



November 11, 2015

Baird's 2015 Industrial Conference

Rob Knight
CFO

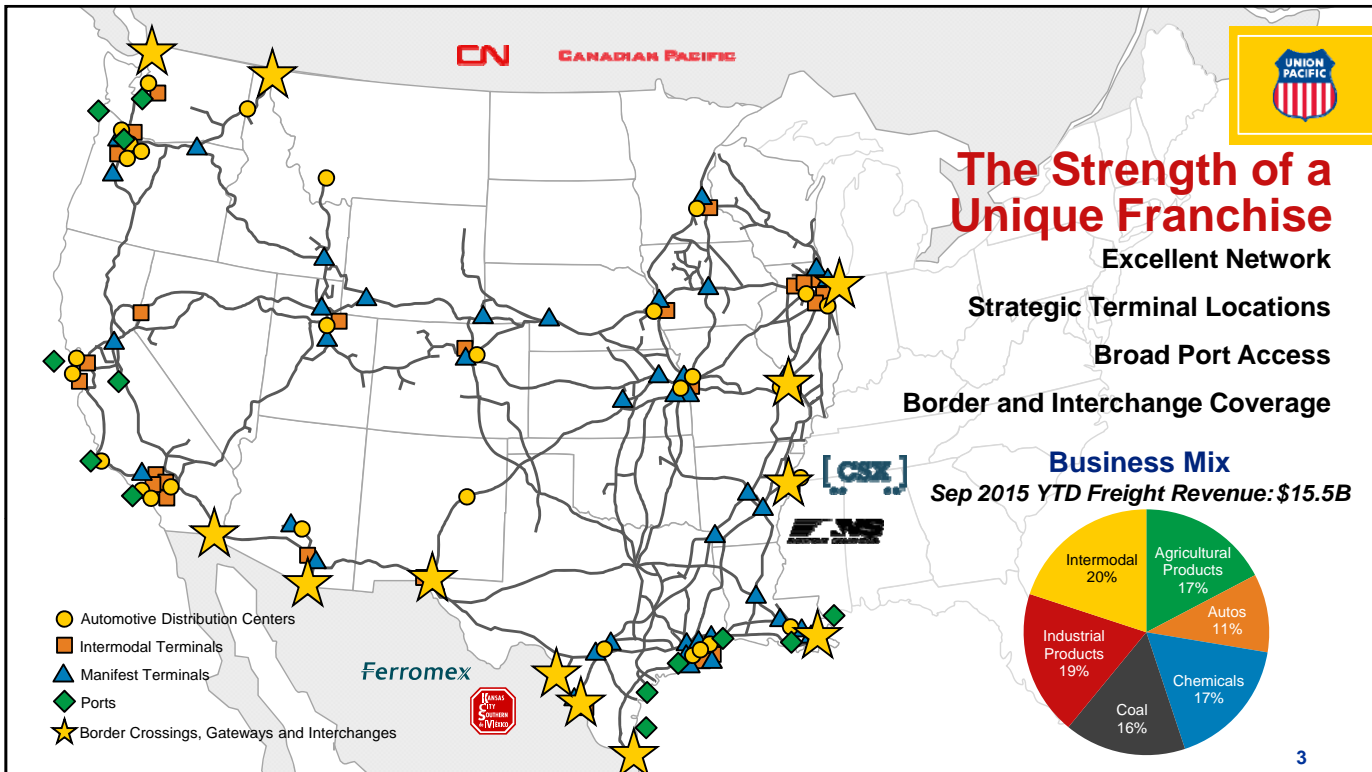
Cautionary Information



This presentation and related materials contain statements about the Corporation's future that are not statements of historical fact, including specifically the statements regarding the Corporation's expectations with respect to economic conditions, government regulation, and demand levels; and its ability to generate financial returns, improve network performance and cost efficiency, and provide returns to its shareholders. These statements are, or will be, forward-looking statements as defined by the Securities Act of 1933 and the Securities Exchange Act of 1934. Forward-looking statements also generally include, without limitation, information or statements regarding: projections, predictions, expectations, estimates or forecasts as to the Corporation's and its subsidiaries' business, financial, and operational results, and future economic performance; and management's beliefs, expectations, goals, and objectives and other similar expressions concerning matters that are not historical facts.

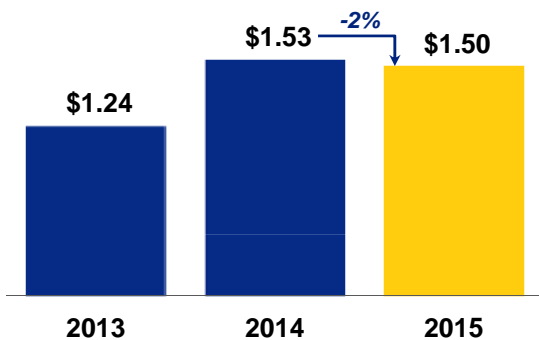
Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times that, or by which, such performance or results will be achieved. Forward-looking information, including expectations regarding operational and financial improvements and the Corporation's future performance or results are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statement. Important factors, including risk factors, could affect the Corporation's and its subsidiaries' future results and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements. Information regarding risk factors and other cautionary information are available in the Corporation's Annual Report on Form 10-K for 2014, which was filed with the SEC on February 6, 2015. The Corporation updates information regarding risk factors if circumstances require such updates in its periodic reports on Form 10-Q and its subsequent Annual Reports on Form 10-K (or such other reports that may be filed with the SEC).

Forward-looking statements speak only as of, and are based only upon information available on, the date the statements were made. The Corporation assumes no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information. If the Corporation does update one or more forward-looking statements, no inference should be drawn that the Corporation will make additional updates with respect thereto or with respect to other forward-looking statements. References to our website are provided for convenience and, therefore, information on or available through the website is not, and should not be deemed to be, incorporated by reference herein.



Third Quarter 2015 Results

Earnings Per Share Third Quarter

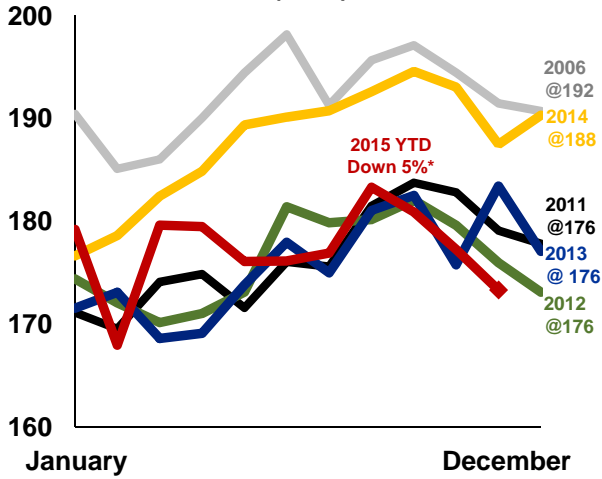


- Earnings Per Share Down 2%
- Softness in Demand
- Solid Core Pricing
- Record Operating Ratio

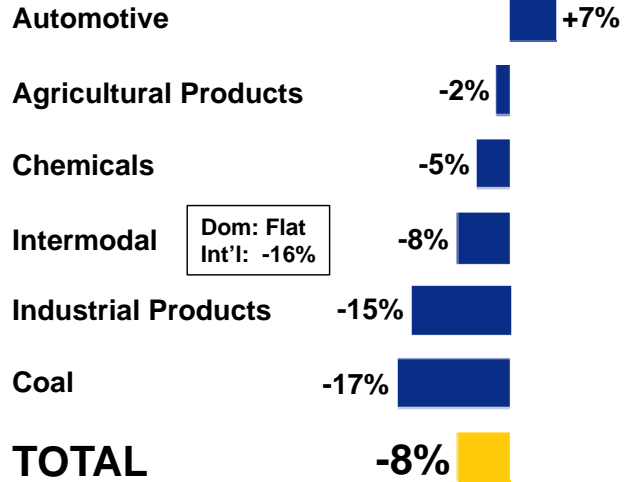
2015 Volumes

7-Day Monthly Carloadings

(000s)



4QTD 2015 Volumes* (vs 2014)



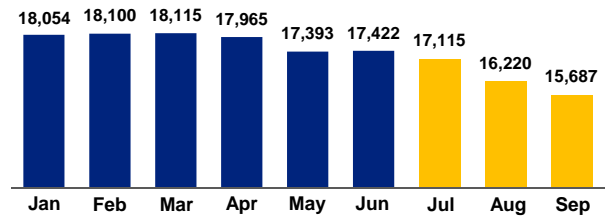
*Through November 4, 2015

Resourcing to Demand

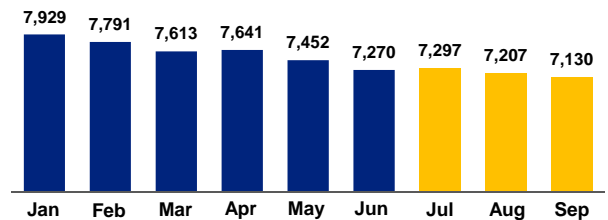
Significant Progress in Third Quarter

- **TE&Y Workforce**
 - Furlough / AWTs: ~2,900*
 - September Down 10% vs June
- **Locomotives**
 - Storage: ~1,050*
- **Aligning Other Resources**

Total TE&Y**



Active Locomotive Fleet



* As of October 31, 2015

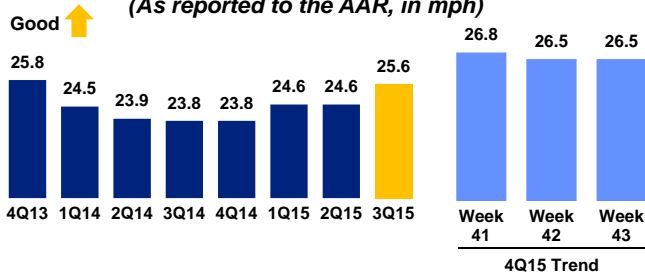
** Full-time Equivalent

Network Performance



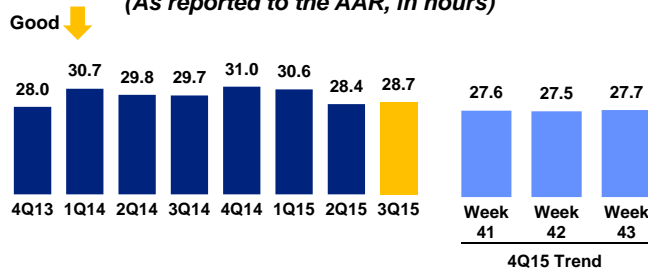
UP Velocity

(As reported to the AAR, in mph)



UP Terminal Dwell

(As reported to the AAR, in hours)



- Solid Improvement
- Dynamic Environment
- Leverage Franchise Strengths
- Focus on Further Improving Service & Costs

Closing Out 2015

Will Fall Short of Fourth Quarter & Full Year 2014 EPS Records



- Lower Year-over-Year Volumes
- Business Mix Challenges
- Focus on Core Pricing
- Continued Productivity & Cost Improvement



Growing Shareholder Value



KEY DRIVERS	2015→2019
Moderate Economy Diverse Franchise Opportunities	★ Positive Volume Growth
Strong Value Proposition - Reinvestability	★ Real Core Price Gains
Volume + Pricing + Productivity	★ Operating Ratio 60% ^{+/-}
Replacement & Productivity Growth with High Returns	★ CapEx of ~16%-17% of Revenue
Increasing Cash Generation Low to Mid 40's Adj. Debt/Cap 1.5x "Plus" (<2x) Adj. Debt / Adj. EBITDA Strong Investment Grade	★ Dividend Payout Target of 35% ★ Opportunistic Share Repurchases