



April 23, 2015

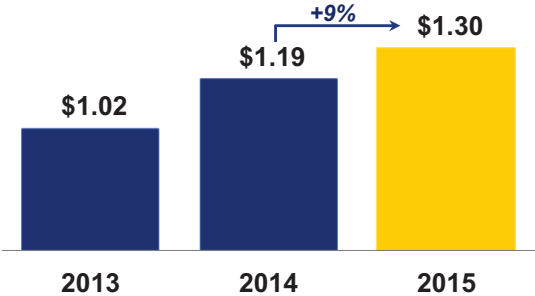
First Quarter 2015 Earnings Release

Lance Fritz
President & CEO

First Quarter 2015 Results



Earnings Per Share *First Quarter*



Positives

- Operating Income up 7%
- Operating Ratio improved 2.3 pts.
- Earnings Per Share up 9%
- Solid Core Pricing

Challenges

- Softness in Demand
- Resource Agility



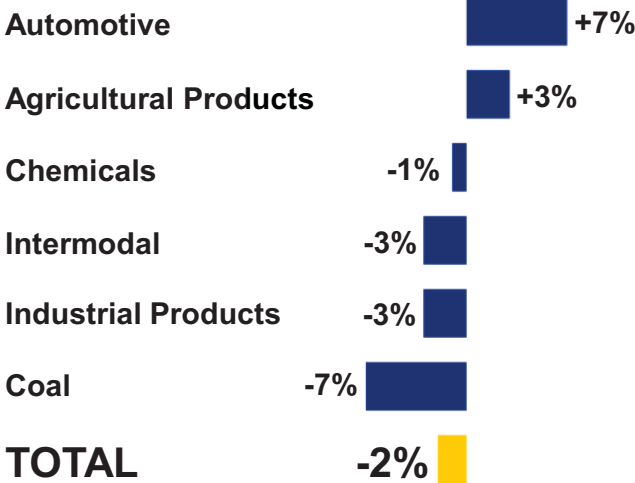
April 23, 2015

First Quarter 2015 Marketing & Sales Review

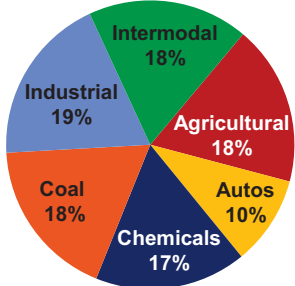
Eric Butler
Executive VP - Marketing & Sales

First Quarter 2015 Recap

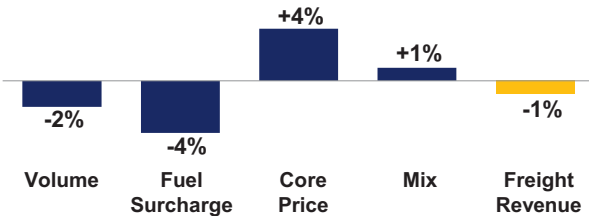
Volume Growth



Freight Revenue Mix

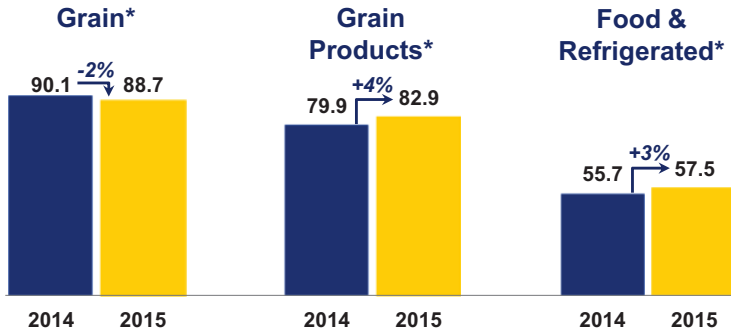


Freight Revenue Performance (Year-Over-Year Change)

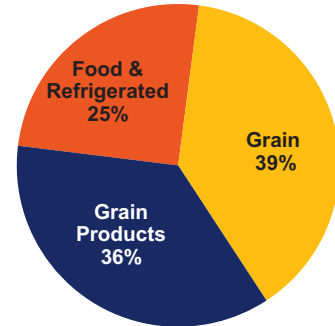


Agricultural Products

Revenue \$939M (+3%) Volume 245K (+3%) ARC \$3,838 (+1%)



Volume Mix



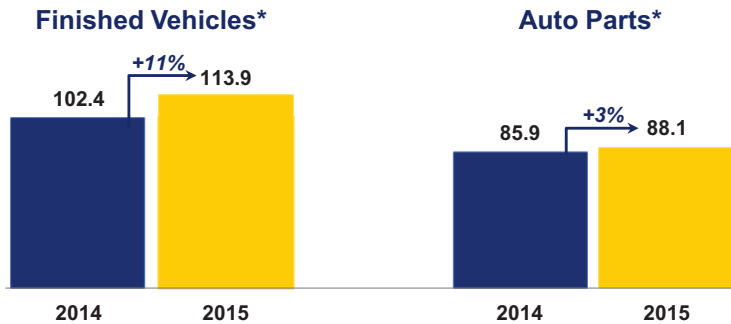
Quarterly Drivers

- Gulf and River Exports
- Higher Ethanol Demand
- Continued Import Beer Strength

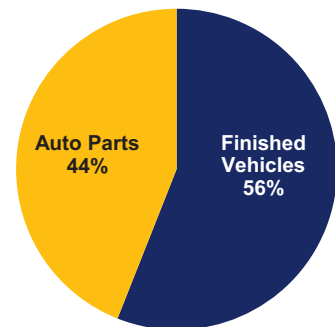
*Volume in thousands of carloads and excludes equipment shipments

Automotive

Revenue \$516M (+6%) Volume 202K (+7%) ARC \$2,553 (-1%)



Volume Mix



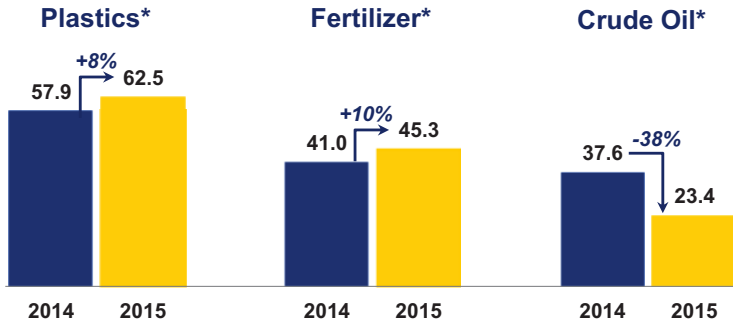
Quarterly Drivers

- Strong Consumer Demand
- Reduced Winter Weather Impact

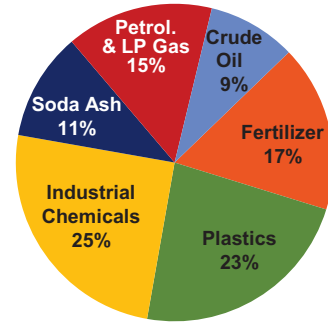
*Volume in thousands of carloads

Chemicals

Revenue \$897M (Flat) Volume 267K (-1%) ARC \$3,362 (+2%)



Volume Mix



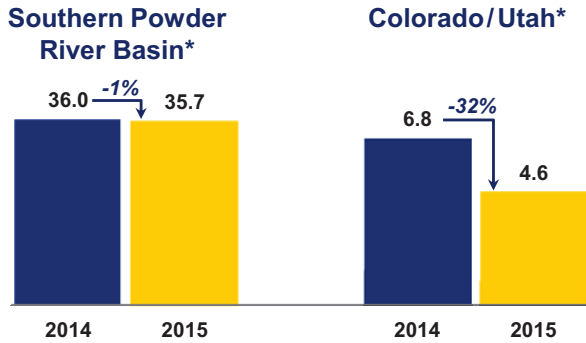
Quarterly Drivers

- Plastics Excess Inventory and Resin Pricing
- Strong Fertilizer Demand
- Crude Oil Prices

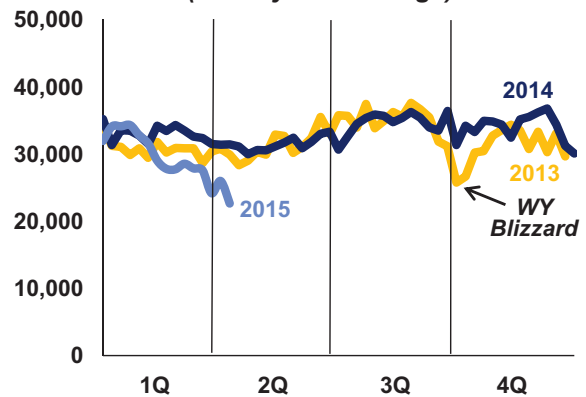
*Volume in thousands of carloads

Coal

Revenue \$915M (-5%) Volume 399K (-7%) ARC \$2,293 (+3%)



Volume Impact (Weekly Carloadings)



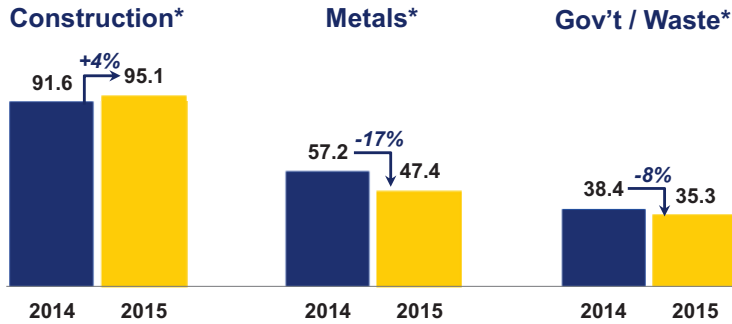
Quarterly Drivers

- Mild Winter Weather
- Natural Gas Prices
- Soft Export Demand

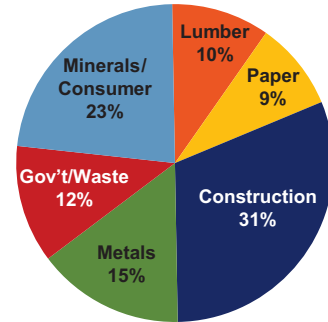
*Tons in Millions

Industrial Products

Revenue \$1,017M (+1%) Volume 306K (-3%) ARC \$3,325 (+3%)



Volume Mix



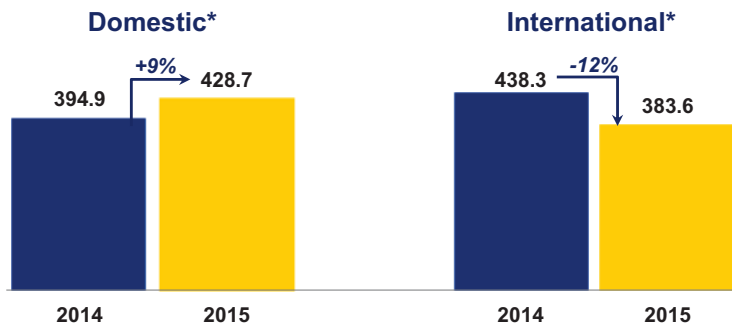
Quarterly Drivers

- Strong Demand for Aggregates
- Low Crude Oil Prices Impact Drilling Materials
- Decline in Waste Shipments

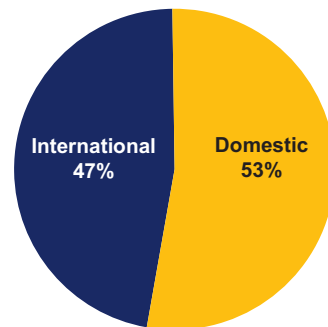
*Volume in thousands of carloads

Intermodal

Revenue \$967M (-5%) Volume 812K (-3%) ARC \$1,191 (-3%)



Volume Mix



Quarterly Drivers

- Broad Based Growth in Domestic
- West Coast Port Labor Dispute

*Volume in thousands of carloads

2015 Volume Outlook



Agricultural Products
? Weather / 2015 Crop
+ Ethanol & DDGs
+ Beer & Refrigerated



Chemicals
+ Most Markets Remain Solid
- Crude Oil Prices and Spreads



Automotive
+ Strong Industry Sales Continue



Industrial Products
- Shale Drilling
+ Construction Products
+ Housing



Coal
? Weather
- Natural Gas Prices



Intermodal
+ Domestic Highway Conversions
+ Consumer Demand
? International



April 23, 2015

First Quarter 2015 Operations Review

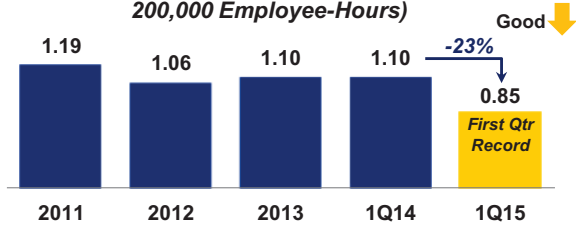
Cameron Scott
Executive VP - Operations

Safety



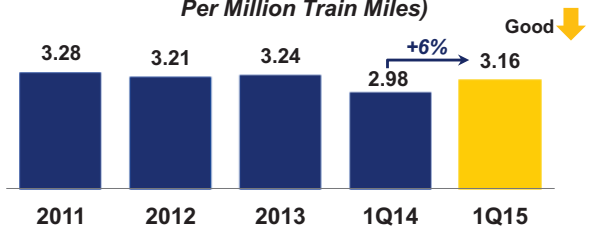
Employee

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



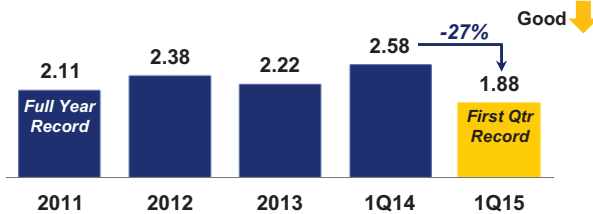
Rail Equipment

(Reportable Derailment Incidents Per Million Train Miles)



Public

(Crossing Accidents Per Million Train Miles)



- Commitment to Find & Address Risk in the Workplace
- Focus on Human Factor Incidents & Infrastructure Investment
- Continuous Improvement on the Way Towards Zero

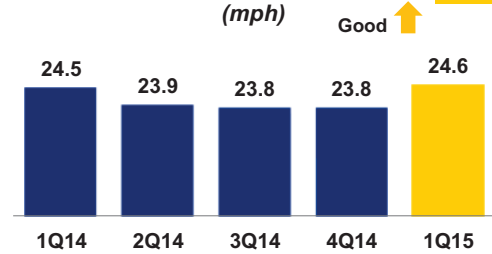
Network Performance



- Dynamic Environment
- Working to Align Resources with Demand
- Focus on Improving Service & Costs

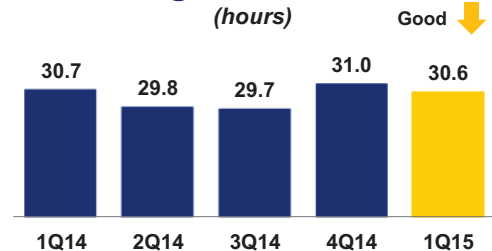
Velocity*

(mph)



Freight Car Dwell*

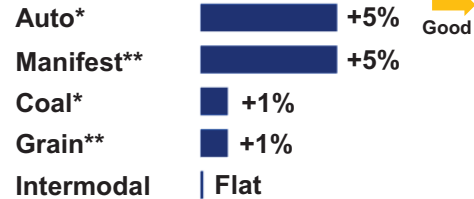
(hours)



Network Productivity

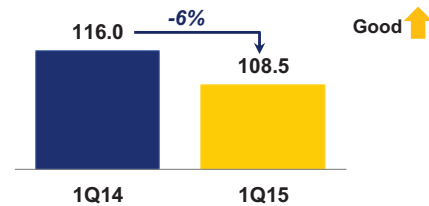
- Record Train Size Performance
- Terminal Improvement
- Limited Resource Productivity

Train Size Performance (vs 1Q14)



* Best-ever quarter **First quarter record

Locomotive Productivity (Gross Ton Miles per HP Day)



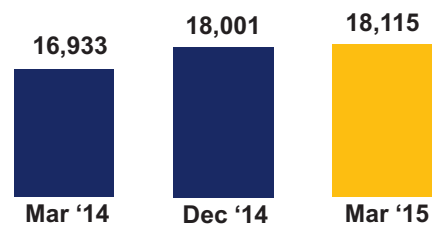
15

Balancing Our Resources

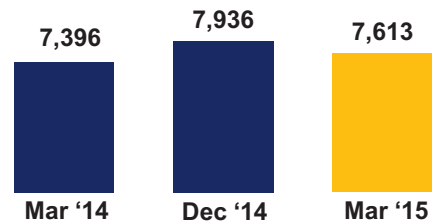
Workforce & Equipment

- TE&Y Workforce
 - Furlough / AWTS: 500
 - 2015 New Hire Plan: 2,400
 - Reduction of 400 From Original Plan
- Locomotives
 - Storage: 475
 - 2015 Acquisition Plan: 218

Total TE&Y (Includes Training)



Active Locomotive Fleet



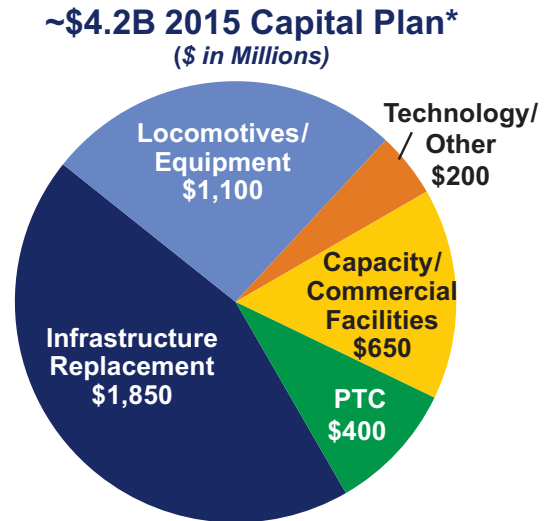
16

Strengthening the Franchise

Replacement, Growth & Productivity, and PTC



- Safe and Resilient Infrastructure
- Continued Capacity Spending
 - Southern Region
 - Network Strategies
- Equipment Acquisitions
 - 218 New Locomotives
 - 800 Freight Cars
 - More than 3,500 Containers & 6,500 Chassis



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

Positive Train Control (PTC) Status Overview

2015 Implementation Unattainable



- Challenges and Hurdles
- Approximately \$1.7 Billion Invested through March 2015

			<u>\$ in Billions</u>
Initial 2011 Estimate		~\$2.0	
Regulatory / Redundancy	Add'l Miles, Testing, Radio R&D, Other		\$0.5
Revised Estimate		~\$2.5	

- Field Testing since October 2013
- Proposed Legislation would Extend the Deadline

2015 Operating Outlook

- Record Safety Results on the Way Towards Zero
- Drive Improvement in Network Performance
- Realize Productivity
- Remain Agile & Focus on Costs
- Create Value for Customers & Increase Returns for Shareholders



April 23, 2015

First Quarter 2015 Financial Review

Rob Knight
CFO

First Quarter Income Statement

In Millions (except EPS)

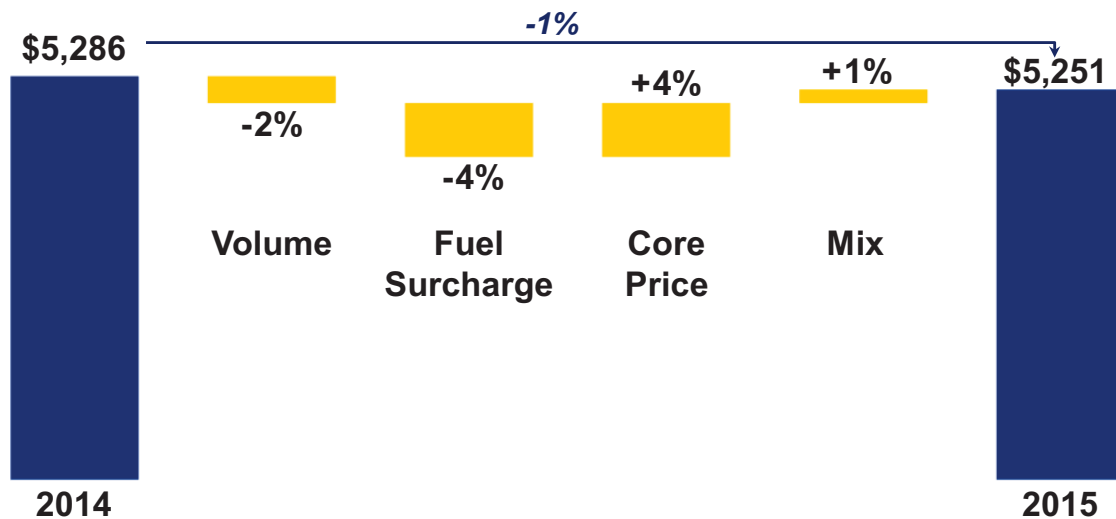


	<u>2015</u>	<u>2014</u>	<u>%</u>
Operating Revenues	\$5,614	\$5,638	-
Operating Expenses	<u>3,637</u>	<u>3,784</u>	(4)
Operating Income	<u>1,977</u>	<u>1,854</u>	7
Other Income	26	38	(32)
Interest Expense	(148)	(133)	11
Income Taxes	<u>(704)</u>	<u>(671)</u>	5
Net Income	<u>\$1,151</u>	<u>\$1,088</u>	6
Weighted Average Diluted Shares	882.8	912.5	(3)
Diluted EPS	<u>\$1.30</u>	<u>\$1.19</u>	9

21

Freight Revenue

First Quarter (In Millions)



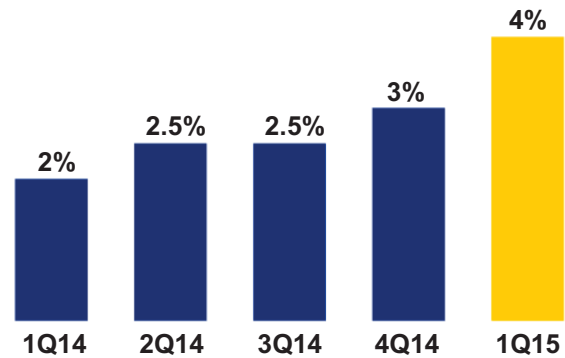
22

Core Pricing Trends



- Core Pricing Above Inflation
- More Favorable Pricing Environment
- Legacy Benefit
- Slightly Higher Inflation Escalators
- Pricing for Reinvestibility

2014-15 Core Pricing Gains

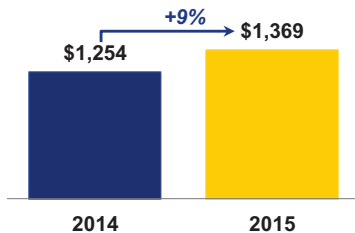


Compensation & Benefits Expense

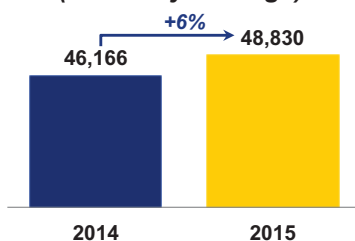
First Quarter 2015 \$1,369M, +9%



Compensation & Benefits (in Millions)



Workforce Levels (Quarterly Average)



Quarterly Drivers

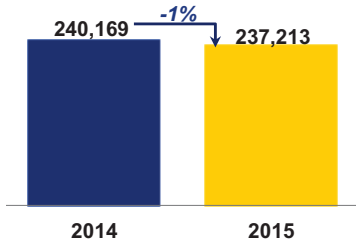
- Inflation Costs
- Training Pipeline
- Operational Inefficiencies
- TE&Y Hiring
- Increase in Capital Labor

Fuel Expense

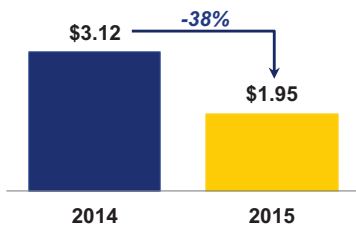
First Quarter 2015 \$564M, -39%



Gross-Ton-Miles (in Millions)



Average Fuel Price (Per Gallon Consumed)



Quarterly Drivers

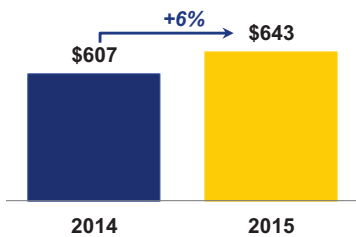
- GTMs Decreased 1%
Driven by Lower Volumes
- Consumption Rate Improved 1%
- Lower Average Diesel Fuel Price

First Quarter 2015 Expense Review

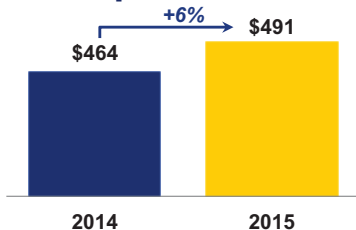
In Millions



Purchased Services & Materials



Depreciation



Quarterly Drivers

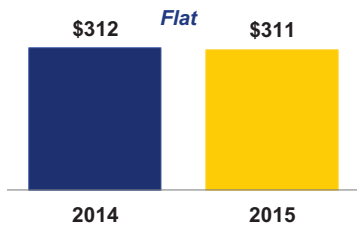
- Increased Locomotive & Freight Car Material Costs
- Higher Depreciable Asset Base

First Quarter 2015 Expense Review (cont)

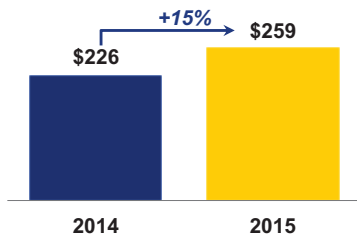
In Millions



Equipment & Other Rents



Other



Quarterly Drivers

- Higher Freight Car Rental Expense
- Lower Other Rents Expense

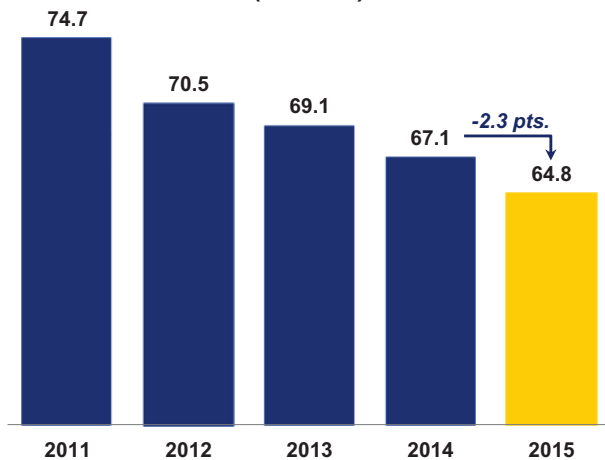
- Higher State & Local Taxes
- Higher Casualty Expense

27

Operating Ratio Performance



First Quarter (Percent)



- Pricing Above Inflation
- Softer Volumes
- Operational Inefficiencies
- Fuel Benefit

Full Year Target of 60^{+/-} by Full Year 2019

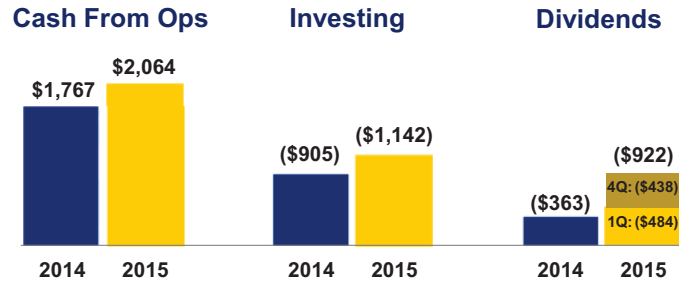
28

Strong Financial Position

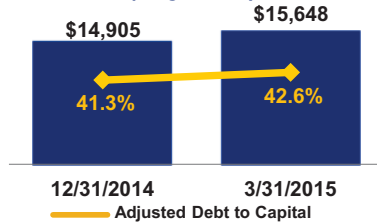
Three Month Period Ending March 31 (\$ In Millions)



Free Cash Flow*



Total Debt* (Adjusted)



- Solid Cash from Operations
- Increase in CapEx
- Dividends
 - 1Q: 10% Increase
 - Payment Date Adjustment
 - 4Q14: Jan 2
 - 1Q15: Mar 30
- \$1.15 Billion Debt Issuance in Jan '15

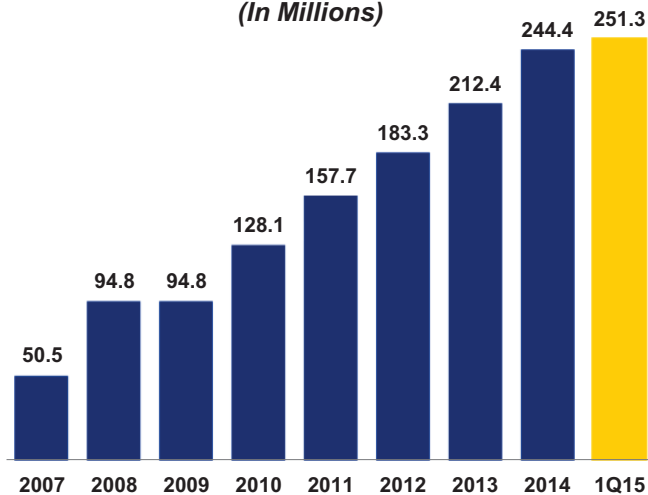
* See Union Pacific website under Investors for a reconciliation to GAAP.

29

Driving Strong Shareholder Value



Cumulative Share Repurchases (In Millions)



First Quarter Activity

- 6.9 Million Shares
- Repurchases Totaling \$807 Million

Repurchases Since 2007

- 251 Million Shares
- Avg Price: \$53.22

Current Program

- About 81 Million Shares Remain

30

2015 Outlook

Second Quarter

- Energy Volumes Challenged
 - Coal Down Mid-Single Digits
- Gradual Productivity Improvement

Full Year

- Continued Core Pricing Gains
- Uncertain Volume Outlook
- Potential Mix Shifts



April 23, 2015

First Quarter 2015 Earnings Release

Lance Fritz
President & CEO

Looking Ahead to the Future



- Energy Market Uncertainty
- Strengthening Economy
- Improving Network Performance
- Focus on Safety, Service & Returns



33

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 and demand levels; and its ability to generate financial returns, improve network performance and cost efficiency, provide quality customer service, 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.

34



April 23, 2015

First Quarter 2015 Earnings Release

Question & Answer
Session