



BUILDING AMERICA®

September 11, 2023

Dear Administrator Bose:

As a follow-up to our phone discussion this afternoon, I'm writing in response to your Sept. 8 letter regarding the Federal Railroad Administration (FRA) inspection of UP Mechanical operations and rolling stock performed last month. First and foremost, Union Pacific will never compromise on the safety of our employees. We take the concerns raised very seriously and are confident we have the people and practices in place to responsibly maintain our locomotive and car fleets.

Typically, inspections by the FRA include a focused audit close out with clear findings and action steps, as well as a meeting to discuss any findings and mitigation approaches. Our team has not received an audit close out, which will help us more quickly address the issues raised. While a more detailed response will be forthcoming, given the significance of your concerns, I wanted to provide a prompt response addressing the immediate actions we are taking and items we are evaluating.

Union Pacific's Locomotive Fleet is Safe to Operate

More than 1,000 items can be considered a defect on a locomotive, ranging from something minor that has less impact on the mechanical safety of a locomotive, such as an amnesty lock on a bathroom door, to higher impact ones like a high flange wheel. We are eager to understand the types and categories of the defects cited, as well as the ratio of the percentage of defects. The recent FRA investigation involved 10% of the overall Union Pacific fleet maintained on Sept. 1, which is important context as we dive deeper into the findings and work on actions to address them.

A Great Team Dedicated to Safe, Efficient Operations

There is no correlation between recent furloughs and Union Pacific's ability to address mechanical repairs. The furloughs across our system are the result of lower business volumes, which result in equipment storage, and represent a fraction of a percent of all craft employees. Union Pacific's Mechanical employee-to-car and locomotive ratios are in line with our own long-term trend, as well as those across the industry.

Processes and Protocol Ensure Safety for Inspectors and Employees While Keeping Freight Moving

When unscheduled audits occur in railyards, it is standard procedure to work with FRA inspectors to ensure the location of the inspections doesn't cause safety risks for inspectors or employees, or create service interruptions for our customers. We are proud of the professional relationships our managers have with local federal inspectors, and it is very common at a location like North Platte to ask the inspection team to go to a different part of the yard if inspections are becoming impactful to service or placing the inspectors at risk. In this instance, North Platte has four yards where inspections can occur, and the FRA inspection team was respectfully asked to move to a different location. When crews run unscheduled inspections in one direction, it is also common for them to need a return route. The

concerns expressed by management regarding the need to deadhead crews (ones with no planned return trip back) are also typical.

Immediate Actions Underway

As we await the standard audit close-out documentation, our teams are already working to identify any potential gaps in our daily repair process. We plan to review those findings, as well as actions we're taking to close any identified gaps, during our October meeting. We take the FRA's concerns very seriously and look forward to meeting in person to discuss them.

As I reiterated on the call, our Union Pacific team works hand-in-hand with FRA inspectors toward shared safety goals, and we respect that partnership. We look forward to receiving and examining the details of your findings while we continue conducting an audit of our processes.

Sincerely,

A handwritten signature in black ink, appearing to read "V. J. Vena". The signature is written in a cursive style with a large, stylized "V" at the beginning.

Jim Vena
Chief Executive Officer

Cc: Chairman Oberman