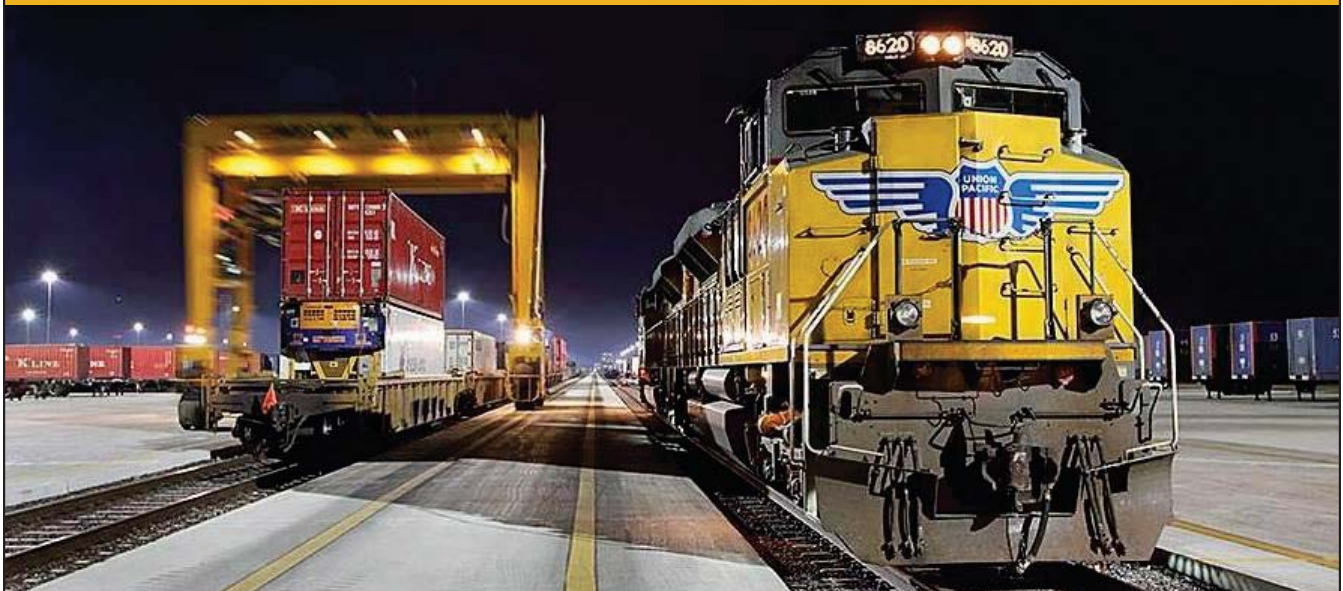


Investing in the Future

Lance Fritz – President & COO

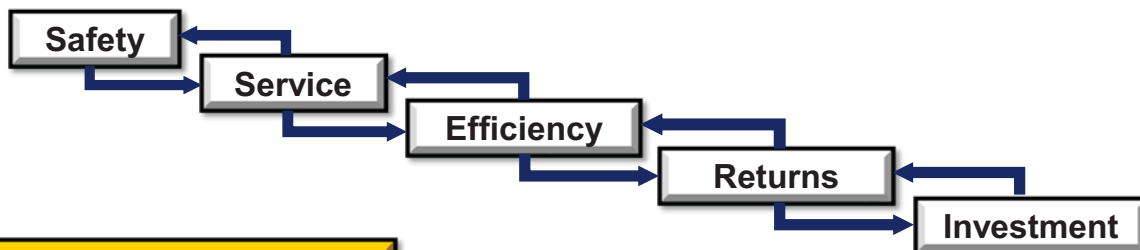


BUILDING AMERICA®

UNION PACIFIC'S MISSION

We are a Team Dedicated to Serve...

UNION PACIFIC'S STRATEGY



THE FOUNDATION

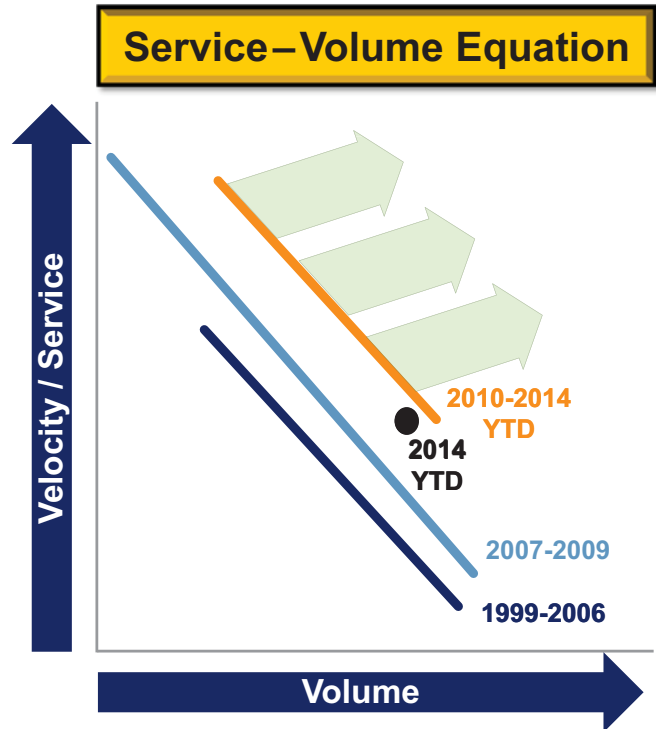
UNION PACIFIC'S
FRANCHISE



Building the Franchise

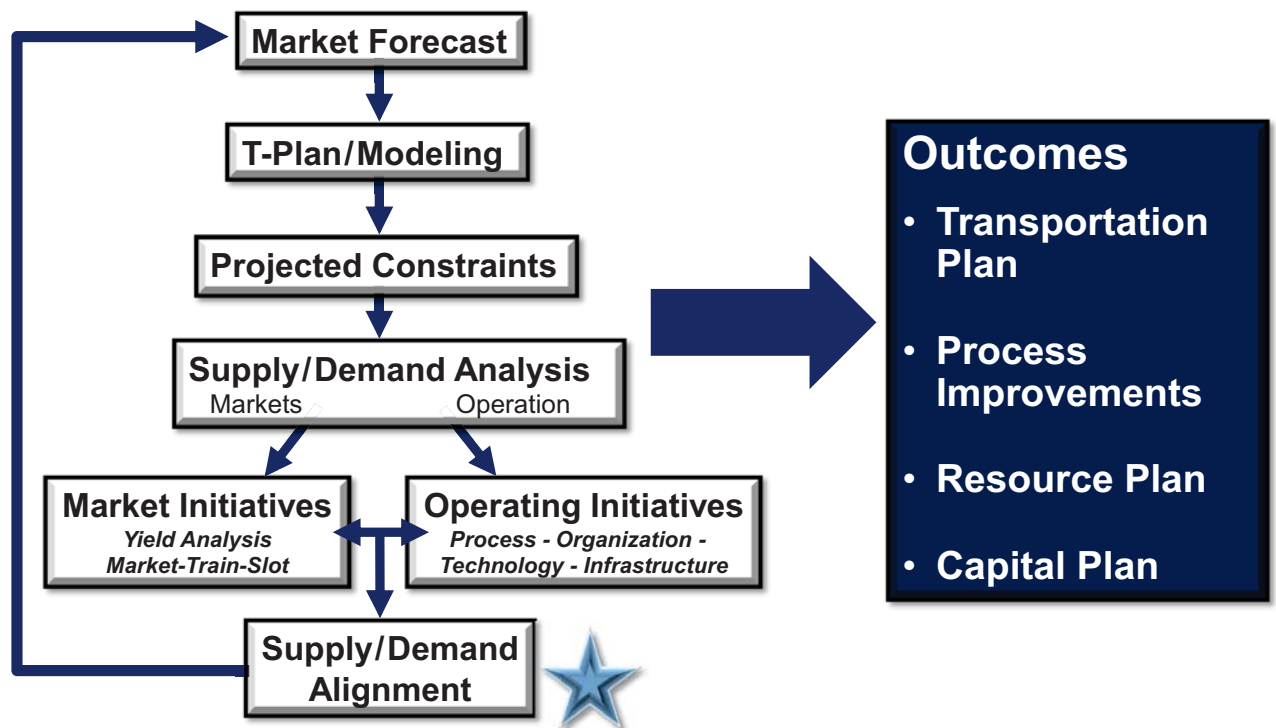
Defined as a Carload Volume at a Service Level

- Network Capacity
 - Five Critical Resources
 - Short-Term Frontier
 - Long-Term Move Up and Right
- Five Key Drivers
- Successfully Pushing Frontier for 15 Years



It Starts with the Business Planning Process

Sizing the 5 Critical Resources

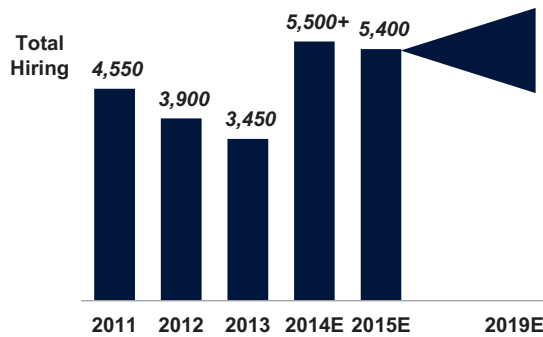


Network Capacity - System

Resource Plan – Next 5 Years

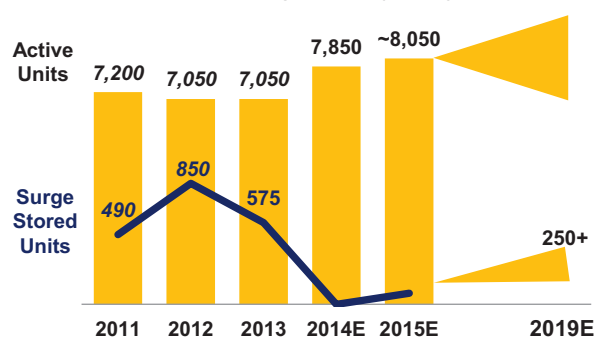
Workforce

Full Year Total



Locomotives

End of Year Count
Previous high = 8,300 (Fall-07)

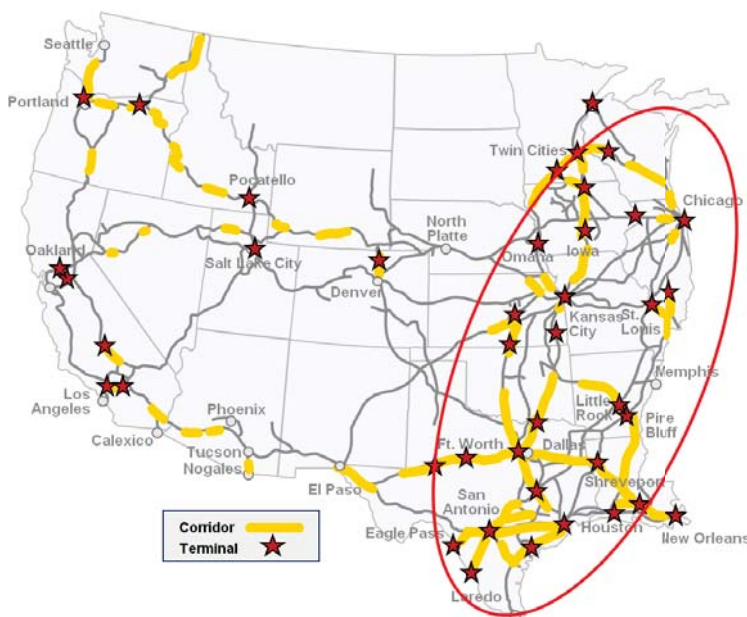


- Retirements / Attrition
- Surge Capacity
- Productivity
- Growth



Network Capacity - System

Capital Plan – Next 5 Years



Removing Predicted Constraints

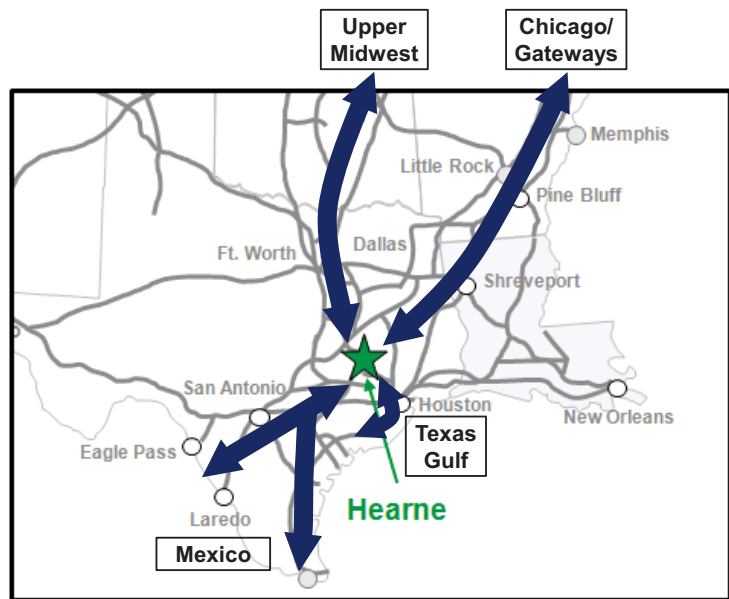
- North / South Corridors
- Southern Region
- Northern Region
- PNW / Sunset / Intermodal
- Other Bottlenecks



Network Capacity - System

Project Example - Hearne

- Supports Business Teams Including Mexico
- Opens Capacity to Grow in Multiple Locations and Markets
- Improves Efficiency
 - Network Efficiency
 - Switching Productivity



Network Capacity - Chicago

Chicago is Complex AND Critical



Largest Interchange Gateway

- 25% of Nation's Rail Traffic
 - 46% of Intermodal Units
- 13,000 Daily Interchange Events
- Over 2x Larger than Next Largest Gateway
- 1,300 Daily Train Movements
- 78 Terminal Facilities

Many Carriers Converge

- 6 Class One Railroads
- 46 Switchers, Regionals & Shortlines
- 2 Terminal Companies
- Major Amtrak Hub
- Major Commuter System (Metra)



Network Capacity - Chicago

Class 1's Cooperating to Build Network Capacity

CREATE

Status	Projects	Cost (\$MM)	Benefit
Complete	22	\$320	Debottlenecking Through Routes (1/2 Day Reduction)
Committed with Funding	15	\$780	Additional Route Improvements, Some Grade Separations
Future	33	\$2,700	Mostly Grade Separations, One very large cluster of Route Improvements (75 th St. C.I.P.)

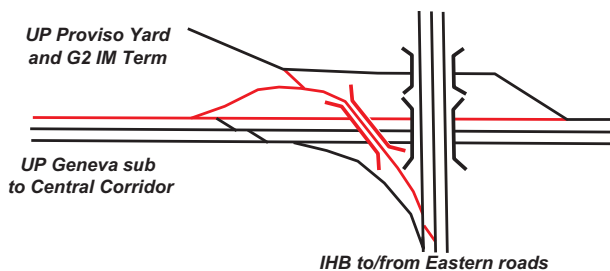
TERMINAL MANAGEMENT / TRANSPORTATION PLANS / RESOURCES

- CPG / CTCO Next Generation
- Improved Management Tools (Railinc, TOPs, COP)
- Enhanced Winter Preparedness
- Alternate Gateway Leverage
- Adding Crews, Locomotives, Individual Route Capital



Network Capacity - Chicago

CREATE Project B2 Example



- \$81 Million Project – Flyover Connection and 3.5 Miles of 3rd Mainline
- Connects IHB to UP's Geneva Subdivision and Proviso Terminal
- Better Connection to/from all Interchange Partners
- Raised Speed through Connection to 25 mph from 10 mph
- Additional Capacity on UP's E-W Route to/from Chicago



Network Capacity – What We Expect

Next 5 Years

- Move the Frontier of Service and Volume Up and to the Right
- Invest in the Five Critical Resources to Build and Sustain the Foundation
- Use the Transportation Plan to Optimize Service Plan
- Leverage Investment with Technology & Innovation

