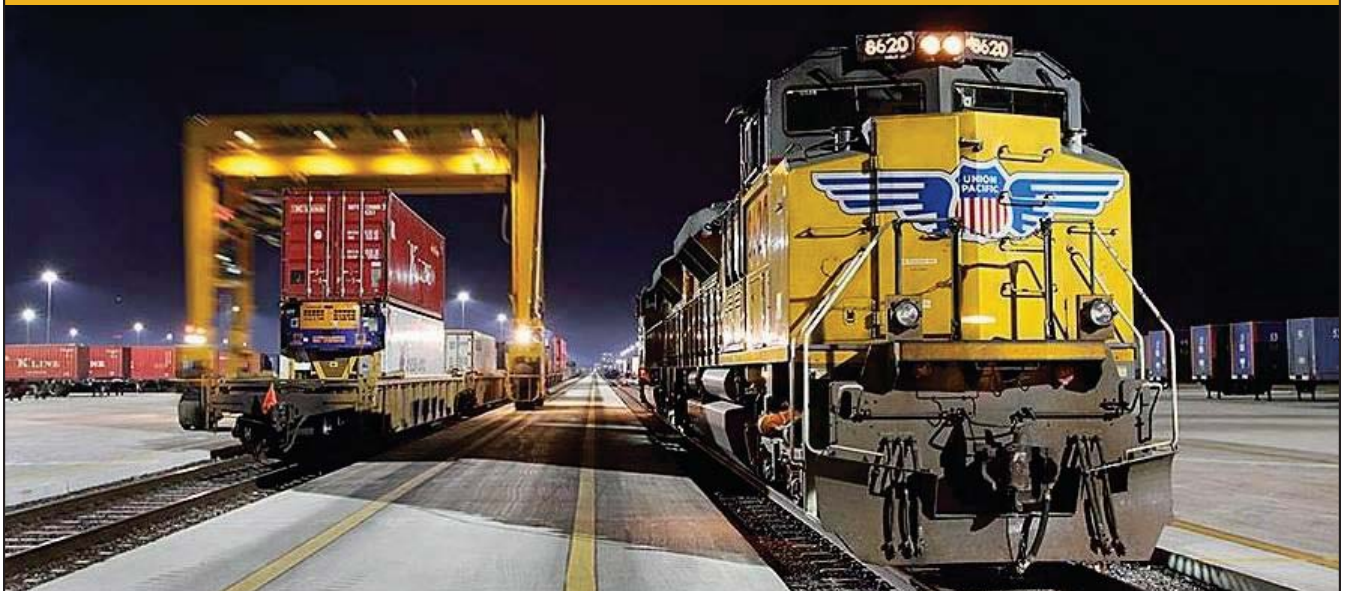


Service Excellence & Network Performance

Cameron Scott – Executive VP Operations



BUILDING AMERICA®

Growth with Excellence

“Engaged and empowered employees improving safety and customer service to grow our business.”



BUILDING AMERICA®

Safety Strategy

Annual Records Toward Zero

- **People**
 - Develop our Professionals
 - Engage All Employees
 - Mature Safety Culture
- **Process**
 - Safety Management System
 - Risk Identification & Mitigation (RIM)
 - UP Way
 - Standard Work & Visual Management
 - Root Cause Elimination
- **Innovation**
 - Big Data Analytics
 - Defect Detection
 - Harden Infrastructure



UP Way



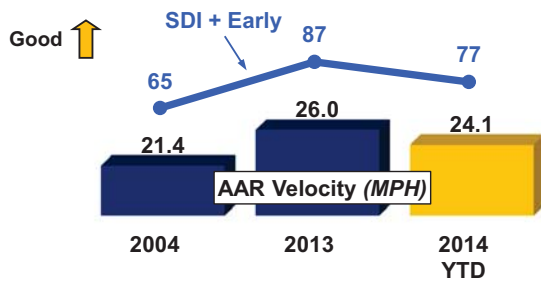
Safety Performance

<p>Personal Injuries (Per 200K Employee-Hours)</p> <p>Good ↓</p> <p>2004 2013* 2014* YTD</p> <p>* = Restated employee hrs</p>	<ul style="list-style-type: none"> • Best-ever Reportable Rate • Risk Identification and Mitigation (RIM) • Training, Standard Work and Visual cues • Moving forward – Grow Total Safety Culture, Courage to Care and UP Way
<p>Rail Equipment Incidents (Per Million Train-Miles)</p> <p>Good ↓</p> <p>2004 2013 2014 YTD</p>	<ul style="list-style-type: none"> • Best-ever Reportable Rate • Hardened Infrastructure • Defect Detection Technology • RIM, Skills Training, Standard Work and Root Cause Problem Solving
<p>Crossing Accidents (Per Million Train-Miles)</p> <p>Good ↓</p> <p>2004 2013 2014 YTD</p>	<ul style="list-style-type: none"> • Long-term Improvement Trend • Public Safety Campaigns • Local Community and Business Partnerships • Dedicated Resources and Initiatives

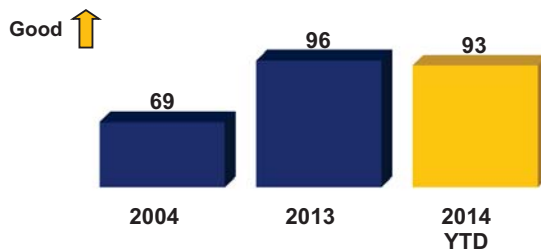


Service

Velocity & Service Delivery Index



Industry Spot & Pull

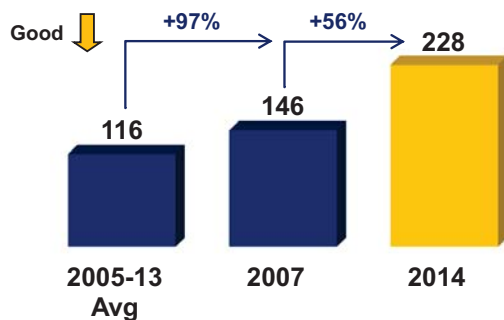


- Challenging Operational Environment in 2014
 - Service Interruptions
 - Volume Growth
 - Interline Connectivity
- Utilizing UP Franchise Strengths
 - Alternate Routing
 - Resource Agility & Surge Capacity
 - Capital Investments
- Executing Local Plan
- Positioned for Improvement

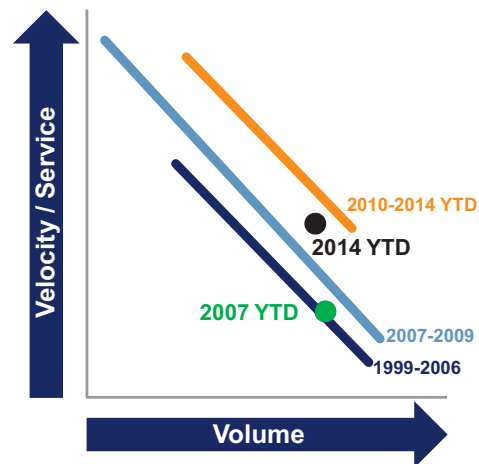


Service Challenges

Network Interruption Days* Weather & Incidents (Jan-Sep)

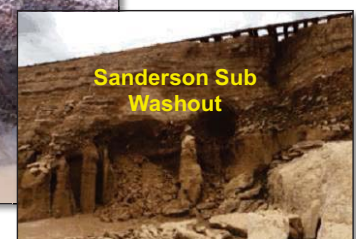


Service-Volume Equation

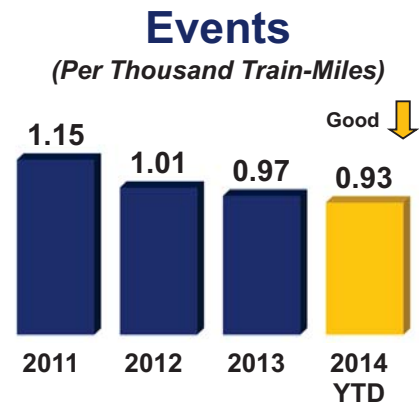


Mitigation initiatives:

- Workforce Additions
- Locomotive Acquisitions
- Hardening Infrastructure
- Winter Planning



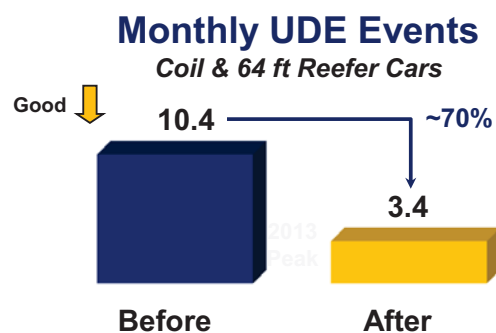
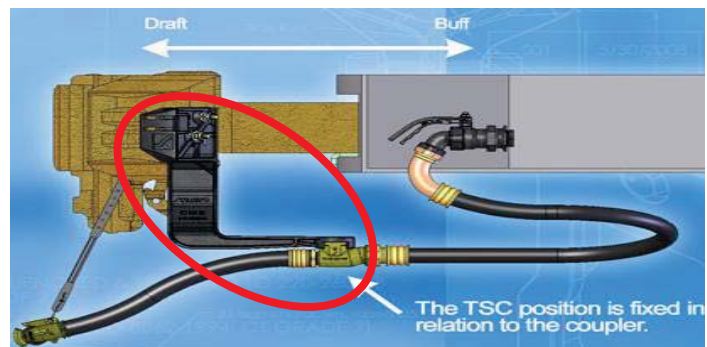
Variability Reduction



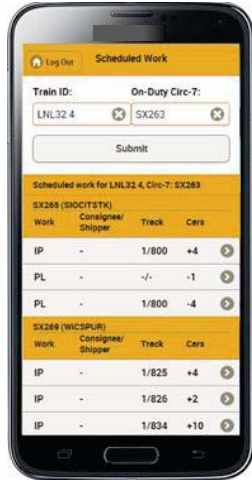
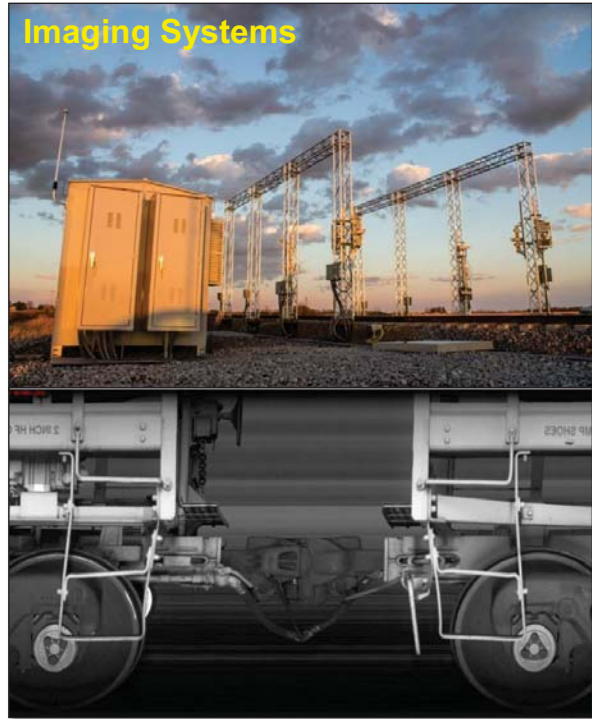
Freight Car Variability Reduction - UP Way

Undesired Emergencies (UDE) – Coupler Mounted Brackets

- UDE = Undesired Emergency Stop
- Coupler Mounted Brackets Reduce UDE's ~70% on Cushioned Cars
- Cushioned Cars Account for ~15% of Industry Fleet
- Working with Industry



Innovation with Technology

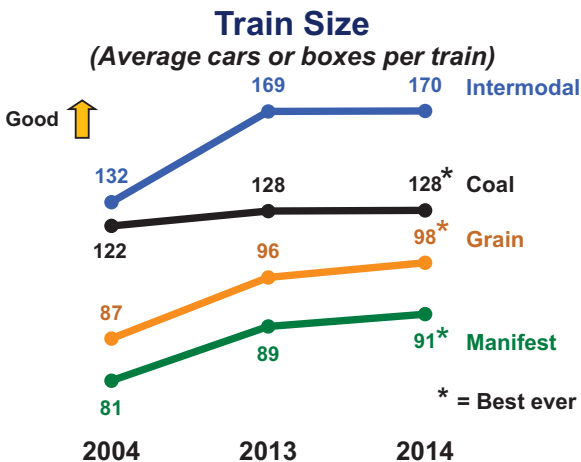
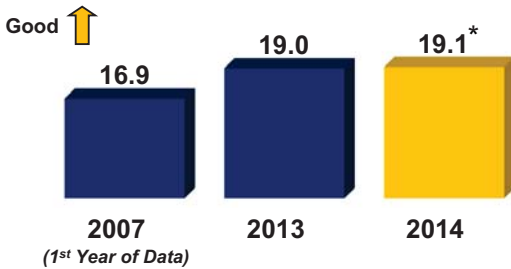


Mobile Work Orders



Process Innovation

Cars Switched per Employee-Day



- Handling Increasing Manifest Traffic with Record Terminal Performance
- Optimizing All Five Critical Resources with Record Train Size
- Leveraging Technology to Increase Efficiency
- Targeted Investments to Support Train Length Initiative



Safety, Service and Value

- **Commitment to World Class Safety**
- **Remain Agile**
- **Deliver Productivity**
- **Effectively Invest Capital**
- **Service Improvement - The UP Way!**

