

NAVIGATING THE UP-NS RAIL MERGER: What Every Shipper Needs to Know—Before the Clock Restarts

PNWARS Spring Meeting
March 25, 2026



PACIFIC NORTHWEST
ASSOCIATION OF
RAIL SHIPPERS



PraxiChain
Practical Minds. Profitable Moves.



Karen Burchfield
Rail Industry Expert &
Sr. Project Lead, PraxiChain
Karen.burchfield@praxichain.com

The Merger Clock Reset — Here's What Shippers Need to Do Now



Understanding the Merger & What's Changed



Key Merger Themes for Rail-Dependent Industries



What We Learned from the Initial Filing—and Why It Was Rejected



Risk Mitigation & STB Engagement Strategies



Shippers Playbook – Know. Plan. Act.



PraxiChain Helps Shippers Navigate Rail Disruption with Experience and Data

30+

YEARS OF INDUSTRY
EXPERIENCE

60+

SUPPLY CHAIN EXPERTS

500+

TRANSFORMATIVE
PROJECTS



Industry-expert advisory
firm 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 North America

\$85B

deal

First transcontinental
U.S. freight railroad

12-24

Month STB
review

Dec 19 – Original filing
Jan 16 – STB rejection
Apr 30 – Re-filing date
Decision - Late 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 Timeline Reset – What the STB Rejection Means for the Review Process



STB Timeline & Regulatory Process

December 19, 2025: Original filing

January 16, 2026: STB rejects as incomplete

February 17, 2026: UP/NS confirms intent to refile

April 30, 2026: UP/NS target re-filing (*may be sooner*)

2027+: 390-day STB review clock restarts upon acceptance

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





“This reset creates a window of opportunity for shippers and trade associations to get organized.”



Three Strikes: Why the STB Rejected the Original Application



Missing market share projections

Despite projecting 15-26% traffic growth, applicants provided no forward-looking competitive market-share analyses as required under § CFR 1180.7(b).



Incomplete merger agreement

The full merger agreement—including key schedules defining UP's regulatory walk-away thresholds—was not submitted.



TRRA misclassification

The related Terminal Railroad Association of St. Louis control application was misclassified, making the broader filing deficient.



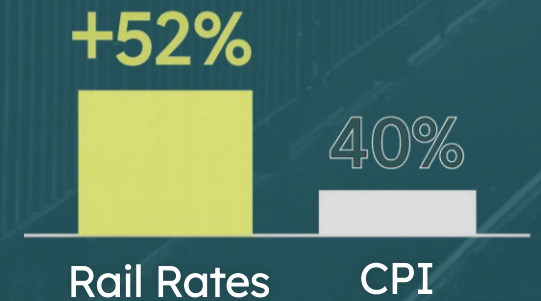
When Railroads Merge, Prices Rise – And Competition Shrinks



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)



Industry Dependence — What's at Stake for Pacific Northwest Shippers



Regional Commodities & Key Exposure

UP's substantial western route miles run through the heart of the Pacific Northwest — and the Ports of Seattle, Tacoma, and Portland all depend on UP as a primary carrier.

UP transports about 1.3 billion bushels of grain a year, with exports accounting for 30% to 40% of those shipments, connecting the Midwest and Western production areas to export terminals in the PNW.



Pacific Northwest Commodities at Risk

Commodity	Key Exposure
 Lumber & Forest Products	High rail dependency; UP serves primary Oregon / Washington mill origins
 Wheat & Export Grain	PNW is the #1 U.S. wheat export region; UP connects Midwest / Western grain to Portland and Columbia River export terminals
 Cement & Building Materials	Short-haul captive shippers; limited modal alternatives
 Intermodal / Containerized Freight	Ports of Seattle, Tacoma, and Portland – gateway congestion risk on UP corridors
 Soda Ash	Wyoming-origin unit trains; ~1/3 of U.S. production exports via PNW ports on UP
 Chemical & Industrial Products	Hazmat shipments; service reliability critical
 Potash / Fertilizer	Canadian imports via UP interchange; captive to UP routing



The Merger Must Enhance Competition – The Whole Industry Has a Stake



Market Concentration & Competition

U.S. freight rail is already among the most concentrated industries in the country, with 4 carriers controlling more than 90% of traffic.

The STB's competitive enhancement standard exists for exactly this moment.

What's at stake isn't just shipper choice — it's the long-term credibility of the entire rail network.



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



Service Reliability & Past Merger Outcomes

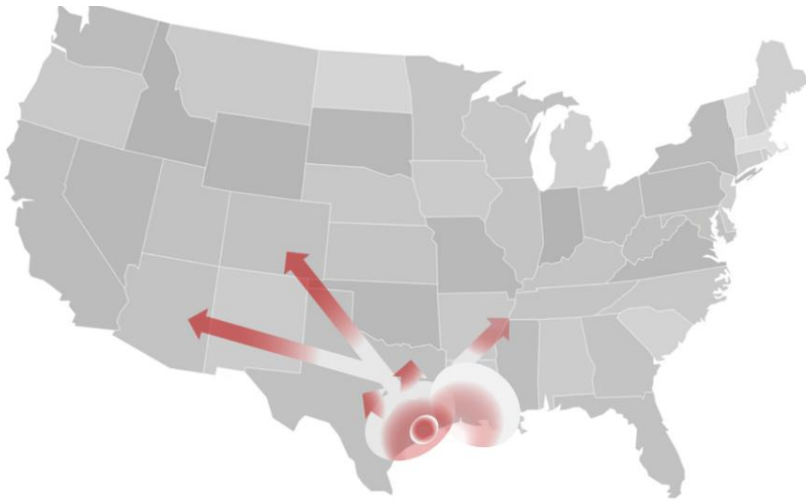
Past mergers triggered system-wide service meltdowns; UP-SP (1996) and CP-KCS (2023) saw on-time performance plummet to 26%.

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



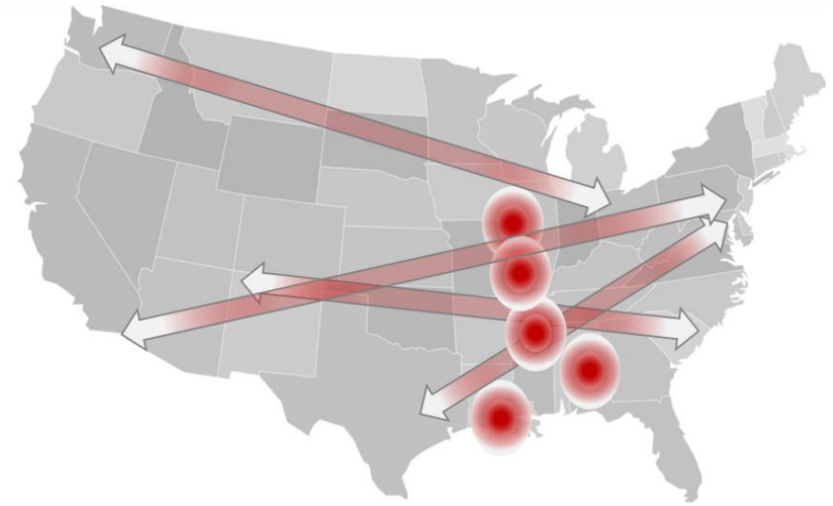
Too Big to Fail?

UP-SP (Horizontal Overlap) Western Region Impact



- Disruption **regionally concentrated** in Gulf/Houston complex.
- Impacts **radiated along parallel western corridors** of systems overlap
- Overlap mostly in the South/Southwest & Isolated West Region Impact
- Regional disruption & Federal intervention and focus for 12 months

Proposed UP-NS (Vertical Spine) Spine Overlap Systemic Impact



- UPNS overlap is **continuous north-south spine**
- Terminal overlap in the spine **disrupts simultaneously east-west**
- Vertical overlap touches **every Class 1**, amplifying network exposure
- **Federal Oversight & Intervention**



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 that the merged carrier will have increased market power.



For PNW Shippers, This Could Mean Higher Costs and Fewer Options

~30-40%

of 1.3 billion annual
bushels of export
grain moved by rail
via UP at risk

**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 the Impact

Review routing, fleet performance, & potential rate exposure based on portfolio & target growth markets.

2 Develop Appropriate Action Strategies

Includes merger support, conditional support, or opposition based upon risk/opportunity.

3 Implement Action Strategies

Activate regulatory oversight in your interest.

4 Raise Your Hand & Assure Your Voice Is Heard

Acting now will assure your voice is heard and your portfolio interests are advanced.



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



The Importance of Shipper Voices

“Customers need
to get vocal.”

Keith Creel

*President & CEO – CPKC –
2026 MARS Winter Meeting*

“Now is the time
to participate.”

Katie Farmer

*President & CEO – BNSF Railway –
2026 MARS Winter Meeting*

“I am urging all
shippers to take an
active role in the
process.”

Janet Drysdale

*EVP & COO – CN –
2026 MARS Winter Meeting*

“Shippers will never
have more power than
they do right now.”

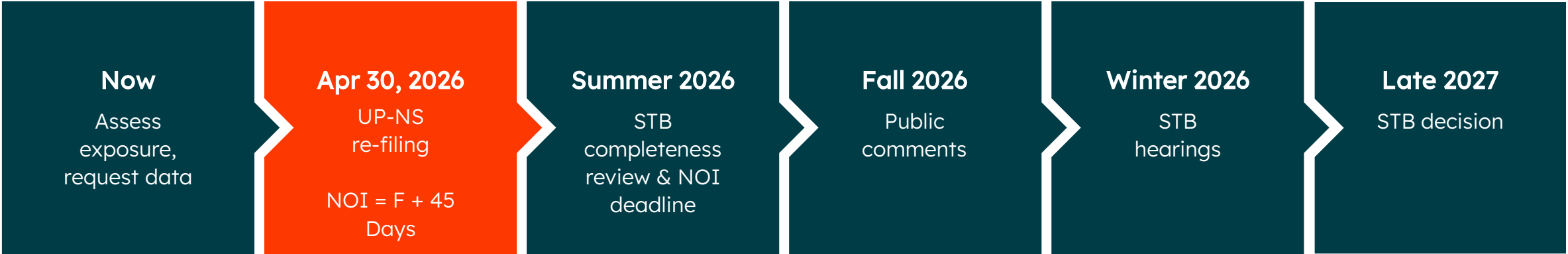
Tony Hatch

*Founder & President – abh Consulting
– 2026 MARS Winter Meeting*



The Clock Restarts — Know. Plan. Act.

Timeline:



We are here. UP-NS has confirmed a re-filing target of April 30, 2026.

NOI Deadline = Filing Date + 45 Days. Projected deadline of June 15, 2026.

Shipper actions:

- File Notice of Intent
- Monitor filings

- Renegotiate contracts
- Request STB data

- Submit comments
- Stress-test service scenarios



What if Shippers Don't File

If you don't file, you lose:



No Standing as a Party of Record



No ability to submit comments, objections or evidence



No opportunity to request shipper protections
(gateways, routing options, service commitments,
competitive access)



No voice if assumptions about your lanes or facilities are made by others



Your interests are not part of the official record



PraxiChain Guides Shippers Through Every Stage of the STB Process

STB Data Requests

Help shippers submit formal requests for 5 years of movement data from UP and NS

Ensure requests are properly scoped and timed to the STB procedural schedule

Translate data into exposure models your team can act on

Notice of Intent

Draft company-specific Notice of Intent letters to the STB

Articulate your unique service and pricing dependencies

Establish your standing as an interested party in the proceeding

Deadline: F + 45 days from re-filing acceptance — do not miss this window

Petitions & Letters

Draft letters of conditional support with specific, enforceable asks

File formal opposition petitions where warranted

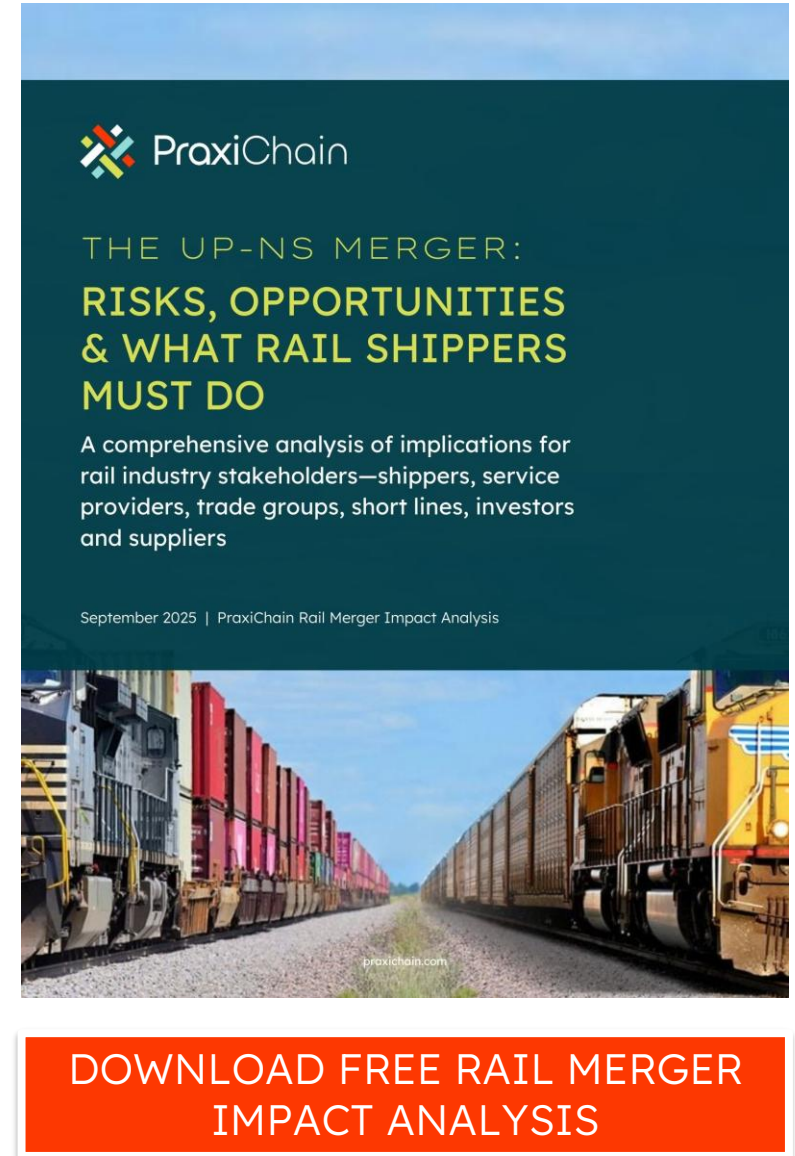
Coordinate with trade associations while protecting company-specific interests



Be the Shipper That's Ready for Every Outcome

The re-filing is expected April 30, 2026. The comment period opens shortly after. Your window to act is now.

- Visit www.praxichain.com/
- Contact contact@praxichain.com
- Phone [312-278-7338](tel:312-278-7338)
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SHARE YOUR QUESTIONS

Q & A Roundtable



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PraxiChain
Practical Minds. Profitable Moves.



Karen Burchfield
Rail Industry Expert &
Sr. Project Lead, PraxiChain
Karen.burchfield@praxichain.com