Second Quarter Results

Diluted Earnings per Share

2007: $0.82  
2008: $1.02  
+ 24%

Operating Income

In Millions

2007: $787  
2008: $931  
+ 18%
Second Quarter Drivers

- Record Fuel Prices
- Midwest Flooding
- Franchise Diversity
  - Economic Sensitivity
  - Strong Bulk Demand
  - Pricing Strength
- Significant Operating Gains
- Record Customer Service
Second Quarter Overview

Freight Revenue
$4.3 Billion, +13%
($Millions)

Highlights

- Improved Average Revenue per Car
- Revenue
  - Best Ever: Agricultural, Chemicals, Energy & Industrial Products
  - Record Second Quarter for Intermodal
- Year-Over-Year Improvement in Customer Satisfaction

- Industrial Products: $877 +9%
- Energy: $919 +21%
- Chemicals: $654 +14%
- Autos: $352 (9%)
- Intermodal: $769 +7%
- Agricultural: $778 +29%
Second Quarter Carloadings

Drivers

- Flood Impact on Volumes
- Economic Softness
- Continued Global Demand for Grain, Coal and Fertilizer

Agricultural: 11%
Automotive: -20%
Chemicals: 1%
Energy: 2%
Industrial Products: -1%
Intermodal: -6%
Total: -3%

Drivers

- Flood Impact on Volumes
- Economic Softness
- Continued Global Demand for Grain, Coal and Fertilizer
Agricultural Products
Second Quarter Volumes*

Wheat

- Worldwide Demand and a Weak Dollar Drives Increase in Grain Exports
- Ethanol and DDGS Growth Continues

Feed Grains

*Volume in (000s) of carloads
Energy
Second Quarter
SPRB Trains Per Day

Quarterly Drivers

- Improved Productivity
- Weather-Related Disruptions Dampen Growth

CO/UT Tonnage*

*Millions of Tons

- 3%

11.3
11.0

2007
2008

32.8
34.9
33.8
32.5
37.3

April
May
June
July MTD

2007
2008

-3%
**Industrial Products**

**Second Quarter Volumes***

**Lumber Shipments**

- **2007:** 49.8
- **2008:** 37.1
  - **Change:** -25%

**Steel Shipments**

- **2007:** 36.8
- **2008:** 44.3
  - **Change:** +20%

**Cement Shipments**

- **2007:** 40.5
- **2008:** 36.2
  - **Change:** -11%

**Rock Shipments**

- **2007:** 83.3
- **2008:** 88.1
  - **Change:** +6%

*Volume in (000s) of carloads*
Customer Satisfaction Index
Second Quarter

Good

<table>
<thead>
<tr>
<th>Year</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>69</td>
</tr>
<tr>
<td>2007</td>
<td>80</td>
</tr>
<tr>
<td>2008</td>
<td>83</td>
</tr>
</tbody>
</table>
2008 Outlook

Third Quarter

- Growth Potential (+)
  - Agricultural Products
  - Energy
  - Chemicals

- Mixed Demand Drivers (+/-)
  - Industrial Products
  - Domestic Intermodal
  - Automotive - Parts

- Weak Demand (-)
  - Automotive - Vehicles
  - International Intermodal

- 2008 Volume
  - Third Quarter: -2% to -1%
  - Full Year: ≈-1%

- 2008 Core Price
  - Full Year: + 5% to 6%
Operating Summary
Second Quarter

- Safety
- Flooding Challenges
- Strong Productivity
  - +3% GTM/Employee
  - 4% Fewer Train Starts & 5% Fewer Yard/Local Starts
- Network Resiliency

Iowa East / West Main Line
Cedar Rapids Yard
**Network Performance**

**Recoverability - Second Quarter**

- **Network Interruption Days**
  - 2007: 45
  - 2008: 54
  - Increase: +20%

- **Velocity (MPH)**
  - 2007: 21.6
  - 2008: 22.8
  - Increase: +6%

*Defined as a day with Hours Held ≥ 50Hrs for Weather and/or Incident*

- Innovative Recovery
- Flow Control
- Engineering Readiness
  - Surge Resources
  - Incremental Capacity
- Fluid Network Operations
**Strong Velocity Rebound**

**AAR Velocity - 2008**

- **Month**
  - April: 22.2
  - May: 21.0
  - June: 21.7

- **Change**
  - April: +0.7
  - May: +2.5
  - June: +0.4

**Monthly Velocity (MPH)**

<table>
<thead>
<tr>
<th>Month</th>
<th>2007</th>
<th>2008</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
<td>22.2</td>
<td>22.9</td>
<td>+ 0.7</td>
</tr>
<tr>
<td>May</td>
<td>21.0</td>
<td>23.5</td>
<td>+ 2.5</td>
</tr>
<tr>
<td>June</td>
<td>21.7</td>
<td>22.1</td>
<td>+ 0.4</td>
</tr>
</tbody>
</table>

- **June Flooding Impact**

- **23.8 MPH**

- **Week Ending**
  - 4/4
  - 5/2
  - 5/30
  - 6/20
  - 7/18
## Network Performance Update

### Second Quarter

#### AAR Inventory (000)
- **2006**: 325
- **2007**: 311
- **2008**: 303

#### Freight Car Utilization
- **2006**: 10.5 Days
- **2007**: 10.0 Days
- **2008**: 9.5 Days

#### AAR Terminal Dwell (Hours)
- **2006**: 27.6
- **2007**: 24.7
- **2008**: 24.5

#### Recrew Rate (Percentage)
- **2006**: 9.4
- **2007**: 11.1
- **2008**: 8.7
Operating Outlook
Second Half 2008

- Safety and Security
- Maintenance Planning & Capital Efficiency
- Resource Productivity
- Service Reliability

TRT-909
Second Quarter Financial Review

Rob Knight, CFO

July 24, 2008
# Income Statement Summary*

*Second Quarter – In Millions*

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
<th>Pct Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freight Revenues</td>
<td>$ 4,349</td>
<td>$ 3,853</td>
<td>+13%</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>219</td>
<td>193</td>
<td>+13%</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>$ 4,568</td>
<td>$ 4,046</td>
<td>+13%</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation and Benefits</td>
<td>1,101</td>
<td>1,145</td>
<td>-4%</td>
</tr>
<tr>
<td>Fuel</td>
<td>1,159</td>
<td>753</td>
<td>+54%</td>
</tr>
<tr>
<td>Purchased Services &amp; Materials</td>
<td>494</td>
<td>478</td>
<td>+3%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>346</td>
<td>327</td>
<td>+6%</td>
</tr>
<tr>
<td>Equipment &amp; Other Rents</td>
<td>338</td>
<td>354</td>
<td>-5%</td>
</tr>
<tr>
<td>Other</td>
<td>199</td>
<td>202</td>
<td>-1%</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$ 3,637</td>
<td>$ 3,259</td>
<td>+12%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>$ 931</td>
<td>$ 787</td>
<td>+18%</td>
</tr>
</tbody>
</table>

*For more information on reclassified financials, please see Union Pacific Web site.*
Freight Revenue Drivers
Second Quarter – In Millions

- Increased Fuel Cost Recovery
- 6% Core Pricing Gain
- Positive Business Mix
- Midwest Flooding Impact
  - “Lost” $45 Million
  - Primarily Coal Loadings

2007: $3,853
2008: $4,349

+13%
Compensation & Benefits
Second Quarter – In Millions

- Labor Productivity
  - -1% GTMs
  - -4% Workforce
- Lower Training Expenses
- 4% Wage Increase in National Contracts Effective 7/1/08
Fuel
Second Quarter

- 64% Average Fuel Price Increase
- 19 Million Gallons Saved
  - 1% Fewer GTMs
  - 5% Better Consumption Rate
- $12 Million Increase for Non-Locomotive Fuel

$753 $1,159

2007 2008

+54%
Purchased Services & Materials
Second Quarter – In Millions

2007: $478
2008: $494

+3%

- Increased Contract Costs
  - Oregon Mudslide
  - Midwest Flooding
- Higher Crew Transportation Expenses
Depreciation & Equipment Costs
Second Quarter – In Millions

**Depreciation**
- Increased Capital Spending

**Equipment and Other Rents**
- Improved Asset Utilization
- Lower Car Hire Payments
- Less Leased Equipment
Other
Second Quarter – In Millions

- $12 Million Casualty Expense Reduction
- Increased Utility Costs
- Higher State & Local Taxes

2007: $202, 2008: $199, -1%
Second Quarter

Operating Ratio (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Fuel Price Impact</th>
<th>Base Business</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>80.5</td>
<td>-5.5</td>
<td>79.6</td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td>+4.6</td>
<td></td>
</tr>
</tbody>
</table>
# Full Income Statement

*Second Quarter – In Millions (Except EPS)*

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
<th>Pct Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>$4,568</td>
<td>$4,046</td>
<td>+13%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>3,637</td>
<td>3,259</td>
<td>+12</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$931</td>
<td>$787</td>
<td>+18</td>
</tr>
<tr>
<td>Other Income – Net</td>
<td>19</td>
<td>36</td>
<td>-47</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>(128)</td>
<td>(120)</td>
<td>+7</td>
</tr>
<tr>
<td>Income Before Income Taxes</td>
<td>822</td>
<td>703</td>
<td>+17</td>
</tr>
<tr>
<td>Income Tax Expense</td>
<td>(291)</td>
<td>(257)</td>
<td>+13</td>
</tr>
<tr>
<td>Net Income</td>
<td>$531</td>
<td>$446</td>
<td>+19</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>$1.02</td>
<td>$0.82</td>
<td>+24</td>
</tr>
</tbody>
</table>
Share Repurchase Program

**Cumulative Shares Repurchased (Millions)**

- **Second Quarter Purchases**
  - 6.3 Million Shares
  - $75.83 Average Price/Share

- **2008 Repurchase Summary**
  - 12.8 Million Shares Repurchased
  - $68.73 Average Price/Share

$2.3 Billion Returned to Shareholders since January 2007

- **2007**
  - 1Q: 4.1
  - 2Q: 11.3
  - 3Q: 20.4
  - 4Q: 25.2

- **2008**
  - 1Q: 31.8
  - 2Q: 38.1

2007 vs. 2008 Comparison:

- **2007**
  - 1Q: 4.1
  - 2Q: 11.3
  - 3Q: 20.4
  - 4Q: 25.2

- **2008**
  - 1Q: 31.8
  - 2Q: 38.1

$2.3 Billion Returned to Shareholders since January 2007
Total Debt Levels
Second Quarter - In Billions

- Added $1.4 B Total Debt
- Maintain Investment Grade Rating

2007:
- $11.1 Billion
- 41.8%

2008:
- $12.5 Billion
- 44.5%

* See Union Pacific Web site under Investor Relations for a reconciliation to GAAP.
2008 Outlook

3rd Quarter:
- EPS = $1.10 to $1.20 (+10 to 20%)
- Volume = -2% to -1%
- Diesel Fuel $4.00/gallon

Full Year:
- EPS = $4.00 to $4.20 (+16 to 21%)
- Volume ≈ -1%
Second Quarter Earnings Release

July 24, 2008

Jim Young, Chairman & CEO
Cautionary Information

This presentation and related materials contain statements about the Corporation’s future that are not statements of historical fact, including specifically statements of management regarding the estimated impact of flooding, and expectation’s regarding the Corporation’s business outlook, the impact and effectiveness of the Corporation’s productivity and customer service initiatives, and the Corporation’s financial performance for the year. 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: expectations as to continued or increasing demand for rail transportation services; expectations regarding operational improvements, including the effectiveness of network management initiatives that have been or will be implemented to improve operations, customer service, and shareholder returns; expectations as to increased returns, cost savings, revenue growth, and earnings; expectations regarding fuel price and our ability to mitigate fuel costs; the time by which certain objectives will be achieved, including expected improvements in operations and implementation of network management initiatives; estimates of costs relating to environmental remediation and restoration; proposed new products and services; expectations that claims, lawsuits, environmental costs, commitments, contingent liabilities, labor negotiations or agreements, or other matters will not have a material adverse effect on our consolidated financial position, results of operations, or liquidity; statements concerning projections, predictions, expectations, estimates or forecasts as to the Corporation’s and its subsidiaries’ business, financial, and operational results, and future economic performance; and statements of 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 2007, which was filed with the SEC on February 28, 2008. 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 Web site are provided for convenience and, therefore, information on or available through the Web site is not, and should not be deemed to be, incorporated by reference herein.