



BUILDING AMERICA®

March 1, 2024

Dear Administrator Bose:

Thank you for your letter, and for your concern about the safety of all Union Pacific employees. As shared in previous communications, Union Pacific will never compromise the safety of our employees or of the communities where we operate. We have a shared goal with the FRA and are united in ensuring safety is always our first priority.

I am concerned about the inaccurate correlation between natural workforce fluctuations and safety. Your letter combines different types of workers (Mechanical employees and Engineering employees) and work done on the railroad (equipment maintenance and capital projects), and therefore paints an incorrect and incomplete picture of the natural role workforce fluctuations play in operating a railroad year-round.

Numbers without accurate context can be misconstrued and misunderstood, and I know that is not the message you intend to send. I look forward to discussing the details of the data with you when we meet. While the overall number of Mechanical and Engineering employees impacted by the ups and downs of operating a railroad totaled approximately 700 in December 2023, that number does not account for the following critically important points and context:

1. **We are confident we have the people and practices in place to safely operate our railroad, which includes maintaining our equipment and infrastructure.** Union Pacific continues to make significant strides with our safety goals:
 - Our ultimate goal is for every employee to return home safely – we had zero work-related fatalities in 2023.
 - In 2023, we also reduced year-over-year serious injuries by 15%.
 - Serious derailments on Union Pacific’s network declined 26% in 2023 compared with 2019, while average maximum train length grew.
 - And, over the past 10 years, track-related derailments declined 28%.
 - We also achieved an 8.7% improvement in mainline derailments in 2023 vs. 2021.
2. **Fluctuations in workforce needs are a natural component of operating the railroad** – they are normal, cyclical and vary from year-to-year based on business needs, capital projects and weather.

The number of Mechanical employees fluctuates, just like our volume, and is adjusted based on the railroad’s workload.

- Less volume requires less equipment, resulting in storing locomotives and freight cars.
- There are significant seasonal fluctuations based on demand from customers. We’ve already begun seeing an increase in demand and have more employees working in January and February of this year.

Engineering headcount is adjusted when capital projects conclude.

- We design capital project plans to match business needs, infrastructure needs and predictable, seasonal weather patterns, which can prohibit the ability to do major infrastructure work like the construction industry.
- Given the intensity of their work schedules throughout the year, Engineering employees count on this cyclical schedule and proactively take time off to spend the months of November-January using their vacation or leave.

3. **Impacted employees always have the option to pursue other open positions on the railroad.** As a best practice, we proactively offer impacted employees other employment opportunities across our system. There are numerous positions they can choose from if they have the desire and need.
- Every impacted employee has been offered other positions on the railroad, and several have taken them.
 - We continue to hire for attrition and always plan to have the correct number of people to handle the business we have attracted to the railroad.

4. **We invest heavily in our people and infrastructure.**

In 2023, our total operating expense was \$15 billion. In addition, we plan to invest \$3.4 billion in capital in 2024 to support safe operations, renew assets and grow with customers – that’s the equivalent of spending more than \$9 million every day.

- The single largest component of this will go toward upgrading and replacing infrastructure, such as rail, ties and ballast.
- We always invest in our assets to position us for growth. Recent examples include our Phoenix and LA Basin projects, where we’ve invested hundreds of millions of dollars.

Union Pacific is committed to achieving the best safety outcomes, and we’re leveraging a variety of tools to do it, from technology and training to implementing a very robust capital investment strategy.

We also remain committed to transparent and open communication with the FRA. As we recently discussed, Union Pacific filed a motion for a protective order on its EP 770 employment data submissions for competitive reasons. We remain willing to provide you with the information the FRA needs related to fulfilling our shared goal of operating a safe railroad.

We take the FRA’s concerns very seriously, and we will make ourselves available immediately to answer and review any concerns in detail with you and or your staff. Thank you for your letter and conversations, and we look forward to next steps as we work together to make Union Pacific the safest railroad.

Sincerely,

A handwritten signature in black ink, appearing to read "V. J. Vena". The signature is fluid and cursive, with a prominent loop at the end.

Jim Vena
Chief Executive Officer