



**BUILDING AMERICA®**

## **Union Pacific Sets New Records in Service While Preparing to Establish America's First Coast-to-Coast Railroad**

UPOnline and UP.com  
Oct. 23, 2025

Union Pacific Team,

You continue to prove our strategy of Safety, Service and Operational Excellence is working.

In safety, we improved our personal injuries and accidents at a great pace. In fact, our improved injury rate positions us to reach our goal of being the safest Class I railroad in the United States.

These results are driven by our culture, our investments in technology and by you – congratulations and thank you for your hard work.

We also delivered from a financial perspective – we continued to operate very efficiently and deliver the service we sold our customers. We ended the quarter in great financial shape, paying off \$1 billion in debt. We are set up well to merge the Norfolk Southern and Union Pacific families together and to continue to achieve strong financial results.

We saw many positives this quarter, but a few areas truly stand out: we achieved best-ever quarterly records for terminal dwell, workforce productivity and fuel consumption rate. We moved our cars faster and with fewer touchpoints while handling the highest absolute volumes of the year. You should be proud of your part in supporting these exceptional results.

As you all know, we have agreed with Norfolk Southern to merge our two companies and are going through the process to achieve approval from the Surface Transportation Board (STB). This merger is great for America – it will build on our capability to move the products the industrial economy and consumers require. Today, these products have to stop before reaching both ends of the country. The merger will allow us to move them in a faster manner, which will make American goods more competitive, open more markets and provide more jobs. I also have been clear that we are guaranteeing a job for every unionized employee that's working for the two companies on the day the deal closes.

Before pursuing this merger, we completed an in-depth examination of all growth possibilities – that analysis showed that while Union Pacific has good opportunities to grow, the rail industry is going to be challenged by technology in the trucking and shipping industries. Union Pacific continues to invest in technology, but if we truly want to compete and grow the business, we must have a network that is set up to provide seamless service at a cost-effective price, positioning manufacturers to win in the marketplace.

Our industry has a habit of looking backwards. Many other railroads talk about things that happened 30 years ago. I don't dwell on history; I reflect on it. I view it as a reminder of where we came from and what we can learn. That's why I love bringing out our steam engine, Big Boy No. 4014, so our employees, families and communities can witness our heritage. In 1867, there



was a lot of spilled ink and very smart people who thought it was crazy that the U.S. was going to pay \$7.2 million to buy Alaska from Russia. I don't think anybody would claim that was a bad deal for America.

At Union Pacific, we are looking forward. In January of 2024, we seamlessly changed out our base transportation system to NetControl, which affects everything we do – from the movement of trains to accurately invoicing customers to measuring our performance. We plan to bring that same seamless approach and planful system implementation to the merger. Our focus will be on a strong and thoughtful integration that keeps our network fluid and our customers supported. We take that responsibility seriously.

The rail industry's main competition for most of our business is trucks. Trucks do not fully compensate for their use of our nation's highway system. The upkeep of roads falls on the shoulders of U.S. taxpayers. America does not need more trucks congesting roads in large population centers. If you're reading this note on a weekday, right now there are about 1,000 trucks on the Chicago interstates alone moving freight within the city from one railroad to the next.

The new Union Pacific will replace those trucks with steel wheel hand-offs on the rails. We operate and pay our own capital expenses. In the last three years, Union Pacific has spent nearly \$50 billion on capital investments and operating costs to serve our customers. We expect to spend roughly \$2 billion in incremental capital to integrate the Union Pacific-Norfolk Southern networks. With a fluid network that touches the country in all four corners, the new Union Pacific will be able to compete at a higher level.

Many constituents are supporting this merger – we've received more than 1,200 letters of support, including more than 400 customer letters. Yes, some railroads have been very vocal against us. They must be concerned that they will have to step up their game. This is an end-to-end merger with very little overlap. Customers will still be able to use gateways to ship to other railroads if that's what they need to win in the marketplace.

While I personally think that taking the prescribed length of time to review the application is excessive, I believe our regulator will listen to its constituents and thoroughly examine our application, which will show the combination enhances competition and is in the public interest. A coast-to-coast railroad is good for our employees, it's good for our customers and it's good for America.

Moving forward, we are focused on two tasks: continuing to safely deliver best-in-class service and filing our merger application with the STB. We have the right people preparing the thousands of pages that will go into our application. The majority of our team must continue to remain focused on the day-to-day operations of running Union Pacific – that's how we will continue to win.

Thank you to everyone who continues to deliver on our Safety, Service and Operational Excellence strategy.

Jim

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