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Surface Transportation Board Docket No. FD 36873

Comments of The Lubrizol Corporation

To the Members of the Surface Transportation Board:

The Lubrizol Corporation (Lubrizol) files these comments with the Surface Transportation Board (STB) in opposition to the proposed merger of two of Lubrizol's four remaining Class 1 freight rail shippers, Union Pacific Railroad (UP) and Norfolk Southern Railroad (NS). Lubrizol is a member of the American Chemistry Council (ACC) and, as detailed in the Joint Shippers' Comments, believes that the merger application does not demonstrate that the impact will enhance competition for Class 1 freight rail transportation. Instead, Lubrizol believes that the proposed merger will mean:

- Increased rail rates imposed on Lubrizol to salvage the flawed payback math on this transaction
- A single railroad will control the majority of Lubrizol's Class 1 freight rail shipping and
- No meaningful recourse for resolving the impact of rate increases, shipping disruptions, delays and service interruptions.

Lubrizol principally moves materials and finished product from North to South and back, thus most of the claimed advantages created by a single line East to West transcontinental carrier would not directly benefit Lubrizol. In fact, for Lubrizol, a single transcontinental railroad would open the door for Lubrizol's Chinese competitors to import materials on the west coast and move them more directly to the east coast to compete with Lubrizol's US-made products. Yet, despite receiving no direct benefit from the proposed merger, Lubrizol has every reason to expect that it will pay the cost for this merger through increased rates and decreased service.

Competition drives innovation. As an innovation leader in the chemical industry, Lubrizol knows firsthand that a more competitive environment requires participants to differentiate themselves through continuous innovation and improvement. In the rail context today, competition drives the need for the remaining Class 1 railroads to differentiate themselves by innovating freight service that is safer, more efficient and more cost effective. Lubrizol is concerned that reducing competition by approving this proposed merger will reduce the motive for investment in the innovation that will improve rail service for all.

For the reasons set forth in the Comments of the Joint Shippers and set forth here below, Lubrizol respectfully requests that the STP deny the application for merger of UP and NS.

Chemistry is Fundamental to Meeting the Daily Needs of Americans and Maintaining American Competitiveness

Chemistry is the foundation of nearly every aspect of modern life: energy, transportation, manufacturing, building and construction, as well as breakthrough home, personal and health care. As a result, chemistry and chemicals are critical to keeping Americans safe and healthy and America's global competitiveness. Today, the American chemical industry is the second largest freight rail shipper in the US.

Lubrizol is a speciality chemical manufacturer headquartered in Ohio. Started in a garage in Cleveland in 1928, today Lubrizol is a leading manufacturer of specialty chemicals that are used in transportation, industrial manufacturing, and a broad range of consumer products. Lubrizol operates manufacturing sites in 11 US states, including Ohio, Texas and Kentucky.

Lubrizol's portfolio of speciality chemicals includes additive packages for transportation and industrial lubricants and fuels. Additive packages are proprietary combinations of dozens of chemical components that work together to improve efficiency, performance, and lifespan of the engines we rely upon for national security, transportation, agriculture, and industrial manufacturing. The components include anti-wear agents, detergents, friction modifiers, and corrosion inhibitors. Additive packages can account for up to 30% of a finished lubricant. Lubrizol's additive packages are manufactured in its facilities located in Painesville, Ohio and the world's largest additive manufacturing site in Deer Park, Texas. These sites alone support over 2,500 direct and indirect US jobs.

In the transportation sector, Lubrizol's additive packages improve the performance of every type of vehicle transportation, including passenger cars, heavy duty diesel trucks, defence and emergency vehicles. For example, the unique combination of chemistry in Lubrizol's additive packages has enabled passenger vehicle engine efficiency to double miles per gallon, extended engine life to 300,000 miles, and cut harmful air emissions by half.

These additive packages bring similar benefits to the industrial space, by improving the performance of gear oils and hydraulic fluids. As the manufacturing sector invests billions of dollars of capital in the machinery that will drive US reindustrialization and reshoring, Lubrizol's additive packages will ensure that machinery operates efficiently and remains in operation longer.

In addition to additive packages, Lubrizol manufactures an acrylic polymer called Carbopol® polymer, which was invented by B.F. Goodrich, Lubrizol's predecessor, in the 1950s. Acrylic polymers have thickening properties that improve the performance of personal care products like toothpaste, shampoo, body wash, hand gel and lotions. Acrylic polymers are also used to enable controlled release of oral dose active pharmaceutical ingredients and as excipients for injected pharmaceutical actives. They provide stability in medicated creams, gels, and lotions. Lubrizol manufactures Carbopol® polymers at its site in Calvert City, Kentucky, which supports 80 US jobs.

Lubrizol's family of speciality chemistry extends to thermoplastic polyurethane (TPU), which is a plastic polymer used in essential durable good applications. B.F. Goodrich invented TPU in the 1950's, and Lubrizol manufactures TPU today at its site in Avon Lake, Ohio, which supports 200 US jobs. The TPU made in Ohio is used in critical applications including medical device components, catheters and pacemakers. TPU is also a foundational component of automotive interiors, specialty moulded parts, building materials, precision wire and cable protection, solar and wind materials and even athletic footwear.

Finally, Lubrizol also manufactures chlorinated polyvinylchloride (CPVC). CPVC is an advanced thermoplastic that is engineered for the plastic plumbing pipes that deliver clean water to our homes and is used in life-saving fire sprinkler pipes in commercial and residential buildings. CPVC was invented by B.F. Goodrich in the 1950's and has been used around the world for six decades. At its essence, CPVC is the result of processing polyvinyl chloride (PVC) resin with chlorine. This chlorine processing produces material that is resistant to heat, retards flame, is inherently resistant to corrosion and impact, can withstand pressure and resists bacteria. Lubrizol makes CPVC at its plant in Louisville, Kentucky, which supports 120 US jobs.

Freight Rail Provides Critical Transportation for Lubrizol's Chemistry

The chemical industry is the second largest freight rail shipper in the US. Lubrizol is no exception, as rail transport is a critical component of its transportation platform for receiving the materials used in Lubrizol's manufacturing and for shipping Lubrizol's finished products to its customers. Freight rail accounts for thirty seven percent (37%) of Lubrizol's domestic shipping by volume. On average, Lubrizol ships seven thousand (7,000) rail cars to and from its facilities each year. Among the materials shipped by rail are:

- Petroleum oil additives
- Fuel additives
- Chlorine
- CPVC resins and plastics
- Acrylates copolymers.

Lubrizol rail transportation is integrated into eight (8) of its US sites to receive raw materials and ship finished products. Each site has rail tracks and related infrastructure within Lubrizol's property to make loading, unloading and storage on site safe and efficient. These sites are in:

- Deer Park, Texas
- Pasadena, Texas
- Painesville, Ohio
- Avon Lake, Ohio
- Bowling Green, Ohio
- Louisville, Kentucky
- Calvert City, Kentucky and
- Gastonia, North Carolina.

Today, over half of Lubrizol's rail transportation is with either UP or NS, the vast majority with UP. Nearly one fourth of Lubrizol's rail traffic is captive to either UP or NS. Where Lubrizol's interline traffic is captive to a single carrier over one end but has access to competition to or from a gateway interchange, Lubrizol uses that competition to obtain better rates, service, and terms.

For Rule 11 movements, Lubrizol attempts to negotiate the price for each leg. Where one leg is captive to a single railroad, the railroad does not adjust its quote or negotiate. Lubrizol does negotiate the leg where more than one railroad competes.

UP does not vary its Rule 11 rates based on the connecting segment. Instead, it quotes a single Rule 11 rate for all traffic of the same type moving between the same UP origin or destination and the same interchange gateway, regardless of the connecting carrier, the origin or destination on the connecting carrier.

The Proposed Merger Will Result in Increased Rail Rates for Shippers Like Lubrizol

Lubrizol's reliance on rail transport means that rail rate increases will significantly raise Lubrizol's cost of freight transport and shift the financial burden of this transaction from the merging parties to shippers like Lubrizol. Inevitably, a portion of these increased rates will be passed on to consumers.

Lubrizol's concern that the merged entity will raise rates on shippers is grounded in several factors:

- UP's CEO clearly stated that UP will retaliate against shippers that oppose the merger by increasing their rates by 3-4%
- UP recently initiated an unprecedented increase of Lubrizol's rail rates
- Assuming the validity of UP's projected merger synergies, the payback on the merger, without rate increases, will be well over 30 years
- UP's projection of conversion of truck transportation to rail to increase UP/NS volume and revenue does not account for the meaningful differences between rail shipping and truck transportation.

On November 5, 2026, a video of James Vena, UP's CEO, was released. In the video, filmed at a publicly-held industry event and now viewed thousands of times and featured in The Wall Street Journal, Vena states that even if the merger application is denied, UP "will still be around" and he "will still be CEO" and will raise shipping rates 3-4% on shipper that did not meet with him to "strike a deal" or that opposed the merger "to teach you a lesson."

While the merger application has been pending, and as opposition mounted, UP began to take unprecedented actions to increase its rail rates, especially to shippers like Lubrizol that principally ship on tariff rates, rather than on contract. In July, UP demanded its largest ever rate increase from Lubrizol.

If the proposed merger is approved, Lubrizol will have reduced or no competitive leverage in response to UP raising rates, particularly in captive lanes. As described above, with significant volume moving through captive lanes, Lubrizol will have no other rail option. As described below, truck transportation is either not a meaningful option or not an option at all for Lubrizol. Instead, it will be Lubrizol and similar shippers who will bear the cost of this merger through both retaliatory and monopolistic rail rate increases.

Truck and Rail Transportation Are Not Interchangeable

UP and NS seem to regard rail and truck transportation as interchangeable modes of freight transportation. UP and NS have projected payback of the merger cost, in part, by predicting increased freight rail volume as shippers switch from truck transportation to rail. They also argue that shippers can switch from rail to truck transport in the event they are not satisfied with the rates or service of the merged UP/NS entity. Neither position, however, is consistent with Lubrizol's experience.

As discussed in the Joint Shippers' comments, predictions of sufficient truck to rail transition after the merger are analytically flawed and factually unsupported. In fact, similar predictions were made to justify the most recent merger of CPKC, and the projected transitions simply did not occur. Without this predicted volume shift to rail, Lubrizol believes that applicants are likely to seek profitability through rate increases, cost cutting and service disruption.

Applicants also claim that shippers like Lubrizol can switch to truck transport if they are dissatisfied with the UP/NS rates or service. But switching from rail to truck may not be a practical choice for a company like Lubrizol. Lubrizol regularly transports materials and chemicals via both rail and truck today and the decision whether to transport via truck or rail is influenced by a wide range of considerations:

- As a specialty chemical manufacturer, Lubrizol receives materials from suppliers and ships materials to customers who often determine the mode by which Lubrizol receives and sends its freight
- Rail shippers, especially in the chemical industry, often configure their manufacturing sites to receive or send rail shipments with specific loading and unloading tracks that are connected to a series of internal pipes and holding tanks
    - Switching to truck from rail would not only obsolete this infrastructure, but would require significant capital investment to rebuild and refit infrastructure needed for trucks
- Rail shipping is safer, especially for the transport of hazardous materials including some chemicals
    - One freight rail tank car can transport the equivalent of 4 tank trucks, so each rail car keeps 4 tank trucks containing hazardous material off the highways
- Shipping by truck is up to five times (5X) more expensive than rail shipping

- Today in the US there is a significant shortage of certified commercial truck drivers, which has already increased the cost and delay associated with shipping via truck
    - Large numbers of shippers transitioning to trucks from rail would increase the demand for truck transport and exacerbate the shortage of qualified drivers.

Truck and rail are not interchangeable in Lubrizol's experience. With no available alternatives to rail, shippers like Lubrizol will be forced to accept the increased rail rates and decreased service that can be reasonably anticipated by this proposed merger.

The Merger Provides No Meaningful Service Improvements

For Lubrizol, overall reliability in service is the primary concern of our customers. As a result, Lubrizol prioritizes consistency in delivery on customer-requested dates. Inconsistency in rail service significantly impacts Lubrizol's production schedules. When inconsistent or unreliable rail service occurs, Lubrizol's production schedule and delivery promises are negatively impacted.

Delays in shipping and delivery of materials used to make Lubrizol products causes a cascade of negative impacts across the manufacturing process. In addition to the product that the delayed materials are needed to make, other operations are impacted as well. All Lubrizol facilities manufacture more than one product, so delays in the manufacturing schedule of any one product can delay time-consuming equipment turn-around time and the manufacture of other products at the site as well. Lubrizol's product inventory levels rely upon timely and consistent production and can be significantly impacted by delays in manufacturing.

In addition, inconsistency in delivery from Lubrizol's sites to Lubrizol's customer sites can negatively impact customers and their production schedules.

Lubrizol uses Intellitrans' full tracking suite, including the Global Visibility Platform application as well as dedicated physical resources. Lubrizol uses them to trace in-transit railcars and issue shipping instructions for problematic lanes. These systems and the costs associated with them would still be needed if Lubrizol's traffic between UP- and NS-served facilities converts to single-line service, because Lubrizol will still use BNSF and CSX extensively.

UP claims that the merger will improve rail time by 20-24 hours. Even if true, however, this "improvement" will not benefit companies like Lubrizol. The rail operations platform for many chemical companies, including Lubrizol, is based on an average round-trip cycle of many days across the network – in Lubrizol's case that round trip cycle is 45 days. Chemical companies base their inventory and fleet size on this round-trip cycle. As a result, their rail cycles would not be meaningfully improved by potentially saving 20-24 hours.

In fact, disruptions in rail service reliability and consistency have been a hallmark of rail mergers and can reasonably be anticipated in the proposed UP/NS merger. For example, in the CP/CK

merger integration, Lubrizol experienced transit times that increased by 7-10 days on average. Some cars were delayed for up to 30 days, while others remained "lost" in the system or were wrongly redirected. These disruptions were caused by integration failures and unanticipated obstacles that limited visibility to cars in transit and delays and erroneous rerouting of cars. Lubrizol's recovery from these delays and disruptions took several months and resulted in additional costs.

Applicants' Alternate Dispute Resolution Program (ADR Program) and Targeted Access Program (TAP) do not address many of the service disruption risks Lubrizol will likely face from the merger. Service disruptions often last less than 30 days, but the ADR Program and TAP address longer duration events. Both programs give applicants a pass for service disruptions that they fix within 30 days, but those disruptions are still likely to cause Lubrizol to incur significant costs.

But short-duration service disruptions are highly disruptive and costly. In September 2026, NS service to Lubrizol's Louisville, KY facility broke down because of crew shortages. The disruption involved car shortages and lack of available raw materials due to missed switches and lasted approximately two weeks. During that disruption, Lubrizol shut down its facility for a total of 163.5 hours, resulting in multiple shipments that missed the customer-requested ship dates and significant cost to Lubrizol.

Also, a short duration disruption places Lubrizol at significant risk of cost overrun. Lubrizol's facilities in Louisville, KY, and Pasadena, TX, each served by only NS and UP, respectively These facilities have sufficient stock to operate for only approximately 3-4 days on average during a rail service failure before the Company must cut production and/or use emergency trucking before having to shut down completely. At that point, disruption costs will rise rapidly.

Applicants' proposed "remedies" would do no more than shift the considerable risk and cost of service disruption to shippers like Lubrizol and provide no meaningful solutions.

Conclusion

From Lubrizol's perspective the proposed merger will force shippers to bear the costs and consequences of an anticompetitive merger that will reduce competition and service and increase cost. For the reasons set for in the Joint Shippers' comments and these comments, Lubrizol respectfully requests that the proposed merger between Union Pacific and Norfolk Southern be denied.

Respectfully submitted,

Phillip J. Wancata
Vice President, Supply Chain
The Lubrizol Corporation

CERTIFICATE OF SERVICE

I certify that on November 17, 2026, I served a copy of this document by email or first-class mail, postage prepaid, upon all parties of record in this proceeding, including:

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VERIFICATION

I, Phillip J. Wancata, verify 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 November 17, 2026

Phillip J. Wancata