Third Quarter 2015 Results

- Earnings Per Share Down 2%
- Softness in Demand
- Solid Core Pricing
- Record Operating Ratio
Third Quarter 2015 Recap

Volume Growth

<table>
<thead>
<tr>
<th>Category</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>+5%</td>
</tr>
<tr>
<td>Agricultural Products</td>
<td>-3%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>-3%</td>
</tr>
<tr>
<td>Intermodal</td>
<td>-4%</td>
</tr>
<tr>
<td>Industrial Products</td>
<td>-12%</td>
</tr>
<tr>
<td>Coal</td>
<td>-15%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>-6.5%</td>
</tr>
</tbody>
</table>

Freight Revenue Mix

- Industrial Products: 19%
- Intermodal: 20%
- Coal: 17%
- Chemicals: 17%
- Agricultural Products: 17%
- Autos: 10%

Freight Revenue Performance (Year-Over-Year Change)

- Volume: -6.5%
- Fuel Surcharge: -6%
- Mix: -1%
- Core Price: +3.5%
- Freight Revenue: -10%
Agricultural Products
Revenue $880M (-4%) Volume 232K (-3%) ARC $3,793 (-1%)

Quarterly Drivers
- Soft Export Grain Demand
- Record Soybean Meal Crush
- Refrigerated Market Headwinds

*Volume in thousands of carloads and excludes equipment shipments

Automotive
Revenue $529M (Flat) Volume 214K (+5%) ARC $2,469 (-5%)

Quarterly Drivers
- Consumer Demand Remains Strong
- Strength in Production Drives Parts

*Volume in thousands of carloads
**Chemicals**

Revenue $882M (-6%) Volume 278K (-3%) ARC $3,165 (-3%)

Quarterly Drivers
- Stable Resin Pricing and Export Growth Drives Plastics
- Delayed Fertilizer Demand
- Low Crude Oil Prices & Unfavorable Spreads

*Volume in thousands of carloads

**Coal**

Revenue $898M (-18%) Volume 398K (-15%) ARC $2,259 (-4%)

Quarterly Drivers
- Natural Gas Market Share
- Higher Coal Inventories
- Soft Export Demand

*Tons in Millions
Industrial Products
Revenue $979M (-16%) Volume 319K (-12%) ARC $3,073 (-4%)

Quarterly Drivers
• Reduction in Drilling Activity
• Low Commodity Prices & Strong U.S. Dollar
• Solid Demand for Construction Products

Intermodal
Revenue $1,047M (-11%) Volume 898K (-4%) ARC $1,166 (-7%)

Quarterly Drivers
• Slow Recovery of West Coast Share
• Strong Prior Year Comp
• High Retail Inventory Levels
Fourth Quarter 2015 Volume Outlook

**Agricultural Products**
- Global Grain Supply
- Refrigerated Markets

**Chemicals**
+ Core Markets Solid
- Crude Oil Prices and Spreads

**Automotive**
+ Strong Industry Sales Continue

**Industrial Products**
- Shale Drilling
- Housing Impact
+ Construction Products

**Coal**
- Price of Natural Gas
- Exports
- Weather

**Intermodal**
+ Domestic Highway Conversions
- Retail Sales

---

Third Quarter 2015 Operations Review

Cameron Scott
Executive VP - Operations
### Safety

**Employee**
*Reportable Personal Injury Incidents Per 200,000 Employee-Hours*

<table>
<thead>
<tr>
<th></th>
<th>FY 2011</th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2014*</th>
<th>YTD 2015*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.19</td>
<td>1.06</td>
<td>1.10</td>
<td>1.05</td>
<td>Good</td>
<td>-12%</td>
</tr>
</tbody>
</table>

**Public**
*Crossing Accidents Per Million Train Miles*

<table>
<thead>
<tr>
<th></th>
<th>FY 2011</th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2014*</th>
<th>YTD 2015*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.11</td>
<td>2.38</td>
<td>2.22</td>
<td>2.21</td>
<td>Good</td>
<td>+2%</td>
</tr>
</tbody>
</table>

### Rail Equipment
*Reportable Derailment Incidents Per Million Train Miles*

<table>
<thead>
<tr>
<th></th>
<th>FY 2011</th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>YTD 2014*</th>
<th>YTD 2015*</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.28</td>
<td>3.21</td>
<td>3.24</td>
<td>3.04</td>
<td>Good</td>
<td>+17%</td>
</tr>
</tbody>
</table>

### Network & Service Performance

- **Solid Improvement**
- **Dynamic Environment**
- **Leverage Franchise Strengths**
- **Focus on Further Improving Service & Costs**

### Velocity & Dwell
*As Reported to the AAR*

<table>
<thead>
<tr>
<th></th>
<th>3Q11</th>
<th>3Q12</th>
<th>3Q13</th>
<th>3Q14</th>
<th>3Q15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freight Car Dwell (hrs)</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
</tr>
<tr>
<td>Velocity (mph)</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
</tr>
</tbody>
</table>

### Service Delivery & IS&P
*Includes early deliveries*

<table>
<thead>
<tr>
<th></th>
<th>3Q11</th>
<th>3Q12</th>
<th>3Q13</th>
<th>3Q14</th>
<th>3Q15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Delivery</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
</tr>
<tr>
<td>Industry Spot &amp; Pull (%)</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
</tr>
</tbody>
</table>
**Resourcing to Demand**
*Significant Progress in Third Quarter*

- **TE&Y Workforce**
  - Furlough / AWTS: ~2,700*
  - September Down 10% vs June

- **Locomotives**
  - Storage: ~950*

- **Aligning Other Resources**

* As of September 30, 2015

**Total TE&Y**

<table>
<thead>
<tr>
<th>Month</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q14</td>
<td>18,054</td>
<td>18,100</td>
<td>18,115</td>
<td>17,965</td>
<td>17,393</td>
<td>17,422</td>
<td>17,115</td>
<td>16,220</td>
<td>15,687</td>
</tr>
</tbody>
</table>
| 3Q15  | 16,687 | **Network Productivity**

**Train Size Performance** *(vs 3Q14)*

<table>
<thead>
<tr>
<th>Category</th>
<th>3Q14</th>
<th>3Q15</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto*</td>
<td>113.8</td>
<td>112.3</td>
<td>-1%</td>
</tr>
<tr>
<td>Manifest**</td>
<td></td>
<td></td>
<td>+3%</td>
</tr>
<tr>
<td>Coal**</td>
<td></td>
<td></td>
<td>+2%</td>
</tr>
<tr>
<td>Grain*</td>
<td></td>
<td></td>
<td>+1%</td>
</tr>
<tr>
<td>Intermodal</td>
<td></td>
<td></td>
<td>Flat</td>
</tr>
</tbody>
</table>

**Terminal Productivity** *(vs 3Q14)*

<table>
<thead>
<tr>
<th>Metric</th>
<th>3Q14</th>
<th>3Q15</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nbr of Cars Switched</td>
<td></td>
<td></td>
<td>-4%</td>
</tr>
<tr>
<td>Y&amp;L Employee Days</td>
<td></td>
<td></td>
<td>-5%</td>
</tr>
<tr>
<td>Cars Switched per Employee Day**</td>
<td></td>
<td></td>
<td>+1%</td>
</tr>
</tbody>
</table>

- **Record Train Size Performance**
- **Record Terminal Productivity**
- **Improving Resource Efficiencies**

*Third quarter record  **Best-ever quarter*
Operating Outlook

- Generate Record Safety Results on the Way Toward Incident Free Environment
- Leverage Franchise to Drive Operational Performance
- Realize Productivity to Improve Cost Performance
- Create Value for Customers & Increase Returns for Shareholders
### Third Quarter Income Statement

*In Millions (except EPS)*

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>$5,562</td>
<td>$6,182</td>
<td>(10)</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>3,354</td>
<td>3,852</td>
<td>(13)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>2,208</td>
<td>2,330</td>
<td>(5 )</td>
</tr>
<tr>
<td>Other Income</td>
<td>30</td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>(157)</td>
<td>(144)</td>
<td>9</td>
</tr>
<tr>
<td>Income Taxes</td>
<td>(781)</td>
<td>(836)</td>
<td>(7 )</td>
</tr>
<tr>
<td>Net Income</td>
<td>$1,300</td>
<td>$1,370</td>
<td>(5 )</td>
</tr>
<tr>
<td>Weighted Average Diluted Shares</td>
<td>865.8</td>
<td>896.9</td>
<td>(3)</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>$1.50</td>
<td>$1.53</td>
<td>(2)</td>
</tr>
</tbody>
</table>

### Freight Revenue

*Third Quarter (In Millions)*

- **Volume**: -6.5%
- **Fuel Surcharge**: -6%
- **Mix**: -1%
- **Core Price**: +3.5%

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freight Revenue</td>
<td>$5,819</td>
<td>$5,215</td>
</tr>
<tr>
<td>(In Millions)</td>
<td>-10%</td>
<td></td>
</tr>
</tbody>
</table>
Core Pricing Trends

- Core Pricing Above Inflation
- Pricing to the Value Proposition
- Legacy Benefit

Core Pricing Gains

<table>
<thead>
<tr>
<th>Quarter</th>
<th>1Q14</th>
<th>2Q14</th>
<th>3Q14</th>
<th>4Q14</th>
<th>1Q15</th>
<th>2Q15</th>
<th>3Q15</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>2%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>3%</td>
<td>4%</td>
<td>4%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

Compensation & Benefits Expense

Third Quarter 2015 $1,267M, -2%

Compensation & Benefits (in Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Compensation &amp; Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$1,287</td>
</tr>
<tr>
<td>2015</td>
<td>$1,267</td>
</tr>
</tbody>
</table>

Workforce Levels (Quarterly Average)

<table>
<thead>
<tr>
<th>Year</th>
<th>Workforce Levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>47,550</td>
</tr>
<tr>
<td>2015</td>
<td>47,515</td>
</tr>
</tbody>
</table>

Quarterly Drivers

- Aligning Workforce with Demand
- Inflation Costs

- Increase in Capital Labor Offset by 3% OE Workforce Reduction
Fuel Expense
Third Quarter 2015 $484M, -45%

Gross-Ton-Miles
(in Millions)

-8% Decrease in GTMs

Quarterly Drivers
- Consumption Rate Increased 1% Driven By Negative Mix
- Lower Average Diesel Fuel Price

Average Fuel Price
(Per Gallon Consumed)

-40% Driven by Lower Volumes

- Consumption Rate Increased 1% Driven By Negative Mix
- Lower Average Diesel Fuel Price

Purchased Services & Materials

-9% Lower Volume-Related Costs

Quarterly Drivers
- Lower Volume-Related Costs
- Reduced Locomotive & Car Fleet Repair Costs

Depreciation

+5% Higher Depreciable Asset Base

- Reduced Locomotive & Car Fleet Repair Costs
Third Quarter 2015 Expense Review (cont)  
**In Millions**

### Equipment & Other Rents
- **2014**: $310
- **2015**: $302  
  - **Decrease**: -3%

### Other
- **2014**: $242
- **2015**: $205  
  - **Decrease**: -15%

### Quarterly Drivers
- **Lower Locomotive Lease & Volume-Related Expense**
- **Decreased Freight, Equipment, & Property Damage Costs**
- **Reduction in General Expense**

Operating Ratio Performance

### Third Quarter (Percent)
- **2011**: 69.1
- **2012**: 66.6
- **2013**: 64.8
- **2014**: 62.3
- **2015**: 60.3
  - **Best-Ever Quarter**

- **Focus on Aligning Resources**
- **Productivity Initiatives**
- **Solid Core Pricing**
- **Fuel Benefit**

*Full Year Target of 60 +/- by 2019*
Free Cash Flow
Nine Month Period Ended September 30 ($ In Millions)

- Solid Cash From Ops
- Capital Investments
- Dividends
  - Payment Date Adjustment in First Quarter

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

Debt & Leverage
($ In Millions)

- Strong Balance Sheet
- Investment Grade Credit Rating
- $2.25 Billion YTD Debt Issuance

* See Union Pacific website under Investors for a reconciliation to GAAP.
Driving Strong Shareholder Value

Quarterly Share Repurchases ($ In Millions)

<table>
<thead>
<tr>
<th></th>
<th>1Q</th>
<th>2Q</th>
<th>3Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$683</td>
<td>$806</td>
<td>$856</td>
</tr>
<tr>
<td>2015</td>
<td>$807</td>
<td>$834</td>
<td>$1,238</td>
</tr>
</tbody>
</table>

Dividends & Share Repurchases* ($ In Millions)

<table>
<thead>
<tr>
<th></th>
<th>2014 YTD</th>
<th>2015 YTD**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share Repurchases</td>
<td>$3,531</td>
<td>$4,318</td>
</tr>
<tr>
<td>Dividends</td>
<td>+22%</td>
<td></td>
</tr>
</tbody>
</table>

• Repurchase Activity
  • 13.8 Million Shares in 3Q
  • 28.7 Million Shares YTD
  • ~59 Million Shares Remain Under Current Authorization

• Cash Returned to Shareholders up 22%

Closing Out 2015

• Lower Year-over-Year Volumes

• Business Mix Challenges

• Focus on Core Pricing

• Continued Productivity & Cost Improvement
Looking Ahead

- Further Productivity & Cost Efficiencies
- Unrelenting Focus on Safety & Service
- Uncertain Economy & Demand Outlook
- Long-Term Franchise Opportunity
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, government regulation, and demand levels; and its ability to generate financial returns, improve network performance and cost efficiency, 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.

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October 22, 2015
Third Quarter 2015
Earnings Release

Question & Answer Session