

A Union Pacific freight train is shown from a front-three-quarter perspective, traveling along a track that curves to the right. The lead locomotive is yellow with the number 7119 on its front and features the Union Pacific logo. It is pulling several freight cars with colorful containers in shades of blue, red, and green. The train is set against a backdrop of a dense forest of tall evergreen trees under a clear blue sky. A metal gantry structure with a signal light is positioned over the tracks. The overall scene is brightly lit, suggesting a sunny day.

# UNION PACIFIC CORPORATION

September 2020





## 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 July 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.

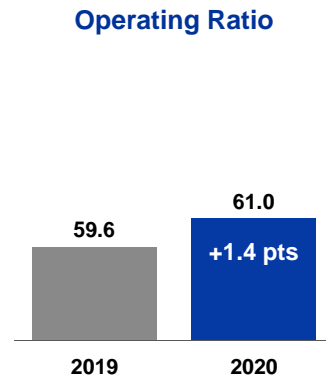
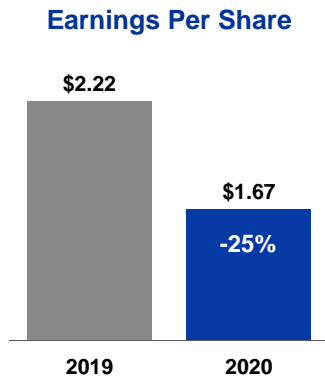


## CURRENT OVERVIEW / BUSINESS UPDATE

September 2020



## Second Quarter 2020 Results

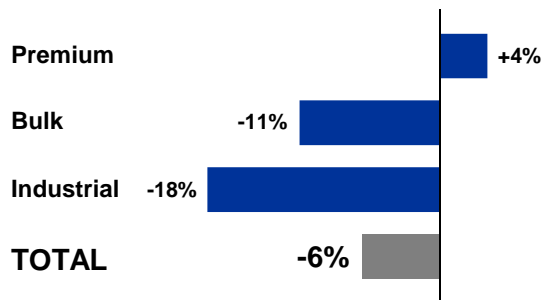


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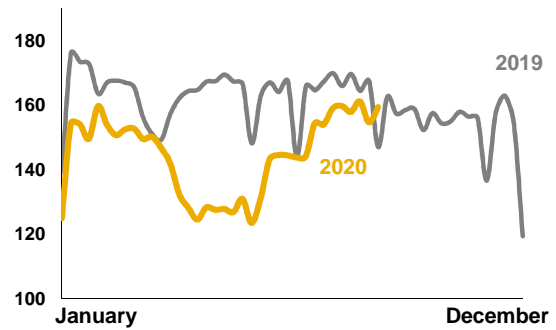


## Third Quarter Volume

Third Quarter Volume To Date\*



7-Day Weekly Carloadings (000s)



5 \* Volume through September 1

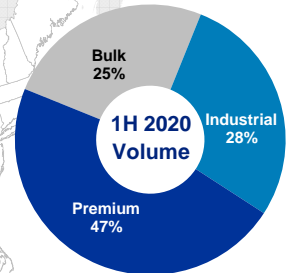
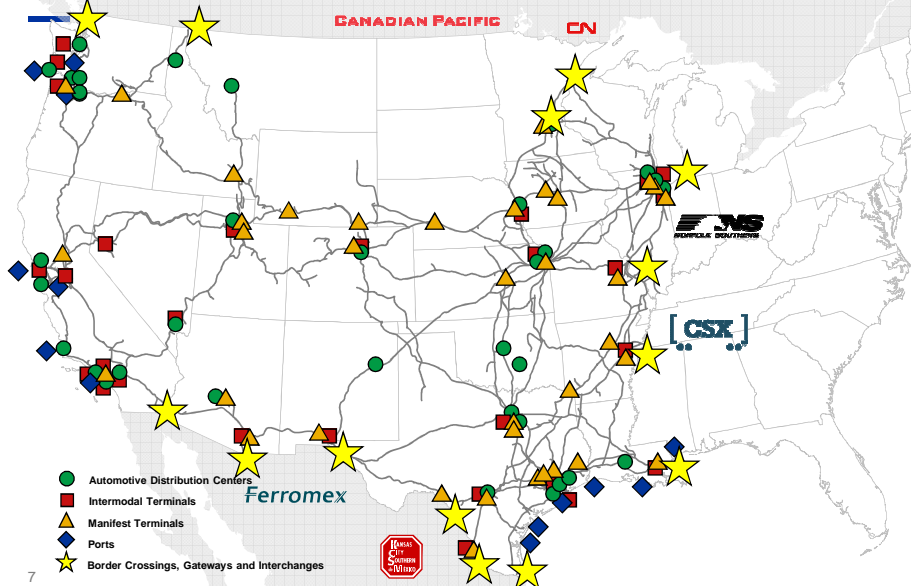


# BUSINESS TEAM REVIEW

September 2020



## Diverse Portfolio of Business



2019 Full Year Volume:  
Bulk 25%, Industrial 26%, Premium 49%

**1H 2020 Results**  
Revenue \$8,852M (-14%)  
Volume 3,658K (-13%)  
ARC \$2,420 (Flat)

ARC = Average Revenue Per Car



## Economic Indicators



	Industrial Production	GDP	Housing Starts (MM)	Light Vehicle Sales (MM)	Imports of Goods	Exports of Goods
2019	0.9%	2.3%	1.30	16.9	0.5%	-0.1%
2020	<b>-8.6%</b>	<b>-4.8%</b>	<b>1.26</b>	<b>13.6</b>	<b>-12.5%</b>	<b>-12.9%</b>
2021	1.9%	3.1%	1.29	14.6	7.3%	9.9%

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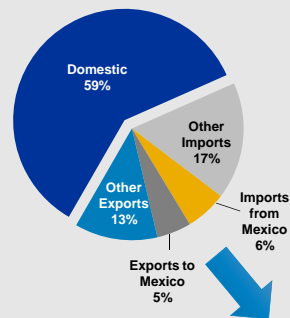
Source: IHS Markit U.S. Economic Outlook, August 2020



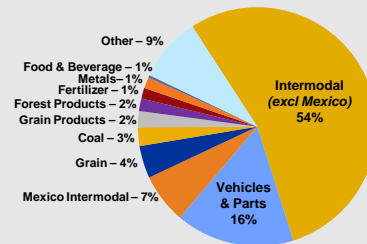
## International Trade

- Diverse franchise creates opportunity
- Off-shoring/near-shoring of U.S. manufacturing
- Demand for grain and food

### 2019 Freight Volumes

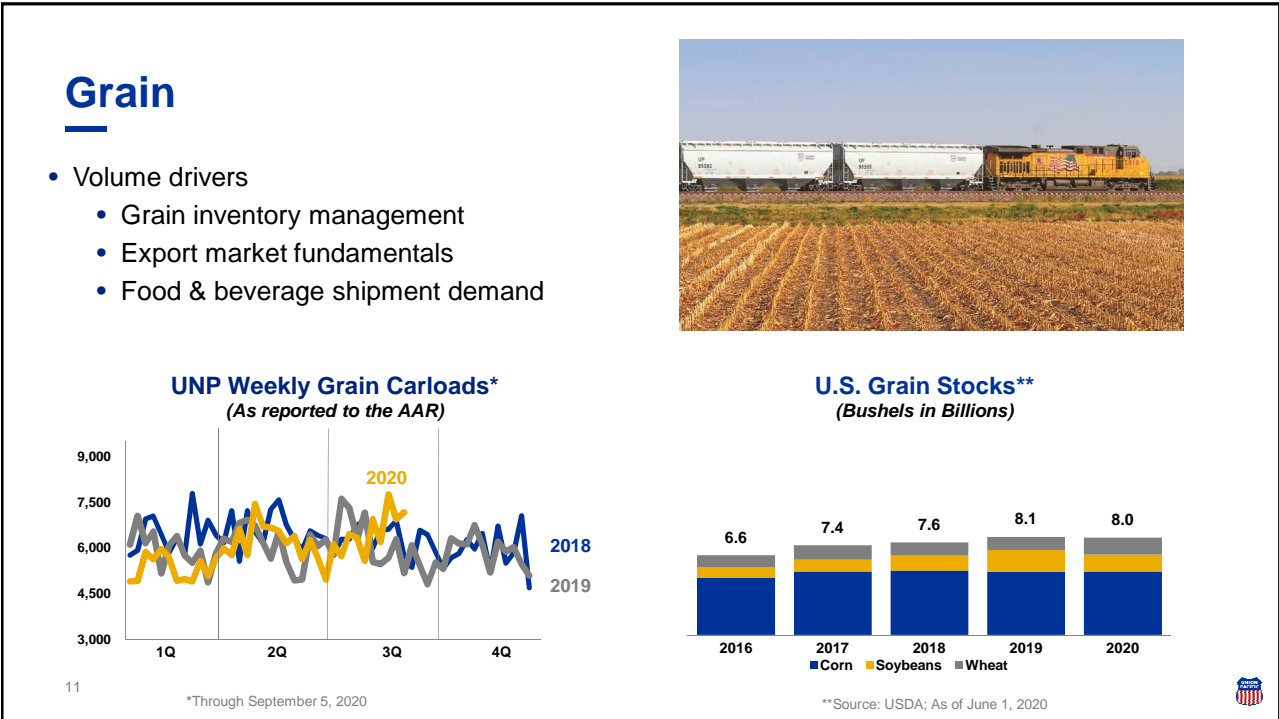
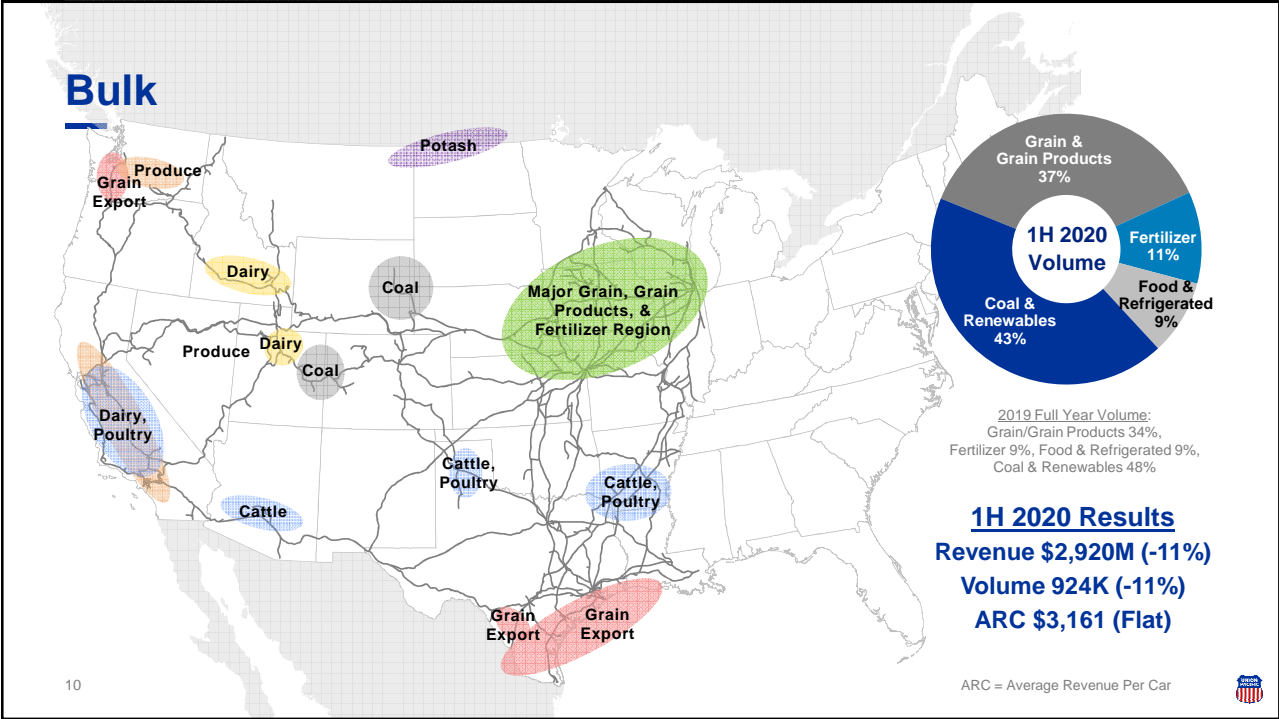


### International Volumes



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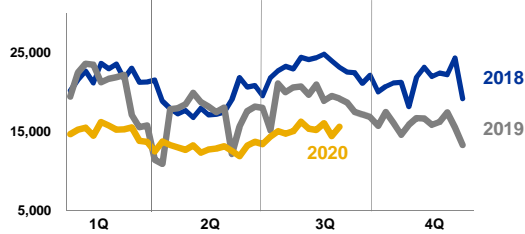


# Coal

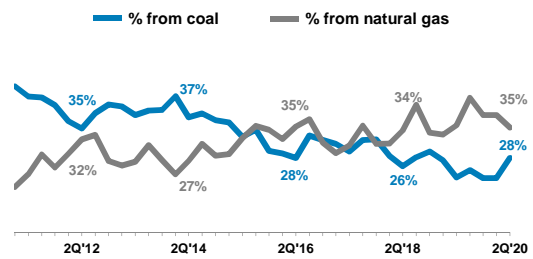
- Volume Drivers
  - Weather impacts demand
  - Natural gas prices
  - Coal inventory levels



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



**Electricity Generation Market Share\*\***



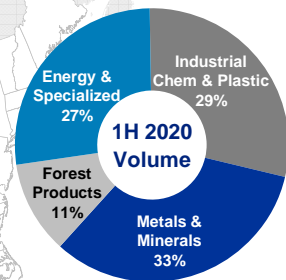
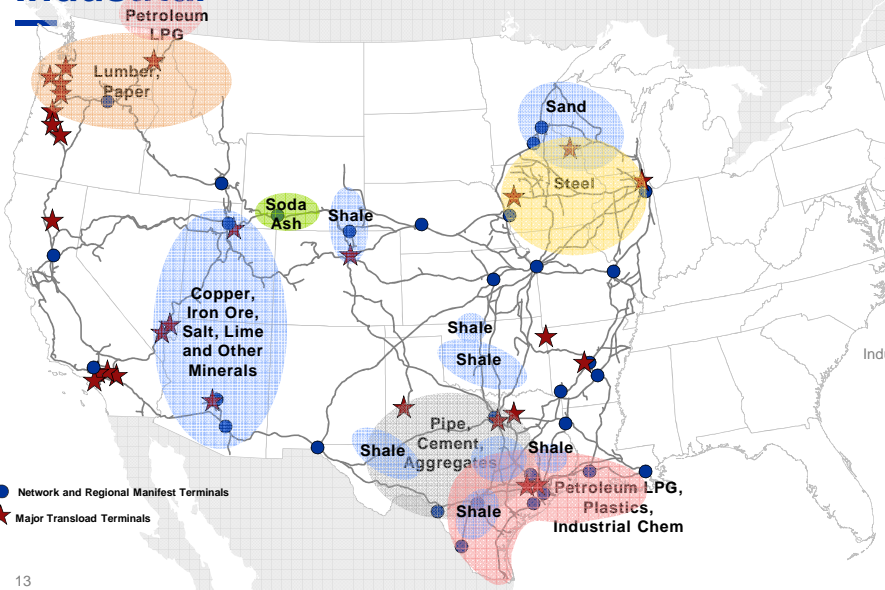
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\*Through September 5, 2020

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



# Industrial



2019 Full Year Volume:  
Energy & Specialized 28%,  
Industrial Chem & Plastic 28%, Metals & Minerals 34%,  
Forest Products 10%

**1H 2020 Results**  
Revenue \$3,394M (-10%)  
Volume 1,014K (-8%)  
ARC \$3,345 (-3%)

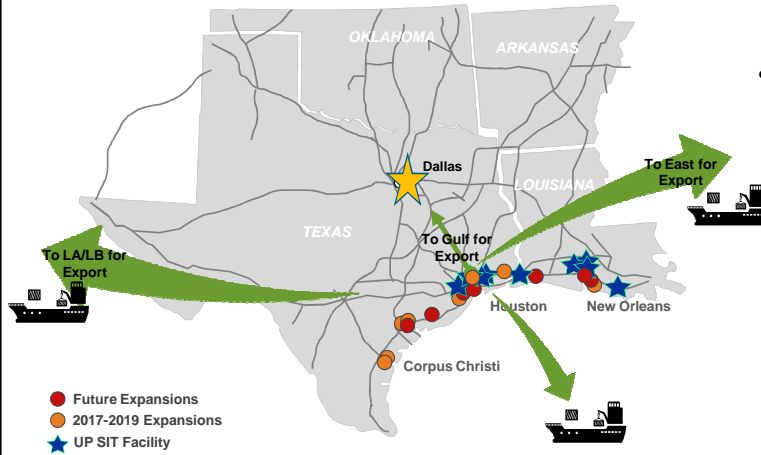
ARC = Average Revenue Per Car



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# Plastics



- Future Expansions
- 2017-2019 Expansions
- ★ UP SIT Facility

14 \*Source: American Chemistry Council, June 2019

- \$204 billion petrochemical investment in Gulf\*
- Comprehensive product offerings & service excellence
- Dallas to Dock service solution for export plastics
  - Plastic pellets travel in hopper cars from Gulf region to Dallas
  - Pellets are packaged and transferred into intermodal containers for export
  - Katoen Natie expanding their Dallas packaging facility to double capacity to 500,000+ square feet by fourth quarter 2020
  - KTN has the ability to grow to 2.5 million square feet



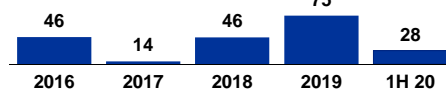
# Shale Related Volumes

First Half 2020*	Volume (000s)	% Change (vs 2019)	% of Total UP Volume
Crude	28	(12%)	0.8%
Frac Sand**	29	(62%)	0.8%

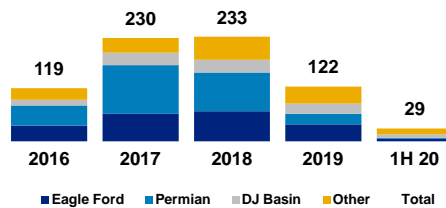
\* Excludes pipe related to shale activity  
 \*\* Includes Barites

- Crude oil drivers
  - Crude oil price spreads
  - Production & demand
  - Pipeline capacity
- Frac sand drivers
  - Energy prices
  - Rig counts
  - Enhanced fracing technology
  - White / brown sand mix

Crude Oil Volume (000s)



Frac Sand Volume\*\* (By Shale, 000s)



■ Eagle Ford ■ Permian ■ DJ Basin ■ Other Total

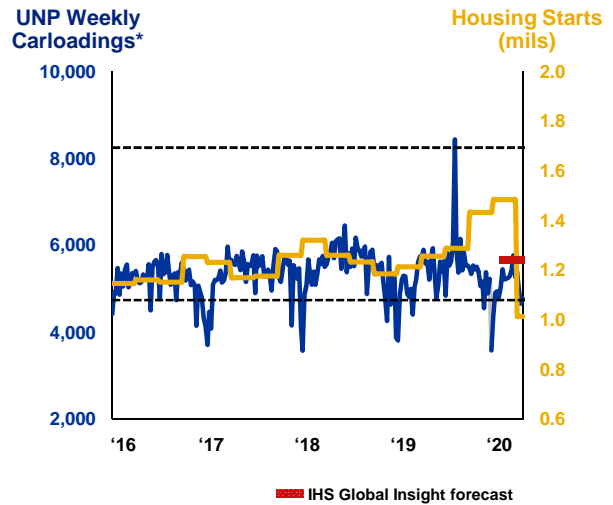
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## Housing Trends

- Housing market still well below historical averages
- UP lumber, stone & glass business correlates with housing starts
- Housing also drives appliances, roofing, rebar, aggregates, and cement demand
- Housing related shipments represent ~ 5-10% of current UP volumes

## Lumber, Stone & Glass

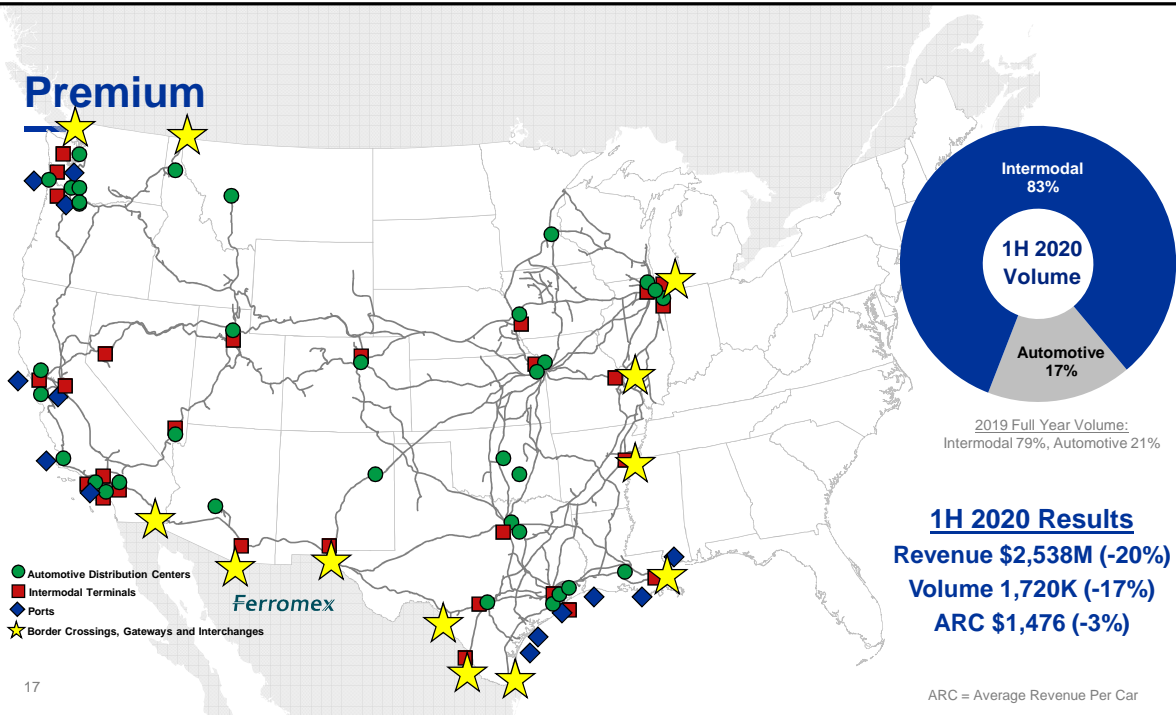


\*Through September 5, 2020

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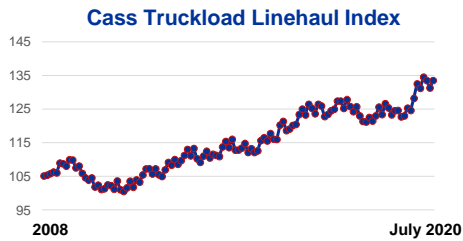
## Premium



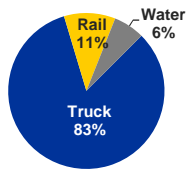
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# Highway Conversion Growth Opportunities



Transportation Mode  
(By Tonnage)

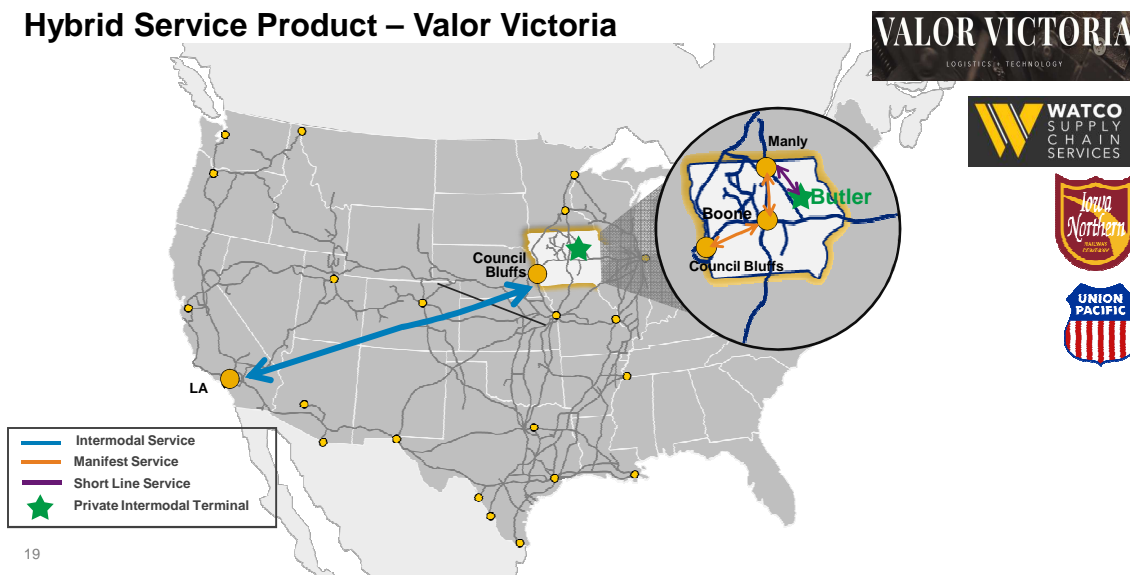


- Highway conversion opportunities in all business groups
- High insurance costs
- Drug & alcohol testing
- Truck capacity
- LOUP



# Butler Intermodal Terminal

Hybrid Service Product – Valor Victoria



Full-Service Expertise For Almost Any Commodity  
**Loup Total Supply Chain Logistics**



**Wholesale Intermodal**

Door-to-Door Service



**Retail Auto Parts**

Just-In-Time Performance



**Carload Traditional Rail**



**Carrier Relations**

Execution Capacity

**VALUE ADDED SERVICES**

**EQUIPMENT MANAGEMENT**

**POOL MANAGEMENT**

**INVENTORY MANAGEMENT**

**NETWORK OPTIMIZATION**

**VISIBILITY**

**MILITARY SERVICES**

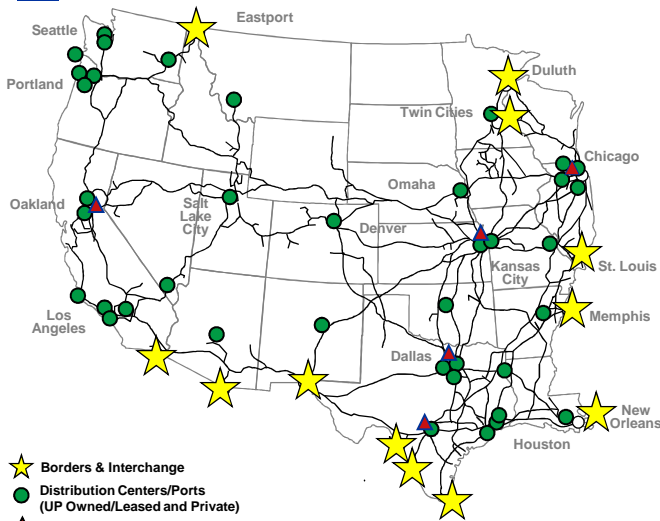
**WAREHOUSING  
TRANSLOADING**

**DRAYAGE SOURCING**

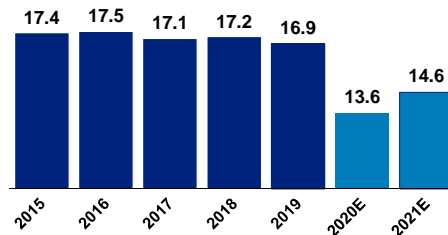
**CROSTOWN SERVICES**



**Finished Vehicles**



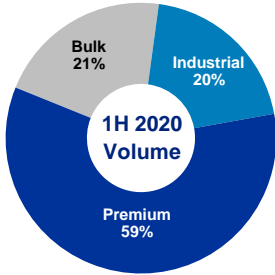
**U.S. Light Vehicle SAAR\***



\*Source: Global Insight



# Mexico



2019 Full Year Volume:  
Bulk 18%, Industrial 17%, Premium 65%

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# OPERATIONS OVERVIEW

September 2020

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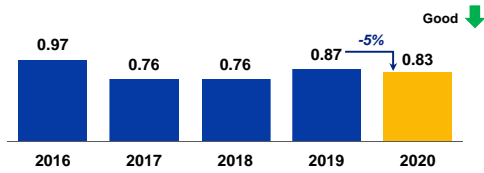


FIRST HALF RESULTS

# Safety

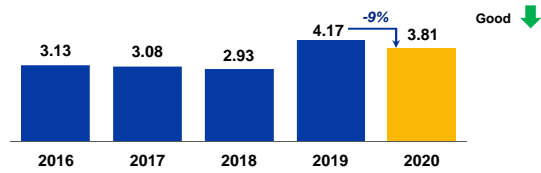
## Employee

(Reportable Personal Injury Incidents Per 200,000 Employee-Hours)



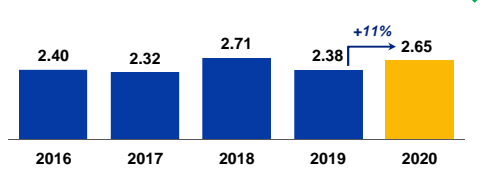
## Rail Equipment

(Reportable Derailment Incidents Per Million Train Miles)



## Public

(Crossing Accidents Per Million Train Miles)



- Continued Focus on Safety
- Goal of Zero Incidents



# Unified Plan 2020

## Precision Scheduled Railroading Tenets

- Shifting the focus of operations from moving trains to moving cars
- Minimizing car dwell, car classification events and locomotive requirements
- Utilizing general-purpose trains by blending train services
- Balancing train movements to improve the utilization of crews and rail assets



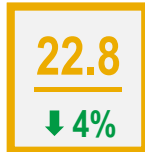
# Balancing Service and Efficiency

## Key Performance Metrics 3Q 2020 TD\* vs. 3Q 2019 TD\*

**Freight Car Velocity**  
(Daily Miles per Car)



**Freight Car Terminal Dwell**  
(Hours)



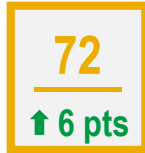
**Locomotive Productivity**  
(GTMs per HP Day)



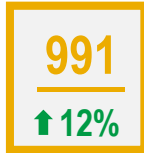
**Intermodal Trip Plan Compliance**  
(% of Boxes on Time)



**Manifest/Auto Trip Plan Compliance**  
(% of Cars on Time)

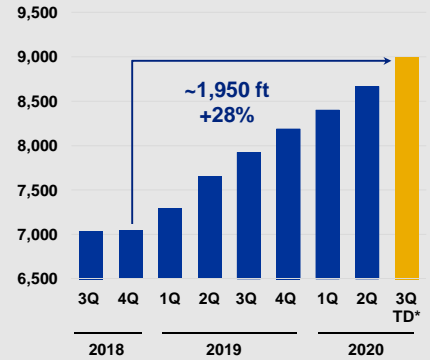


**Workforce Productivity**  
(Daily Miles per FTE)



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## Train Length (Max on Route, in Feet)

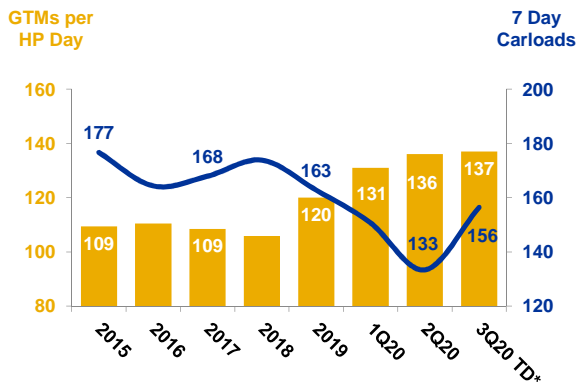


\* To Date Through August



# Unified Plan 2020

## Locomotive Productivity



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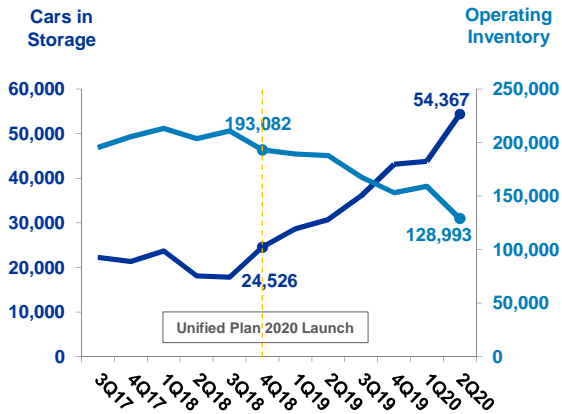
\* To Date Through August



- Result of using the locomotive fleet more efficiently
- Second quarter GTMs per horsepower day increased 12% compared to second quarter 2019
- Driven by less units, increased train length and reduced dwell

## Unified Plan 2020

### Inventory Management



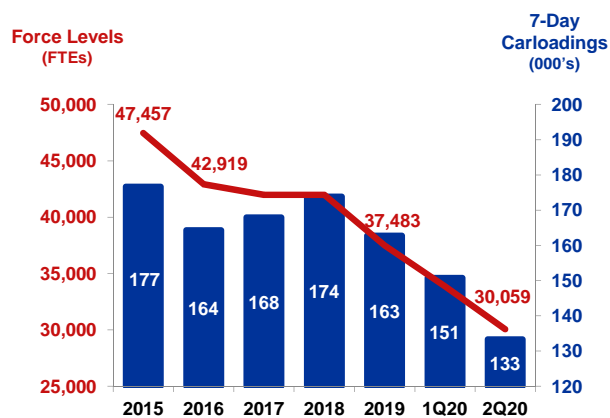
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- Operating inventory reduced with Unified Plan 2020
  - Excludes cars in storage and cars placed at customer
  - Change driven by improved freight car velocity and terminal dwell
- Cars in storage on the rise
  - Increased more than 80% since fourth quarter 2018

## Unified Plan 2020

### Employee Force Levels



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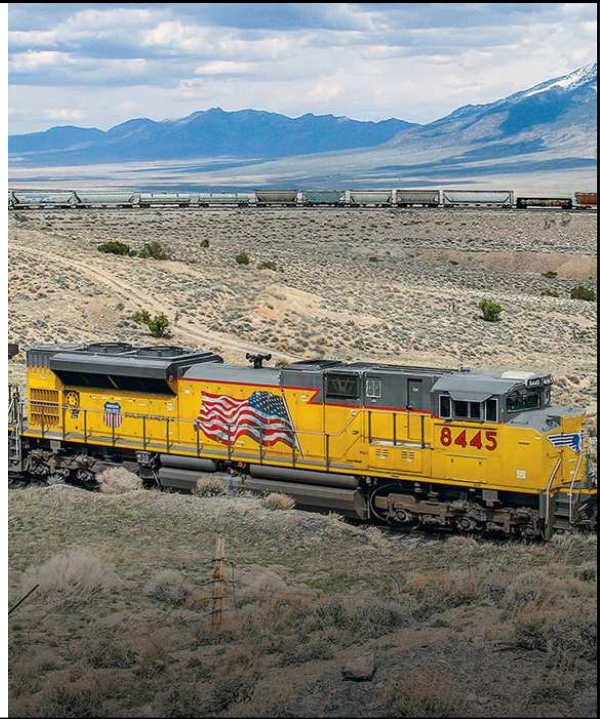


- Unified Plan 2020 driving a significant reduction in FTEs
  - Down ~22% or about 8,600 FTEs in second quarter 2020 from second quarter 2019
  - Lowest number of FTEs in the last 15 years
  - Driven by asset utilization and process improvements
- Additional opportunity exists



## Positive Train Control (PTC)

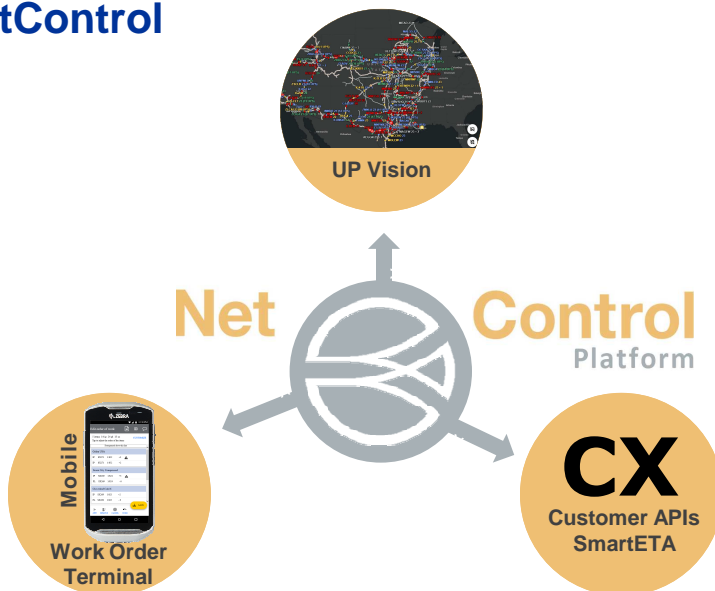
- Approximately \$2.9 billion invested through 2019
- Total estimated investment ~ \$2.9 billion
- Field testing since October 2013
- Installed on 100% of required rail lines
- Implemented on 100% of required rail lines
- Testing and refining PTC interoperability in 2020 and enhancing the Energy Management Systems



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Enabling New Capabilities

## NetControl



### Lines of Code



### Micro-services



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## Improving the Customer Experience Through APIs

- Launched over 30 external customer APIs since 2019, with more on the way
- Today we have nearly 75,000 subscriptions
- Real-time access to data between applications and devices
- Streamline and automate workflows
- Enables customer to take action on their shipments from their interfaces
- Expands visibility into the supply chain



**Shipment**  
Learn about your shipment(s) including their locations, events, product, status and ETA



**Location/Tracks**  
Display information about tracks at your facility



**Order In**  
Request rail car if you are an *Order In* customer



**Release**  
Identify rail cars to be released to/from an industry track



**Equipment**  
Display details and characteristics of specific equipment IDs



**Cases (Service Issues)**  
Retrieve case (service issue) status, details and responses



**Gate Reservation**  
Provides intermodal specific services, like create and view gate reservations



**Accounts/Contacts**  
Retrieve information associated with your business(es) and people



**UPGo - Intermodal**  
Provides intermodal driver services to expedite the intermodal terminal experience

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## ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

September 2020

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# Sustainability Development Goals



Union Pacific has a role to play in all of the UN's Sustainability Goals, with a focus on these seven:



# Union Pacific's Sustainability Work



## Quality Education

- Our funding covers educational programs for youth to adult learners
- Invest in programming for youth that emphasizes STEM-related careers
- Innovative partnership with University of Nebraska at Omaha allows employees to continue to work while pursuing degrees
- Union Pacific is the largest private donor to the National Park Foundation's Open Outdoors for Kids program



## Gender Equality

- Taking aggressive steps to remove barriers for women in a predominantly male-dominated rail industry
- Goal to double representation of women to 11% by 2030



## Decent Work and Economic Growth

- One job in the rail sector supports eight others across the economy
- Create economic opportunities for local communities through direct employment and prosperity created by local employee spending



## Industry, Innovation and Infrastructure

- Capital investments of approximately \$3 billion annually represent our commitment to building a sustainable rail network that can support economic growth for generations to come
- Continually invest in new technologies that enhance safety, efficiency and service



## Union Pacific's Sustainability Work



### Reduced Inequalities

- Create a work environment that respects and values differences, which is essential for employees to reach their fullest potential
- Believe diversity, equity and inclusion is the right approach and also our responsibility



### Sustainable Cities and Communities

- Work with businesses to find solutions that decrease emissions and congestion on America's already stressed highways and interstates
- Union Pacific generated an estimated 1.4 million tons of waste and diverted approximately 67% from landfills.



### Responsible Consumption and Protection

- Our footprint touches many diverse ecosystems, and we are committed to being a responsible steward of the land we own.
- We work to preserve our ecosystems, improve our resiliency and reduce our impact
  - Fuel efficiency efforts
  - Protect water sources
  - Utility conservation projects

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## Safety Is Our Priority

### Safety Inspection Fleet

- State-of-the-art equipment to regularly inspect rail lines
- Evaluates track structure wear and tests for defects to help prevent derailments, maintain track health and increase track longevity



### Autonomous Boxcar Geometry Measurement System

- Track inspection system housed in a regular boxcar and powered by solar panels
- Attached to a train hauling freight to look for track abnormalities

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## Protecting the Environment

- We move one ton of freight 444 miles on a single gallon of diesel fuel
- Rail moves 33% of all freight ton miles in U.S. but responsible for 2% of transportation emissions\*
- Committed to setting science-based targets to reduce emissions by 2030
- Innovative locomotive software to help save fuel installed on the majority of high-horsepower units



**LESS FUEL = CLEANER AIR**

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\*Source: EPA Inventory of U.S. Greenhouse Gas Emissions and Sinks 1990-2017; Bureau of Transportation Statistics 2017



## Reducing the Impact on the Environment

### In 2019

- Union Pacific reduced greenhouse gas (GHG) emissions 1.8M metric tons or 11% due to decreased freight volume and significantly improved operations
- Carbon Emissions Estimator
  - Calculate GHG emissions savings
  - Sending emissions savings estimate to customers since 2013
- Our customers reduced 25M metric tons of GHG emissions by choosing rail over truck transportation

Origin City, State:  Destination City, State:

Commodity:  Number of Truckloads:

Select a Commodity

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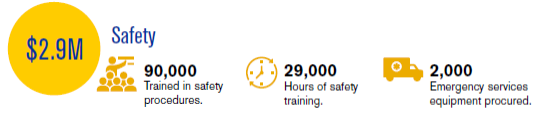


# Innovations Conserve Fuel

Setting science-based targets to reduce emissions by 2030



# Strengthening Our Communities



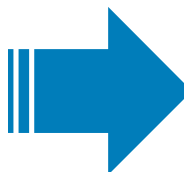
# FINANCIAL REVIEW

September 2020



## Updated 2020 Guidance

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



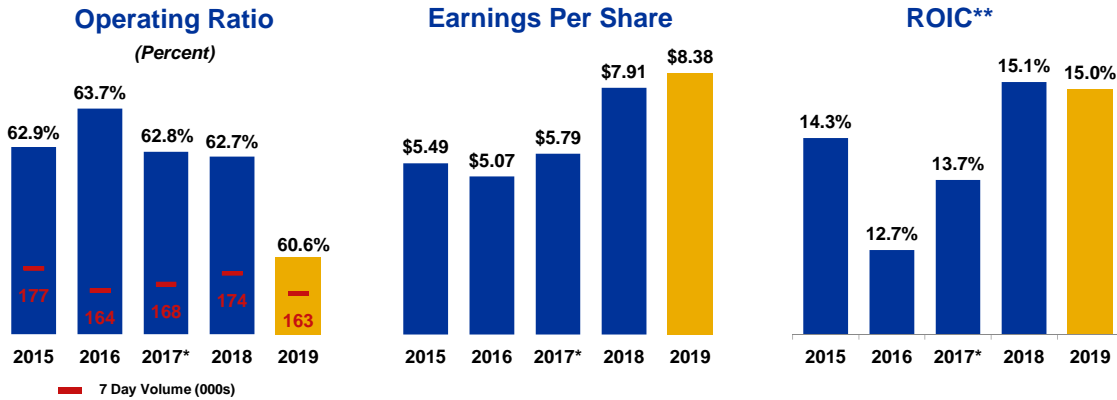
Full Year  
Operating Ratio  
Improvement

- 
- Strong Cash Generation and Cash Conversion Expected
    - Capital Spend of ~\$2.9 Billion
    - Maintain Dividend



# Financial Performance

## Expanding Margins and Driving Returns



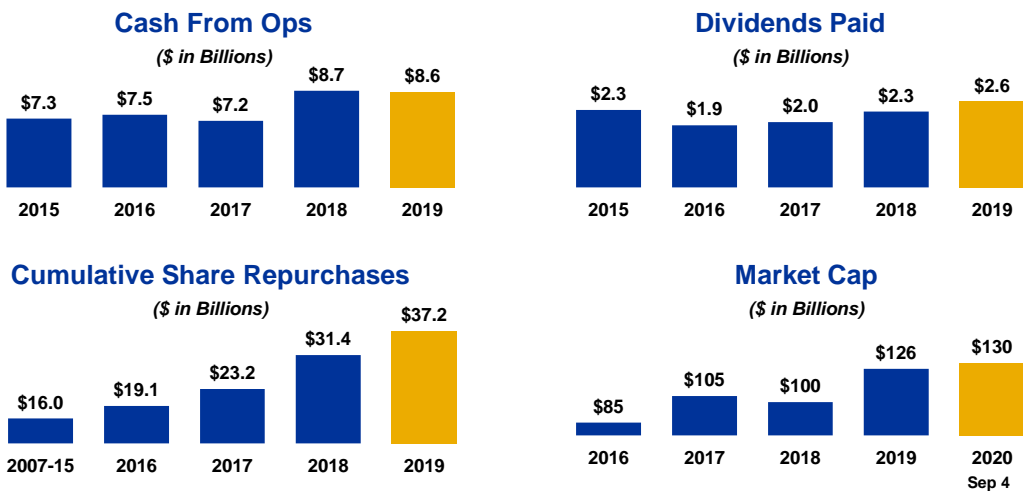
44

\*Adjusted to exclude the impact of Corporate Tax Reform  
 \*\* See Union Pacific website under Investors for a reconciliation to GAAP.



# Financial Performance

## Growing Cash Flow and Shareholder Returns



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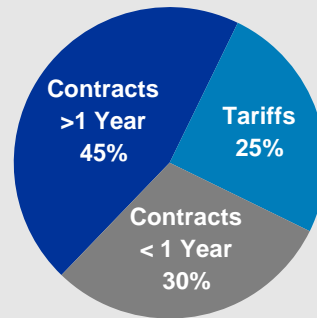




## Pricing Fundamentals

- Unified Plan 2020 service reliability drives cost savings to the customer
- Balanced portfolio provides flexibility for repricing as value grows
- Pricing above inflation

### Balanced Revenue Portfolio



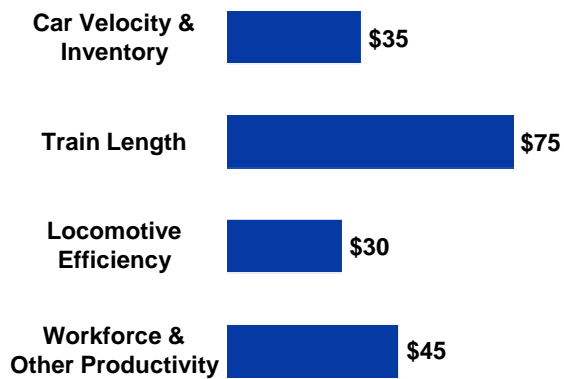
46



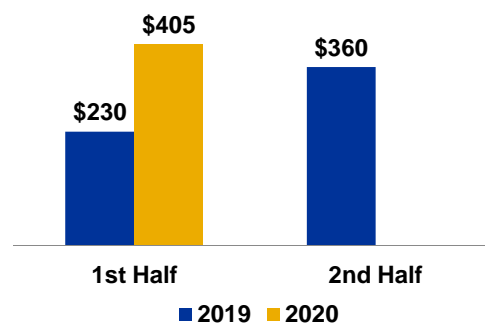
SECOND QUARTER 2020

## Productivity Results

### Net Productivity of \$185 Million



### Productivity Trend (\$ in millions)

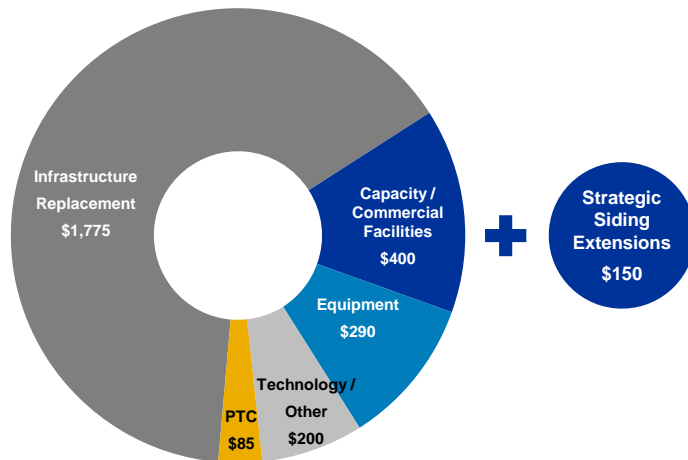


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## Strengthening the Franchise

### 2020 Capital Plan (\$ In Millions)

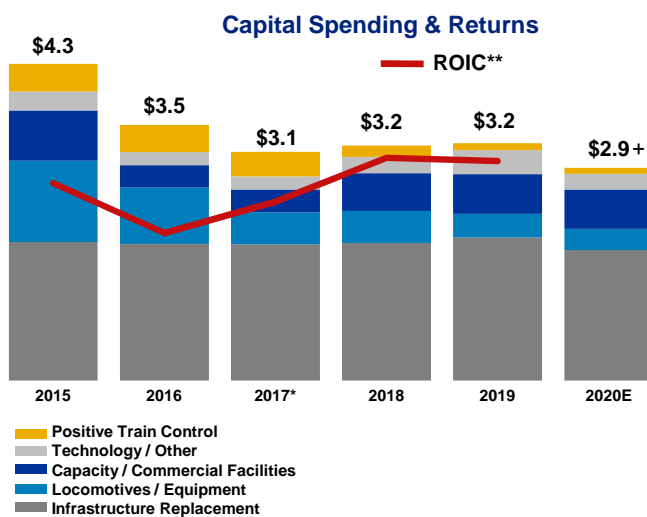


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- 2020 Capital Plan ~\$2.9+ billion
- Safe & resilient infrastructure
- Capacity & commercial facilities
- \$150 million for strategic siding extensions
- Equipment acquisitions:
  - Locomotive modernizations
  - Targeted freight car purchases
- PTC spending



## Capital Program



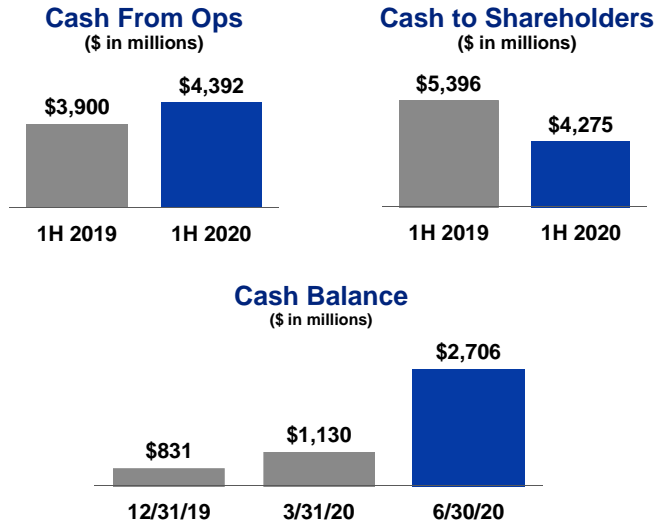
49

\*Adjusted to exclude the impact of Corporate Tax Reform.  
 \*\*See Union Pacific website under Investors for a reconciliation to GAAP.

- Return-focused capital program
- Productivity through G55+0 initiatives
- Capex less than 15% of revenue longer-term



## Cash Generation & Liquidity



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

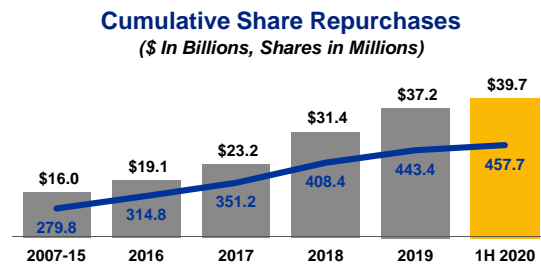
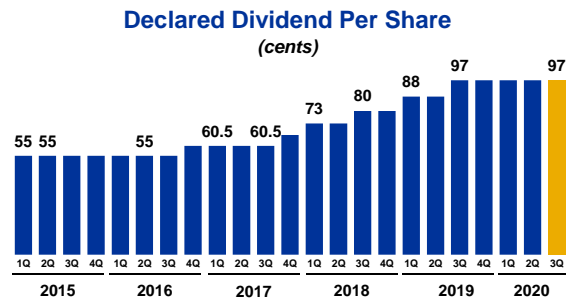
### 1<sup>st</sup> Half Year-to-Date

- 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



## Shareholder Returns

- Dividend payout target of 40% to 45%
- Repurchased ~40% of shares since 2007
- Share repurchase authorization three years beginning April 1, 2019
- Up to 150 million shares
- *Suspended share repurchase program as of March 2020*



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