

UNION PACIFIC CORPORATION

1400 Douglas Street, 19th Floor
Omaha, Nebraska 68179

P 402 544 5858

F 402 501 2130

lfritz@up.com

Lance M. Fritz President and Chief Executive Officer

September 9, 2015

Cal Dooley
President and CEO
American Chemistry Council
700 Second St., NE
Washington, D.C. 20002

Chris Jahn
President
The Fertilizer Institute
425 Third St., SW, Suite 950
Washington, D.C. 20024

Frank Reiner
President
The Chlorine Institute
1300 Wilson Blvd., Suite 525
Arlington, VA 22209

Dear Messrs. Dooley, Jahn and Reiner:

Thank you for your letter requesting information regarding Union Pacific's Positive Train Control ("PTC") plan. We share your concern over the pending implementation deadline and the need for a timely extension from Congress.

Union Pacific is committed to implementing PTC as safely and as rapidly as possible. We have dedicated tremendous resources to developing and installing this complex technology. We have hired 1,000 workers dedicated to PTC. We have invested \$1.8 billion through mid-2015 and plan on investing another \$200 million before the end of this year. As a result, we are making significant progress:

- 6,275 of 10,000 wayside antennas installed,
- 4,500 of 6,500 locomotives with PTC hardware partially installed (because we are installing as soon as the necessary components are designed and built),
- 13,480 miles of track out of 20,000 miles have PTC hardware and software installed, and
- spectrum is being acquired and custom radio equipment is being developed to satisfy the interoperability requirement.

PTC is not an off-the-shelf technology. After the mandate passed in 2008, we (and the other railroads) had to first design and preliminarily test the system. As with any new technology, there are complexities in its development, including regulatory and supplier delays. These will prevent all freight railroads and virtually every passenger rail carrier from achieving the December 31, 2015 deadline



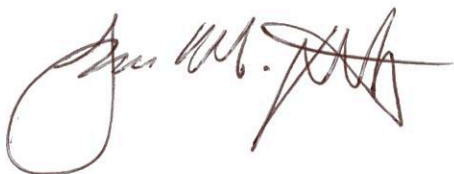
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established by Congress. We have communicated frequently with the FRA, members of Congress and other government officials about the need for an extension of the 2015 deadline. We appreciate that you and many of your members have also communicated with elected officials on this important issue and conveyed the need for a realistic deadline. While we are still hopeful that Congress will pass, and the President will sign, a bill that extends the PTC deadline (and we intend to do everything we can to get such legislation passed), we also recognize that our TIH customers need to prepare in case the deadline is not extended soon.

Union Pacific has been considering how we can best meet the goals of safety, compliance with applicable regulations and our responsibilities to our customers. We have come to the reluctant conclusion that, without a timely extension, Union Pacific must embargo TIH shipments. We understand that an orderly shut-down of TIH shipments requires advance planning for the many reasons stated in your letter. Accordingly, we anticipate issuing the embargo notice before Thanksgiving to ensure that all TIH carloads or residue empties arrive at their destination or interchange and to avoid stranding any on Union Pacific lines when the deadline takes effect. After the embargo notice is issued, Union Pacific will accept no more TIH loads or residue empties from shippers or consignees at points it serves. Within 48 hours of the embargo notice, Union Pacific will accept no TIH loads or residue empties in interchange from other rail carriers. We are communicating directly with our TIH customers about their contingency plans to deepen our understanding of their concerns and to minimize disruption. We will provide advance notice of when Union Pacific will actually issue its embargo if there is no extension.

We sincerely hope that it will not be necessary to embargo TIH and empty residue shipments. While you can be assured that we will continue to communicate with government officials about the importance of a timely extension, we encourage you and your members to reach out to members of Congress to support a PTC extension.

Sincerely,

A handwritten signature in dark ink, appearing to read "John M. Jahn". The signature is stylized with a large, looping initial "J" and a distinct "M" and "Jahn" following.