)	Revenue (millions)
Total Diversion Est.	1,201	\$ 2,110
Est. Reduction From BNSF-CSX	(574)	\$ (1,009)
Ratio	-0.478	-0.478

To account for revenue adjustments for extended haul traffic diversions (revenue offsets), I calculated the ratio of the volume “give backs” to total diversions and applied it to the revenue offsets for each of the four service types. Since there were no adjustments to long-haul drayage diversions, I made no adjustments to the long-haul drayage offsets estimates.

¹⁷ Hunt, VS, Section 5.5.

¹⁸ Workpaper “C-STB-Decision21-PB2-Summary v20260714.xlsx” Tab “PB2-Revenue.”

¹⁹ Ibid.

Exhibit PB2.6: Scenario 1 Variant of Hunt Verified Statement Exhibit 8-1 considering UP-NS and a hypothetical BNSF-CSX merger²⁰

Original Exhibit 8-1 on top, changes in the middle, and revised UP-NS diversions revenue estimates on the bottom. All values in millions of US dollars

	R2R	T2R	Total	Offsets	Net revenue
Merchandise	\$628	\$1,280	\$1,908	(\$415)	\$1,494
IM w/o LHD	\$481	\$2,110	\$2,591	(\$261)	\$2,330
Long-Haul Dray	\$0	\$119	\$119	(\$114)	\$5
Bulk	\$177	\$0	\$177	(\$114)	\$63
Auto	\$239	\$22	\$261	(\$126)	\$135
Total	\$1,525	\$3,531	\$5,056	(\$1,029)	\$4,027
Estimated total annual reductions in UP-NS diversion revenue should BNSF-CSX merge					
	R2R	T2R	Total	Offsets	Net revenue
Merchandise	(\$72)	(\$272)	(\$344)	\$21	(\$323)
IM w/o LHD	(\$126)	(\$1,009)	(\$1,135)	\$14	(\$1,121)
Long-Haul Dray	\$0	\$0	\$0	\$0	\$0
Bulk	(\$18)	\$0	(\$18)	\$10	(\$8)
Auto	(\$69)	(\$6)	(\$75)	\$18	(\$56)
Total	(\$284)	(\$1,287)	(\$1,571)	\$63	(\$1,508)
Estimated total annual revenue from UP-NS merger considering a BNSF-CSX merger					
	R2R	T2R	Total	Offsets	Net revenue
Merchandise	\$557	\$1,008	\$1,565	(\$394)	\$1,171
IM w/o LHD	\$355	\$1,101	\$1,456	(\$247)	\$1,209
Long-Haul Dray	\$0	\$119	\$119	(\$114)	\$5
Bulk	\$159	\$0	\$159	(\$104)	\$56
Auto	\$170	\$16	\$186	(\$107)	\$79
Total	\$1,241	\$2,244	\$3,485	(\$966)	\$2,519

²⁰ Ibid.

Exhibit PB2.7: Scenario 2 Variant of Hunt Verified Statement Exhibit 8-1 considering UP-NS and a hypothetical CPKC-CSX merger²¹

Original Exhibit 8-1 on top, changes in the middle, and revised UP-NS diversions revenue estimates on the bottom. All values in millions of US dollars

	R2R	T2R	Total	Offsets	Net revenue	
Merchandise		\$628	\$1,280	\$1,908	(\$415)	\$1,494
IM w/o LHD		\$481	\$2,110	\$2,591	(\$261)	\$2,330
Long-Haul Dray		\$0	\$119	\$119	(\$114)	\$5
Bulk		\$177	\$0	\$177	(\$114)	\$63
Auto		\$239	\$22	\$261	(\$126)	\$135
Total		\$1,525	\$3,531	\$5,056	(\$1,029)	\$4,027

Estimated total annual reductions in UP-NS diversion revenue should CPKC-CSX merge						
	R2R	T2R	Total	Offsets	Net revenue	
Merchandise		(\$36)	(\$54)	(\$90)	\$18	(\$72)
IM w/o LHD		(\$25)	(\$94)	(\$120)	\$7	(\$113)
Long-Haul Dray		\$0	\$0	\$0	\$0	\$0
Bulk		(\$2)	\$0	(\$2)	\$1	(\$1)
Auto		(\$25)	(\$0)	(\$25)	\$9	(\$16)
Total		(\$88)	(\$148)	(\$237)	\$34	(\$202)

Estimated total annual revenue from UP-NS merger considering a CPKC-CSX merger						
	R2R	T2R	Total	Offsets	Net revenue	
Merchandise		\$592	\$1,226	\$1,818	(\$397)	\$1,421
IM w/o LHD		\$456	\$2,016	\$2,471	(\$254)	\$2,217
Long-Haul Dray		\$0	\$119	\$119	(\$114)	\$5
Bulk		\$175	\$0	\$175	(\$113)	\$62
Auto		\$214	\$22	\$236	(\$117)	\$119
Total		\$1,437	\$3,383	\$4,820	(\$995)	\$3,824

²¹ Ibid.

Exhibit PB2.8: Scenario 3 Variant of Hunt Verified Statement Exhibit 8-1 considering UP-NS and a hypothetical BNSF-CPKC-CSX merger²²

Original Exhibit 8-1 on top, changes in the middle, and revised UP-NS diversions revenue estimates on the bottom. All values in millions of US dollars

	R2R	T2R	Total	Offsets	Net revenue	
Merchandise		\$628	\$1,280	\$1,908	(\$415)	\$1,494
IM w/o LHD		\$481	\$2,110	\$2,591	(\$261)	\$2,330
Long-Haul Dray		\$0	\$119	\$119	(\$114)	\$5
Bulk		\$177	\$0	\$177	(\$114)	\$63
Auto		\$239	\$22	\$261	(\$126)	\$135
Total		\$1,525	\$3,531	\$5,056	(\$1,029)	\$4,027

Estimated total annual reductions in UP-NS diversion revenue should BNSF-CPKC-CSX merge						
	R2R	T2R	Total	Offsets	Net revenue	
Merchandise		(\$86)	(\$306)	(\$391)	\$25	(\$367)
IM w/o LHD		(\$127)	(\$1,009)	(\$1,136)	\$14	(\$1,122)
Long-Haul Dray		\$0	\$0	\$0	\$0	\$0
Bulk		(\$19)	\$0	(\$19)	\$10	(\$8)
Auto		(\$69)	(\$6)	(\$76)	\$19	(\$57)
Total		(\$300)	(\$1,321)	(\$1,621)	\$68	(\$1,554)

Estimated total annual revenue from UP-NS merger considering a BNSF-CPKC-CSX merger						
	R2R	T2R	Total	Offsets	Net revenue	
Merchandise		\$543	\$974	\$1,517	(\$390)	\$1,127
IM w/o LHD		\$354	\$1,101	\$1,455	(\$247)	\$1,208
Long-Haul Dray		\$0	\$119	\$119	(\$114)	\$5
Bulk		\$158	\$0	\$158	(\$103)	\$55
Auto		\$169	\$16	\$185	(\$107)	\$78
Total		\$1,225	\$2,210	\$3,435	(\$962)	\$2,473

3.8. Public Benefit Impacts

The Verified Statement I submitted in connection with UP's and NS's Amended Application previously estimated that a UP-NS merger would deliver \$3.5 billion in annual shipper savings due to a shift of 2.1 million truckloads to rail each year.²³ This value would only increase if BNSF-CSX, CPKC-CSX, or BNSF-CPKC-CSX also were to merge. It would not decrease because any reduction in 2.1 million truckloads of traffic diverted to UP-NS would be offset by a corresponding increase in the amount of traffic that would be moved by other merged Class I railroads, still delivering lower single-line rail rates to shippers than with truck service. In fact, the number of shippers that could reduce logistics costs also would increase because any additional merger would create even more new single-line rail lanes, especially for T2R merchandise traffic.

²² Ibid.

²³ Hunt VS, Section 8.2.

4. PB-4: CGP Impact on Diversion/Benefits

STB Request

Confirm whether Applicants' diversion analysis and public benefit summaries reflect any impact from CGP.

The diversion analysis I performed for the Amended Application did not reflect any impact from Committed Gateway Pricing (CGP).²⁴

5. PB-6: Business, Commercial, and Pricing Changes

STB Request

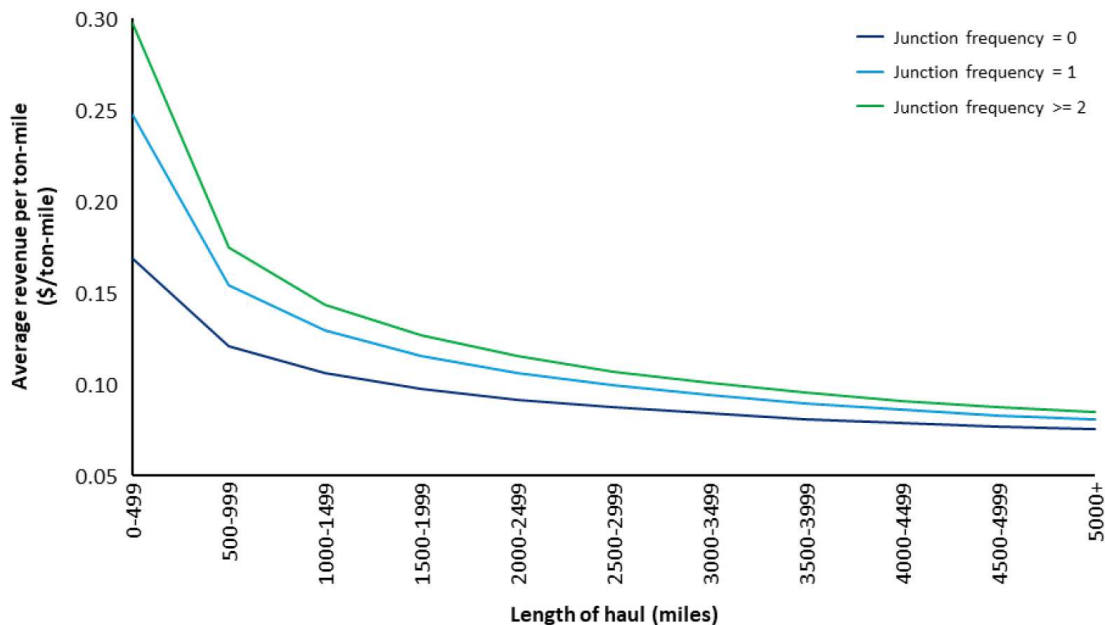
Beyond conversion of routes to single-line service, elaborate on the extent to which other changes to business or commercial strategies or practices, including pricing, are planned or modeled to achieve projected traffic diversions. Specify (a) the extent to which rate adjustments outside CGP are planned to achieve projected diversions and (b) the extent to which modeled revenue projections reflect any reduction in revenue per carload or other pricing adjustment for any shipper or group of shippers outside CGP.

My calculation that UP-NS would generate approximately \$4 billion in revenue from diverted traffic was based on the assumption that UP-NS would charge rates reflecting the provision of single-line service. My revenue calculations did not assume any changes to business or commercial pricing strategies or practices beyond what is observed in the data relating to reductions in rail-to-rail interchanges.

The R2R and T2R traffic diversion models reflect use of single-line pricing in projecting traffic diversions and revenues from those diversions. Section 3.2 of my prior Verified Statement demonstrated that single-line service is consistently priced lower on a revenue per ton-mile basis than interline service, across all lengths of haul. This is further demonstrated in Exhibit PB6.1 below, which contains a series of curves fit to the revenue per carload from the 2023 STB Confidential Carload Waybill Sample for a junction frequency (JF) of 0, 1, 2, or more. As the data shows, the average revenue per carload increases as the number of rail-to-rail interchanges increases with the JF 1 curve above the JF 0 curve, and the JF 2+ curve above the JF 1 curve.

²⁴ Hunt VS, Appendix E, Footnote 217

Exhibit PB6.1: Average revenue per ton-mile by junction frequency and length of haul²⁵



The R2R diversion model was calibrated using junction frequency as an independent variable. The model thus indirectly considers the impact reduced rail price has on market share, since the calibrated coefficients in the model reflect how fewer junctions historically show higher market shares. Junction frequency acts as a proxy for price, along with service quality and transit time, in the R2R model.²⁶

The T2R diversion model directly uses rail rates derived from the curves shown in Exhibit PB6.1 as an input when defining comparable archetypes for the look-alike model.

“The truck-to-rail model groups markets by distance and commodity type, and by transit-time and price differences relative to truck service. Where the UP-NS merger would create new single-line opportunities, the model matches those lanes to existing markets with similar service characteristics. These ‘lookalike’ or ‘archetype’ markets provide the observed shipper behavior used to forecast how the improved lane is likely to perform once mature.”²⁷

When I calculated the revenues associated with the diverted traffic, I used consistent assumptions about the revenues. That is, I calculated the \$4 billion estimated UP-NS revenue increase from diverted traffic using the lower rates associated with the reduction in railroads, and thus the lower junction frequencies, involved in the movement post-merger.²⁸ If UP-NS provided new single-line service for diverted traffic, regardless of whether the diversion was from rail or truck, then the estimated UP-NS revenue for that traffic was calculated as: *UP-NS miles x net tonnage x revenue per ton-mile by junction frequency*.

²⁵ Hunt VS, April 30, 2026, Exhibit B-32.

²⁶ Hunt, VS, April 30, 2026, Section 3.5, “Diversion Modeling of Price, Reliability, and Transit Time.”

²⁷ Ibid.

²⁸ Hunt VS, April 30, 2026, Exhibit 8-1.

The revenue per ton-mile was derived from historical data and considered the service type and commodity.

I reported in my Verified Statement that shippers switching from truck to new UP-NS single-line service would save an estimated \$3.5 billion annually in transportation costs.²⁹ Rail shippers switching from interline service to new UP-NS single-line service can expect to save an additional \$192 million per year, or an 11% reduction of their current rail price, based on historical differences between interline and single-line rail pricing.

Exhibit PB6.2: Rail shippers are estimated to save \$192 million annually by switching from interline to UP-NS single-line rail service³⁰

Values in millions of US dollars

Service Type	Pre-Merger Revenue	Post-Merger Revenue	Shipper Savings	Pct Savings	Avg LOH
General Merchandise	\$ 743	\$ 628	-\$ 115	-15.5%	1,318
Intermodal	\$ 502	\$ 481	-\$ 21	-4.2%	2,559
Bulk	\$ 215	\$ 177	-\$ 38	-17.6%	1,208
Assembled Autos	\$ 257	\$ 239	-\$ 18	-7.2%	2,018
Total	\$ 1,717	\$ 1,525	-\$ 192	-11.2%	

The estimates in Exhibit PB6.2 were obtained by starting with the R2R diverted traffic and adding one junction to the post-merger junction frequency. This reset the junction frequency to a pre-merger condition where UP and NS could only offer interline service. The price for the pre-merger interline route was calculated using the same methodology as the post-merger route, with the difference in pre- and post- revenue summing to the \$192 million in annual rail shipper savings. If a third carrier was involved (e.g., FEC to NS to UP), then the methodology compared a route with two interchanges pre-merger to a route with one interchange post-merger.³¹

6. MS-1: Impact on Competing/Alternative Routes

STB Request

For each route on which Applicants' combined market share will increase if the Transaction is approved, elaborate on the potential impact on competing or alternative routes, including whether those competing or alternative routes' viability may be jeopardized due to insufficient post-Transaction traffic.

6.1. Interpretation

Applicants asked Oliver Wyman to respond to the STB's Request MS-1, which we understood to require an analysis of the risk that non-Applicants would cease providing competitive or alternative service on Routes on which they are projected to lose traffic due to diversions by Applicants. In performing this analysis, we understood a "Route" to be an origin BEA/railroad combination to a destination BEA/railroad combination, broken out by STB service type, consistent with the definition used in the Verified Statement of Dr. Elizabeth Bailey,³² and consistent with the structure of the dataset I used for Exhibit E-2 in my Verified Statement that

²⁹ Hunt VS, April 30, 2026, Section 8.2, "Shipper Cost Benefits from Truck-to-Rail Diversions."

³⁰ Workpaper "HC-Revenue Calculation vFinal.xlsx_20260707.xlsx."

³¹ Ibid.

³² See Verified Statement of Elizabeth M. Bailey ¶ 125

addressed changes in market shares.³³ In the analysis, we also use the term “Location,” defined as an individual BEA/railroad combination. We understood the concept of “viability” being “jeopardized” to mean that a railroad would likely entirely cease serving a Route or Location as a result of post-merger traffic diversions.

6.2. Summary of Findings

Oliver Wyman’s analysis examines all Routes on which the Applicants’ combined market share is projected to increase – and therefore on which competing carriers’ market share is projected to decrease – across three service types: merchandise/bulk, intermodal, and automotive.

The analysis found only one current rail service to be at risk of loss of viability because of the projected diversions.

Supporting this conclusion are some additional observations from the traffic data and diversion results. I identified the Markets³⁴ where a more efficient UP-NS Route is projected to divert traffic from an existing rail Route. Examining the Routes³⁵ in these Markets identified UP-NS increased traffic on 4,000 existing and new Routes while traffic decreased on 4,338 existing, less-efficient Routes.³⁶ A similar comparison for all service types is shown in Exhibit MS1.1.

Exhibit MS1.1: Count of Routes increasing or decreasing traffic by service type³⁷

	Merch/Bulk	Intermodal	Automotive	Totals
UP-NS Routes with Gains	3,672	192	136	4,000
Existing Routes with Losses	3,843	337	158	4,338
Routes Unchanged	30,147	2,505	1,960	34,612
Total R2R Routes	37,662	3,034	2,254	42,950
Loss/Gain Ratio	1.05	1.76	1.16	1.08

The reason that the number of existing routes losing traffic exceeds the number of routes gaining traffic is illustrated in a Los Angeles BEA to Cincinnati BEA intermodal example in Exhibit MS1.2, where the UP-NS Route gains {{ }} tons while three Routes (BNSF-CSXT, UP-CSXT, BNSF-NS) all show a decline in traffic.

³³ Hunt, VS, Appendix E. This supplemental response is based on workpaper “mkt_share.apdx_v26_e2_100pct”. The dataset uses the same process and methodology as Exhibit E-2 in my Verified Statement, but for 100% of current state UP and NS traffic.

³⁴ “Market” is defined as origin BEA, destination BEA, service type

³⁵ “Route” is defined as origin BEA/railroad combination to a destination BEA/railroad combination, for a specific service type

³⁶ Workpaper “HC-MS-1_Route_Gain_Lost vFinal.xlsx” Tab “Pivot”

³⁷ Ibid.

Exhibit MS1.2: R2R traffic diversion results (in net tons) for Los Angeles-Riverside-Orange County, CA-AZ BEA to Cincinnati-Hamilton, OH-KY-IN BEA intermodal diversions³⁸

Origin BEA	Origin RR	Destination BEA	Dest. RR	Base Traffic		Change in Traffic		Projected Traffic	
Los Angeles	BNSF	Cincinnati	CSXT	{{	}}	{{	}}	{{	}}
Los Angeles	UP	Cincinnati	CSXT	{{	}}	{{	}}	{{	}}
Los Angeles	UP	Cincinnati	NS	{{	}}	{{	}}	{{	}}
Los Angeles	BNSF	Cincinnati	NS	{{	}}	{{	}}	{{	}}

As the example illustrates, the diversion model projects what can be expected in the real world when introducing new single-line service in a Market. Applicants will gain share as they transform interline movements into new UP-NS single-line movements. Applicants will divert traffic from UP-CSX and BNSF-NS interline movements to the new UP-NS single-line service. Applicants will also capture traffic currently moving on BNSF-CSX interline Routes by offering a superior single-line alternative.

Although there are a large number of Routes with traffic reductions due to diversions, these are scattered across the U.S. and mostly involve the other Class I railroads. While lost traffic is a concern to any railroad, the overall impact is a small fraction of the total traffic on these carriers. CSX is projected to have the largest loss of any Class I at 4% of its 2023 traffic, while CN is projected to have the smallest loss at 0.6% of its 2023 U.S. traffic.

Exhibit MS1.3: R2R traffic diversion estimated impact on other Class I carriers³⁹

Carrier	Carload Diversion	Intermodal Diversions	Total Carloads/Units	2023 Total Carloads Carried ⁴⁰	Pct Div of Total
BNSF	-86,000	-184,000	-270,000	9,003,000	-3.0%
CSX	-95,000	-130,000	-225,000	6,063,000	-3.7%
CPKC ⁴¹	-16,000	-6,000	-22,000	2,296,000	-1.0%
CN ⁴²	-13,000	0	-13,000	2,359,000	-0.6%

R2R traffic diversions are spread across numerous Routes and the overall impact on Class I railroads is relatively modest, as demonstrated in Exhibits MS1.1 through MS1.3. However,

³⁸ Workpaper “HC-MS1_Service Viability_vFinal.xlsx,” Tab “RoutesWFlags” filtered for (origin_code = 160, dest_code = 49, serviceType = ‘Intermodal’).

³⁹ Hunt, Verified Statement, Exhibit 6-2, April 30, 2026. Table is adjusted to include total carloads and diversion percentage. Diversion values adjusted to account for errata.

⁴⁰ Analysis of Class I Railroads 2023, Association of American Railroads, Line 713, Total Carloads Carried. US total is 34.6 million, which will including double counting. Total includes carloads and intermodal box (rather than intermodal railcars).

⁴¹ CPKC is the sum of KCS and SOO (CP). This is only the U.S. traffic and excludes intra-Canada and intra-Mexico traffic. Adding SOO (CP) and KCS likely double counts some traffic.

⁴² CN is GTC(CN) and is only the U.S. traffic, excluding intra-Canada traffic

there are some Locations⁴³ where the percentage of diverted traffic may be more significant for both Class I and non-Class I railroads.

While the Board’s request is whether a “routes’ viability may be jeopardized” due to traffic diversions⁴⁴, my analysis focused on Locations because a low individual Route volume does not signal that a Route is at risk. Railroads currently serve large numbers of very low-volume Routes today, because many small flows are consolidated into economic movements. What determines whether rail service is viable is the aggregate volume at the yard, terminal, ramp or service area through which a Route is served. This analysis therefore assesses a Route’s viability indirectly; through the viability of the two Locations it connects; a Route remains viable so long as the Locations at both its origin and destination remain viable. Section 6.3.4 provides more details and analysis on this topic.

Additionally, attempting to perform a Route-level analysis requires knowledge of the exact routing used, including all intermediate yards and interchange Locations. This level of detail is not known without having the complete service design plan for every railroad, including assumptions about how future traffic might move. Using the Los Angeles to Cincinnati example in Exhibit MS1.2, BNSF-CSX interchanges a portion of the traffic at Chicago and a portion at St. Louis. If the {{ }} estimated diversions were removed from a Route, it is unclear which physical lines would be impacted since BNSF-CSX may opt to consolidate the remaining traffic through one gateway or may opt to continue using multiple gateways.

I therefore decided the best method for addressing the Board’s request was to focus on the Locations at either end of a Route. If a Location loses traffic such that it is in jeopardy of closing, then the Routes connect to that Location also could become jeopardized.

Applying Location-level screening criteria derived from both operational service requirements and the statistical distribution of volumes at which railroads actively operate facilities today, the analysis identifies no Location across any service type where projected post-merger traffic diversions reduce volumes to a level that would threaten continued railroad service. This holds across all three service types:

- For **merchandise/bulk**, no Location served by a competing carrier experiences a projected volume decline sufficient to threaten the viability of local train service to that area.
- For **intermodal**, no terminal operated by a competing carrier is projected to lose sufficient volume to place its continued operation at risk.
- For **automotive**, no automotive ramp operated by a competing carrier is projected to experience volume losses sufficient to threaten ramp viability.

As a supplementary check beyond the formal screening criteria, all Locations experiencing a projected volume decline of 30% or more were individually reviewed, regardless of minimum volume threshold considerations. Five such Locations in the US were identified and one route is flagged for potential service viability from this supplementary check.⁴⁵ Of these five Locations:

⁴³ “Location” defined as a yard, terminal, ramp or service area

⁴⁴ STB Decision 21, MS-1, Impact on Competing/Alternative Routes

⁴⁵ Five locations in Canada and Mexico met the screening criteria but are considered false positives because the underlying dataset captures only cross-border U.S. traffic and therefore materially understates the true traffic volumes at those locations.

- One (CFE at Fort Wayne, IN) realizes a post-merger decline in automotive volumes may jeopardize viability of the railroad’s westbound route to Chicago
- One (San Antonio, TX) retains post-merger volumes comfortably within the viable operating range
- Two (Charleston, SC and Rochester, NY) operate at pre-merger volumes within the exclusion band (roughly one carload per month) consistent with opportunistic or incidental movements rather than a core service offering, and
- One (El Paso, TX) reflects a waybill data anomaly, as FXE does not operate service points in the US.

As a sensitivity check, Locations experiencing a projected volume decline between 20% and 30% also were identified. Seven additional Locations were flagged similar to the Locations listed above. No material threats to the post-merger viability of these Locations were identified. See Section 6.8 for further details.

Sections 6.3 through 6.8 below describe the methodology and supporting analysis used to address MS-1 as well as the confirmatory checks that Oliver Wyman conducted.

6.3. Analytical Approach

6.3.1. Data Foundation

The primary dataset for the viability risks analysis is the 100pct Appendix E-2 exhibit dataset, which provides BEA-to-BEA traffic data by railroad and STB service type.⁴⁶ In this document:

- Actual volumes are sourced directly from the Class I and STB-provided waybill data, as embedded in the E-2 dataset; and
- Projected volumes adjust actual volumes based on the Oliver Wyman diversion model⁴⁷ (i.e., projected volume = actual volume + diversions, where diversions may be positive or negative for a given Route), as embedded in the E-2 dataset.

Volumes are expressed in loaded net tons; revenue empty flows are excluded as they are operationally dependent on loaded moves. The base year for all analysis is 2023.

6.3.2. Service Type Classification

Analysis is conducted separately for three service types, based on the definitions in the STB Carload Waybill Sample.⁴⁸ Merchandise and bulk traffic are consolidated into a single category.

- **Merchandise/bulk:** carload freight, including manifest merchandise and bulk commodity traffic
- **Intermodal:** trailer-on-flatcar and container-on-flatcar traffic moving between intermodal terminals

⁴⁶ Workpaper “apdx_v26_e2_100pct.csv”

⁴⁷ Hunt VS.

⁴⁸ Service type uses the Board definition found in the STB 2023 Confidential Carload Waybill Sample Reference Guide, March 5, 2025, Railinc, p. 63.

- **Automotive:** finished vehicle traffic moving in multilevel railcars between automotive ramps

6.3.3. Key Definitions

The following terms are used:

- **BEA:** Bureau of Economic Analysis economic area. BEAs are used as the geographic unit of analysis because the E-2 dataset aggregates origins and destinations to this level. A BEA typically encompasses a metropolitan area and its surrounding economic hinterland. Because a single BEA may contain multiple railroad facilities (or, conversely, a single facility or service area may span BEA boundaries), BEA is an imperfect proxy for individual terminals, ramps, or service areas. This limitation is accounted for in the viability screening criteria in Section 6.4.
- **Route:** An origin BEA/railroad combination to a destination BEA/railroad combination, for a specific service type.
- **Location:** An individual BEA/railroad combination for a specific service type – i.e., a specific railroad’s presence within a BEA.
- **At risk:** A Route or Location where projected post-merger volume meets the applicable screening criteria defined in Section 6.4.
- **Opportunistic service:** Routes or Locations operating below the applicable exclusion band (see Section 6.4) on a pre-merger basis. These are assumed to continue receiving service regardless of further volume reductions, as the carrier has demonstrated a willingness to serve them at below-threshold volumes.
- **Rubber tire interchange:** The transfer of intermodal units from one set of railcars to another at an interchange or gateway point, enabling re-consolidation of small-volume flows with larger consolidated movements. Rubber tire interchange allows railroads to provide intermodal service on Routes where individual Route volumes are too small to support a dedicated direct block.

6.3.4. Viability Assessment Framework

Viability risk could in principle be assessed along either of two dimensions:

- **Location viability risk:** whether a specific Location loses sufficient total volume to create the risk that the railroad would cease operations there entirely. If a Location becomes unviable, all Routes originating or terminating there are necessarily at risk.
- **Route viability risk:** whether an individual Route loses sufficient volume that origin-to-destination service would be discontinued, independent of the viability of its endpoints.

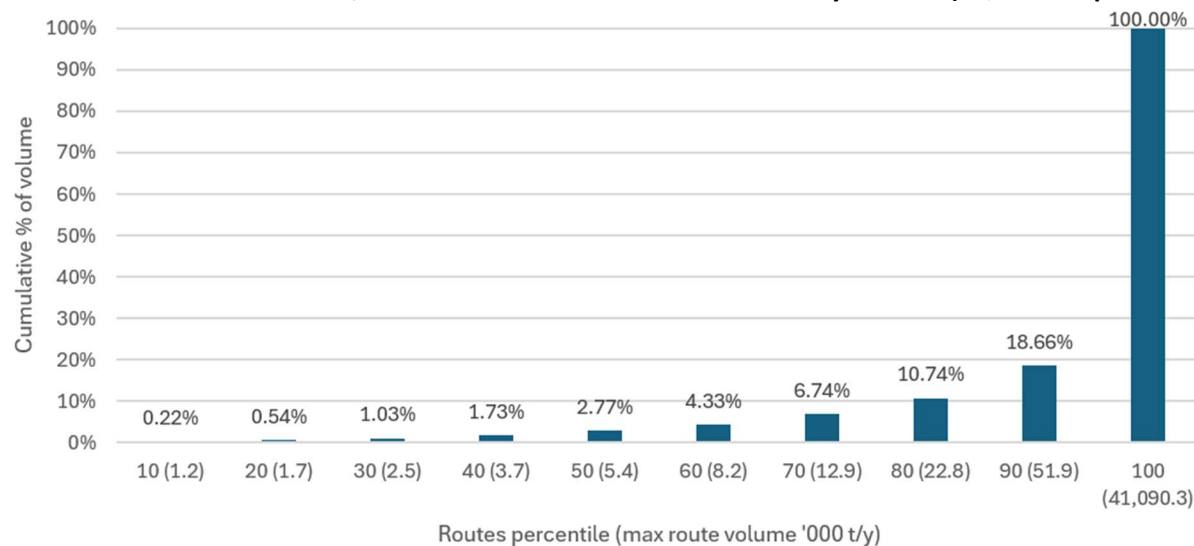
Oliver Wyman’s model applies the viability screen at the Location level rather than the Route level because a low individual Route volume does not signal that a Route is at risk. As the charts below show, railroads already serve large numbers of very low-volume Routes today, because they consolidate many small flows into economic movements. Route volume is therefore not a reliable basis for a viability screen. What determines whether rail service continues is instead the aggregate volume at the yard, terminal, ramp or service area (Location) through which a Route is served. This analysis therefore assesses a Route’s viability indirectly, through the viability of the

two Locations it connects; a Route remains viable so long as the Locations at both its origin and destination remain viable.

This analytical approach reflects the network economics of railroading. Rather than serving each origin-destination pair with dedicated capacity, railroads aggregate traffic at yards and terminals, move it through intermediate switching and gateway handling points, and – in the case of intermodal – re-consolidate small flows through rubber tire interchanges. A Route that carries little traffic on its own is part of a larger economic movement, and its standalone volume reveals little about whether service will be worth continuing. Historic Route-volume distributions bear this out.

The following charts show, for each service type, the cumulative distribution of Routes by volume. The horizontal axis groups Routes by size (the value in parentheses is the maximum net tons per year in each grouping, in thousands), and the vertical axis shows the cumulative share of total net tons represented at or below each grouping.

Exhibit MS1.4: Merchandise/bulk Routes: cumulative distribution by volume (33,752 unique Routes)⁴⁹



⁴⁹ Workpaper “HC-MS1_Service Viability_vFinal.xlsx, Tab “RoutesPercentiles.”

Exhibit MS1.5: Intermodal Routes: cumulative distribution by volume (2,932 unique Routes)⁵⁰

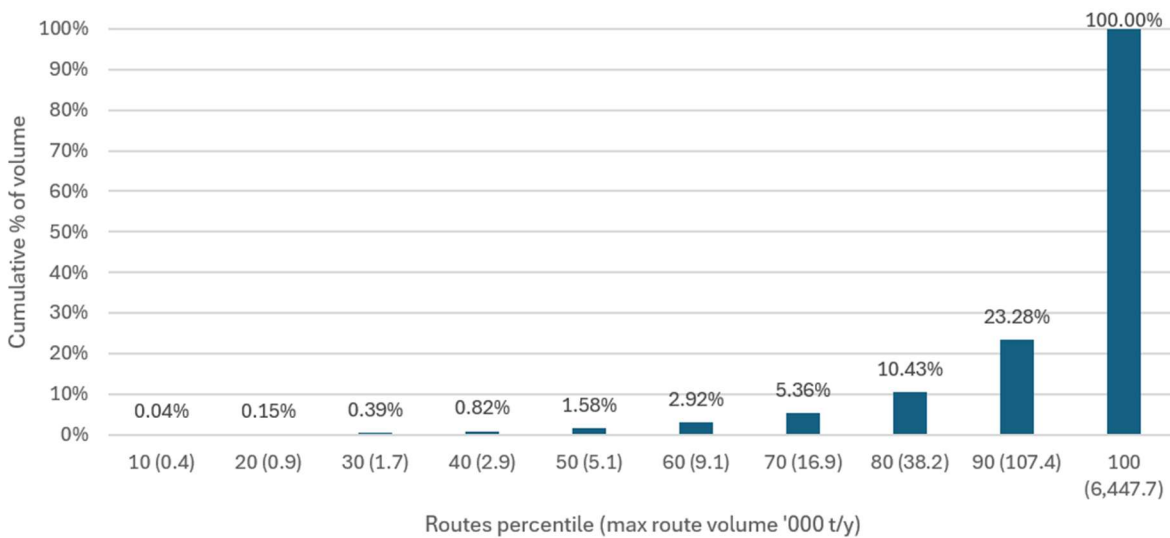
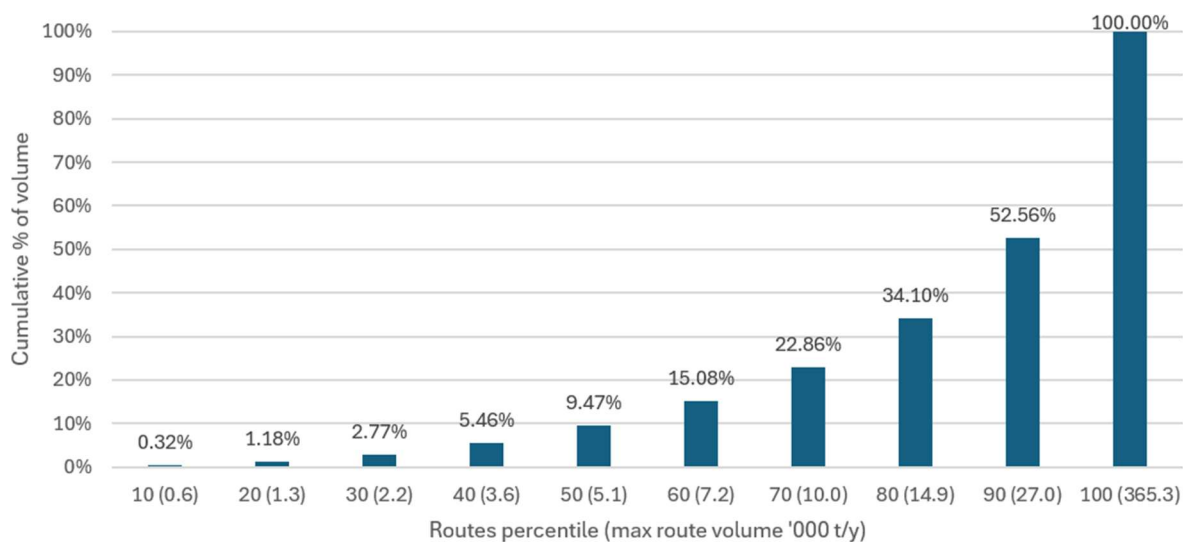


Exhibit MS1.6: Automotive Routes: cumulative distribution by volume (2,097 unique Routes)⁵¹



The pattern is consistent across all three service types. For merchandise/bulk, the lowest-volume 50% of the 33,752 active Routes together carry under 3% of total volume, and the distribution shows no distinct break point that would mark a natural viability cutoff. Intermodal shows the same long tail of low-volume activity. The lowest-volume 50% of its 2,932 Routes carry under 2% of the traffic. Automotive is only modestly less skewed, with the lowest-volume 50% of its 2,097 Routes carrying just under 10% of traffic. In every case, thousands of Routes are actively and continuously served at volumes that are comparatively small. This is precisely what the network traffic consolidation mechanisms described above make possible.

⁵⁰ Ibid.

⁵¹ Ibid.

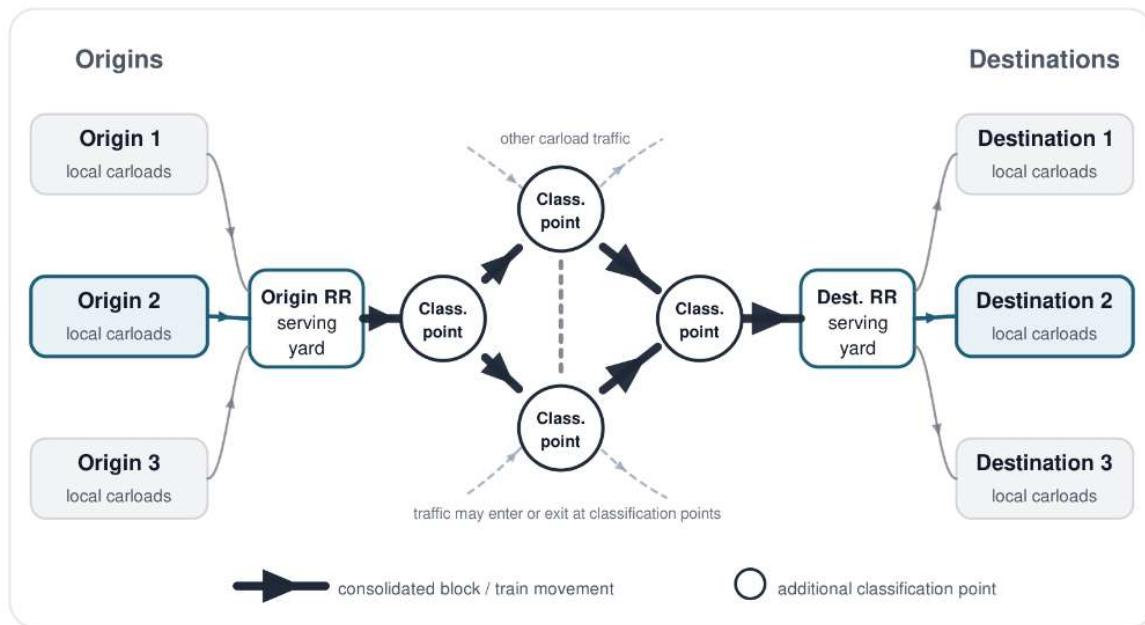
The conclusion is that individual Route volumes are not the operative driver of service for any service type. Accordingly, the viability screen focuses on Locations instead of Routes.

The way this Location-based logic applies differs somewhat by service type:

Merchandise/bulk – Merchandise service is organized around the consolidation of traffic at serving yards, with local trains providing pick-up and delivery across multiple customers within a geographic area. A volume decline on any single Route does not necessarily threaten service availability within that area; risk arises only when aggregate volumes across a whole branch line or local service area fall too low to support regular local train operations. The viability screen for merchandise/bulk therefore operates at the Location level rather than the Route level.

The process described above is depicted in the following diagram. In this example, a move from Origin 2 to Destination 2 might be quite small, but if there is sufficient other volume to serve every leg through the network, then there will be a pathway that is operationally and commercially viable to serve this Origin 2 to Destination 2 movement.

Exhibit MS1.7: Simplified example of merchandise network

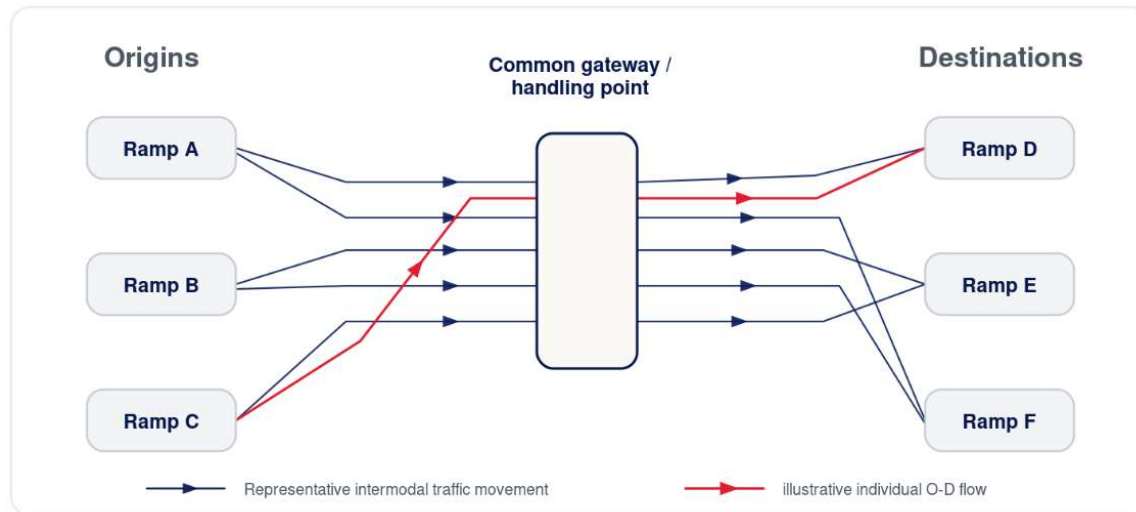


Intermodal service is offered on specific origin-destination pairs between terminals, and direct service may be withdrawn if Route volumes fall too low to support a dedicated block. However, through rubber tire interchange, gateway consolidation, and some intermediate switching, railroads routinely serve intermodal Routes at volumes well below any dedicated-block threshold, and this practice is expected to continue – which effectively removes Route viability from the assessment. Location risk arises only if aggregate terminal volumes fall too low to sustain even consolidated service. There is typically no more than one major intermodal terminal per railroad per BEA, except at major hubs such as Chicago, New York, and Southern California.

The process described above is depicted in the following diagram. In this example, all of the traffic movements shown are handled at a common intermediate point (e.g., Chicago). While the

highlighted move from Ramp C to Ramp D might be too low to justify direct service, as long as the volumes between each ramp and the common gateway are sufficient to justify ongoing service, there will be a commercially and operationally viable path for the C to D traffic. In the case of intermodal, the shipment might undergo a “steel wheel” switch or a crosstown dray (rubber tire interchange) between trains.

Exhibit MS1.8: Simplified view of intermodal traffic



Automotive service uses dedicated multilevel blocking but moves those blocks primarily via general merchandise and intermodal trains, with more intermediate switching than intermodal. It therefore behaves like the merchandise network, in that ramp Location volumes are the primary viability driver, and the assessment accordingly focuses on Locations. There is typically no more than one major automotive ramp per railroad per BEA, except in major manufacturing areas such as Eastern Michigan.

Going back to Exhibit MS1.7 depicting how merchandise traffic moves, if we remove the notion of the serving yards, so that the origins and destinations feed directly into the core network, this diagram would reasonably represent the automotive service network. As with merchandise, if there is sufficient volume on each leg of this network to justify ongoing service, the moves between any origin and destination within this network will be operationally and commercially viable.

The specific screening parameters applied to Locations are set out in Section 6.4. Locations in Canada and Mexico were excluded from the screening assessment due to the U.S. focus of STB’s proceeding and because intra-Canada and intra-Mexico traffic is not captured in the E-2 data and therefore the impact of diversions on those Locations cannot be reliably assessed. For transparency, however, Section 6.8 includes discussion of Canadian and Mexican Locations showing significant projected traffic declines.

6.4. Viability Screening Criteria

To determine the viability of a Route using Location data, we must first establish a set of rules or screening criteria for flagging potentially at-risk Locations. To do this, Oliver Wyman undertook two complementary analyses: (1) a conceptual derivation of what volumes operational logic would suggest are necessary to sustain service based on direct observation for intermodal and automotive, and operational requirements for merchandise/bulk, and (2) a statistical examination of actual historic volumes at which railroads currently operate Locations across all three service types. The two analyses are then reconciled into practical screening criteria to be applied in this analysis.

The analysis reveals that, for all three service types, railroads actively serve large numbers of Locations at volumes far below any observational or operationally derived conceptual threshold. This reflects the network economics of railroad operations, where consolidation, interchange, and intermediate handling allow efficient service even at low individual Route volumes.

Given these findings, and as Section 6.5 through 6.8 further explain, screening criteria were structured in three bands for each service type:

- **Exclusion band (below lower bound):** Locations with pre-merger volumes below the lower bound are treated as statistical outliers – likely artifacts of the BEA geographic proxy, data errors, or genuinely one-off movements – and are excluded from the at-risk analysis. I set this measure for intermodal and automotive at the maximum net tons handled by any of the smallest Locations that in total represent 1% of total tonnage handled. For merchandise/bulk, with its ability to handle a broader range of small Locations, and to account for approximately ~50% of tonnage moving in bulk Routes with very large volumes per Route, the cutoff is set at 0.5%. This approach yielded the following values:⁵²

Service Type	Percentile Applied	Maximum Location Size (net tons/year)
Merchandise/Bulk	0.5%	217,111
Intermodal	1%	84,148
Automotive	1%	31,099

- **Upper band (above upper threshold):** Locations with pre-merger volumes above the upper threshold are treated as viable over the long term and are flagged as at risk only if projected post-merger volume falls below the upper threshold and the volume decline is 30% or more. The 30% measure was used to screen out more modest decreases that happen to cross the upper band threshold but remain viable relative to both the lower band threshold and based on the historic distribution of volumes. In the case of the intermodal and automotive service types, this percentage also ensures that the post-diversion volume will always be comfortably above the lower band threshold. For merchandise/bulk, this upper threshold is largely aligned with the conceptual threshold developed. For intermodal and automotive, this threshold is based on an examination of known smaller intermodal and automotive facilities.

⁵² Workpaper “HC-MS1_Service Viability_vFinal.xlsx” Tab “CutoffValues.”

- **Middle band (between lower and upper bounds):** Locations in this band appear to be viable based on their presence in the historic data. Given the broad range of observed volumes, there is no clear viability cutoff point for this traffic. As a result, these Locations are flagged as at risk if the projected volume decline is 30% or more, without requiring a specific volume threshold to be crossed. This percentage was selected both to be consistent with the upper band analysis, and as conservative measure of impact that would allow more “severely impacted” Locations to be identified.

The end result is that the viability risk analysis uses the following criteria for flagging potential at-risk Locations:

Exhibit MS1.9: Thresholds for Location viability (net tons/year)⁵³

Band/Criteria	Merchandise/ Bulk	Intermodal	Automotive	Action
Exclusion band – any Location with historic volume below this threshold	202,000	84,148	31,099	Excluded from analysis as statistical anomalies or opportunistic service
Middle band – any Location with historic volume in the range shown that drops by more than 30%	N/A	84,148 to 150,000	31,099 to 60,000	Flagged as at risk
Upper band – any Location with historic volume above this threshold that drops below the threshold and also drops by more than 30% overall	202,000	150,000	60,000	Flagged as at risk

6.5. Merchandise/Bulk

6.5.1. Conceptual Merchandise Location Threshold

A conceptual threshold for a given Location can be derived from the minimum conditions needed to sustain regular local train service to a geographic service area:

Conceptual Location threshold: ~2,000 loaded cars/year (~202,000 net tons/year)⁵⁴

These threshold values are derived from:

- 2 local train movements per week (minimum frequency for regular service)
- 20 loaded cars per movement (minimum productive local train size)
- 50 operating weeks per year (accounting for holidays and maintenance)
- ~101 net tons per car (waybill-based average for merchandise/bulk)⁵⁵

⁵³ Workpaper “HC-MS1_Service Viability_vFinal.xlsx” Tab “Thresholds.”

⁵⁴ Note: $2 \times 20 \times 50 = 2,000$ cars/year. At 101 net tons/car: ~202,000 net tons/year.

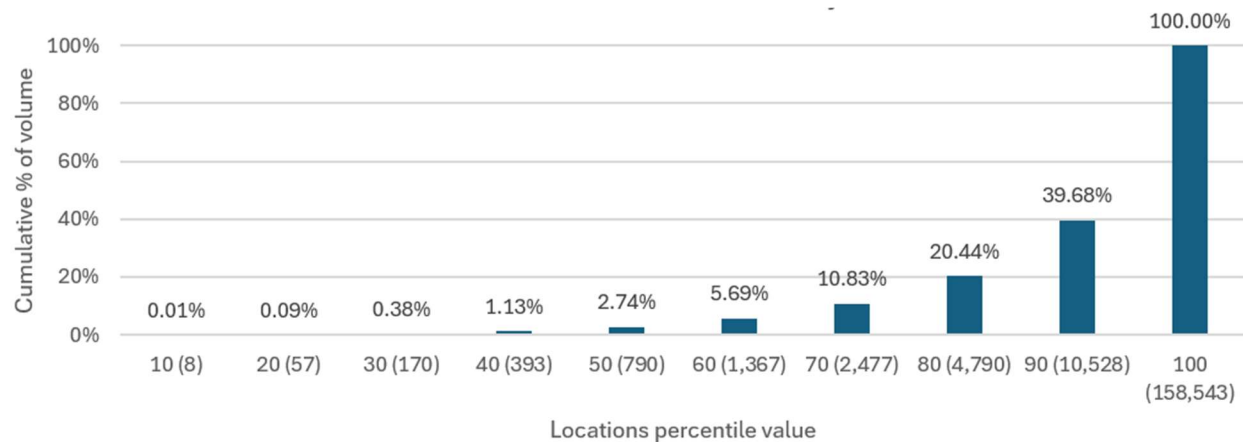
⁵⁵ Workpaper “HC-MS1_Service Viability_vFinal.xlsx, Tab “Thresholds.”

6.5.2. Statistical Analysis of Actual Merchandise Location Volumes

Examination of actual merchandise/bulk Location volumes in the E-2 dataset reveals a wide distribution, with large numbers of Locations actively served at volumes well below the conceptual threshold. The percentile distribution of net tons per year by Location is shown in Exhibit MS1.10.

Exhibit MS1.10: Merchandise/bulk: cumulative distribution of Locations by volume⁵⁶

Note: numbers in parentheses are maximum net tons/year for grouping in thousands



Merchandise/bulk Locations show a large population of small-volume active Locations. Approximately 31% of the 788 active merchandise/bulk Locations operate below 202,000 net tons/year (the conceptual threshold). Inasmuch as Locations are assessed at the BEA level and a BEA is typically larger than an actual railroad service area, the 31% figure is likely an undercount of merchandise/bulk Locations operating below the 202,000-ton level. These lower traffic Locations collectively account for only approximately 0.5% of total merchandise/bulk volume.

Given that for merchandise/bulk the bottom 0.5% of total traffic represents all Locations with a volume of 217,000 net tons/year or less, and the alignment of this value with the 202,000 net tons/year from the conceptual framework, I adopted a single measure for merchandise/bulk Locations with a value of 202,000 net tons/year, with Locations below the threshold of 202,000 excluded from the analysis.

6.6. Intermodal

Intermodal service is organized around direct terminal-to-terminal service. There is typically no more than one major intermodal terminal per railroad per BEA; for analytical purposes, each BEA/railroad combination is treated as having one terminal. All Routes originating or terminating at a flagged Location are considered at risk due to Location depletion.

⁵⁶ Workpaper “HC-MS1_Service Viability_vFinal.xlsx” Tab “LocationsPercentiles.”

6.6.1. Conceptual Intermodal Location Threshold

Conceptual Location threshold: ~10,000 intermodal units/year (~150,000 net tons/year)

Examination of the data reveals that intermodal facilities are operated at relatively low volumes. By reviewing the historical data, I found a number of viable Locations reported to be operating at approximately 10,000 to 20,000 lifts per year (loaded and empty). If all loaded, 10,000 lifts/year translates to 150,000 net tons/year at 15 net tons per unit.⁵⁷ For example, the following

{{ }} facilities fall into this category: {{ }}

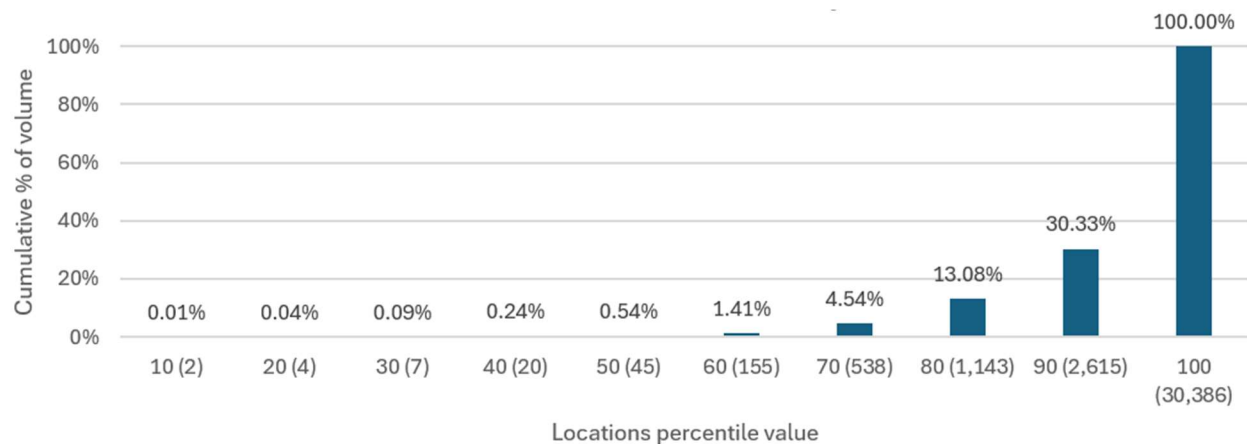
Based on this evaluation, I set the conceptual upper threshold at 150,000 net tons/year.

6.6.2. Statistical Analysis of Intermodal Location Volumes

Examination of the 308 active intermodal Locations in the E-2 dataset reveals the following percentile distribution, shown in Exhibit MS1.11.

Exhibit MS1.11: Intermodal: cumulative distribution of Locations by volume⁵⁸

Note: numbers in parentheses are maximum net tons/year for grouping in thousands



Intermodal Location volumes show a stepped distribution driven by major terminal clusters (Los Angeles, Chicago, etc.), with a large tail of smaller Locations. Approximately 59% of the 308 active intermodal Locations operate below 150,000 net tons/year (the conceptual threshold) when evaluated at the BEA level. These Locations collectively represent less than 1.4% of total intermodal volume.

For intermodal, the bottom 1% of total traffic represents all Locations with a volume of 84,148 net tons/year or less. The lower threshold is therefore set at 84,148 tons/year. Locations below this volume were excluded from the analysis. The upper threshold was set at 150,000 net tons/year.

6.7. Automotive

Automotive service operates between dedicated ramps using specialized multilevel railcar equipment. There is typically no more than one major automotive ramp per railroad per BEA. As

⁵⁷ Workpaper “HC-MS1_Service Viability_vFinal.xlsx” Tab “Thresholds.”

⁵⁸ Workpaper “HC-MS1_Service Viability_vFinal.xlsx” Tab “LocationsPercentiles.”

discussed earlier, only Location dimensions are assessed in this analysis. All Routes originating or terminating at a flagged Location are considered at risk due to Location depletion.

6.7.1. Conceptual Location Threshold

Conceptual Location threshold: ~3,000 multilevel cars/year (~60,000 net tons/year)

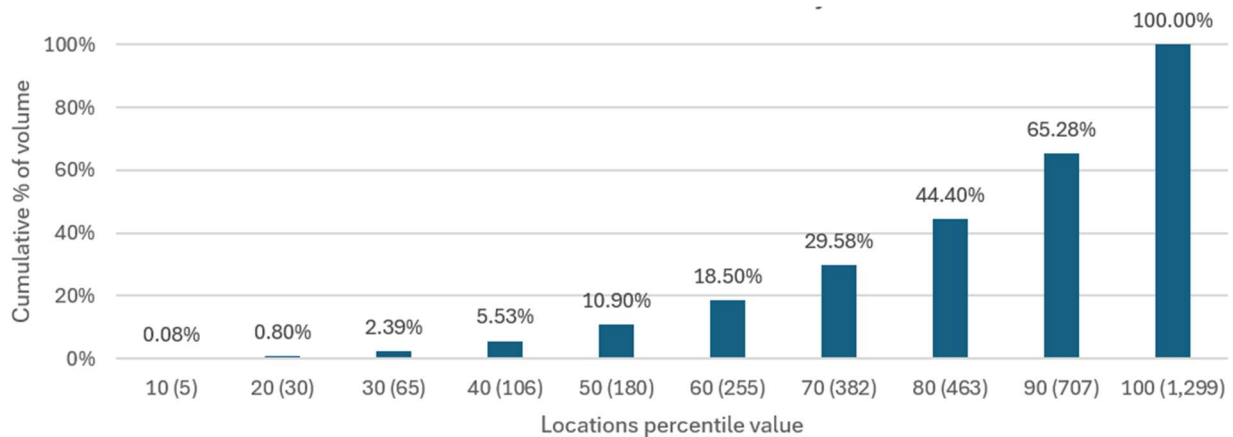
As with the intermodal Location threshold, the automotive Location threshold is anchored to the observed lower bound of actively operated ramps. Smaller {{ }} ramps (e.g., {{ }} handle approximately 2,500–3,500 multilevel cars per year based on waybill data, yielding a reference upper threshold of ~3,000 cars/year (~60,000 net tons/year at ~20 net tons/car⁵⁹).

6.7.2. Statistical Analysis of Actual Automotive Location Volumes

Examination of the 164 active automotive Locations in the E-2 dataset reveals the following percentile distribution.

Exhibit MS1.12: Automotive: cumulative distribution of Locations by volume⁶⁰

Note: numbers in parentheses are maximum net tons/year for grouping in thousands



Automotive Location volumes have a broad distribution with a significant tail of smaller Locations. Approximately 30% of the 164 active automotive Locations operate below 60,000 net tons/year (the conceptual threshold) when evaluated at the BEA level. These Locations collectively represent less than 2.4% of the total automotive volume.

For automotive, the bottom 1% of total traffic represents all Locations with a volume of 31,099 net tons/year or less. Based on this, and my knowledge of viable smaller auto Locations, the lower threshold is set at 31,000 tons/year, with Locations below this volume excluded from the analysis. The upper threshold was set at 60,000 net tons/year.

6.8. Locations at Risk

Of all the Locations screened, only one current rail service was identified as at risk based on projected volume changes. Details of the Location and Route screening review are provided in

⁵⁹ Workpaper “HC-MS1_Service Viability_vFinal.xlsx” Tab “Thresholds.”

⁶⁰ Workpaper “HC-MS1_Service Viability_vFinal.xlsx” Tab “LocationsPercentiles.”

Section 6.8.1 and details on the service at risk – Chicago, Fort Wayne and Eastern Railroad automotive service to Chicago – are in Section 6.8.2.

6.8.1. Locations at Risk

Additional review of Locations with a significant volume decrease was performed to identify any near-misses in the screening process and ensure they should not be deemed as at risk. We identified 7 Locations showing projected volume drops of more than 30%, with an additional seven showing projected volume drops of between 20% and 30%. The 30% value was selected to be consistent with our general screening criteria, and the 20% value was used to provide an additional sensitivity check. The resulting near misses are shown below, divided into three tables – one for US Locations with a 30% or greater drop, one for the US Locations added in the sensitivity check, and one for Locations in Mexico and Canada.

Exhibit MS1.13: US Locations with volume losses greater than 30%⁶¹

Service Type	BEA Name	Country	Carrier	Class I railroad?	Actual tons	Projected tons	Relative change
Merch/Bulk	Charleston-North Charleston, SC	US	PR	N	{{ }}	{{ }}	-100.0%
Merch/Bulk	Rochester, NY-PA	US	BPRR	N	{{ }}	{{ }}	-46.9%
Merch/Bulk	El Paso, TX-NM	US	FXE	N	{{ }}	{{ }}	-42.7%
Automotive	Fort Wayne, IN	US	CFE	N	{{ }}	{{ }}	-34.7%
Automotive	San Antonio, TX	US	BNSF	Y	{{ }}	{{ }}	-30.8%

The three merchandise/bulk locations listed in Exhibit MS1.13 are not valid losses and arise due to the limitations of the input data to this analysis. The San Antonio automotive location remains viable due to its significant on-going volumes. The details by location are as follows:

- Charleston:** Palmetto Railways (PR) operates primarily as a switching carrier on behalf of both CSX and NS serving various port, automotive, and industrial sites. The 100% waybill database shows less than 1,200 net tons of traffic for the PR for 2023, about 12 carloads per year. At the same time, the PR reported handing 65,000 carloads in 2018, growing to 90,000 by 2024.⁶² The likely discrepancy is that CSX or NS are shown as the originating/terminating carriers for these shipments on the waybill, not the PR. Overall, this BEA shows over 14 million net tons of merchandise/bulk traffic originating/terminating in 2023, with the majority being handled by CSX. Under the merger forecast, CSX is shown as losing about 2% of this traffic to the UP-NS, some of which is likely switched by the PR. Overall, it appears that the 100% waybill data massively under represents the PR volumes, and that the small shifts between CSX and UP-NS should not have a material impact on the PR. It is possible that there will be virtually no impact at all on the PR as it will simply switch this diverted traffic on behalf of the UP-NS instead of for CSX.

⁶¹ Workpaper “HC-MS1_Service Viability_vFinal.xlsx” Tab “LocationsWFlags.”

⁶² Progressive Railroading, “Palmetto Railways counts on intermodal facility, industrial park to boost carloads” (Palmetto Railway.pdf); Progressive Railroading, “Short-line traffic in 2025: More good than bad or ugly” (Short line traffic 2025.pdf)

- **Rochester:** As a location, Rochester is not served by the Buffalo & Pittsburgh Railroad (BPRR). This traffic should have been assigned to the Buffalo-Niagara Falls BEA, which is projected to have no material loss of traffic due to the proposed merger. Thus, this case is strictly a result of the limitations of the data used for the analysis.
- **El Paso:** Ferromex (FXE) operates strictly in Mexico, so El Paso is a BEA not served by FXE. This entry arises from a single Route that interchanges to the FXE at El Paso for which the final station in Mexico is unknown. The result is the assignment of this traffic to El Paso. Thus, this is not a valid loss and is strictly a result of the limitations of the waybill data used for the analysis.
- **San Antonio:** Both BNSF and UP serve San Antonio and have interchanges to both NS and CSXT. There are eight Routes where diversions occur and move to a single-line UP-NS service. None of the Routes go to zero and all of them continue to move through existing large volume interchange points with substantial volumes that will continue to be viable post-merger. BNSF remains well above the 60,000 tons/year upper band value for automotive, so this location is not at risk.
- **Fort Wayne:** Diversions from the Chicago, Ft. Wayne & Eastern Railroad (CFE) at Fort Wayne, IN could place this line at risk. Further analysis is presented in Section 6.8.2.

So, in summary, the viability the San Antonio auto facility is not threatened, and the three merchandise/bulk Locations are not “real” issues due to the limitations of the data being used. CFE is the only identified route facing a legitimate risk.

By lowering the threshold to a 20% volume loss as a sensitivity analysis, an additional seven Locations were identified.

Exhibit MS1.14: US Locations with volume losses between 20% and 30% (sensitivity analysis)⁶³

Service Type	BEA Name	Country	Carrier	Class I railroad?	Actual tons	Projected tons	Relative change
Merch/Bulk	Washington-Baltimore, DC-MD-VA-WV-PA	US	TPR	N	{{ }}	{{ }}	-25.0%
Merch/Bulk	Columbus, OH	US	CFE	N	{{ }}	{{ }}	-23.4%
Automotive	New York-No. New Jer.-Long Island, NY-NJ-CT-PA-MA-VT	US	CSXT	Y	{{ }}	{{ }}	-23.4%
Merch/Bulk	Toledo, OH	US	BNSF	Y	{{ }}	{{ }}	-22.9%
Intermodal	Albany, GA	US	CSXT	Y	{{ }}	{{ }}	-22.2%
Merch/Bulk	Knoxville, TN	US	CSXT	Y	{{ }}	{{ }}	-20.9%
Intermodal	Toledo, OH	US	BNSF	Y	{{ }}	{{ }}	-20.5%

The Locations included as part of the sensitivity analysis, while projected to experience a moderate decrease in volumes, all either retain sufficient volumes to maintain service viability

⁶³ Workpaper “HC-MS1_Service Viability_vFinal.xlsx” Tab “LocationsWFlags.”

(three Locations: Toledo (intermodal), New York-New Jersey, and Knoxville), or are too small in actual volumes to be confidently evaluated for viability based on volumes alone (four Locations: Toledo (merchandise/bulk), Washington-Baltimore, Columbus, and Albany).

- **Toledo “BNSF”:** is served by a haulage agreement with CSXT.⁶⁴ Even with the predicted diversions, the remaining traffic from BNSF to this CSXT facility remains at {{ }} net tons per year – well above the 150,000 net tons/year viability threshold. The facility itself services other traffic outside of this particular haulage agreement and remains viable post-merger.
- **Washington/Baltimore:** Tradepoint Rail (TPR) shows less than 40 car moves per year; likely is a result of the limitations of the 100% waybill data which substantially under-reports actual TPR volumes. TPR is a 2,400 car storage facility and provides local switching services to some local customers.⁶⁵ The diversions are related to the waybill routing on a small number of cars, when it is most likely that the services TPR is offering will not change if the rail routings change, and thus should be considered a false positive.
- **New York/New Jersey:** CSXT automotive volumes are projected to drop 23.4% at this Location but remaining annual net tons ({{ }}) remains above the 60,000 annual net tons per year viability threshold for the location.
- **Columbus:** CFE does not serve the Columbus area directly, but does publish a freight station for some stations in this BEA. Actual service is handled by its sister railroad the Indiana & Ohio Railway (IORY). The IORY handles hundreds of thousands of net tons in this BEA, with no meaningful impact projected from the UP-NS merger. The CFE volumes should be treated as part of the overall IORY volumes, and as a result this specific entry does not represent a valid at-risk Location.
- **Albany:** CSXT does not have an intermodal terminal in the Albany, GA area. This traffic is merchandise/bulk traffic, misclassified as intermodal. Given that CSX handles hundreds of thousands of net tons of merchandise/bulk traffic in this BEA, with no substantial losses due to the proposed merger, this entry does not represent a valid loss, and reflects the limitations of the available input data.
- **Knoxville:** while CSXT loses some volume at this Location, with a volume over 2.5 times the 202,000 net tons/year viability threshold for merchandise/bulk facilities, this Location’s viability is not threatened.

The two Locations in Canada shown in Exhibit MS1.15 are likely false positives, as waybills and the E-2 dataset used for analysis only contain information about traffic moving into or out of the United States. This lack of data on real operations leads to a significant undercount of full actual and projected volumes at these non-US Locations, and thus to overestimation of projected relative decrease.

⁶⁴ BNSF, “BNSF Adds Service Between the PNW and Ohio” (BNSF Northwest.pdf); Freight Waves, “BNSF, CSX intermodal service will connect LA., Toledo (BNSF CSX intermodal Toledo.pdf)

⁶⁵ <https://www.tradepointatlantic.com/rail/> (Tradepoint Atlantic Privately Owned Railroad.pdf)

Exhibit MS1.15: Canadian and Mexican Locations with significant volume losses⁶⁶

Service Type	BEA Name	Country	Carrier	Class I railroad?	Actual tons	Projected tons	Relative change
Intermodal	Ontario, Canada	Canada	CPKC	Y	{{ }}	{{ }}	-37.7%
Intermodal	Alberta, Canada	Canada	CPKC	Y	{{ }}	{{ }}	-33.4%

6.8.2. Projected Impact on Chicago, Ft. Wayne & Eastern Railroad (CFE)

In Fort Wayne, CFE serves inbound and outbound General Motors (GM) traffic while NS serves primarily outbound traffic from the GM Plant itself. The Diversions predict 2/3rds of the existing CFE outbound loads that interchange with UP today in Chicago would divert to NS post-merger. The remaining CFE traffic is still sufficient to support operation of the Fort Wayne automotive facility, and when combined with other traffic, a Chicago interchange service to UP, BNSF and other Chicago area railroads should remain viable, so all of the existing routes would remain viable post-diversion. However, this is a significant drop in outbound loads on CFE and does put this Route at risk.

As the main diversion on the CFE was for westbound traffic, we attempted to further examine the overall volumes the CFE would carry to Chicago for interchange across all carriers. We treated traffic to/from any of the following carriers as passing through Chicago: ALS, BNSF, CN, CPKC, DQE, FWWR, FXE, KCTL, RCPE, TRRA, UP and WER. Based on this we developed the following estimates of pre-and post diversion traffic to Chicago:

Exhibit MS1.16: Estimated CFE Volumes to Chicago⁶⁷

Service Type	Base Tons	Base Cars / Platforms	Post UP-NS Projected Tons	Post UP-NS Projected Cars / Platforms
Automotive	{{ }}	{{ }}	{{ }}	{{ }}
Intermodal	{{ }}	{{ }}	{{ }}	{{ }}
Merch/Bulk	{{ }}	{{ }}	{{ }}	{{ }}

In order to estimate any associated empty moves, we also examined the traffic from Chicago:

Exhibit MS1.17: Estimated CFE Volumes from Chicago⁶⁸

Service Type	Base Tons	Base Cars / Platforms	Post UP-NS Projected Tons	Post UP-NS Projected Cars / Platforms
Automotive	{{ }}	{{ }}	{{ }}	{{ }}
Intermodal	{{ }}	{{ }}	{{ }}	{{ }}
Merch/Bulk	{{ }}	{{ }}	{{ }}	{{ }}

⁶⁶ Workpaper “HC-MS1_Service Viability_vFinal.xlsx” Tab “LocationsWFlags.”

⁶⁷ Workpaper “HC-MS1_Service Viability_vFinal.xlsx” Tab “CFE Summary.”

⁶⁸ Workpaper “HC-MS1_Service Viability_vFinal.xlsx” Tab “CFE Summary.”

Based on the above, we estimated the westbound traffic to Chicago as follows:

Exhibit MS1.18: Estimated Car Counts (Loaded and Empty) to Chicago⁶⁹

Source of Traffic	Base Cars / Platforms	Post UP-NS Projected Cars / Platforms
Loaded Westbound Autos	{{ }}	{{ }}
Loaded Westbound Merch	{{ }}	{{ }}
Empty Auto Returns	{{ }}	{{ }}
Empty IM Returns	{{ }}	{{ }}
Empty Merch Returns	{{ }}	{{ }}
Total Westbound Cars	{{ }}	{{ }}

The above assumes that westbound empties for automotive brings the overall car flow into balance. For intermodal, lacking westbound movements, the eastbound intermodal equipment would return empty. For merchandise and bulk, consistent with most such traffic, we assumed that all cars were reverse routed on an empty basis. Note that intermodal is counted as platforms, making them roughly equivalent in size to the other service types.

Based on varying assumptions, this would yield the following westbound train sizes to Chicago:

Exhibit MS1. 19: Estimated Train Sizes in Cars/Platforms to Chicago⁷⁰

Service Assumption	Base Cars/Train	Projected Cars/Train
7 Days Per Week Service	{{ }}	{{ }}
5 Days Per Week Service	{{ }}	{{ }}
3 Days Per Week Service	{{ }}	{{ }}

The above is based on a 50-week year to account for holidays. This analysis shows that the estimated UP-NS diversions will have a significant impact on CFE's auto business, and on CFE's Chicago volumes. However, it also appears from this analysis that sufficient volumes will remain to maintain on-going service to the Chicago gateway. Note that there may be some additional traffic using the CFE as a bridge carrier, which is not included in the above values.

7. MS-2: Impact of recent industry transactions

STB Request

Because the diversion analysis does not account for industry changes since 2023 from transactions involving CP-KCS, CSXT-Pan Am, and CN-Iowa Northern, discuss the impact of these transactions on Applicants' ability to achieve the truck-to-rail and rail-to-rail diversions modeled by Hunt's diversion and projected market share analysis, including relevant intermodal services such as Falcon Premium and the BNSF/Grupo México/J.B. Hunt service.

The premise of Request MS-2 is incorrect. Although the 2023 100% base traffic data does not fully reflect the ultimate merged state of CP-KCS, CSXT-Pan Am, CN-Iowa Northern, or the

⁶⁹ Workpaper "HC-MS1_Service Viability_vFinal.xlsx" Tab "CFE Summary."

⁷⁰ Workpaper "HC-MS1_Service Viability_vFinal.xlsx" Tab "CFE Summary."

BNSF-Montana Rail Link changes, the T2R and R2R models do incorporate these transactions when considering the competitive options available to shippers. As the models determine whether existing 2023 traffic will divert to UP-NS, they consider the above transactions complete and will only allow a diversion of that existing traffic if the merged UP-NS route offers improved service.

In other words, the model assumes that these rail combinations have already happened for purposes of comparing service options. The combined CP-KCS, CSXT-Pan Am, CN-Iowa Northern, and BNSF-Montana Rail Link networks are treated as existing single-line alternatives. Traffic is projected to divert to UP-NS only where new UP-NS single-line service is expected to outperform already available single-line alternatives.

Hunt Verified Statement Exhibit 4-4: Key assumptions for truck-to-rail-diversion modeling describes how the rail industry changes since 2023 were modeled:

“Base 2023 traffic does not include industry changes since 2023 from mergers/acquisitions involving CP-KCS, CSXT-Pan Am, and CN-Iowa Northern, and other network changes involving BNSF-Montana Rail Link.” [Emphasis added]

It also states:

“These combinations were considered when determining if UP-NS would provide improved rail service in a market. No effort was made to estimate any truck diversions that might have occurred from prior mergers/acquisitions or other network changes.”

As my prior Verified Statement indicated, the R2R and T2R models were not run to estimate the impacts of these transactions for purposes of creating a new 2023 base traffic file. This is consistent with prior STB merger submissions, which are typically based on available data that is 2 to 3 years old and does not reflect transactions, facility openings and closings, new rail services, economic changes, and other events occurring since the base year. The primary reason is that modeling these changes would introduce additional forecasts, thus introducing potential error and making it more difficult to isolate the impacts of the merger being studied. For example, the CPKC merger may have caused some traffic to divert from truck to rail or from one railroad to another, and the combined UP-NS system might then compete for some of that traffic. The models did not attempt to forecast those intervening effects and then forecast a further diversion from those forecasted effects. Rather, the models simply used the observed 2023 traffic base and estimated diversions from that base to the proposed UP-NS service.

Again, both the R2R and T2R models did consider these transactions for competitive purposes when looking at existing rail service in a market. These carriers (e.g., CPRS/KCS/KCSM as part of CPKC) were designated as “family” operations that the models treated as merged carriers. For instance, when the R2R model considered a market, it determined the best routes by comparing a merged CPKC and other known railroad transactions in the market to a merged UP-NS. Similarly, the T2R model compared UP-NS to a merged CPKC (or other relevant railroads) to determine whether the merged UP-NS would provide improved rail service in that market. All of the listed transactions were treated in this same way by designating them as being in the same family and thus allowing them to compete for the traffic.

The CN and UP Falcon Premium service and the BNSF, Grupo México, and J.B. Hunt Quantum de México service were not modeled in the diversion analysis due to two reasons: the timing of service launches and lack of overlap with lanes impacted by the UP-NS merger.

The Falcon Premium service was announced in May 2023 and launched the following month.⁷¹ The Quantum de México service was announced in May 2025.⁷² Accordingly, the Falcon Premium service was not fully reflected in the 2023 waybill data, and the Quantum de México service had not yet been announced. Further, the Falcon Premium and the BNSF/Grupo México/J.B. Hunt service operates in north-south lanes where a UP-NS merger has minimal impact. The Falcon Premium service operates between Mexico and Canada, with CN advertising transit times along a Montreal and Toronto to/from Monterrey and Silao corridor.⁷³ A UP-NS merger would not improve the ability of UP to participate in this north-south service between Canada and Mexico via Chicago and Laredo, with the possible exception of Mexico-Detroit traffic. Similarly, the Quantum de México service is a north-south service connecting Mexico with Dallas and Chicago.⁷⁴ US intermodal locations served by BNSF via the Quantum de México service could be served by UP currently.

⁷¹ Union Pacific, "Falcon Premium - Our New Best-in-Class Intermodal Service," Announcement Number: PR2023-47, May 1, 2023 (UP_All Premium.pdf)

⁷² BNSF, "J.B. Hunt, BNSF and GMXT launch Quantum de México," May 2025 (BNSF-JBHunt.pdf)

⁷³ Canadian National Railway, "The Falcon Premium: Canada-US-Mexico Intermodal Service," June 16, 2025 (The Falcon Premium_Canada-US-Mexico Intermodal Service_cn.ca.pdf)

⁷⁴ BNSF, "J.B. Hunt, BNSF and GMXT launch Quantum de México," May 2025.

VERIFICATION

I, David T. Hunt, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed on this 20th day of July, 2026.

A handwritten signature in black ink, appearing to read "David T. Hunt", with a long horizontal flourish extending to the right.

David T. Hunt
Vice President
Oliver Wyman

Appendix A. MS-1 Data Processing for Analysis

A.1. Input Datasets

The following datasets are used in this analysis:

A. Post-processed diversion model outputs

(DiversionAnalysis.mkt_share.apdx_v26_e2_100pct): Re-combined with 100% waybill data to determine STCC4 commodity codes, net tons, and other attributes required to match the E-2 data structure. Primary source of projected post-merger Route volume changes.

B. Historical 100% 2023 waybills (DiversionAnalysis.waybills.CRA_2026_processed_2_v4): Used to infer service type for E-2 dataset records based on STCC4 commodity codes and as the basis for existing (pre-merger) market share volumes.

C. Intermodal terminal groupings (DiversionAnalysis.mkt_share.terminals_gp): Used to correct origin/destination BEA assignments for intermodal Routes where terminal groups span BEA boundaries.

D. Rail-to-rail intermodal diversion outputs

(DiversionAnalysis.mkt_share.im_with_stcc4_20260702): Diversion model results specific to intermodal traffic.

E. SPLC-to-BEA mapping function (DiversionAnalysis.mkt_share.fn_SPLC_to_BEAs): Used to assign origin/destination BEA codes to the intermodal diversion dataset.

A.2. Data Processing Sequence

The following data processing steps were applied to the input data to implement the screening of specified Locations and Routes as described above:

Step A. Build an enriched base dataset

- Load source E2 data into temp scope
- Parse Route strings to derive carrier sequence and originating/terminating carriers
- Map STCC4 commodity code to dominant service type using full historical waybills
- Combine E2 source tonnage fields (interline/single line) into unified actual/projected Route ton values

Step B. Build reassignment adjustment for intermodal BEA artifacts

- Identify terminal groups defined in traffic diversion model that span multiple BEAs
- Compare actual BEA pairs stated in E2 vs diversion-model assigned BEA pairs
- Determine reassigned-out and reassigned-in ton adjustment values to recover “movement” of volume between BEAs due to terminal group-based logic
- Produce reassignment-adjusted projected tons alongside unadjusted projected tons

Step C. Aggregate to Routes and flag for volume changes

- Service-type Route summary (origin BEA+RR – destination BEA+RR – service type level)
- Apply absolute/relative filters for rounding precision noise and floor projected tons at zero where needed

Step D. Build distribution diagnostics and percentile tables

- Combine origin and destination exposure into Location totals by service type and carrier
- Generate histograms and cumulative distributions for Routes and Locations
- Build percentile tables for Routes and Locations
- Determine cutoff values for bottom tail of Locations
- Use tail cutoff values as empirical inputs for screening thresholds

Step E. Build Location exposure and depletion flags

- Blend conceptual upper thresholds with tail cutoff-based empirical thresholds for Locations
- Apply threshold checks to flag Locations for depletion and significant decrease
- Classify Location size as significant vs. opportunistic against upper threshold

Step F. Build Route depletion and competitive context flags

- Apply Route thresholds to identify significant decrease for Route
- Join origin/destination Location flags to Routes and create combined at-risk flags

Step G. Generate review outputs

- Validation totals after each major regrouping step
- Location-level flagged outputs
- Route-level flagged outputs (including rejoin of at-risk Routes to base detailed E2 records)
- Threshold, percentile, histogram, and cumulative tables supporting calibration

All data processing steps were implemented as an SQL script⁷⁵ pulling data directly from input datasets.

A.3. Data Processing Outputs

Data pre-processing produced the following primary outputs for use in the review and analysis process:

- Location and Route percentiles by volume
- Location low-volume cutoff values
- Applied thresholds combining directly defined conceptual thresholds and percentile-based lower thresholds
- Reference tons/car or unit values based on waybill data
- Location detail with volume change metrics and inferred screening flags:

⁷⁵Workpaper MS1_E2_Service_Viability_Analysis_vFinal.sql.

- Actual and projected tons
- Absolute and relative volume change
- Flag for significant (above upper threshold) or opportunistic (below upper threshold) volume
- Flag for decrease magnitude (vs. relative change threshold)
- Flag for Location depletion risk (vs. Location-level thresholds)
- Route detail with volume change metrics and inferred screening flags:
 - Actual and projected tons
 - Absolute and relative volume change
 - Flag for decrease magnitude (vs. relative change threshold)
 - Flag for Location-driven risk (Location-level risk at origin or destination)