



May 18, 2017

## Bank of America 2017 Transportation Conference

Rob Knight  
CFO

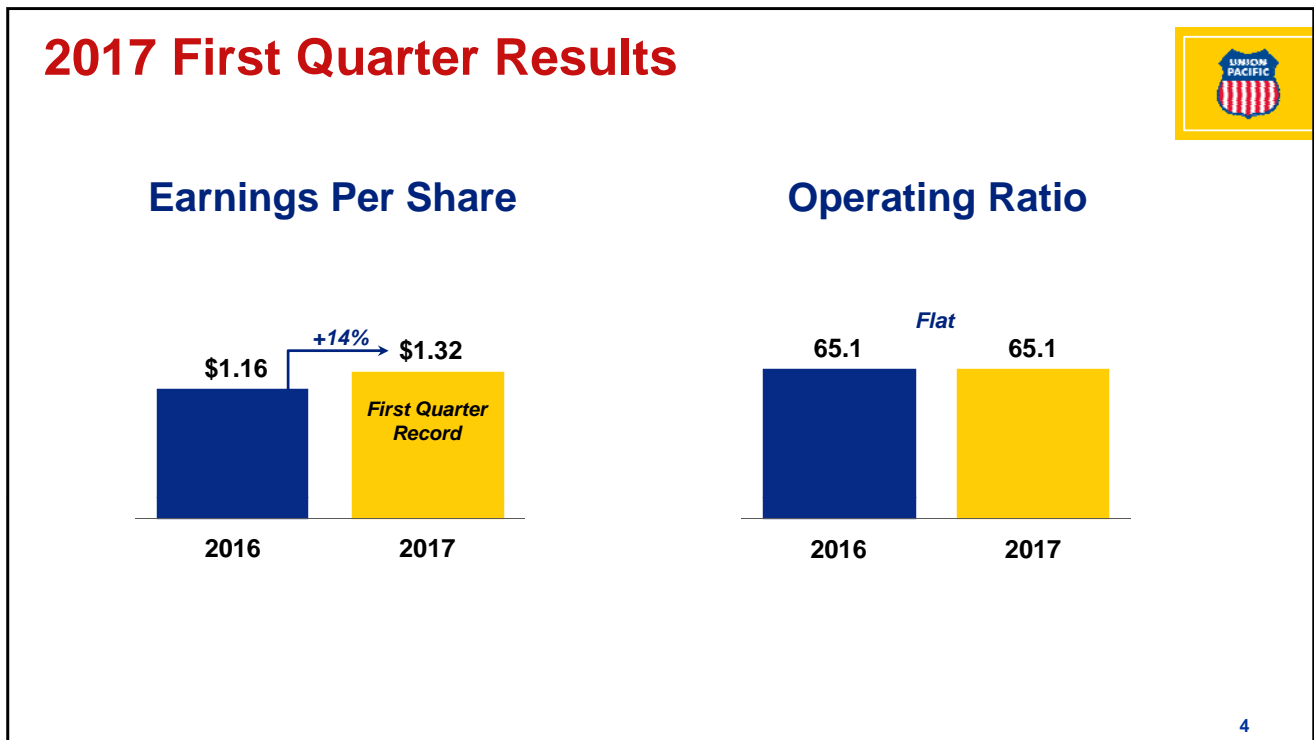
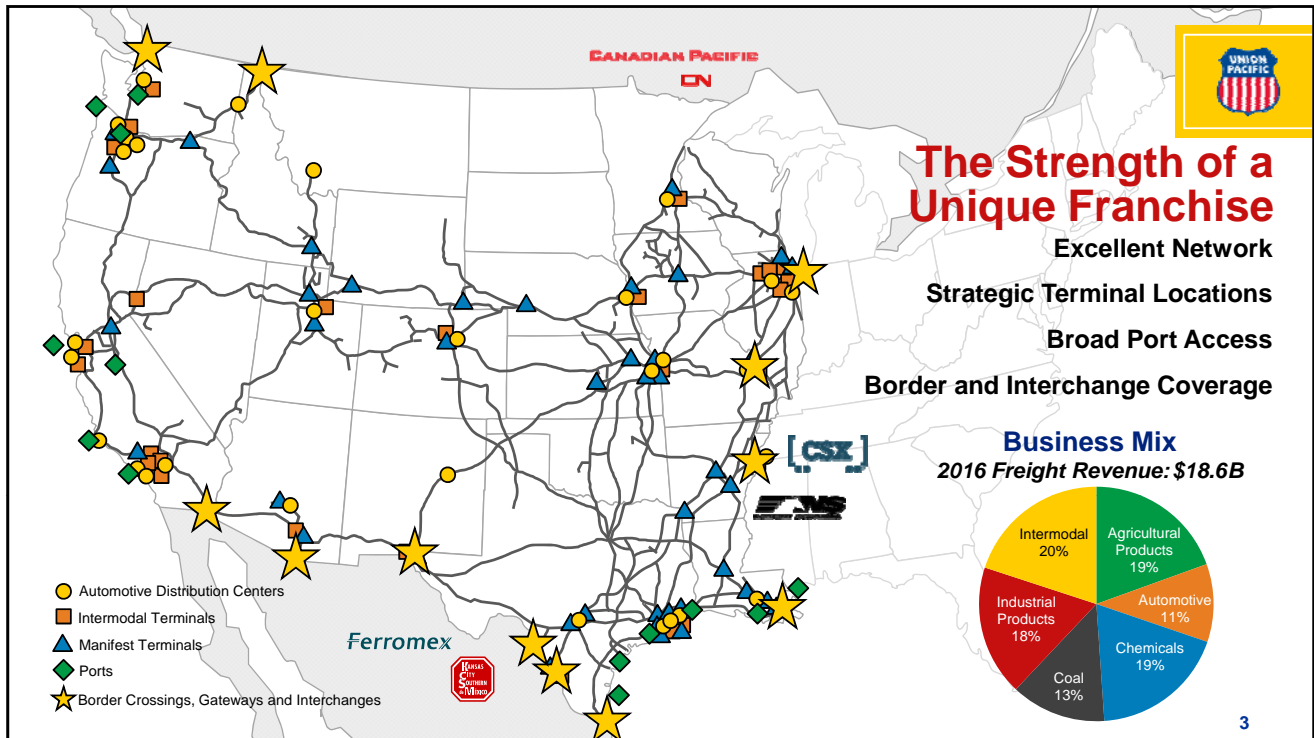
## Cautionary Information



This presentation and related materials contain statements about the Company's future that are not statements of historical fact, including specifically the statements regarding the Company's expectations with respect to economic conditions and demand levels; its ability to generate financial returns, improve network performance and customer service; implementation of corporate strategies; and providing excellent service to its customers and 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 Company'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 Company'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 Company'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 Company's Annual Report on Form 10-K for 2016, which was filed with the SEC on February 3, 2017. The Company 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).

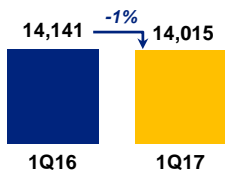
Forward-looking statements speak only as of, and are based only upon information available on, the date the statements were made. The Company assumes no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information. If the Company does update one or more forward-looking statements, no inference should be drawn that the Company 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.



# Resources & Network Performance

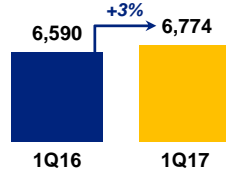


## Total TE&Y\*



\*Full-time equivalent

## Active Locomotive Fleet



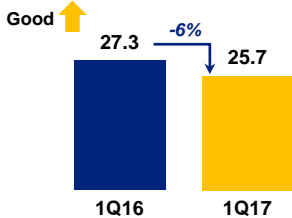
\*\*As of May 15, 2017

- ~ 1,200 TE&Y Employees in Furlough / AWTS\*\*

- ~ 1,450 Locomotives in Storage\*\*

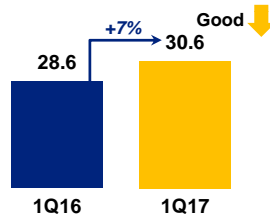
## UP Velocity

(As reported to AAR, in mph)



## UP Terminal Dwell

(As reported to AAR, in hours)



- Operating Performance Metrics 1Q Deteriorated Slightly

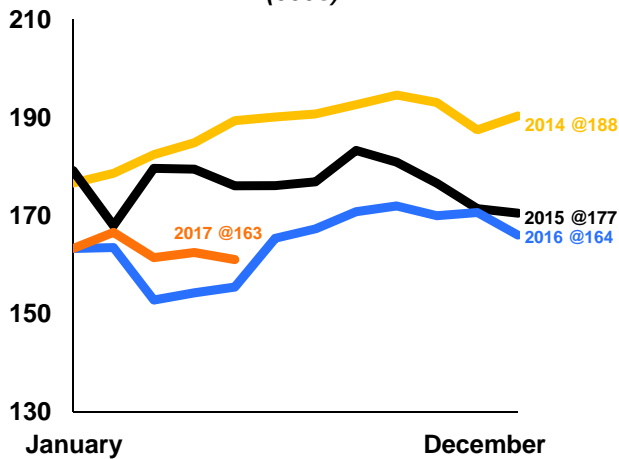
- West Coast Weather Challenges

# 2017 Business Trends



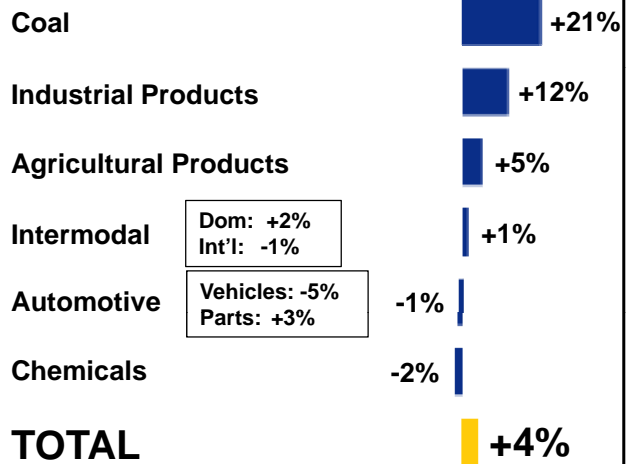
## 7-Day Monthly Carloadings

(000s)



## 2017 2QTD Volumes\*

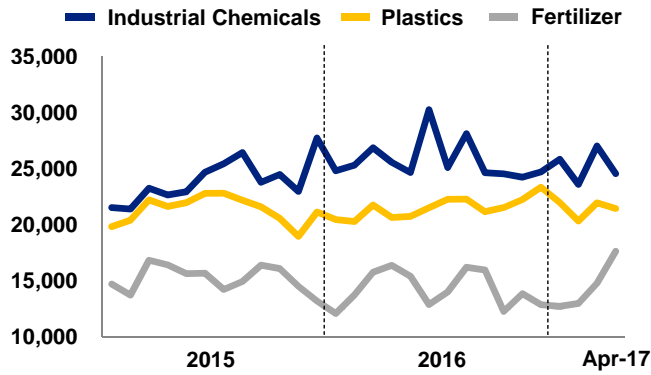
(vs 2016)



\*Through May 12, 2017

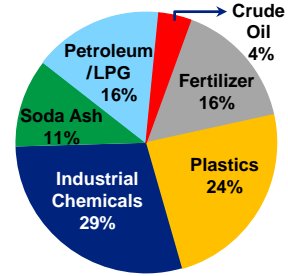
# Chemicals

## UNP Monthly Volumes

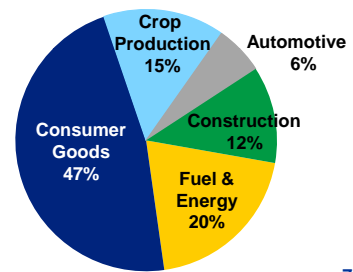


- Solid Base Chemicals
- Anticipated Strength in Plastics

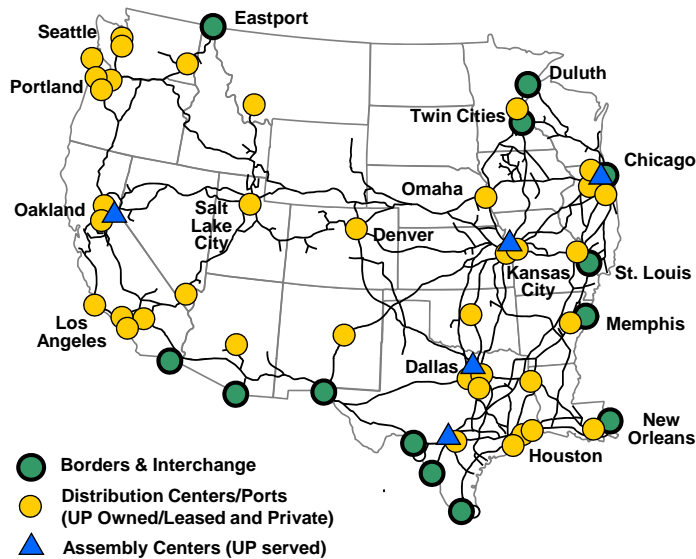
## 2016 Volume Mix



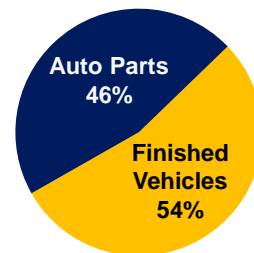
## Key End-Use Markets (% of 2016 Volume)



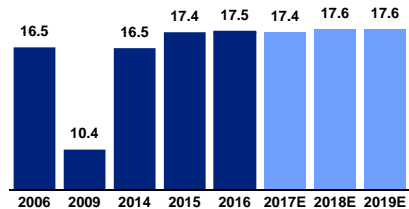
# U.S. Vehicle Sales and Drivers



## 2016 Volume Mix



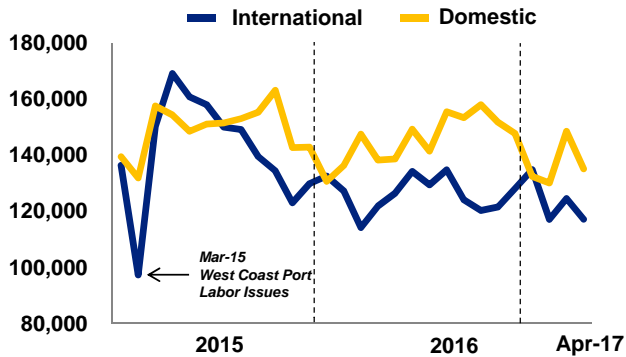
## U.S. Light Vehicle SAAR\*



\*Source: April 2017 IHS Global Insight forecast

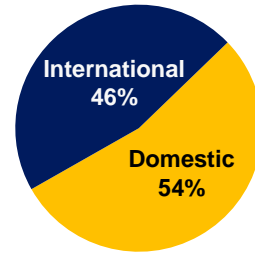
# Intermodal

## UNP Monthly Intermodal Volume



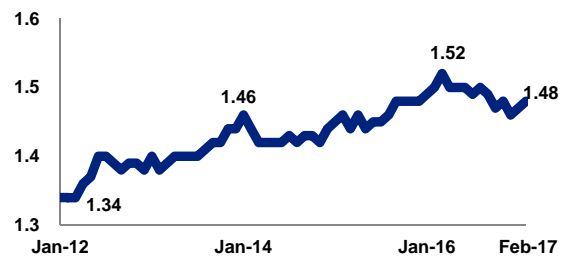
- Modal Competition
- Trans Pacific Market Challenges

## 2016 Volume Mix



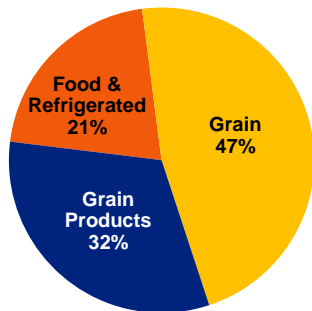
## Retail Inventory-to-Sales Ratio

Source: U.S. Bureau of Economic Analysis



# Agricultural Products

## 2016 Volume Mix

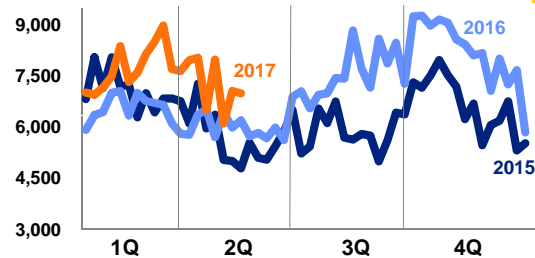


- Grain Inventories
- Export Market Fundamentals
- Strength in Food & Refrigerated

\*Through May 13, 2017

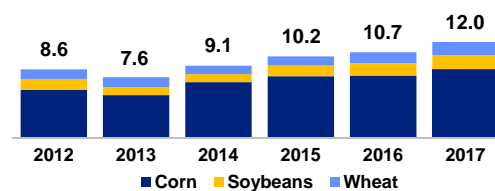
## UNP Weekly Grain Carloads

(As reported to the AAR)



## U.S. Grain Stocks\*

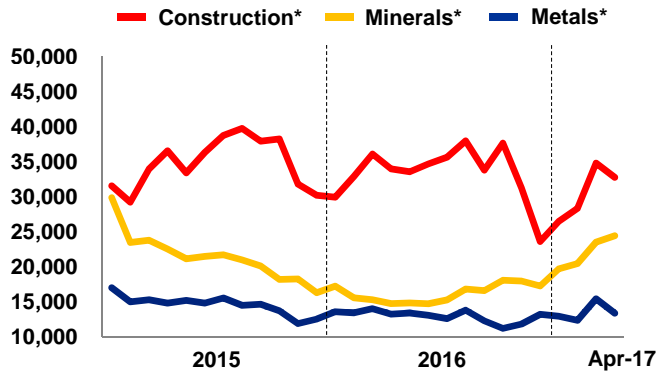
(Bushels in Billions)



\*Source: USDA; As of March 1st

# Industrial Products

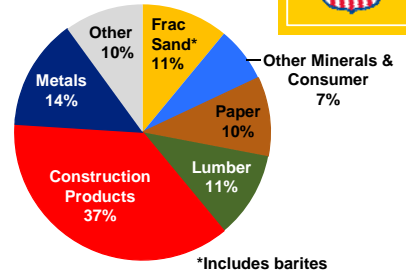
## UNP Monthly Volumes



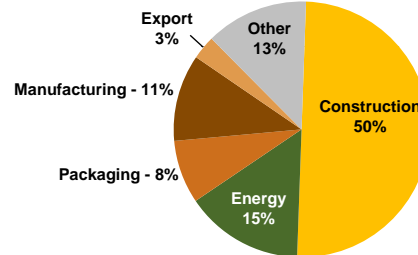
- Construction Product Demand
- Increased Drilling Activity & Frac Sand Demand

\*Prior periods have been adjusted for the re-categorization of commodities

## 2016 Volume Mix

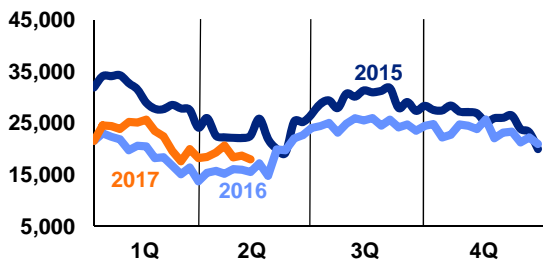


## Key End-Use Markets (% of 2016 Volumes)



# Coal Trends

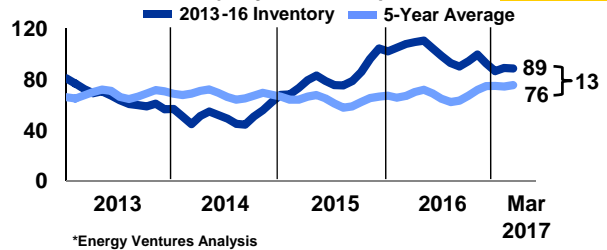
## UNP Weekly Coal Carloads\* (As reported to the AAR)



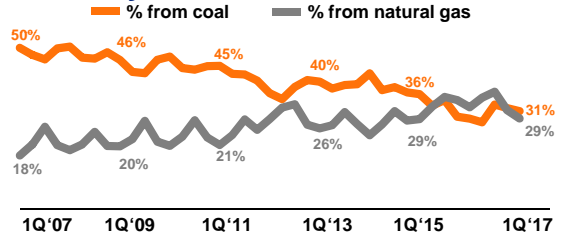
- Weather Impacts Demand
- Natural Gas Prices
- Coal Inventory Levels

\*Through May 13, 2017

## Powder River Basin Coal Stockpiles\* (Days of Burn)

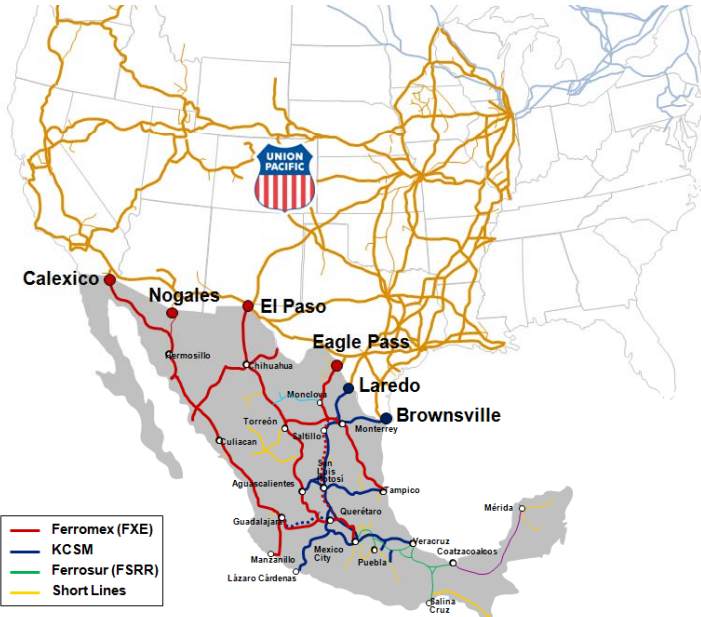


## Electricity Generation Market Share\*\*

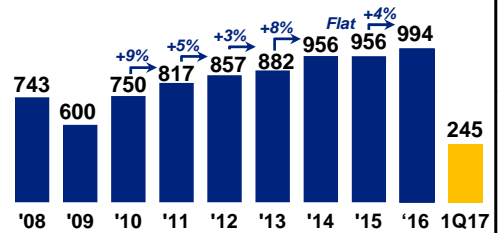




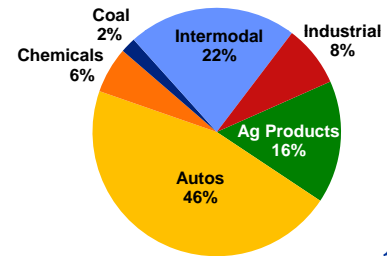
# UP Positioned for Mexico Growth



**Volume Growth**  
(Carloads in Thousands)



**2016 Volume Mix**  
(In Carloads)

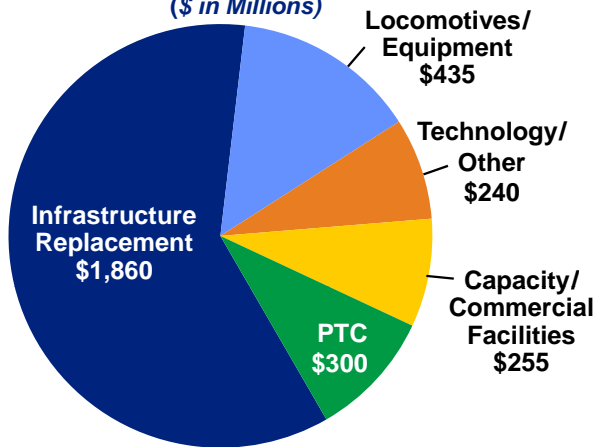


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# Strengthening the Franchise



**2017 Capital Plan: ~\$3.1 Billion\***  
(\$ in Millions)

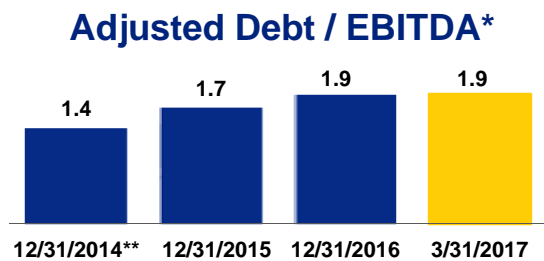
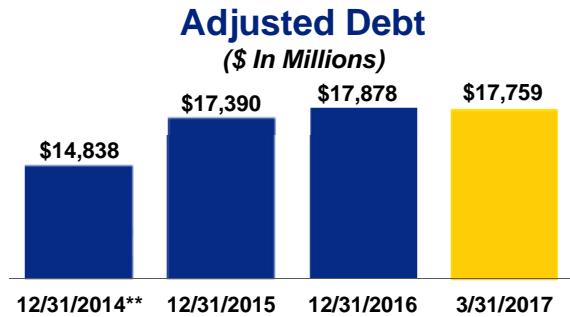


\*Includes cash capital, leases and other non-cash capital.

- Safe & Resilient Infrastructure
- Capacity Investments
  - Southern Region
  - Network Strategies
- Equipment Acquisitions
  - ~60 New Locomotives
  - 430 Freight Cars
- Positive Train Control

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## Debt \$ In Millions



- Close to Adjusted Debt / EBITDA Target Ratio of 2.0
- Increased Adj. Debt over \$5 Billion since 2013

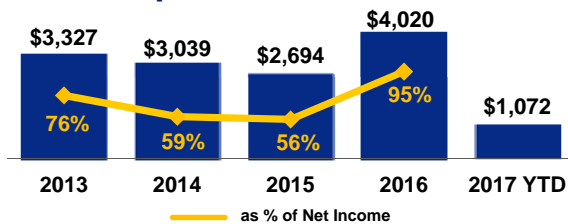
\* See Union Pacific website under Investors for a reconciliation to GAAP.

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## Delivering Value to Shareholders

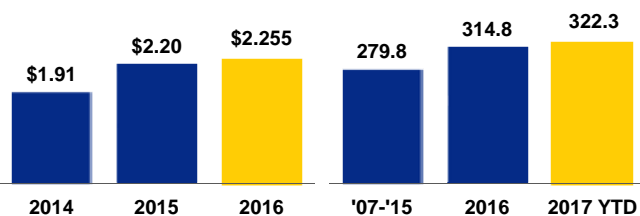


### Cash From Operations Less Capital Investments (\$ In Millions)



### Dividends (Per Share)

### Share Repurchases (Cumulative, In Millions)



- Solid Cash From Ops
- 10% Dividend Increase in 4Q 2016
- Repurchased 7.5 Million Shares Totaling \$800 Million in 1Q 2017
  - ~30% of Outstanding Shares Since 2007

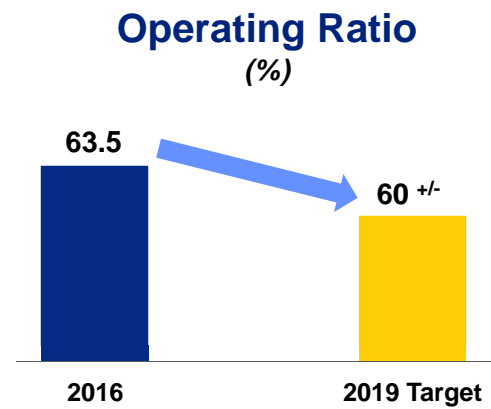
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## 2017 Expectations



- Full Year Volume Up Low Single Digits
- Price Above Rail Inflation Costs
- Productivity \$350 to \$400 Million
- Improved Operating Ratio
- Continued Focus on “G55 + 0” Initiatives



*Improved OR in 2017*