BNSF | PRESERVE RAIL COMPETITION

STANDING UP FOR COMPETITION. PROTECTING CUSTOMER CHOICE.

The conditions we intend to seek and why they matter to you

Why We Filed – and Why Now

Like you, BNSF didn't ask for this merger. We don't believe it's right for customers, employees, communities, or the supply chains that depend on a competitive rail network. We try to keep our focus on providing safe, reliable service for our customers. But when a transaction could permanently reshape the market and reduce rail competition, remaining silent is not an option.

On **September 9**, as required by the Surface Transportation Board's procedural schedule, we identified conditions we will be seeking to attempt to mitigate some of the specific harms the proposed Union Pacific-Norfolk Southern merger would impose on customers.

Two things to be clear about:

- **We remain firmly opposed.** We don't believe any set of conditions can make a merger of this scale right for customers – a combined UP-NS would control roughly **half of all U.S. rail volume** and leave more than **10,000 customer facilities physically served by a single carrier**.
- **This is one required step in the process, not the whole story.** These conditions attempt to mitigate certain identified harms; more will follow as the proceeding advances. If the Board approves this deal – which it should not – these are some of the protections customers have told us are essential, albeit not sufficient.

Northeast Intermodal: Protecting the American Consumer

The stakes for consumers. Eastern Pennsylvania is home to **more than 1 billion square feet of warehousing and distribution space** and is the nation's second-largest logistics market after Southern California. Serving **nearly 60 million people within 250 miles**, the region depends on reliable, competitive rail service to move the consumer goods that stock shelves, fulfill online orders and support businesses across the Northeast.

What's at risk. Today, customers benefit from competition between western railroads serving the Northeast in conjunction with eastern railroads. That competition drives efficient service performance, transit times and value for shippers moving consumer goods into one of the nation's largest population centers. BNSF moves containers from the Western U.S. to the Northeast by interchanging with Norfolk Southern and CSX in Chicago – an exchange typically completed in **under an hour** for expedited trains.

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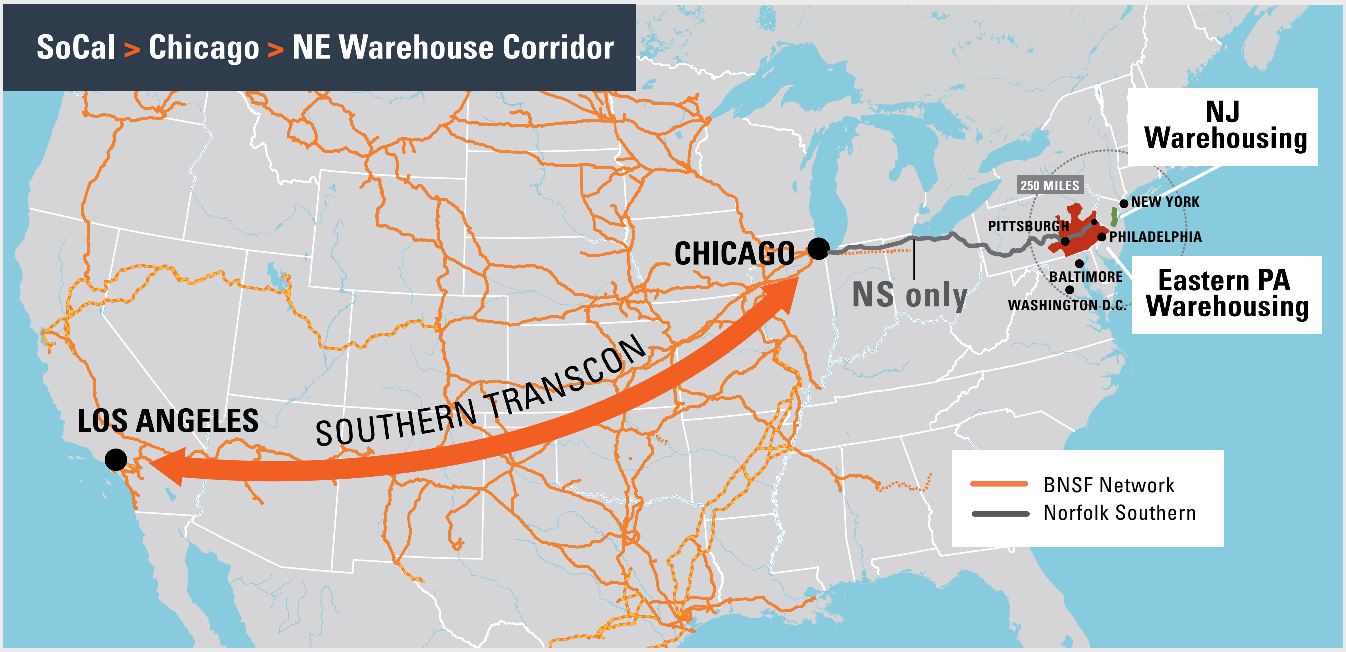

Under the merger, much of that direct competition would disappear. If the merger was approved, UP would control approximately 85% of all intermodal shipments to and from Pennsylvania. That means thousands of facilities that benefit from competitive options today could become reliant on a single railroad. UP's empty pledge to keep gateways open on "commercially reasonable" terms would not preserve real competition on these movements.

Our ask: BNSF will ask the STB to grant BNSF trackage rights on the NS from Chicago to Eastern Pennsylvania so that the thousands of businesses and tens of millions of consumers that depend on this corridor can continue to benefit from the competition that exists today between BNSF and UP.

Gulf Coast: Protecting the Industrial Economy

The stakes for American manufacturing. The energy and chemical facilities along the Gulf Coast are the lifeblood of the American industrial economy. Union Pacific already has outsized control of this essential part of the US supply chain, and this merger would reduce transportation options even further – meaning higher shipping costs, fewer routing choices, and less leverage for the businesses that power American manufacturing. In Texas and Louisiana alone, **more than 1,000 shippers** already only have access to the Union Pacific, with much of that dominance concentrated near the Gulf Coast. Despite operating in 23 different states across the Western US, **more than a quarter of UP's total revenue** is generated by freight moving to, from and within Texas and Louisiana.

Why the merger makes it worse. Gulf Coast customers ship significant volumes to Eastern markets – exactly where CSX and NS compete today. A UP-NS combination erases that competitive tension, allowing UP to funnel movements onto the combined UP-NS network. Without competition in the Gulf Coast, UP can raise rates on captive shippers and extend its pricing power to locations that used to benefit from CSX and NS competition in the east.

- **Faster rate hikes:** According to the American Chemistry Council, over the past 15 years rail rates at single-served member plants have risen **10x faster** compared with facilities served by more than one railroad.
- **Higher consumer prices:** Higher costs for raw chemicals ripple into the price of everyday goods.
- **Service and supply-chain risk:** Past rail mergers triggered severe delays and even factory slowdowns when plants ran short of raw materials. UP's own merger with the Southern Pacific in 1996 forced Gulf Coast factory shutdowns and cost shippers an estimated $100 million per month in delays.

Our ask: With support from chemical and other shippers, BNSF will ask that a neutral switching or terminal railroad be created to serve the Gulf Coast. This neutral railroad would preserve and enhance competition for customers who otherwise would only have physical access to UP, enabling BNSF to compete for traffic at facilities that are largely closed to competition today. Importantly, this neutral railroad would also have access to facilities that are only physically served by the BNSF, ensuring competitive and operational balance across the entire region.

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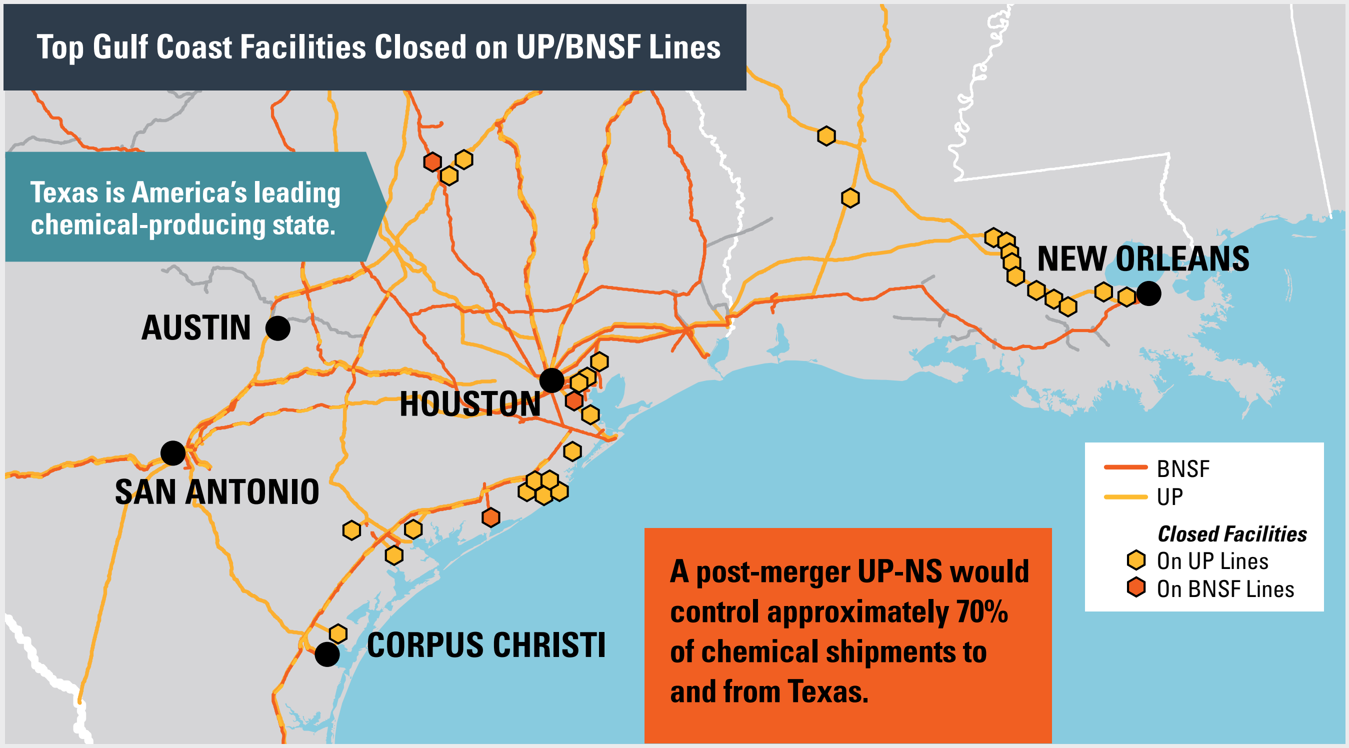

Similar models already operate successfully across the country today, including the Port Terminal Railroad Association (PTRA) in Houston, which has provided neutral access for multiple railroads serving a small subset of Gulf Coast industries for more than a hundred years.

BNSF and Gulf Coast shippers are advocating for a solution that protects competition and customer choice. The long-term result of a neutral terminal railroad would be greater competition, more transportation options and a stronger supply chain for Gulf Coast customers.

Preserving Broad Competition

In addition to these regional proposals, our filing recognizes that customers have raised the need for other global conditions such as an open access framework that would provide direct commercial access to an origin or destination facility that is served by only the merged carrier post-transaction. BNSF will continue to review such proposals by customers and others and may support these conditions as they develop.

MAKE YOUR VOICE HEARD

This proceeding will shape freight rail for decades – and decision-makers need to hear from the customers, businesses and communities who live with the real-world impact of reduced competition.

File a Notice of Intent to Participate (NOIP) by Sept. 30. It's a simple, non-binding step that preserves your ability to participate later. It does not commit you to a position. Step-by-step instructions: **BNSF.com/PreserveRailCompetition**

Share your perspective with elected officials and policymakers. First-hand input from customers, businesses and communities helps decision-makers understand the importance of preserving competition in freight rail.

Learn more:
www.BNSF.com/PreserveRailCompetition

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