



September 6, 2017

## Cowen & Company 10<sup>th</sup> Annual Global Transportation Conference

Rob Knight  
CFO

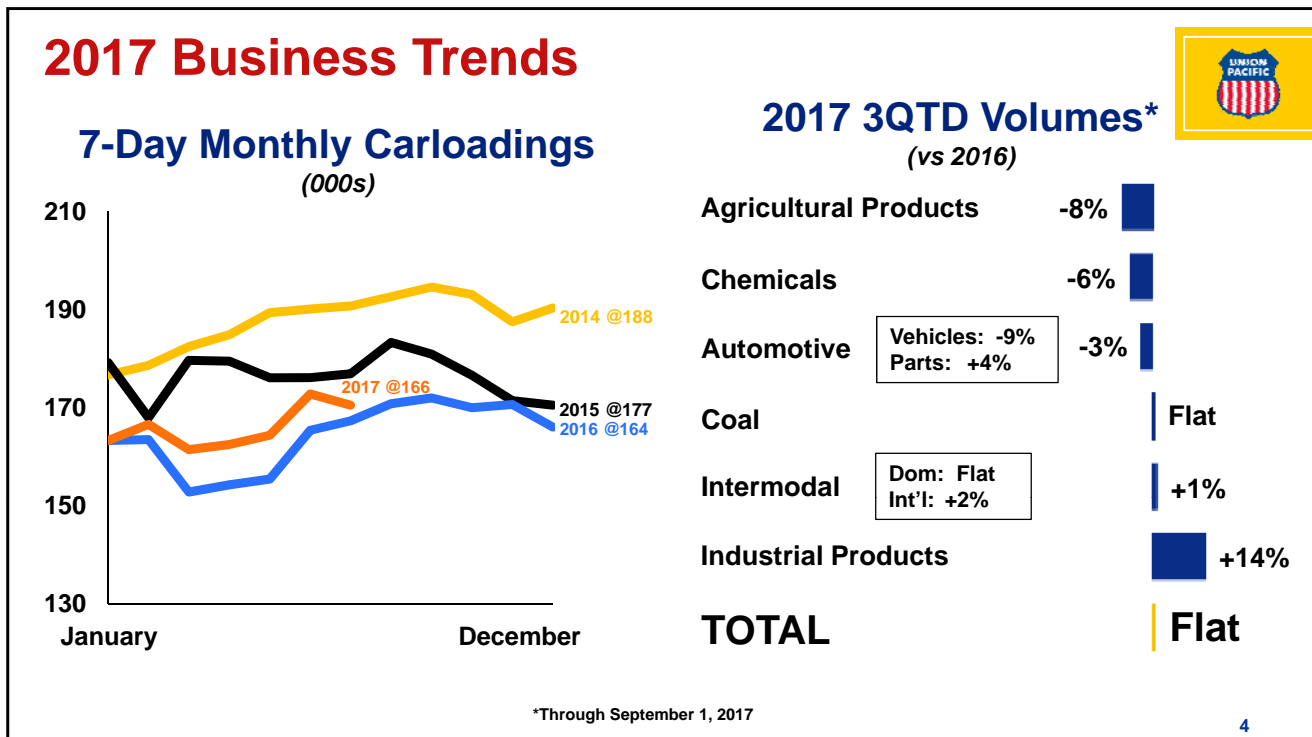
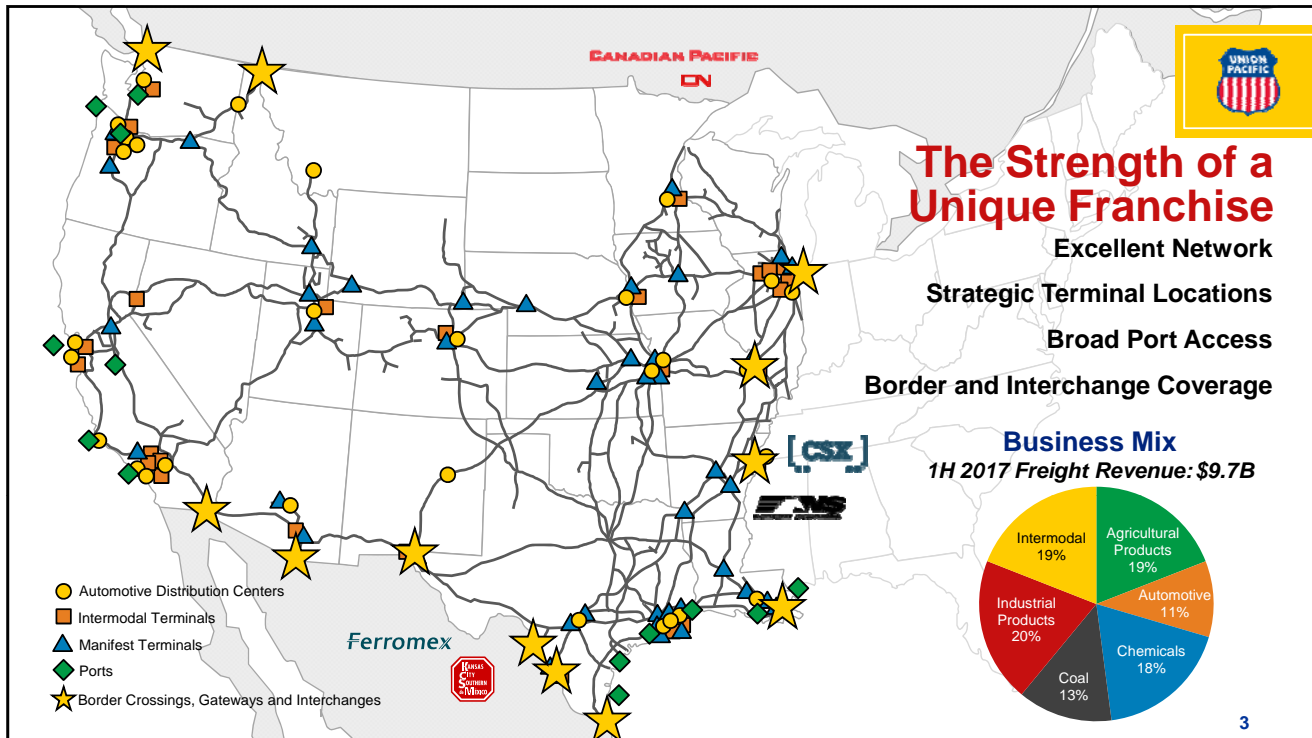
## Cautionary Information



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.

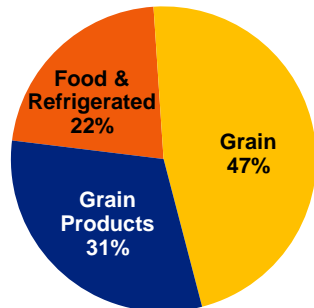
Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times that, or by which, such performance or results will be achieved. Forward-looking information, including expectations regarding operational and financial 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).

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# Agricultural Products

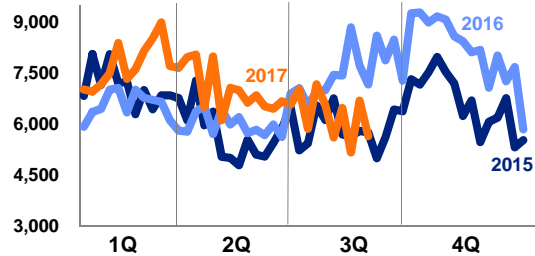
1H Volume Mix



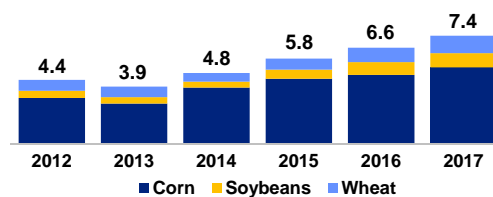
- Grain Inventories
- Export Market Fundamentals
- Food & Refrigerated Shipment Demand

\*Through August 26, 2017

UNP Weekly Grain Carloads  
(As reported to the AAR)



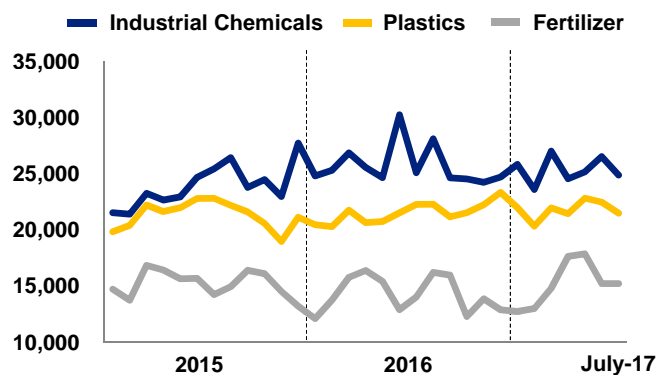
U.S. Grain Stocks\*  
(Bushels in Billions)



\*Source: USDA; As of June 1st

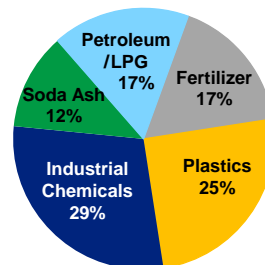
# Chemicals

UNP Monthly Volumes

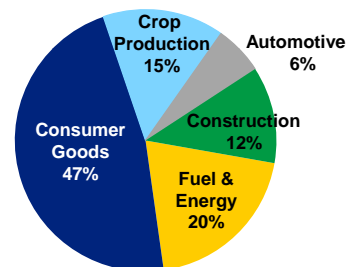


- Solid Base Chemicals
- Anticipated Strength in Plastics

1H 2017 Volume Mix



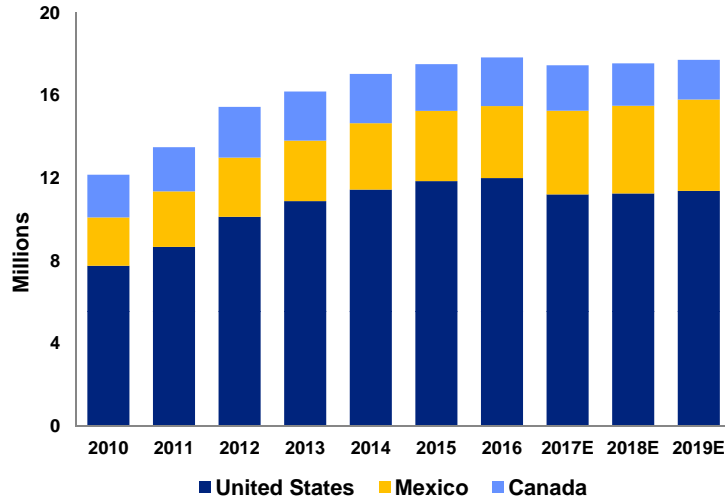
Key End-Use Markets  
(% of 2016 Volume)



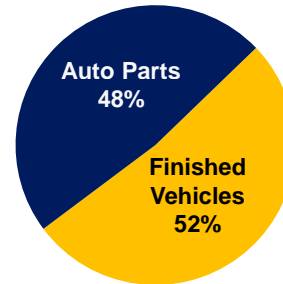
# North American Auto Production Growth



North American Light Vehicle Production Forecast\*



1H Volume Mix

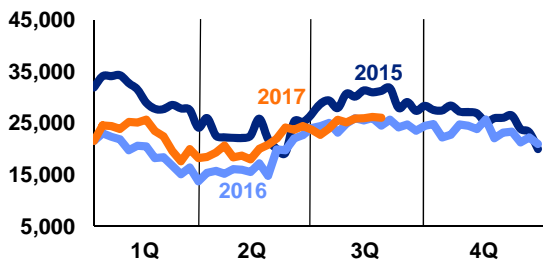


- Cautious on Auto Sales
- Continued Parts Growth

\*Source: IHS Global Insight August 2017

# Coal Trends

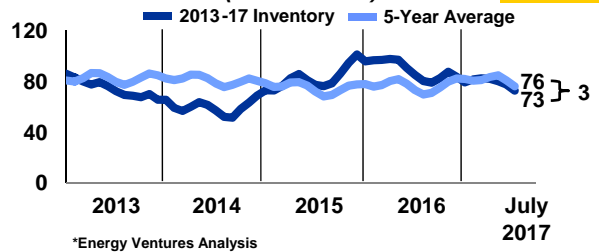
UNP Weekly Coal Carloads\*  
(As reported to the AAR)



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

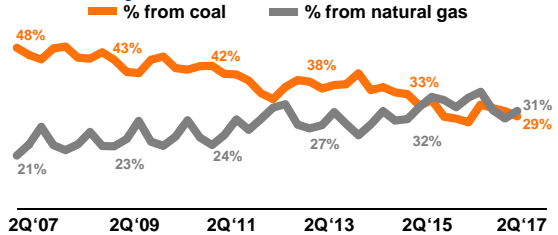
\*Through August 26, 2017

Powder River Basin Coal Stockpiles\*  
(Tons in MM)



\*Energy Ventures Analysis

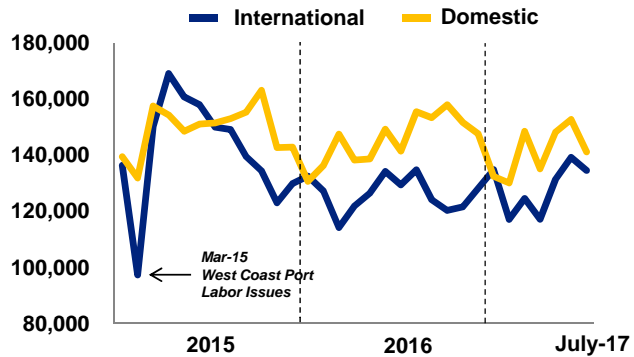
Electricity Generation Market Share\*\*



\*\*U.S. Energy Information Administration (EIA)

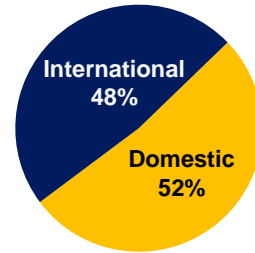
# Intermodal

## UNP Monthly Intermodal Volume



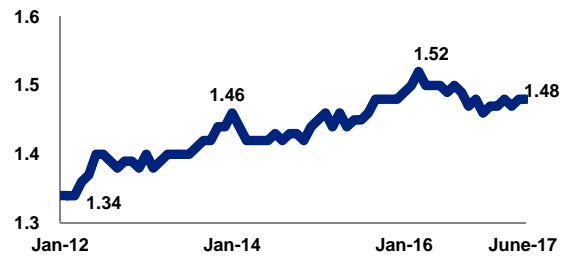
- Truck Capacity & Inventory Outlook
- Trans Pacific Market Challenges

## 1H 2017 Volume Mix



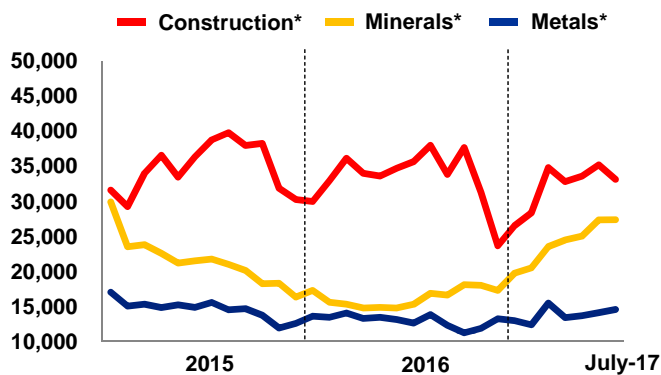
## Retail Inventory-to-Sales Ratio

Source: U.S. Bureau of Economic Analysis



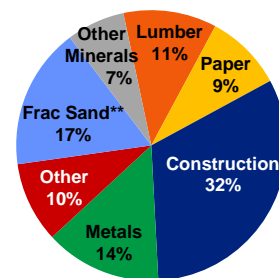
# Industrial Products

## UNP Monthly Volumes

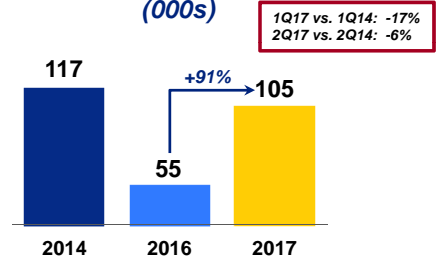


- Construction Product Demand
- Increased Drilling Activity & Frac Sand Demand

## 1H Volume Mix



## 1H Frac Sand Volume\*\* (000s)



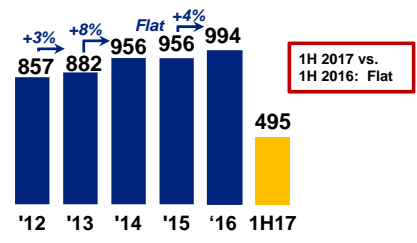
\*Prior periods have been adjusted for the re-categorization of commodities

\*\*Includes barites

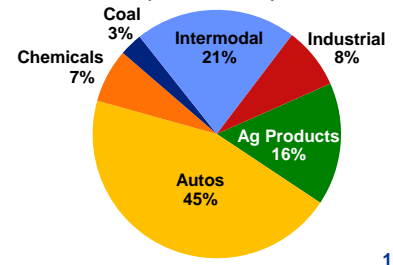
# UP Positioned for Mexico Growth



## Volume Growth (Carloads in Thousands)



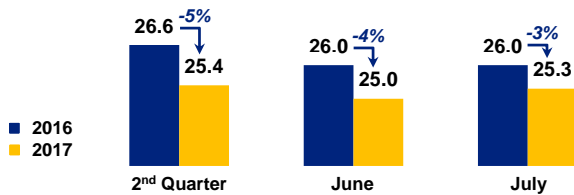
## 1H Volume Mix (In Carloads)



# Network Performance & Resources

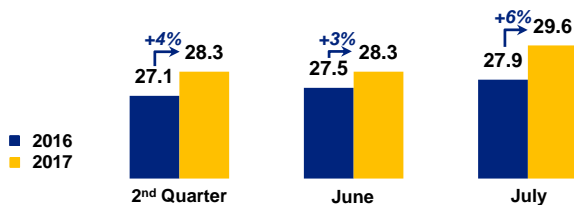
## UP Velocity (As reported to AAR, in mph)

Good ↑



## UP Terminal Dwell (As reported to AAR, in hours)

Good ↓



- Weather & Continued Episodic Events in July
- Hurricane Harvey impact on 2H of Third Quarter
- ~1,400 Locomotives in Storage\*

\*As of August 31, 2017

# Productivity

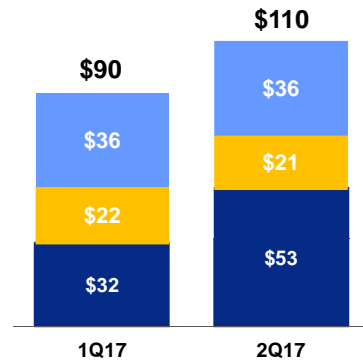


## Initiatives:

<b>Network and Train Ops</b>	<i>TE&amp;Y / Train length / Joint facility</i>
<b>Equipment (Loco and Car)</b>	<i>Active fleet / Car repair / Equip rental costs</i>
<b>Other Ops, Support, Sourcing and Safety</b>	<i>Engineering / Fuel conservation / Intermodal &amp; Premium Ops / Admin / Supply Chain / Sourcing / Safety performance</i>

## 2017 YTD Results

(\$ in millions)

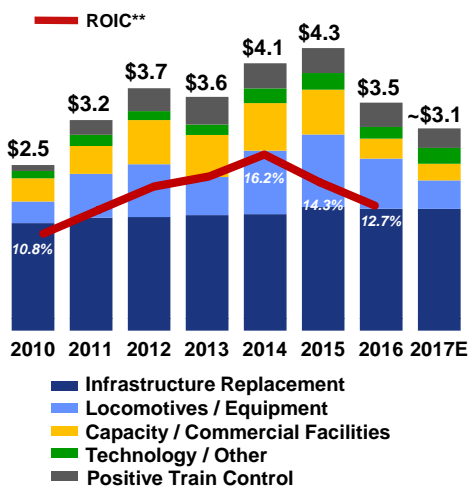


**2017 Full Year Productivity Target: \$350 - \$400 M**

# Capital Program Supported by Returns



## Capital Program\* & Returns\*\* (Capital in Billions)

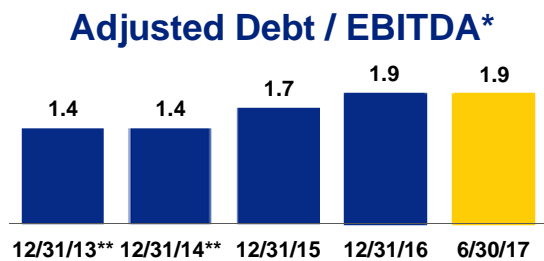
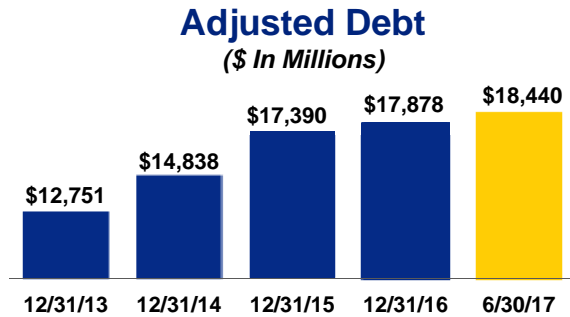


- Reduction of \$1.2 Billion from 2015
- Decreasing Locomotive Spend (~60 Locomotives in 2017)
- PTC Spending ~\$300 M in 2017
- Supports Core Pricing *that Drives Continued Investment*

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

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

## Debt \$ In Millions



- Close to Adjusted Debt / EBITDA Target Ratio of 2.0
- Increased Adj. Debt ~\$5.7 Billion since 2013

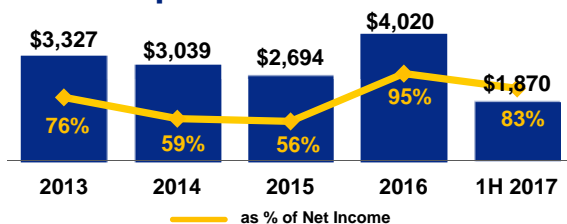
\*See Union Pacific website under Investors for a reconciliation to GAAP.

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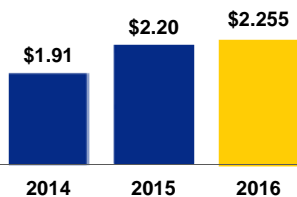
## Delivering Value to Shareholders



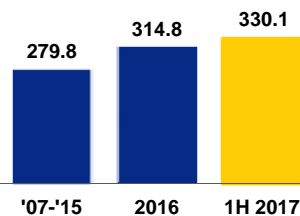
### Cash From Operations Less Capital Investments (\$ In Millions)



### Dividends (Per Share)



### Share Repurchases (Cumulative, In Millions)



- Solid Cash From Ops
- 10% Dividend Increase in 4Q 2016
- Repurchased 15.3 Million Shares Totaling over \$1.6 Billion thru 1H 2017
  - ~30% of Outstanding Shares Since 2007

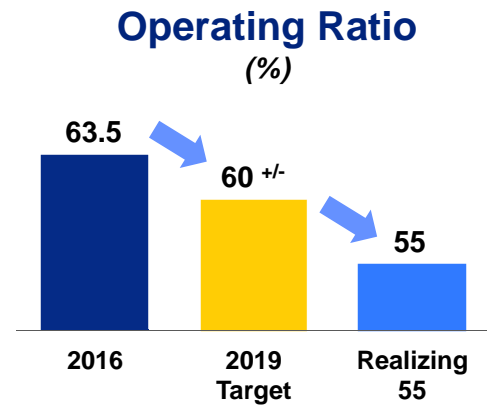
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## 2017 Outlook



- Full Year Volume Up Low Single Digits (Closer to Flat in 3Q)
- Price at Reinvestable Levels, Above Rail Inflation Costs
- Productivity \$350 to \$400 Million (\$200 M First Half)
- Continued Focus on “G55 + 0” Initiatives



*Improved OR in 2017*