



BUILDING AMERICA®

September 30, 2024

The Honorable Robert Primus
Chairman
Surface Transportation Board
395 E Street SW
Washington, DC 20423

Dear Chairman Primus,

Thank you for reaching out to better understand how Union Pacific is prepared for – and already successfully handling – volume shifts due to a potential work stoppage affecting the East Coast and Gulf Coast ports. While the dynamic nature of the ports and many players involved have elements outside Union Pacific’s control, we are focused on doing all we can to help based on what we can and do control.

As part of our strategy of Safety, Service and Operational Excellence, we expect the unexpected. We keep a buffer of resources to handle the ebbs and flows of our business, which has allowed us to recover quickly from severe weather and natural disasters, maintain fluidity during the recent Canadian rail work stoppage, and continue to improve the service we sold our customers.

This approach also is enabling us to successfully handle the increased traffic we are seeing in 2024, with international volumes up more than 20% year to date. Additionally, we are successfully navigating recent shifts as shippers divert traffic to the West Coast in anticipation of a strike – in September alone, our year-over-year volumes are up over 40%. We expect some of these shifts to continue, and we are well-positioned to support it.

Union Pacific and the Surface Transportation Board are aligned: collaboration is needed to ensure our supply chain remains open, fluid and agile to the needs of globally engaged American businesses. We are closely monitoring the situation at the ports and remain in close contact with our customers and interchange partners.

Similar to our preparations for the Canadian rail shutdown – another fluid situation that involved numerous parties – we are executing contingency plans focused on what is within our control. This includes strategically staging a buffer of resources to accommodate the shifts in volume. To help you understand how we are allocating our resources:

- We are actively managing our fleet of well cars to balance resources and ensure the most fluid rail system possible – this includes increasing our well car supply for the Los Angeles and Long Beach region by 27% since the beginning of September.
- We added crews at our inland intermodal ramps, including our Global 4 facility outside Chicago, Illinois, and in Marion, Arkansas – and thanks to increased capital investments, we are setting record lift production rates at both facilities.
- We positioned additional equipment at Global 4, enabling us to efficiently stack and unstack containers.

Along with our port partners, we have invested billions to provide available capacity that gives the West Coast ports the ability to quickly take on extra freight – and we are already seeing this happen. In August, Union Pacific handled record intermodal volume at the ports of Los Angeles and Long Beach, and we recently increased train starts and continue hiring train crews to support this thriving corridor. Together, these efforts will allow us to continue providing the service we sold our customers.

We agree collaboration and transparency are key. Union Pacific has worked closely with the ports to develop supply chain visibility and predictive tools to better manage customer shipments across all port stakeholders. This includes developing API technology that integrates with Port Optimizer to provide real-time data transfer and better plan operations.

As we respond to this evolving situation, we are committed to transparently communicating with our stakeholders. Our daily cross-functional briefing call is driving internal resource alignment, and our Marketing and Sales and Customer Care and Support teams maintain a constant, consistent open channel of communication with our customers.

We also are holding daily calls with the port terminals and ocean carriers, working together to establish plans for maximum throughput capability while being realistic about the incremental volume we can handle and still provide a reliable service product. Partnership at this critical hand-off point is key to reducing dwell – Union Pacific relies on the ports to efficiently unload and reload well cars while we actively balance our fleet so we are prepared to receive and move the container to its next destination.

We recognize this situation has many elements that could cause a negative ripple effect across the U.S. supply chain. Yet, we remain focused on executing what is within our control to support network fluidity and keep our economy moving. If there are any areas you would like to discuss in greater detail, the Union Pacific team welcomes the opportunity to meet with you – please do not hesitate to contact me personally.

Sincerely,

A handwritten signature in black ink, appearing to read "V. J. Kling". The signature is written in a cursive, flowing style.