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**Third Quarter 2019 Results**

**Earnings Per Share**

*Third Quarter*

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$2.15</td>
</tr>
<tr>
<td>2019</td>
<td>$2.22</td>
</tr>
</tbody>
</table>

**Operating Ratio**

*Third Quarter*

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>61.7</td>
</tr>
<tr>
<td>2019</td>
<td>59.5</td>
</tr>
</tbody>
</table>

**2019 Business Trends**

**7-Day Monthly Carloadings**

(000s)

- **2018 @ 174**
- **2017 @ 168**
- **2019 @ 164**

**Fourth Quarter Volumes**

*2019 vs. 2018*

- Industrial: -2%
- Agricultural: -14%
- Premium: -19%
- Energy: -10%
- Total: -10%

*Carloadings as of 11/11/19*
7-Day Volume Trends
Through October 31, 2019

**Agricultural Products**
- Grain Inventories
- Export Market Fundamentals
- Food & Refrigerated Shipment Demand

**Energy**
- Natural Gas Prices
- Inventory Management
- Weather & Economy
- Frac Sand Demand
- Crude Oil Prices & Spreads

---

7-Day Volume Trends (cont)
Through October 31, 2019

**Industrial**
- Construction-Related Materials
- Housing Activity
- U.S. Dollar Impact
- Plastics Demand
- Base Chemicals Remain Solid

**Premium**
- North American Production & Sales
- Over-the-Road Parts Conversions
- Intermodal Market Fundamentals
- Truck Capacity
- Foreign Tariffs
The Strength of a Unique Franchise

2019 YTD* Revenue

$15.4 B

Agricultural 13%
Energy 17%
Premium 49%
Industrial 21%

*January - September
U.S. Economy

Union Pacific Volumes Tend to Reflect:

- Industrial Production
- International Trade Dynamics

International Trade

- Diverse Franchise Creates Opportunity
- Off-shoring/Near-shoring of U.S. Manufacturing
- Demand for Grain and Food
- Low Natural Gas Prices Favor U.S. Plastics Production
- Impacts from a Strong U.S. Dollar
  - Negative: Steel, Grain, Coal
  - Positive: International Intermodal
Agricultural Products

- Grain Inventory Management
- Export Market Fundamentals
- Food & Beverage Shipment Demand

UNP Weekly Grain Carloads*
(As reported to the AAR)

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

*Through November 9, 2019

**Source: USDA; As of September 1st
**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**

*Through November 9, 2019*
Chemical Opportunities
North America Announced Expansions

2015 – 2020
- Ind. Chemicals - 14
- Fertilizer - 13
- Plastics - 21

Chemical Export Opportunities

- North American Production Will Exceed Domestic Demand
- Surplus U.S. Production Targeted for Export
- UP Uniquely Positioned to Handle Expansion Related Growth
Energy

**2019 YTD* Revenue**

$2.9 B

2019 YTD* Volume Mix

- Petroleum, LPG, Renewables: 21%
- Sand*: 9%
- Other Coal / Coke: 17%
- Petroleum LPG: 21%
- Sand: 21%
- Coal: 21%
- Shale: 21%
- Shale: 21%
- Shale: 21%
- Shale: 21%
- Shale: 21%

*January - September

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

**Electricity Generation Market Share**

- % from coal
- % from natural gas

*Through November 9, 2019

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

*January - September
**Shale-Related Volumes**

2.8% of 2019 YTD* Total Volume

<table>
<thead>
<tr>
<th>2019 YTD*</th>
<th>Volume (000s)</th>
<th>% Incr (vs 2018)</th>
<th>% of Total UP Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frac Sand**</td>
<td>104</td>
<td>(47%)</td>
<td>1.6%</td>
</tr>
<tr>
<td>Crude</td>
<td>52</td>
<td>90%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Pipe</td>
<td>23</td>
<td>2%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Total Shale</td>
<td>179</td>
<td>(27%)</td>
<td>2.8%</td>
</tr>
</tbody>
</table>

- **Frac Sand Drivers**
  - Energy Prices
  - Rig Counts
  - Enhanced Fracking Technology
  - White / Brown Sand Mix

*January – September
**Includes Barites

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

**Crude Oil Volume** *(000s)*

*January – September**

**Premium**

2019 YTD* Revenue

$4.7 B

*January – September
**Domestic includes domestic intermodal and auto parts moved in intermodal containers
Highway Conversion Growth Opportunities

- Highway Conversion Opportunities in All Business Groups
- ELD Impact
- Truck Capacity
- LOUP
- Highway Congestion

Source: Cass Information Systems, Index uses January 2005 as its base month, U.S DOT Bureau of Transportation Statistics

Premium – Finished Vehicles

\[ \begin{array}{c}
\text{Borders & Interchange} \\
\text{Distribution Centers/Ports} \\
\text{(UP Owned/Leased and Private)} \\
\text{Assembly Centers (UP served)}
\end{array} \]

\[ \text{U.S. Light Vehicle SAAR}^* \]

\[ \begin{array}{c|c|c|c|c|c|c|c|c|c}
\hline
\text{Sales} & 16.5 & 17.4 & 17.5 & 17.1 & 17.2 & 16.9 & 16.6 & 16.5 \\
\end{array} \]

*Source: Global Insight
North American Auto Production

North American Light Vehicle Production Forecast*

*Source: Global Insight

What We Do
Full-Service Meets Extensive Expertise

Supply Chain Optimization  Warehousing  Transloading  Door-to-Door

Market Reach  Cross-Border Expertise  Shipment Visibility  Just-in-Time
**2019 Volume Outlook**

**Agricultural Products**
- Biofuels
- Food and Beverage
- Grain

**Energy**
- Petroleum Products
  - Sand
  - Coal Headwinds

**Industrial**
- Plastics
- Construction
  - Forest Products

**Premium**
- Light Truck / SUV Sales
  - Domestic Intermodal
  - Trade & Economy

**Mexico 2019 YTD* Revenue**

$1.8 B

*January - September*
Operating Overview

Safety

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

YTD15 | YTD16 | YTD17 | YTD18 | YTD19
---|---|---|---|---
0.82 | 0.77 | 0.78 | 0.77 | 0.82

Rail Equipment
(Reportable Derailment Incidents Per Million Train Miles)

YTD15 | YTD16 | YTD17 | YTD18 | YTD19
---|---|---|---|---
3.26 | 3.13 | 3.03 | 3.20 | 4.50

Public
(Crossing Accidents Per Million Train Miles)

YTD15 | YTD16 | YTD17 | YTD18 | YTD19
---|---|---|---|---
2.25 | 2.55 | 2.57 | 2.66 | 2.70

- 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

Unified Plan 2020 Update
Terminal Rationalization & Network Changes

System Train Length (Max on route, in feet)

- Kansas City
  - Closed Hump: Shift classification work, flat switch/eliminate remaining traffic
- Roseville
  - Shift classification work
- Denver
  - Closed Hump
- Chicago
  - Closed Provision Hump: Simplify intermodal operations
- St. Louis Area
  - Salem curtailing
- San Antonio
  - East Yard Curtailment
- Lincoln/Alexandria
  - Shift work to Lincoln
**Unified Plan 2020**

*Key Performance Indicators*

### Freight Car Terminal Dwell

- **(Hours)**
  - **3Q18**: 29.3, **3Q19**: 23.4, **Oct ’18**: 27.6, **Oct ’19**: 22.4
  - **Change**: -20%, -19%

### Freight Car Velocity

- **(Daily Miles per Car)**
  - **3Q18**: 193, **3Q19**: 213, **Oct ’18**: 197, **Oct ’19**: 218
  - **Change**: +10%, +11%

### Train Speed

- **(Miles per Hour)**
  - **3Q18**: 24.0, **3Q19**: 23.7, **Oct ’18**: 23.9, **Oct ’19**: 24.1
  - **Change**: -1%, +1%

- **Year-over-Year Improvement**
- **Continued Focus on Asset Utilization and Minimizing Car Classifications**

### Locomotive Productivity

- **(GTMs per Horsepower Day)**
  - **3Q18**: 105, **3Q19**: 124, **Oct ’18**: 109, **Oct ’19**: 123
  - **Change**: +18%, +13%

### Workforce Productivity

- **(Daily Miles per FTE)**
  - **3Q18**: 852, **3Q19**: 883, **Oct ’18**: 852, **Oct ’19**: 872
  - **Change**: +4%, +2%

### Car Trip Plan Compliance

- **(% Cars On Time)**
  - **3Q18**: 61, **3Q19**: 71, **Oct ’18**: 63, **Oct ’19**: 76
  - **Change**: +10 pts., +13 pts.

- **~2,700 Stored Locomotives as of October 31st**
- **Third Quarter Workforce Down 13%**
- **Improved Service Product**
**Unified Plan 2020**

*Locomotive Productivity*

- ~2,700 Stored Locomotives as of October 31st or ~35% of Total Fleet
- Result of using the Locomotive Fleet more efficiently
- October 2019 GTMs per Horsepower Day increased 13% compared to October 2018
- Driven by less units, increased train length and reduced dwell

**Unified Plan 2020**

*Employee Force Levels*

- Unified Plan 2020 Driving a Significant Reduction in FTEs
  - Down ~15% or about 6,300 FTEs in 3Q19 from 2016 at equivalent volume levels
  - Lowest number of FTEs in the last 15 years
  - Driven by Asset Utilization and Process Improvements
- Additional Opportunity Exists
Unified Plan 2020
Inventory Management

- 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
  - Weather challenges in 1H19
- Cars in Storage on the Rise
  - Increased more than 60% since Third Quarter 2018

Positive Train Control (PTC) Status Overview

- Approximately $2.8 Billion Invested through June 2019
- Total Estimated Investment ~ $2.9 Billion
- Field Testing since October 2013
- Installed on 100% of Required Rail Lines
- Implemented on 93% of Required Rail Lines
- Continue Implementing, Testing and Refining PTC in 2019 & 2020
Technology Advancing Operations

Net Control
- Premier transportation operating system
- Manages all transportation assets including trains, cars, shipment, locomotives, and terminals
- Foundational platform for innovation, customer experience, productivity, and efficiency

Sensor X
- Accelerometer
- Strain Gauge
- Digital Temp Sensor

Mobile Work Order
- Real time inventory updates and corrections
- Enables dynamic work instructions & planning
- Platform to digitize other work activities
- Reduced user work load

SensorX Patent Pending 62647445

Technology Improving Customer Experience

Streamlined interfaces
- Ease of navigation
- Quick access to information
- Modern and intuitive

Notifications
- “You are next” notifications
- No service today | customer exceptions notifications
- Numerous other notification types

Enhanced shipment management
- Dashboards
- Mobile available

* Future state
Financial Performance
Expanding Margins and Driving Returns

Operating Ratio

- 2004*: 87.5%
- 2014: 63.5%
- 2018: 62.7%

7 Day Volume @ 184K

- 87.5% to 63.5% (24.8) points

EPS

- 2004*: $0.71
- 2014: $5.75 (19% CAGR)
- 2018: $7.91

7 Day Volume @ 188K

- $0.71 to $5.75 ($5.04)

ROIC**

- 2004*: 16.2%
- 2014: 15.1%
- 2018: 15.1%

7 Day Volume @ 174K

- 16.2% to 15.1% (+1.1)

* 2004 adjusted for asbestos pre-tax charge of $247.4 million.
** See Union Pacific website under Investors for a reconciliation to GAAP.
Financial Performance
Growing Cash Flow and Shareholder Returns

<table>
<thead>
<tr>
<th>Cash from Ops</th>
<th>Dividends (Declared)</th>
<th>Share Repurchases (Cumulative)</th>
<th>Market Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2.3B $7.4B $8.7B</td>
<td>$0.30 $1.91 $2.48</td>
<td>$13B $0</td>
<td>$105B $121B</td>
</tr>
</tbody>
</table>


Pricing Fundamentals

• Value is the Key to Future Price Improvement
• Balanced Portfolio Provides Flexibility for Repricing as Value Grows
• Solid Core Pricing
Productivity Update

Third Quarter Results:

~$170 Million of Productivity

• Rail Equipment Incidents Resulted in a $25 Million Headwind

• Net Productivity of $145 Million for the Quarter and $375 Million Year-to-Date

• Maintain Full-Year Productivity Outlook of at Least $500 Million

Initiatives & 3Q19 Results ($ in millions)

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Amount (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network and Train Operations</td>
<td>$56</td>
</tr>
<tr>
<td>Fuel, Unified Plan 2020, Car Velocity</td>
<td></td>
</tr>
<tr>
<td>Equipment (Locomotive and Car)</td>
<td>$75</td>
</tr>
<tr>
<td>Mechanical Productivity, Car Hire, Lease Savings, Car Velocity</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>$14</td>
</tr>
<tr>
<td>Support, Supply, &amp; Engineering partially offset by Incidents &amp; Joint Facilities</td>
<td></td>
</tr>
</tbody>
</table>

$145 3Q19 Net Productivity

Capital Program

Capital Spending & Returns

- Return-Focused Capital Program
- Productivity Through G55+0 Initiatives
- Capex Less than 15% of Revenue Longer-Term

* Adjusted to exclude the impact of Corporate Tax Reform.
** See Union Pacific website under Investors for a reconciliation to GAAP.
Strengthening the Franchise
Replacement, Growth & Productivity, and PTC

2019 Capital Plan: ~$3.1 Billion ($ in Millions)

- Safe & Resilient Infrastructure
- Equipment Acquisitions
  - Locomotive Modernizations
  - Targeted Freight Car Acquisitions
- Capacity & Commercial
  - Targeted Opportunities
  - Intermodal Growth
- Lower PTC Spending

Dividends

- Dividend Payout Target of 40% to 45%
- Five Dividend Increases in the past Eight Quarters
Cumulative Share Repurchases

- Repurchased ~40% of Shares since 2007
- Share Repurchase Authorization
  - Three Years Beginning April 1, 2019
  - Up to 150 Million Shares
- $2.5 Billion Accelerated Share Repurchase Program February 2019

* Through September 30, 2019

Growing Margins

- Operating Ratio (Percent)
- Unified Plan 2020 and G55+0
- Growing Margins

* Adjusted to exclude the impact of Corporate Tax Reform and include the retrospective adoption of ASU 2017-07
Drivers of Margin Improvement

2015 - 2017

- Volume: (11%)
- Price: $1.3 B
- Productivity: $1 B

2018 - 2020+

- Positive Volume Growth
- Above Inflation
- Achieve Through Innovation & Efficiency Gains

- Sub-61% Operating Ratio in 2019
- Below 60% Operating Ratio in 2020
- Unified Plan 2020 & G55+0 Opportunities
- Growing Earnings & Cash Flow

Capital Structure

Adjusted Debt / EBITDA

- 2014*: 1.4
- 2015*: 1.7
- 2016*: 1.9
- 2017*: 1.9
- 2018*: 2.3
- 2019**: 2.6
- Target: ≤ 2.7

- Increased Leverage
  - Consistent Financial Performance
  - Tax Reform
  - Free Cash Flow Growth
- Target Debt / EBITDA ratio: up to 2.7x
- Maintain Strong Investment Grade Credit Rating
  - No Lower than Baa1 and BBB+
- Dependent on Economy and Achievement of Financial Goals

* at year-end  ** at September 30, 2019
What This Means for Shareholders

**Return ~$20 Billion + Dividends to Shareholders**

**Cash to Shareholders 2018 to 2020**

- ~$20 Billion of Share Repurchases Over Next 3 Years
  - ~67% Complete at June 30, 2019
  - $2.5 Billion Accelerated Share Repurchase Program February 2019
- Dividend Payout Ratio of 40% to 45%

---

**2019 Outlook**

- Fourth Quarter Volumes Down at Level Similar to Third Quarter
- Pricing Gains In Excess of Inflation Dollars
- Capital Expenditures Down $100 Million to ~$3.1 Billion
- Significant Productivity Savings from G55 and 0, Including Unified Plan 2020
  - At Least $500 Million in 2019
  - Fourth Quarter Force Levels Down At Least 15%
- Reiterate Operating Ratio Guidance
  - Sub-61% in 2019
  - Below 60% in 2020

**Operating Ratio (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Realizing</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>62.7</td>
<td>55</td>
</tr>
<tr>
<td>2019</td>
<td>Sub 61</td>
<td>Sub 60</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Growing Shareholder Value

<table>
<thead>
<tr>
<th>KEY DRIVERS</th>
<th>2019 - 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm Economy</td>
<td>Positive Volume Growth</td>
</tr>
<tr>
<td>Diverse Franchise Opportunities</td>
<td></td>
</tr>
<tr>
<td>Strong Value Proposition</td>
<td>Real Core Price $ Above Inflation $</td>
</tr>
<tr>
<td>Volume + Pricing + Productivity</td>
<td>Sub-61% OR in 2019, Below 60% OR in 2020</td>
</tr>
<tr>
<td>Return-Focused Capital Program</td>
<td>CapEx &lt; 15% of Revenue</td>
</tr>
<tr>
<td>Increase Cash to Shareholders</td>
<td>Share Repurchases: ~$20 Billion over 3 years</td>
</tr>
<tr>
<td>Increase Leverage</td>
<td>Dividend Payout Ratio: 40% to 45%</td>
</tr>
<tr>
<td>Strong Credit Ratings</td>
<td>Debt / EBITDA Ratio: ≤ 2.70</td>
</tr>
<tr>
<td></td>
<td>Baa1 and BBB+ or Better</td>
</tr>
</tbody>
</table>

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