



March 8, 2016

## J.P. Morgan Aviation, Transportation & Industrials Conference

**Rob Knight**  
CFO

## Cautionary Information



This presentation and related materials contain statements about the Company's future that are not statements of historical fact, including specifically the statements regarding the Company's expectations with respect to economic conditions and demand levels; and its ability to generate financial returns, improve network performance and cost efficiency, and provide returns to its shareholders. 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: projections, predictions, expectations, estimates or forecasts as to the Company's and its subsidiaries' business, financial, and operational results, and future economic performance; and 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 Company'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 Company'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 Company's Annual Report on Form 10-K for 2015, which was filed with the SEC on February 5, 2016. The Company 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).

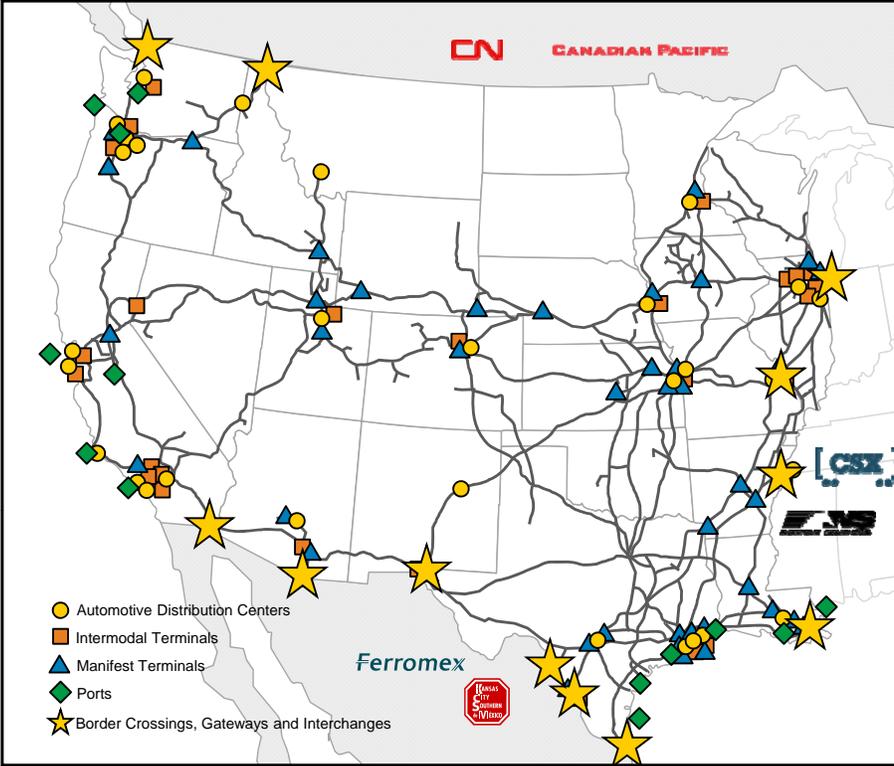
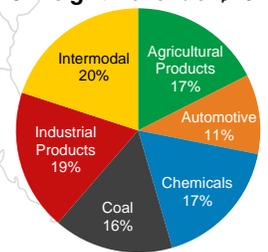
Forward-looking statements speak only as of, and are based only upon information available on, the date the statements were made. The Company assumes no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information. If the Company does update one or more forward-looking statements, no inference should be drawn that the Company will make additional updates with respect thereto or with respect to other forward-looking statements. References to our website are provided for convenience and, therefore, information on or available through the website is not, and should not be deemed to be, incorporated by reference herein.



# The Strength of a Unique Franchise

- Excellent Network
- Strategic Terminal Locations
- Broad Port Access
- Border and Interchange Coverage

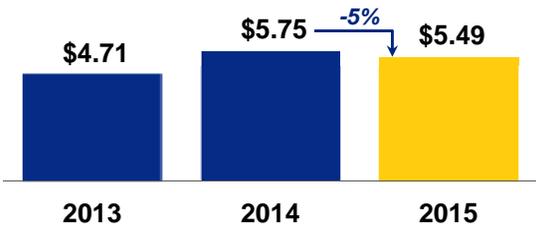
## Business Mix 2015 Freight Revenue: \$20.4B



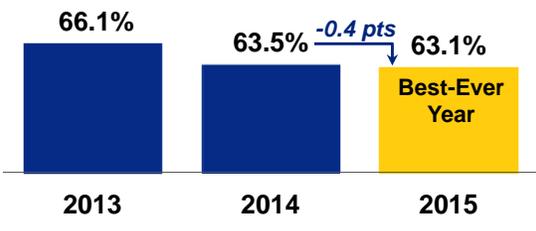
# 2015 Full Year Results



## Earnings Per Share



## Operating Ratio



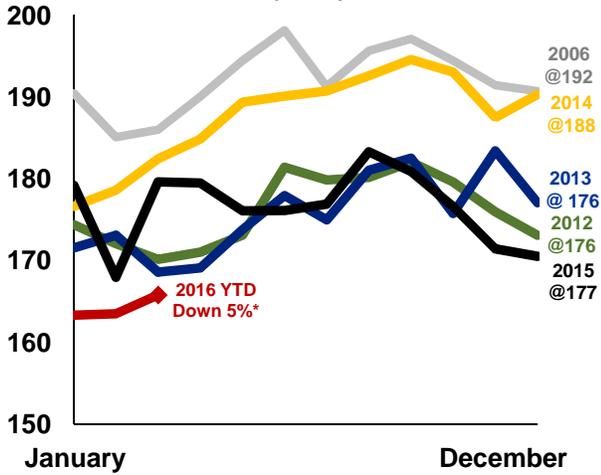
- Softness in Demand
- Business Mix Shifts
- Solid Core Pricing
- Resource Agility
- Lower Fuel Prices

# 2016 Volumes



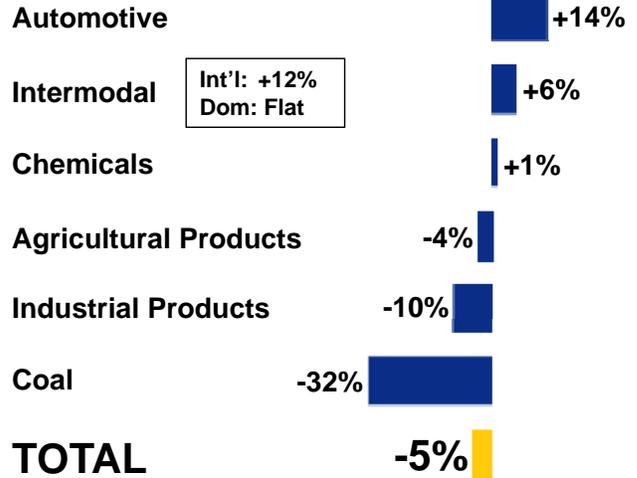
## 7-Day Monthly Carloadings

(000s)



## 2016 YTD Volumes\*

(vs 2015)

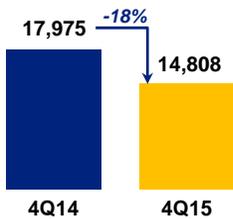


\*Through March 3, 2016

# Resources & Network Performance

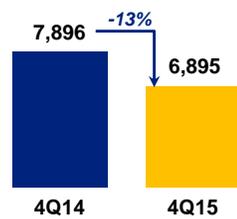


## Total TE&Y\*



\*Full-time equivalent

## Active Locomotive Fleet

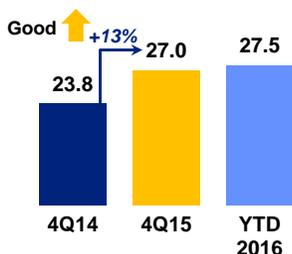


- ~4,100 TE&Y Employees in Furlough / AWTS\*\*
- ~1,500 Locomotives in Storage\*\*

\*\*As of March 4, 2016

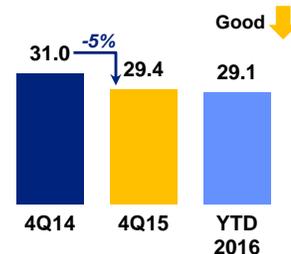
## UP Velocity

(As reported to AAR, in mph)



## UP Terminal Dwell

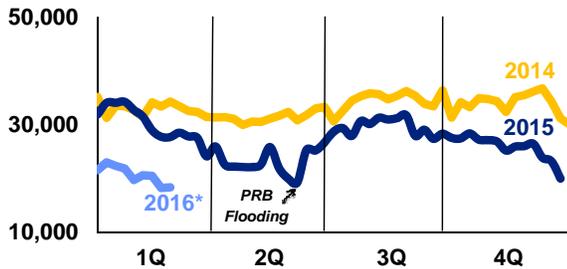
(As reported to AAR, in hours)



- Record Velocity at 4Q Volume Levels
- Further Improvement YTD versus 4Q15 Performance

# Coal Trends

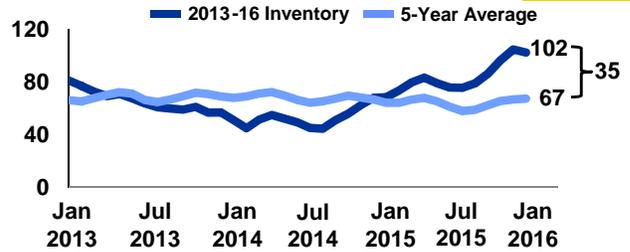
**Volume Impact  
(Weekly Carloadings)**



- Natural Gas Prices
- Coal Inventory Levels
- Exports

\*Through March 5, 2016

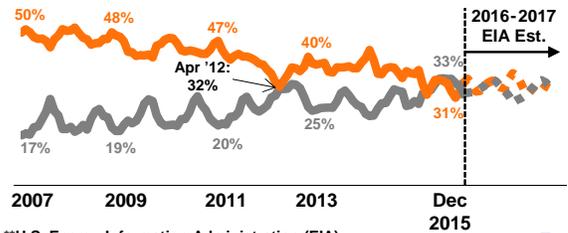
## Powder River Basin Coal Stockpiles\* (Days of Burn)



\*Energy Ventures Analysis

## Electricity Generation Market Share\*\*

— % from coal — % from natural gas



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

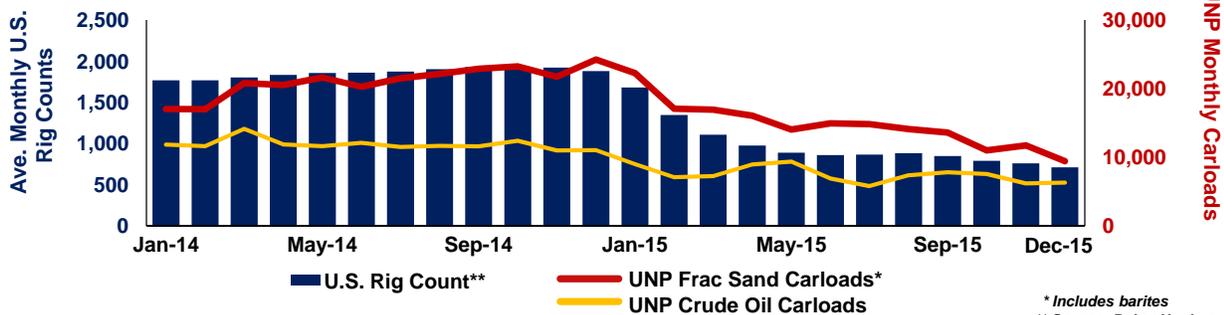
# Shale-Related Volumes

3.2% of 2015 Total Volume



2015	Volume (000s)	% Incr (vs 2014)	% of Total UP Volume
Frac Sand*	177	-30%	2.0%
Crude Oil	90	-37%	1.0%
Pipe	19	-43%	0.2%
<b>Total Shale</b>	<b>286</b>	<b>-33%</b>	<b>3.2%</b>

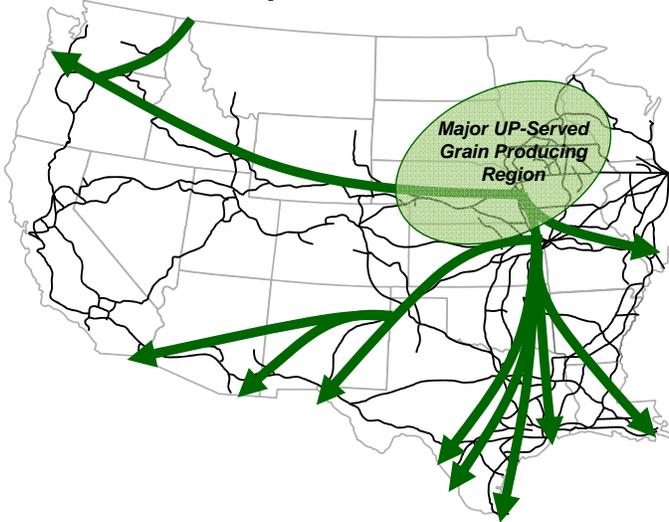
- Frac Sand Drivers
  - Lower Energy Prices / Lower Rig Counts
  - Enhanced Fracking Technology
- Crude Oil By Rail Market Drivers
  - Lower Crude Oil Prices
  - Unfavorable Price Spreads



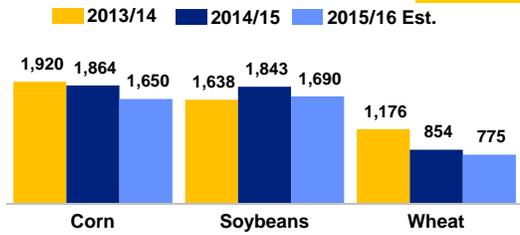
\* Includes barites  
\*\* Source: Baker Hughes

# Grain Volumes

## Export Grain Flows

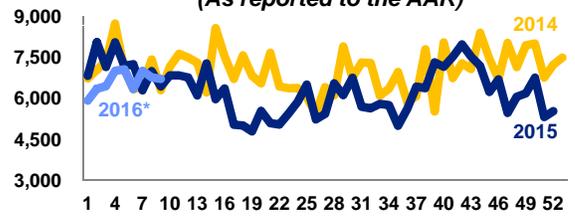


## U.S. Grain Exports\* (Bushels in Millions)



\*Source: USDA February 2016

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

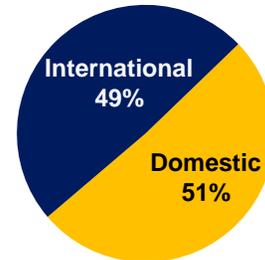


\*Through March 5, 2016

# Intermodal

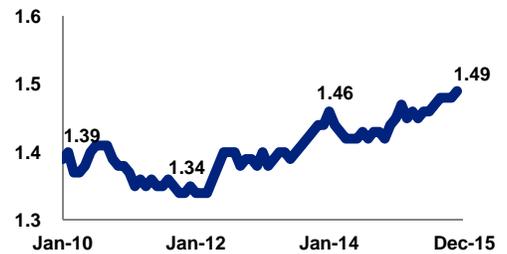


## 2015 Volume Mix



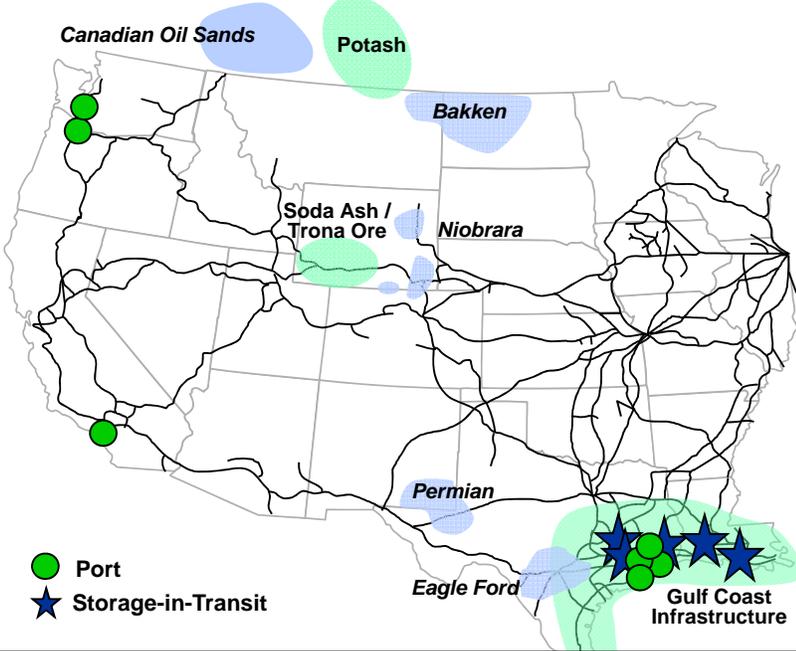
## Retail Inventory-to-Sales Ratio

Source: U.S. Bureau of Economic Analysis

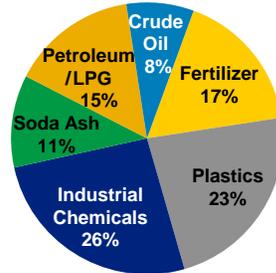


# Chemicals

2015 Revenue: \$3.5 Billion

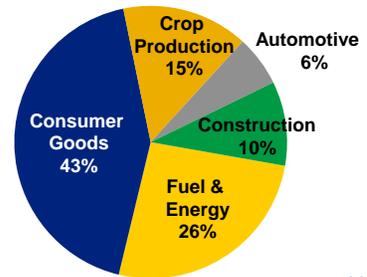


## 2015 Volume Mix

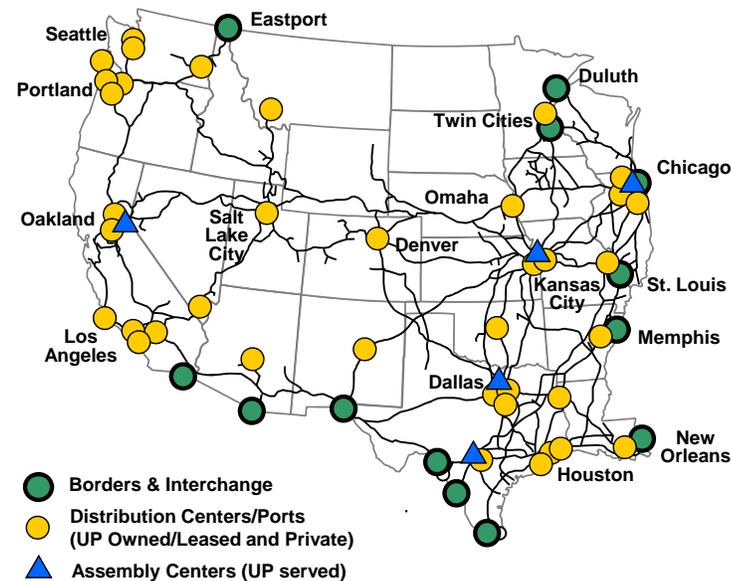


## Key End-Use Markets

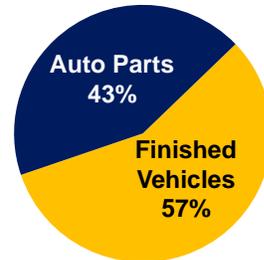
(% of 2015 Volume)



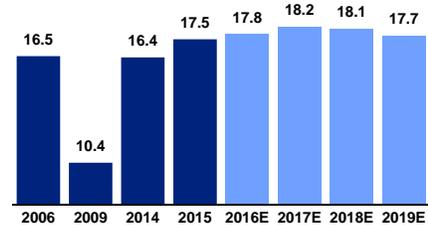
# U.S. Vehicle Sales and Drivers



## 2015 Volume Mix



## U.S. Light Vehicle SAAR\*



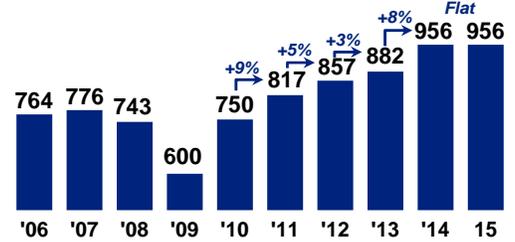
\*Source: February 2016 IHS Global Insight forecast

# UP Positioned for Mexico Growth

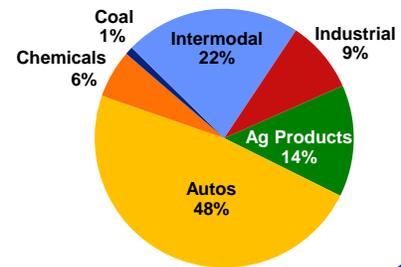
## Strong Investments – Foreign & Domestic



### Volume Growth (Carloads in Thousands)



### 2015 Volume Mix (In Carloads)



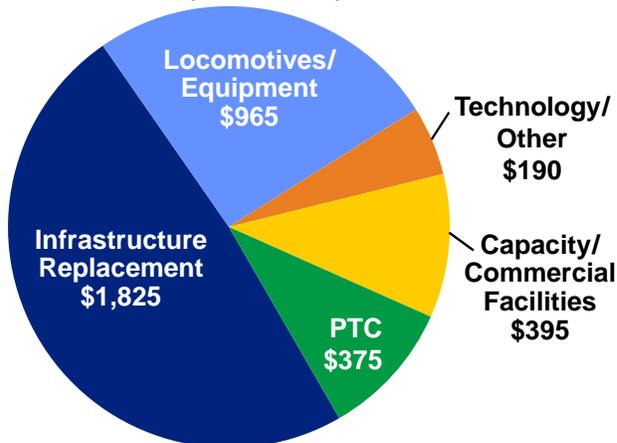
# Strengthening the Franchise

## Replacement, Growth & Productivity, and PTC



### 2016 Capital Plan: ~\$3.75 Billion\*

(\$ in Millions)



\*Includes cash capital, leases and other non-cash capital.

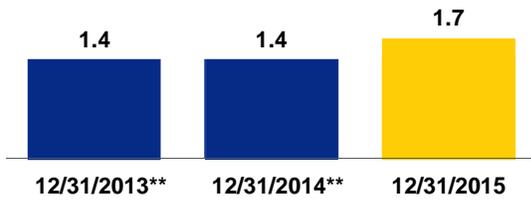
- Safe & Resilient Infrastructure
- Capacity Investments
  - Southern Region
  - Network Strategies
- Equipment Acquisitions
  - 230 New Locomotives
  - 450 Freight Cars
- Positive Train Control

# Leverage & Shareholder Returns

(\$ In Millions)

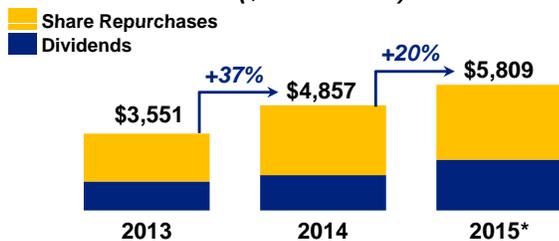


## Adjusted Debt / Adjusted EBITDA\*



## Dividends & Share Repurchases

(\$ In Millions)



\*2015 includes 4Q14 dividend payment made Jan. 2, 2015

- Strong Balance Sheet
- Investment Grade Credit Rating
- \$1.3 Billion Debt Issuance in 2016 YTD
- Repurchased 15% of Shares over past 5 years

\* See Union Pacific website under Investors for a reconciliation to GAAP.  
\*\* Prior periods have been adjusted for the retrospective adoption of Accounting Standard Update 2015-03.

# Summary of 2016 Key Guidance



## First Quarter

- Coal Volume Down ~30%
- Total Volume Down Mid-Single Digits

## Full Year

- Total Volume Down Slightly
- Fuel & Mix Pressure
- Record Productivity
- Improved Operating Ratio
- Capital Plan of ~\$3.75 Billion

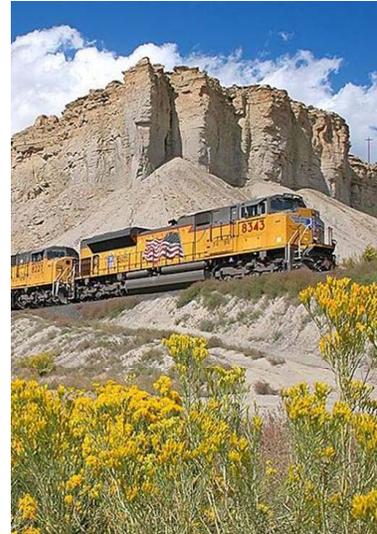


# Aspiring to New Levels: “G55 + 0”

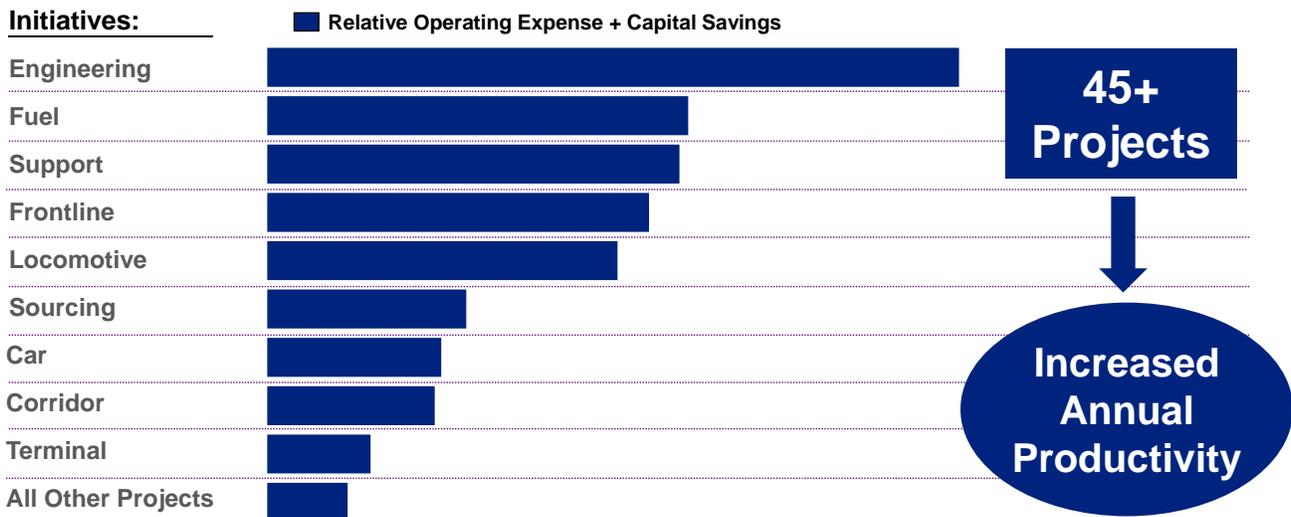
*Kicked off Fall 2015*



- 15 Focused Teams
  - Turbocharge Productivity – All Areas
  - New Capital Efficiency Approaches
  - Improve the Customer Experience
  - New Business Development
  - Continue Pricing to Service & Value
- \$ Billions of Ideas – Launch in 2016



# “G55 + 0” Key Initiatives



# Realizing Potential of the Franchise



## Operating Ratio (Percent)

