

NAVIGATING THE UP-NS RAIL MERGER:

Will the Merger Reshape Fertilizer Logistics—and at What Cost?

The Fertilizer Institute Market & Logistics
Conference — November 2025



James Shefelbine
Principal, PraxiChain
james.shefelbine@praxichain.com

Change Is Coming to Rail — and Fertilizer Shippers Need to Be Ready Now



UP-NS Rail Merger –
Plan for Integration



Key Merger Themes for
Shippers



Risk Mitigation Strategies



Shippers 90-Day Playbook



PraxiChain Helps Shippers Navigate Rail Disruption with Experience and Data

30+

YEARS OF INDUSTRY
EXPERIENCE

50+

SUPPLY CHAIN EXPERTS

500+

TRANSFORMATIVE
PROJECTS



Boutique consultancy
specializing in rail &
mission-critical logistics for
complex industrial supply
chains



Deep bench of former
Class I & major shipper
executives and logistics
experts

Rail Merger Services

Exposure analysis

Contract review

STB strategy

Network optimization



The UP-NS Merger Will Reshape How Freight Moves Across the U.S.

\$85B

deal

First transcontinental
U.S. freight railroad

12-24

Month STB
review

Nov/Dec 2025 filing
Decision early 2027

6→5

Reduces Class I
carriers from 6 to 5

50,000

ROUTE MILES

43

STATES

100

PORTS

JIM VENA
UNION PACIFIC CEO

“Railroads have been an integral part of building America since the Industrial Revolution, and this transaction is the next step in advancing the industry.”

Union Pacific Press Release
July 29, 2025



The Merger Clock is Ticking – And We Anticipate it Will Accelerate



Regulatory Review & STB Timeline

STB invites public comments and proposes a 390-day review schedule with 90-day comment and response periods.

New merger rules require applicants to show that transactions enhance competition and the public interest.



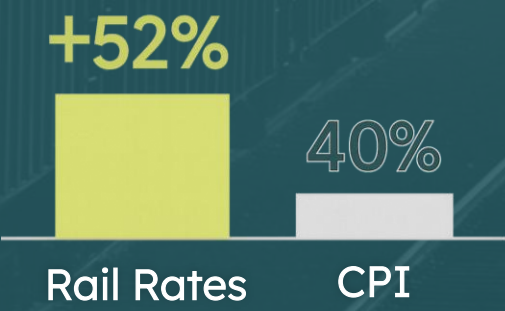
When Railroads Merge, Prices Rise – And Competition Shrinks



Pricing & Rate Impacts

Since 2004, consolidation has driven average rail rates up more than 50%. This outsized pricing power hurts captive shippers like fertilizer producers.

Rail rates increased 67% more than truck rates, and outpaced inflation since deregulation. (2004-2024)



Fertilizer Rides the Rails – What Happens When Your Only Option Changes?



Industry Dependence & Shipper Impacts

Rail is the dominant mode for fertilizer movement within the U.S. supply chain. In 2024, U.S. railroads originated ~251,000 fertilizer carloads.

Approximately 63% of all U.S. fertilizer freight (by ton-miles) moves by rail.



Four Rail Giants Control 90% of Freight – How Much Competition is Really Left?



Market Concentration & Competition

Four mega-railroads now control over 90% of U.S. freight rail traffic.

A transcontinental merger could further erode rail-to-rail competition, leaving farmers, manufacturers, and energy producers with fewer choices.



History Repeats Itself – Can the UP-NS Merger Avoid the Next Service Meltdown?



Service Reliability & Past Merger Outcomes

Past mergers triggered system-wide service meltdowns; UP-SP (1996) and CP-KCS (2023) saw on-time performance plummet to 26%.

Shippers warn that consolidation leads to service failures and job losses.



Single-Line Service or Single Point of Failure? The Overlap No One's Talking About



Contested Benefits & Network Overlap

UP and NS claim the merger would provide single-line service and reduce delays, but rivals note the networks overlap in the Midwest and at gateways like Chicago and Memphis.

Class I competitors warn that customers will have fewer routing options and increased market power for the merged carrier.



For Fertilizer Producers, This Could Mean Higher Costs and Fewer Options

~63%

of fertilizer
ton-miles move
by rail

Est. 5-20%

rate increase risk
on key lanes;
potential service
volatility

~10-30%

potential service
deterioration in on-
time product-rail-
car delivery for
single-served
shippers

RAIL CUSTOMER COALITION (RCC) LETTER TO SURFACE TRANSPORTATION BOARD

“The Board must rigorously evaluate the potential impacts of the merger and take meaningful action to enhance and protect competition, service, and supply chain stability.”

To respond confidently,
start with the right data and questions:

1

Understand/Request Your Data

Access timetable/GIS data directly. Understand how to access traffic tape data on UP and NS from the last five years (2019-2024).

2

Verify Station Coverage

Ensure all your stations are “Open to Reciprocal” in RailInc.

3

Analyze Routes

Check loaded miles between origin/destination pairs to avoid increased costs.

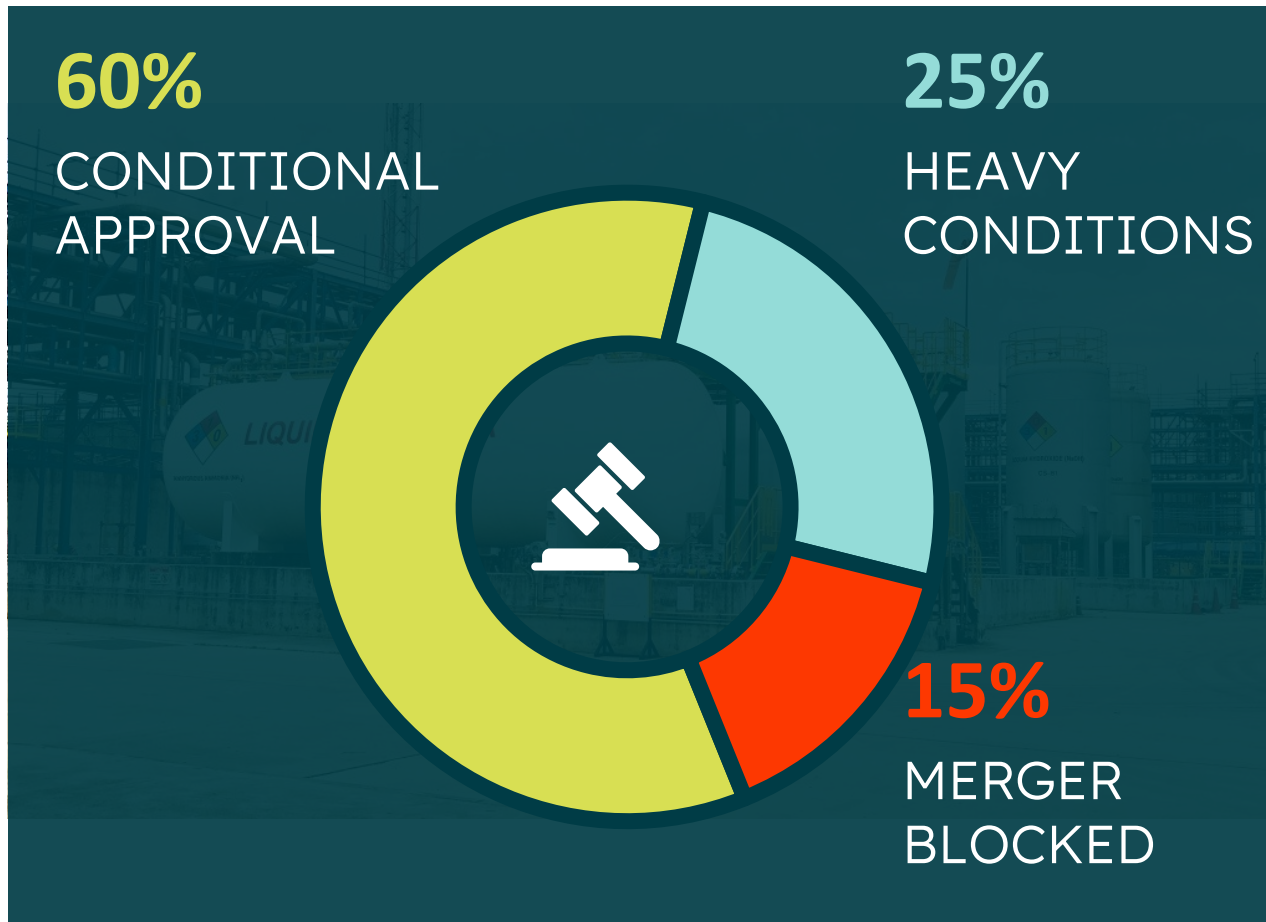
4

Identify Protections Needed

Use the data analysis to understand what assurances you need before supporting the merger.



Most Mergers Are Approved – Plan for Integration, Not for it to Go Away



CP-KCS precedent

limited shipper relief



Early understanding
ensures your shipper protections
are clear and strong.



Mitigate Risk by Acting on What You Can Control

Risk Category	Probability	Impact	Primary Mitigation Strategy
Service degradation	Medium	High	Service level agreements, alternative routing, inventory buffers
Pricing power	High	High	Contract protections, regulatory advocacy, modal alternatives
Route loss	High	High	Advocacy for competitive access, alternative modal development



Mitigate Risk by Acting on What You Can Control

High-impact Risks	Mitigations
Pricing power	Contract triggers
Service degradation	Alternative modes
Route loss	Inventory buffers
	Advocacy coordination



How Impactful is the Merger to my Company?

Key Question:

What % of my company's freight originates or terminates on the merging carriers?

EXAMPLE:

30% of freight takes a 50% increase  15% freight spend increase*

< ~30%

If the freight originating or terminating on the merging carriers is less than 30%,
your risks are minimal, but not insignificant.

> ~30%

If the freight originating or terminating on the merging carriers is greater than 30%,
your risk is significant.

Of the freight originating or terminating on the merging carriers how much has a viable competitive option, truck or barge?

Of the business that has no viable option, what is the freight cost associated with the confined business?

For that business without modal options, what considerations should we ask of the merging carriers?



*Assumes current cost is evenly spread over the entire O/D portfolio

Act before it's too late.

DO IT NOW



Individual TFI members can request 5 years of data (including timetable and GIS data) from UP-NS for analysis, as per the STB requirements. While this information is marked 'confidential' under the STB's protective order, it is accessible to member company employees. To access this data, a TFI member would need to: 1) File a notice of intent with the STB to participate in the merger proceeding, 2) Have employees who'll access the data sign the confidential undertaking, and 3) Request the data from UP and NS and provide the signed undertakings.

More restricted data (traffic tape data) can also be accessed but requires outside counsel and/or outside consultants who've signed the protective order due to its 'highly confidential' classification.



Call RailInc at 877-724-5462. Ask them to verify your station status. Get it in writing. If any station isn't marked 'Open to Reciprocal,' fix it now.



If your facility is on a shortline, work with them to immediately eliminate any paper barriers that may limit their ability to interchange your traffic.



Your 90-Day Playbook

1

Map dependencies & interchanges

2

Review contracts (rate & service clauses)

3

Engage associations but prepare company-level response

4

Develop modal alternatives (truck/barge/transload)

5

Plan inventory & supplier diversification



Utilize the 'right' data and analysis to draft company-specific responses to rail letters of support.



If You're Asked to Sign a Letter of Support – Stop and Consider Your Response

DO

Request your specific rail data from UP/NS

Request assurances of no rate/service deterioration

Ask for competitive access commitments

Document exposure; coordinate internally; retain records

DON'T

Sign blanket letters without internal due diligence and alignment

Assume trade groups cover your lanes

Lose leverage by signing early



Develop **'YOUR ASK'** when drafting conditional support letters protecting your position.





Every Merger Creates Winners – Position Yourself for the Upside



Eliminate Interchange Costs On Key Lanes



Invest In Transload Facilities At Strategic Locations



Secure Competitive Access Through Short Line Partnerships



Lock In Protective Contract Terms While You Have Leverage



Develop Barge/Truck Alternatives For Negotiating Power

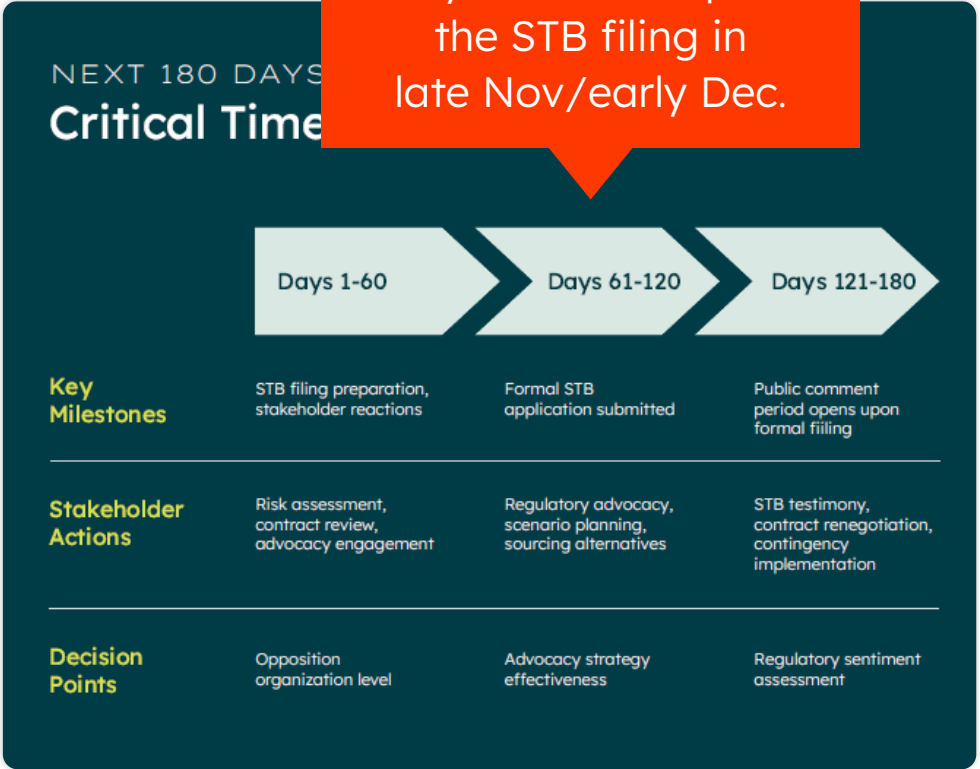


Position For Supply Chain Redundancy Investments



The Time to Prepare is Now - What Shippers Should Do

We are here.
UP-NS has cited that they aim to complete the STB filing in late Nov/early Dec.



Timeline:



Shipper actions:

Monitor filings

Submit comments

Renegotiate contracts

Stress-test service scenarios



Be the Shipper That's Ready for Every Outcome

The question isn't *whether* this merger will change things — it's how ready you are for every outcome.

Visit www.praxichain.com/

Contact contact@praxichain.com

Phone [312-278-7338](tel:312-278-7338)

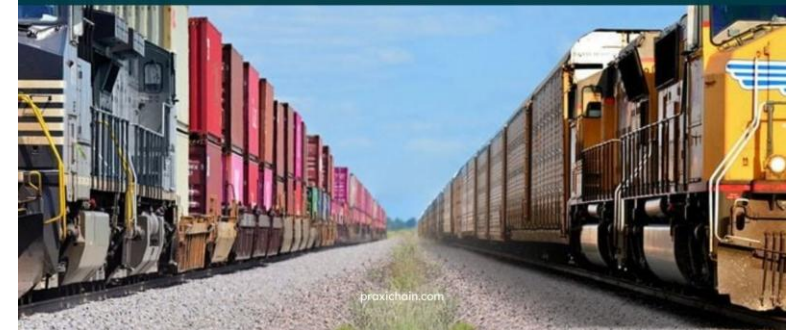
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THE UP-NS MERGER: RISKS, OPPORTUNITIES & WHAT RAIL SHIPPERS MUST DO

A comprehensive analysis of implications for rail industry stakeholders—shippers, service providers, trade groups, short lines, investors and suppliers

September 2025 | PraxiChain Rail Merger Impact Analysis



DOWNLOAD FREE RAIL
MERGER IMPACT ANALYSIS