Agenda

• Overview of Union Pacific
• Challenges & Opportunities
• Questions
Mergers Expand Union Pacific’s Service

- Portland
- LA
- SLC
- Twin Cities
- Denver
- Omaha
- KC
- St. Louis
- Memphis
- New Orleans
- Houston
- Chicago

- 1982
- 1988
- 1995
- 1996
2013 Fast Facts (Year End)

- Revenue: $22.0 B
- Route Miles: 32,000 in 23 States
- Employees: 45,000
- Annual Payroll: $4.3 B
- Customers: 10,000
- Locomotives: 8,300
Union Pacific in Washington

2013 Fast Facts

- Miles of Track: 532
- Annual Payroll: $26 M
- In-State Purchases: $100.1 M
- Capital Investment: $18.6 M
- Employees: 336
- U.S. Jobs Supported*: 1,512
- Charitable Organizations: 38

*Each American freight rail job supports 4.5 jobs elsewhere in the U.S. economy. (Association of American Railroads)
Union Pacific in Oregon

2013 Fast Facts

- Miles of Track: 1,073
- Annual Payroll: $137 M
- In-State Purchases: $144.1 M
- Capital Investment: $105.9 M
- Employees: 1,619
- U.S. Jobs Supported*: 7,285.5
- Charitable Organizations: 98

*Each American freight rail job supports 4.5 jobs elsewhere in the U.S. economy.
(Association of American Railroads)
2013 Business Mix
by Freight Revenue $20.7 Billion
<table>
<thead>
<tr>
<th>Commodity</th>
<th>Number of Carloads moved in 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>1,703k</td>
</tr>
<tr>
<td>Industrial</td>
<td>1,236k</td>
</tr>
<tr>
<td>Agricultural</td>
<td>874k</td>
</tr>
<tr>
<td>Chemicals</td>
<td>1,103k</td>
</tr>
<tr>
<td>Intermodal</td>
<td>3,325k</td>
</tr>
<tr>
<td>Autos</td>
<td>781k</td>
</tr>
</tbody>
</table>

Reflects number of carloads moved in 2013.
Key UP Intermodal Corridors

Central Corridor

North – South Gulf

Sunset Route

Key Entry from Asia

JOLIET

Seattle
Portland
Oakland
Eastport
Denver
N. Platte
KC
SLC
Twin Cities
Omaha
St. Louis
Duluth
Chicago
Memphis
Dallas
Ft. Worth
Phoenix
El Paso
San Antonio
Eagle Pass
Laredo
Brownsville
New Orleans
Houston
Shreveport
New Orleans
Sunset Route
North – South Gulf
Central Corridor
Key Entry from Asia
UP Capital Spending Trends

*In Billions*

~$42 Billion since 2000*

*Includes Cash Capital, Leases and Other Non-Cash Capital
$4.1 BILLION CAPITAL PLAN
(IN MILLIONS)

11% POSITIVE TRAIN CONTROL

$1,740

42% INFRASTRUCTURE REPLACEMENT

18% CAPACITY/COMMERCIAL FACILITIES

$975

24% LOCOMOTIVES & EQUIPMENT

5% TECHNOLOGY / OTHER

$720

$450

$215

* Includes cash capital, leases and other non-cash capital.
2014 Capital Projects
Western Region

- Sidings/Extensions/Signals/CTC
- Terminal Improvements/Double Track/Sidings
- Sunset Double Track
- Colton Flyover/Double Track
- Terminal Improvements
- Santa Teresa Fueling Facility & Intermodal Ramp

Map showing locations in the Western Region.
Looking Ahead…

• Challenges
  – Government Regulations
  – Winter

• Opportunities
  – Truck Conversion
  – Forecasting
Regulatory Front

• PTC
  – ~$2B capital spend for UP & ongoing maintenance
  – Proposing extension past the 2015 deadline

• STB Activity
  – Access

• Truck Size and Weight

• Crude Oil
  – Low Probability: High Impact
  – PHMSA recent proposed rule making
Wyoming: Dec 2013
Extreme cold; 3 days -27 degrees

Bill: Oct 2013
18" of snow in one day; severe drifts

Twin Cities: Dec 2013 – Mar 2014
Polar vortex
Coldest winter since 1935

Chicago: Dec 2013 – Mar 2014
82" of snow
3rd Highest on record

St. Louis: Jan 2014
Snow, cold
15" of snow (avg. is 5")
Northern Region Command Centers

- 24/7 Command Center at all seven Union Pacific Service Units in the Northern Region
- Operational from November 2014 to April 2015
- Strategically located to decrease response times for addressing operational issues during adverse weather
Proactive Winter Weather Planning

- Pre-stage critical equipment and supplies across Northern Region
- Schedule winter maintenance work at night to limit daytime network interruptions
- Explore creative alternatives (e.g. snow fences) to increase preventative preparedness
- Improve industry coordination in Chicago for winter weather alert plans
Highway Conversions

• Comprehensive network
  – Significant truck-load conversion opportunity
  – Truckload opportunity originating from Mexico

• Strong value proposition
  – Competitive service at an affordable price
  – Environmental friendliness

• Truck’s traditional advantage is eroding
  – Regulations and rising costs
  – Highway congestion and infrastructure
Forecasting Importance

• A customer’s market forecast drives our five critical resources

• The forecast helps determine our investments each year (ex: what type and quantity of rail cars we purchase)
Union Pacific’s Five Critical Resources

- Employees
- Locomotives
- Freight Cars
- Terminals
- Track Capacity

- Employees: 6 – 9 months
- Freight Cars: 12 months
- Terminals: 18 – 36 months
- Locomotives: 12 months
- Track Capacity: 18 – 36 months
Thank You & Questions?