Energy

Doug Glass, VP & General Manager Energy

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Union Pacific Coal Market Profile

$2.6 Billion Revenue as of 9/30/10

Union Pacific Energy Line Density Map

*Line density based on carloadings. Line thickness depicts traffic density.
Union Pacific Coal Market Profile
$2.6 Billion Revenue as of 9/30/10

- Diverse
- Flexible

Union Pacific Coal Market Profile
$2.6 Billion Revenue as of 9/30/10

- Diverse
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- Water Routes
Union Pacific Coal Market Profile

$2.6 Billion Revenue as of 9/30/10

- Diverse
- Flexible
- Water Routes
- Large Network
- Broad Products
5-Year Market Outlook

Industry Risks
- Emission Regulations
- Low Carbon Future

UP Opportunities
- New Business
- Price
- New Power Plants
- Economic Recovery / Growth
- Emerging Market
- Niche Markets

Coal Under Attack

- Regulations
  - Federal
  - Regional
  - State
- Renewable Energy Standards
- Natural Gas Substitution
Serving the Low Risk Power Plants

Only 7% of UP’s Coal Revenue Falls into the Highest Risk Quartile

- Based on National Data Comparing Plant Size, Carbon Intensity and Cost

![Plant Categories Diagram]

- High Risk Quartile: High Carbon, High Cost / Mwh, Small Plant
- Medium-High Risk Quartile
- Medium-Low Risk Quartile
- Low Risk Quartile: Low Carbon, Low Cost / Mwh, Large Plant

*Company estimates as to the probability that a power plant could shut down in the face of significant future investments in scrubbers and SCR's.

The Business Case for Coal is Still Strong

- Wind
  - Government Subsidies Required
  - Transmission Problems
- Nuclear
  - Long Construction Time Frame
  - Potentially High Construction Costs
- Natural Gas
  - Historic Price Volatility
  - Breakeven with Coal at $3.00 - $4.00 Mbtu
  - Industry Return Threshold of ~$5.00 Mbtu
- Coal
  - Provides 45% of Electricity Generation
  - Stable Prices
  - Resource Abundant
  - Lowest Cost Fossil Fuel

*Source: EIA

2009 Shares of Electricity Generation-U.S.*

When economy comes back, pressure will be on all sources of electrical power
More Business, More Price

New Business
- 9 Million Tons
- Offers Customer Greater Productivity Than SPRB Average
  - +4% train tonnage
  - ~6 additional cars per train
- Efficient Routing / Faster Service

Price Improvement
- All Remaining Legacy Business To Be Re-Priced by 1/1/2015
- Fuel Surcharge
- Contract Escalators

![Map of Powder River Basin]

As of 10/1/2010
- Re-Priced 60%
- Remaining Legacy 40%

New Business Opportunities
- 2 in Last 12 Months
- 1 More by November
- 3 Under Construction
- 1 Converting from Truck to Rail
- 3 in Development
- 3 Clean Coal Projects

13 New Coal-Fired Units

Estimated Incremental Annual Tons*

<table>
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<tr>
<th>Year</th>
<th>Tons (in Millions)</th>
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<tbody>
<tr>
<td>2010</td>
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<tr>
<td>2011</td>
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<td>~</td>
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<td>2015</td>
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*From new units under construction
Economic Recovery
*Poised for Growth*

- No Inventory Overhang
- Available Capacity to Grow

U.S. Electricity Consumption
(Year-Over-Year % Change)

- Electricity Demand Picking Up
- Expected 5-Year Average GDP of 2.8%

Emerging Market: Exports
*Global Market for Western U.S. Coal*

- Growing International Market - 100 Million Annual Tons
- Asia Consuming South African and Australian Coal
- Coal Exporting Capability Likely To Be Added at PNW Ports
- Potential for Greater Throughput at Long Beach
- Other Port Facilities Interested in Coal Exports
Niche Market Opportunities

**Eastern Utility Conversion to Western Coal**
- 500 Million Ton Market
- Central Appalachian Coal Basin Declining
- Mountaintop Mining Restrictions

**Mexico Opportunities**
- Coal Represents 5% of Electric Power
- 7 Million Tons of Coal Imported Today
- Opportunity for Oil-Based Power Converting to Coal

**Markets Served by Industrial Energy**
- 10 Million Ton Market
- Winning New Business in Agriculture and Mexico
- Great Upside on Cement Industry

**Regional Coal Production**
(Source: EIA)

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Delivering on Our Value Proposition

- **Increased Train Productivity**
- **Greater Speed and Service**
- **Asset Utilization**
Energy Summary & Outlook

Energy Customer Satisfaction

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<tr>
<th>Year</th>
<th>2006</th>
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<th>2008</th>
<th>2009</th>
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</table>

- More Business, More Price
- New Coal-Fired Units
- Clean Coal Plant Development
- Economic Recovery
- Western Export Opportunities
- Delivering Value to Customers
- Yield Expansion

Volume Outlook: Economy ++