Second Quarter 2020 Results

Earnings Per Share

- **2019**: $2.22
- **2020**: $1.67
- **Change**: -25%

Operating Ratio

- **2019**: 59.6
- **2020**: 61.0
- **Change**: +1.4 pts
## Unified Plan 2020

**Key Performance Metrics – 2Q 2020 vs. 2Q 2019**

| Metric                      | 2Q 2020 | 2Q 2019 | Change
|-----------------------------|---------|---------|--------
| Freight Car Velocity*       | 225     | 21.6    | 11%    |
| (Daily Miles per Day)       |         |         |        |
| Freight Car Terminal Dwell* | 21.6    | 16%     |        |
| (Hours)                     |         |         |        |
| Train Speed*                | 26.9    | 10%     |        |
| (Miles Per Hour)            |         |         |        |
| Locomotive Productivity     | 136     | 12%     |        |
| (GTMs Per HP Day)           |         |         |        |
| Workforce Productivity      | 868     | 13 pts  |        |
| (Daily Miles per FTE)       |         |         |        |
| Intermodal Trip Plan Compliance | 82      | 17 pts  |        |
| (% of Cars On Time)         |         |         |        |
| Manifest/Auto Trip Plan Compliance | 76      | 13 pts  |        |
| (% of Cars On Time)         |         |         |        |

*Prior years have been recast to conform to the current year presentation which reflects minor refinements.
Unified Plan 2020 Update

Terminal Rationalization & Network Changes

• Completed Sixteen 15,000 Foot Sidings
• Redesigning Yard and Local Transportation Plan
• Intermodal Network Changes
  – Chicago Global 3
  – Houston Settegast
• Initiated Construction of Englewood Yard Improvements

Operating Outlook

• Safety First
• Adjusting Resources for Volume
• Continue Unified Plan 2020 Implementation
• Drive Service Improvements
• Focus on Asset Utilization and Network Efficiency
SECOND QUARTER 2020 MARKETING & SALES REVIEW

Kenny Rocker
Executive Vice President – Marketing & Sales

Bulk

Revenue $1,386M (-17%)
Volume 447K (-15%)
ARC $3,099 (-3%)

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal &amp; Renewables</td>
<td>244</td>
<td>186</td>
<td>178</td>
<td>167</td>
<td>54</td>
<td>53</td>
<td>52</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>-24%</td>
<td></td>
<td>-6%</td>
<td></td>
<td>-2%</td>
<td></td>
<td></td>
<td>-21%</td>
</tr>
<tr>
<td>Grain &amp; Grain Products</td>
<td>178</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fertilizer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food &amp; Refrigerated</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Quarterly Drivers

- Continued Coal Challenges
- Strength in Export Grain
- COVID-19 Related Impacts

Volume in thousands of carloads.
**Industrial**

- **Revenue**: $1,500M (-23%)
- **Volume**: 468K (-18%)
- **ARC**: $3,201 (-6%)

**Quarterly Drivers**

- Reduced Sand, Petroleum, & Industrial Chemicals Shipments
- Economic Shutdown Impacts on Demand
- Energy Market Challenges

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy &amp; Specialized</td>
<td>156</td>
<td>115</td>
<td>-26%</td>
</tr>
<tr>
<td>Forest Products</td>
<td>56</td>
<td>50</td>
<td>-11%</td>
</tr>
<tr>
<td>Industrial Chemicals &amp; Plastics</td>
<td>157</td>
<td>141</td>
<td>-10%</td>
</tr>
<tr>
<td>Metals &amp; Minerals</td>
<td>199</td>
<td>162</td>
<td>-19%</td>
</tr>
</tbody>
</table>

Volume in thousands of carloads.

---

**Premium**

- **Revenue**: $1,086M (-33%)
- **Volume**: 803K (-23%)
- **ARC**: $1,354 (-13%)

**Quarterly Drivers**

- Automotive Manufacturing Suspension and Resumption
- Temporary Retail Store Closings
- E-Commerce Strength

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>218</td>
<td>79</td>
<td>--64%</td>
</tr>
<tr>
<td>Intermodal</td>
<td>823</td>
<td>724</td>
<td>-12%</td>
</tr>
</tbody>
</table>

Volume in thousands of carloads.
Third Quarter Volume & Outlook

Third Quarter Volume To Date*

<table>
<thead>
<tr>
<th>Category</th>
<th>Volume Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium</td>
<td>+2%</td>
</tr>
<tr>
<td>Bulk</td>
<td>-13%</td>
</tr>
<tr>
<td>Industrial</td>
<td>-16%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-7%</td>
</tr>
</tbody>
</table>

7-Day Weekly Carloadings (000s)

- January: 2019, 2020
- December: 2019, 2020

* Volume through July 21

SECOND QUARTER 2020
FINANCIAL REVIEW

Jennifer Hamann
Executive Vice President & Chief Financial Officer
Second Quarter Operating Ratio and EPS
Favorable / (Unfavorable)

<table>
<thead>
<tr>
<th></th>
<th>Operating Ratio</th>
<th>EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second Quarter 2019</td>
<td>59.6%</td>
<td>$2.22</td>
</tr>
<tr>
<td>2019 Weather / Insurance Recovery</td>
<td>0.9 pts</td>
<td>$0.05</td>
</tr>
<tr>
<td>2019 Payroll Tax Refund</td>
<td>(0.7) pts</td>
<td>($0.04)</td>
</tr>
<tr>
<td>Fuel Price Impact</td>
<td>2.7 pts</td>
<td>$0.09</td>
</tr>
<tr>
<td>Core Results</td>
<td>(4.3) pts</td>
<td>($0.72)</td>
</tr>
<tr>
<td>Illinois Tollway Real Estate Sale</td>
<td>N/A</td>
<td>$0.07</td>
</tr>
<tr>
<td>Second Quarter 2020</td>
<td>61.0%</td>
<td>$1.67</td>
</tr>
</tbody>
</table>

Second Quarter Income Statement

$ in Millions (except EPS)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>$4,244</td>
<td>$5,596</td>
<td>(24)</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>2,590</td>
<td>3,336</td>
<td>(22)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>1,654</td>
<td>2,260</td>
<td>(27)</td>
</tr>
<tr>
<td>Other Income</td>
<td>131</td>
<td>57</td>
<td>F</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>(289)</td>
<td>(259)</td>
<td>12</td>
</tr>
<tr>
<td>Income Taxes</td>
<td>(364)</td>
<td>(488)</td>
<td>(25)</td>
</tr>
<tr>
<td>Net Income</td>
<td>$1,132</td>
<td>$1,570</td>
<td>(28)</td>
</tr>
<tr>
<td>Weighted Average Diluted Shares</td>
<td>679.2</td>
<td>708.0</td>
<td>(4)</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>$1.67</td>
<td>$2.22</td>
<td>(25)</td>
</tr>
</tbody>
</table>
Second Quarter Freight Revenue

$ in Millions

- Volume (19.50%)
- Mix/Price (2.25%)
- Fuel Surcharge (2.25%)

2019: $5,236
2020: $3,972

-24%

Second Quarter Operating Expenses

$ in Millions

- Compensation & Benefits $240 (21%)
- Fuel $313 (56%)
- Purchased Services & Materials $132 (23%)
- Equipment & Other Rents $49 (19%)
- Depreciation $0 Flat
- Other $12 (5%)

2019: $3,336
2020: $2,590

-22%
**Productivity Results**

**Net Productivity of $185 Million**

- **Car Velocity & Inventory**: $35
- **Train Length**: $75
- **Locomotive Efficiency**: $30
- **Workforce & Other Productivity**: $45

**Productivity Trend ($ in millions)**

- **1st Half**: $230
- **2nd Half**: $360

**Cash Generation & Liquidity**

**Cash From Ops** ($ in millions)

- **1H 2019**: $3,900
- **1H 2020**: $4,392

**Cash to Shareholders** ($ in millions)

- **1H 2019**: $5,396
- **1H 2020**: $4,275

**Cash Balance** ($ in millions)

- **12/31/19**: $831
- **3/31/20**: $1,130
- **6/30/20**: $2,706

**1st Half Year-to-Date**

- Cash Flow Conversion Rate Equal to 107% of Net Income*
- Adjusted Debt Increased $3 Billion since Year-End 2019
- Adjusted Debt / EBITDA of 2.9x*
- Repurchased 14 million Shares for a 4% Reduction in the Average Share Balance

*See Union Pacific website under Investors for a reconciliation to GAAP
Updated 2020 Guidance

• Volume Down 10% or so for Full Year 2020
• Productivity Exceeding $500 Million
• Pricing Gains in Excess of Inflation Dollars

• Strong Cash Generation and Cash Conversion Expected
  – Capital Spend of ~$2.9 Billion
  – Maintain Dividend

SECOND QUARTER 2020

Lance Fritz
Chairman, President & CEO
Looking Ahead

• Committed to Employee Safety & Health
• Deliver a Highly Consistent and Reliable Service Product
• Strong Balance Sheet & Liquidity
• Continued Unified Plan 2020 Implementation

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 improve network performance, its results of operations, and potential impacts of the Covid-19 pandemic. These statements are, or will be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of 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 2019, which was filed with the SEC on February 7, 2020 and the Company’s Quarterly Report on Form 10-Q which was filed with the SEC on April 23, 2020. 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.
Question & Answer Session