

NGFA 116th Annual Convention Giving Our Customers a Competitive Edge

Jack Koraleski, President and CEO – March 19, 2012

150 YEARS



BUILDING AMERICA®

Our Mission

- The men & women of Union Pacific are dedicated to serve

Our Values

- Focus on performance
- Ensure high ethical standards
- Work as a team



2011: Record Year, Record Reputation



ConAgra Mills®



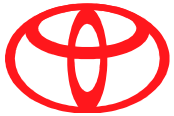
EVERGREEN LOGISTICS CORP.



WALLENIUS WILHELMSSEN LOGISTICS



EASTMAN



TOYOTA



FORTUNE®
AMERICA'S MOST
ADMIRABLE COMPANIES
2011
2012



HAMMOND SAFETY AWARD

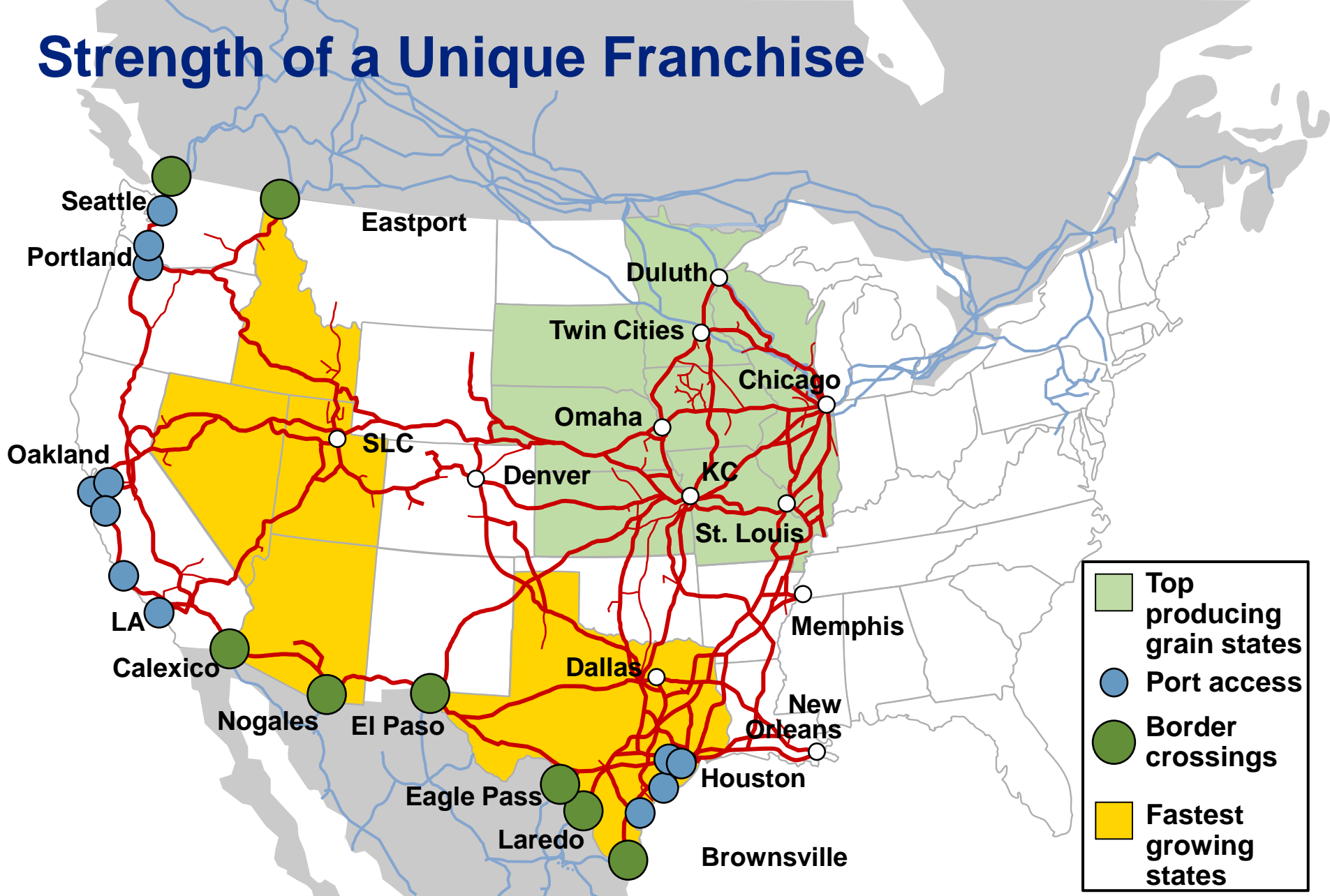


ASSOCIATION OF AMERICAN RAILROADS



150 YEARS

Strength of a Unique Franchise



Strategy Drives the Value Proposition

- **Safety**
- **Excellent service**
- **Efficiency**
- **Strategic investments**
- **Shareholder returns**



Strategy Drives the Value Proposition

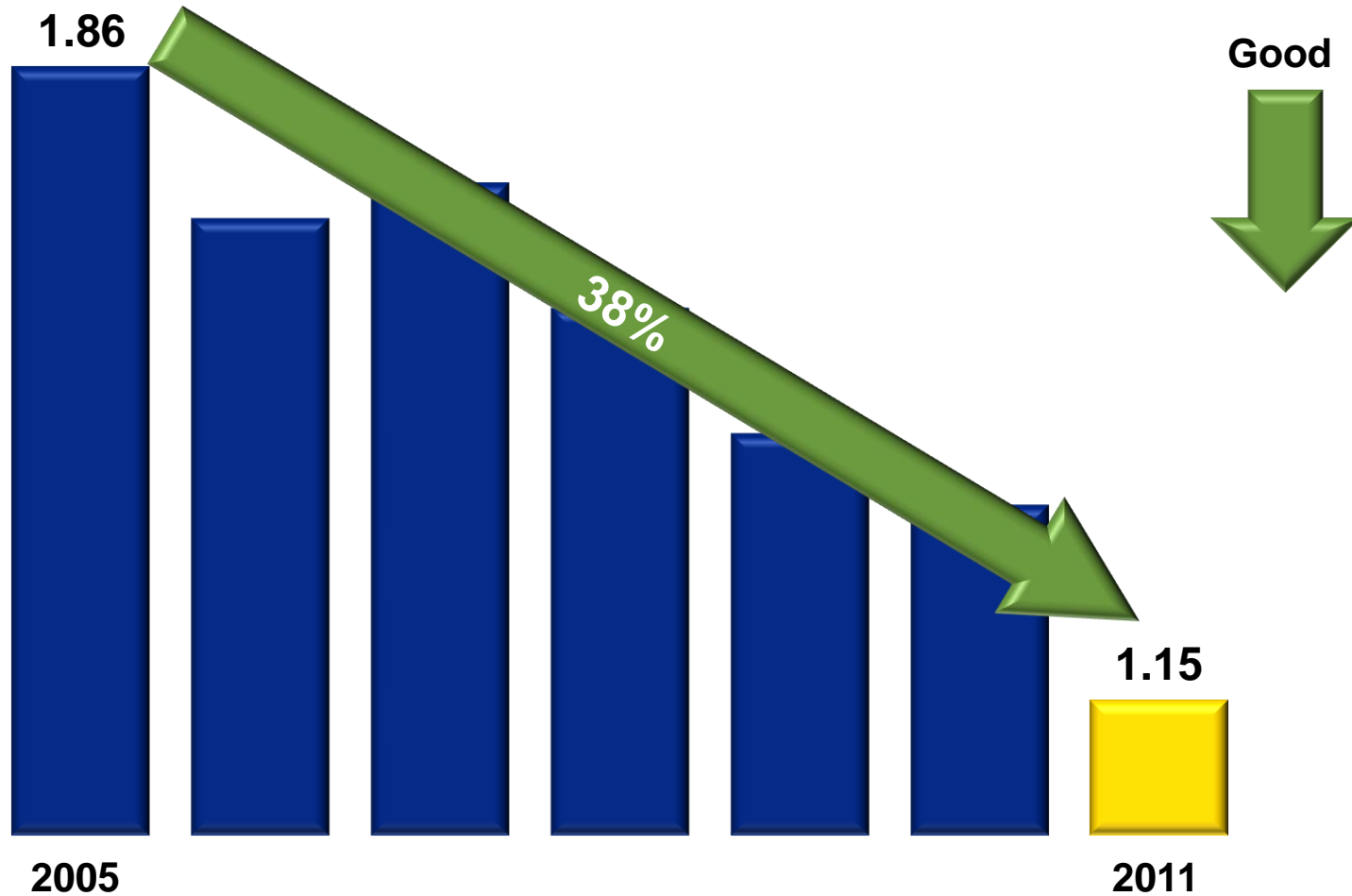
- Safety
- Excellent service
- Efficiency
- Strategic investments
- Shareholder returns

Customer Value Proposition . . .



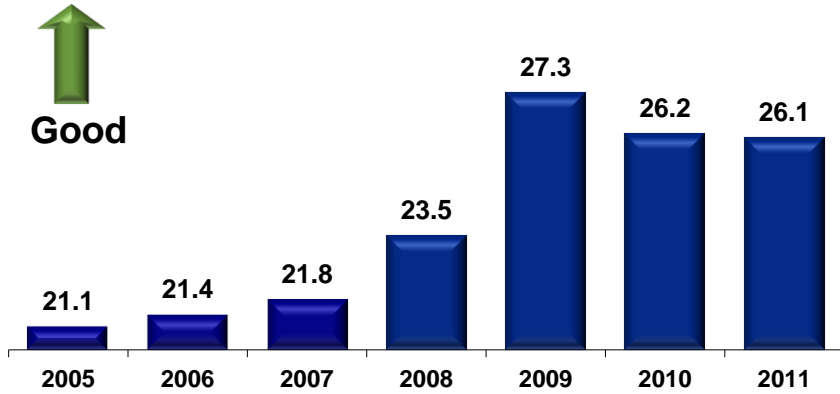
2011 Record Employee Safety

Reportable Personal Injury Incidents Per 200,000 Man-Hours



Reliable and Efficient Service

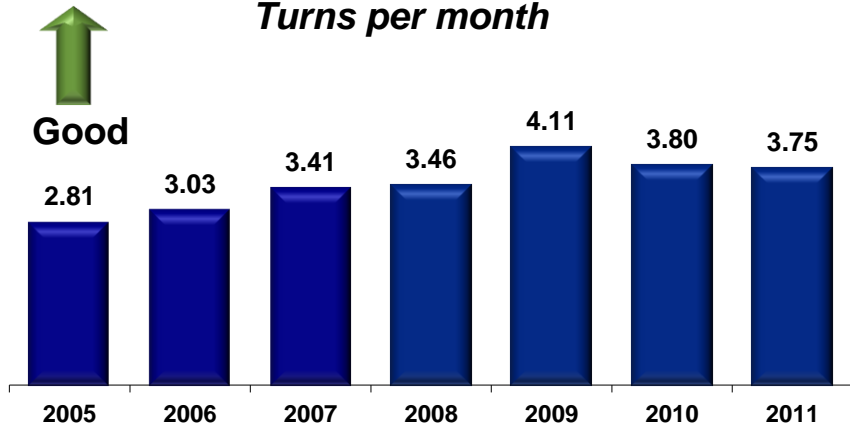
AAR Velocity MPH



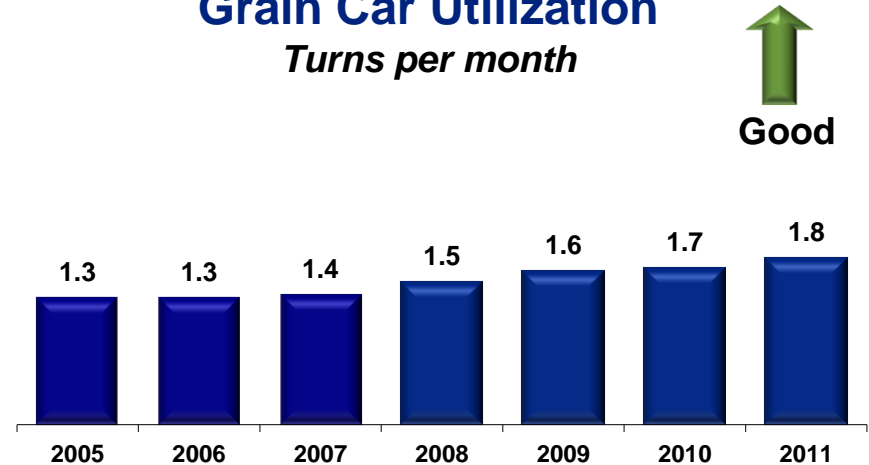
Service Delivery Index* **includes earlies*



Shuttle Trains Turns per month

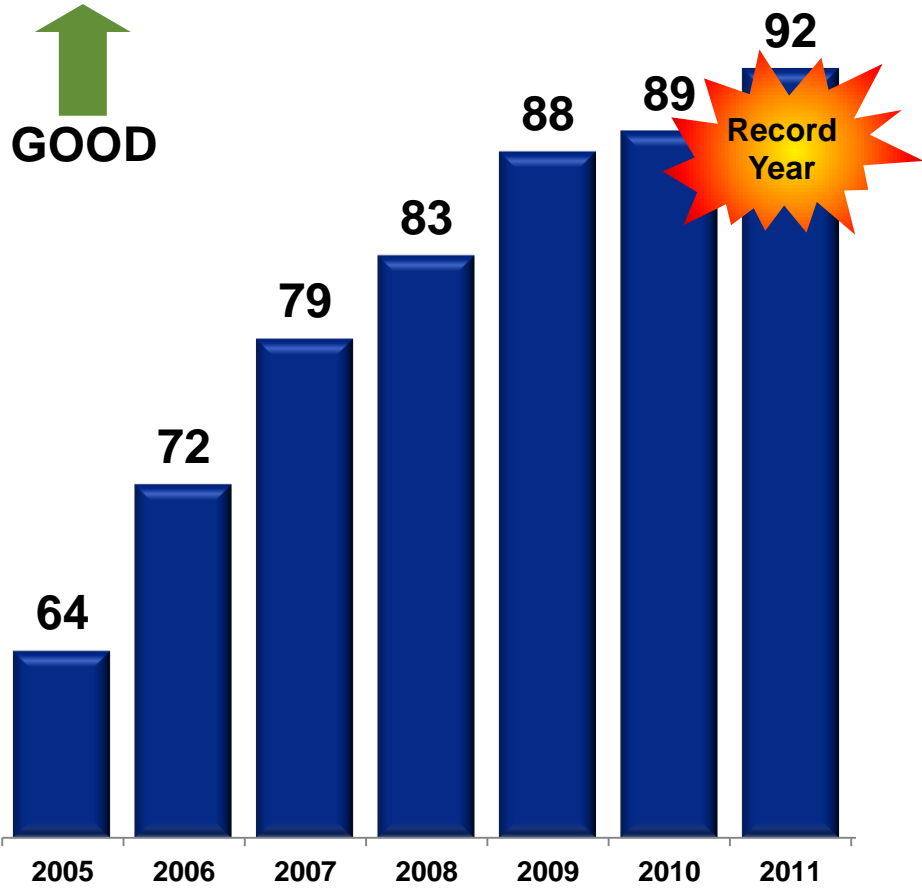


Grain Car Utilization Turns per month



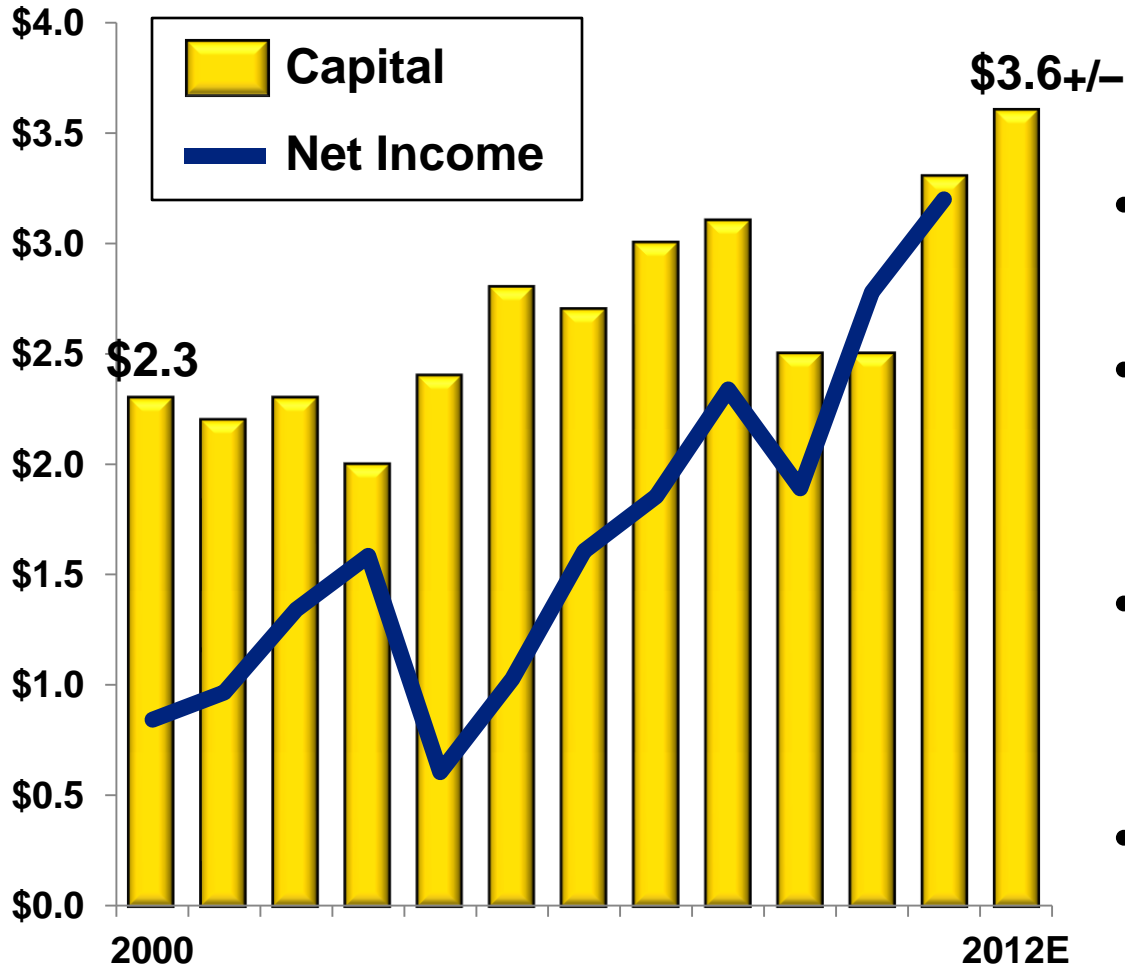
Delivering on the Value Proposition

Overall Customer Satisfaction



UP Invests Record Capital

In Billions



- Most capital intensive industry
- Return on capital drives new investment
- UP spends more than all but four state DOTs
- Invest 17-18% of revenue every year

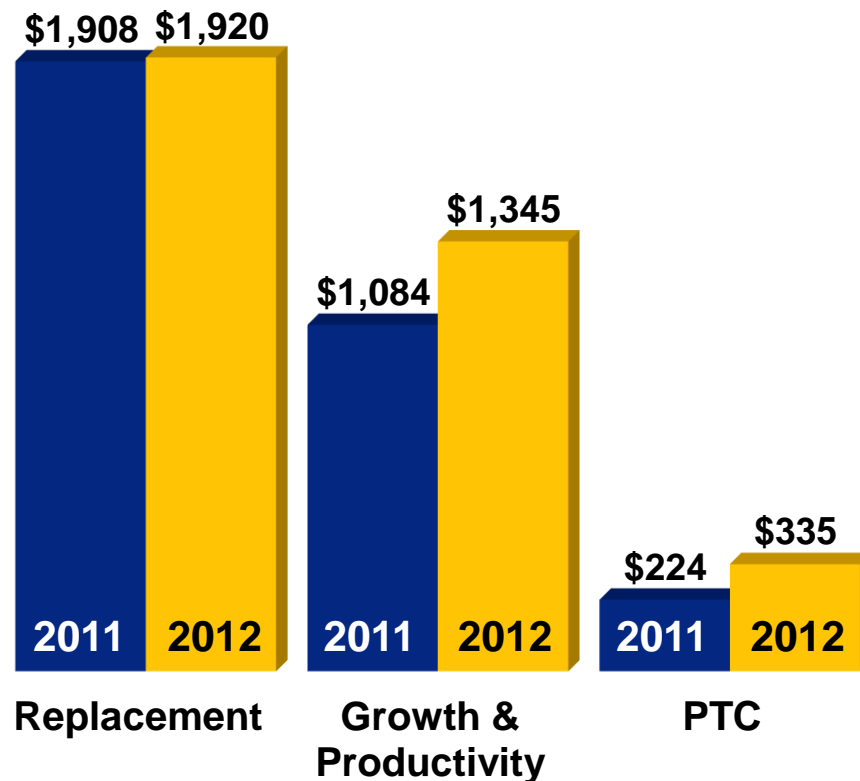
*Includes Cash Capital, Leases and Other Non-Cash Capital

Record 2012 Capital Plan

Replacement, Growth & Productivity

- \$3.6± Billion in 2012
- Safe and Resilient Infrastructure
- Increased Capacity Spending
- 200 New Locomotives
- Increased PTC Spend

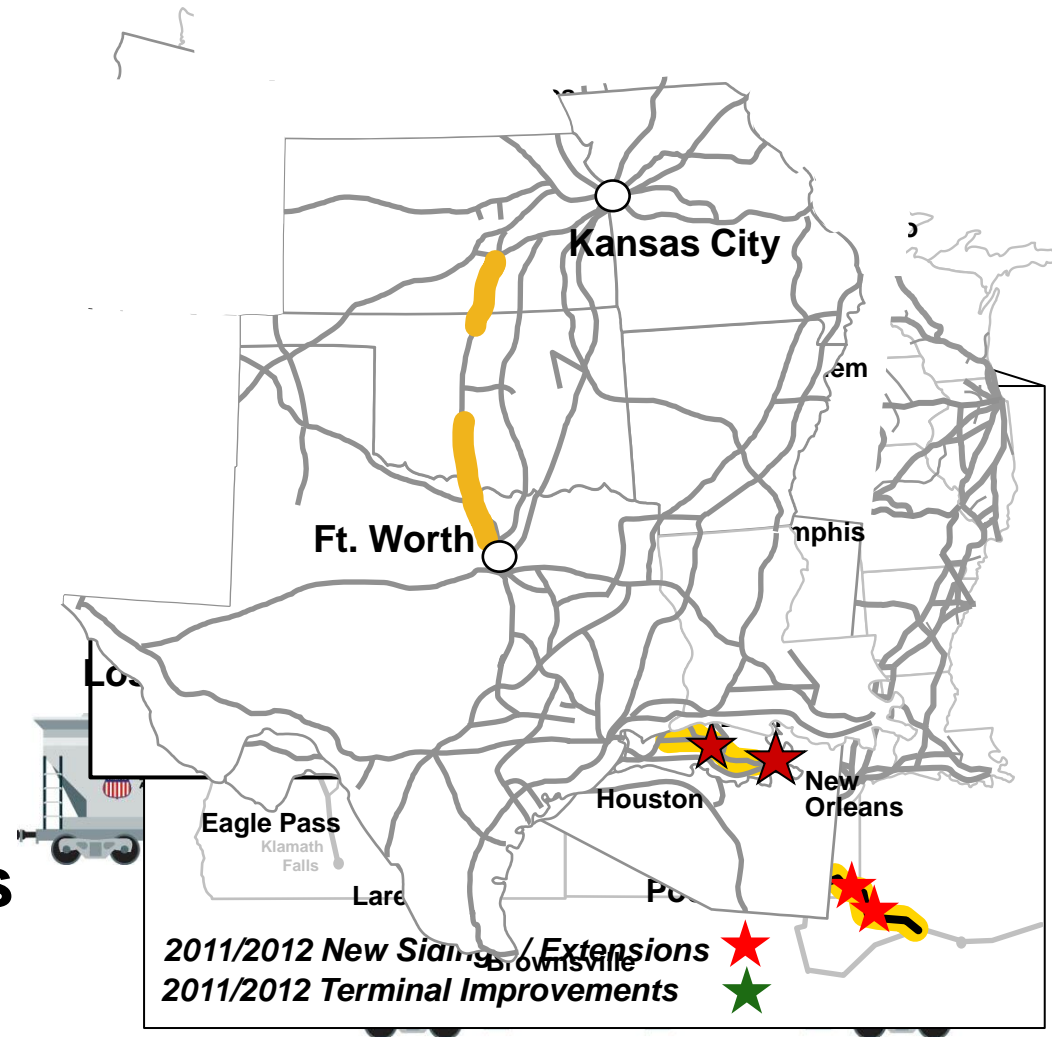
2012 vs. 2011 Capital*
(\$ In Millions)



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

Investing Heavily for Ag Over Next 4 Years

- PNW corridor
- Blair Sub double track and Missouri Valley river bridge
- Livonia Sub
- OKT siding upgrades
- Yermo Plant to Port service
- Grain covered hoppers



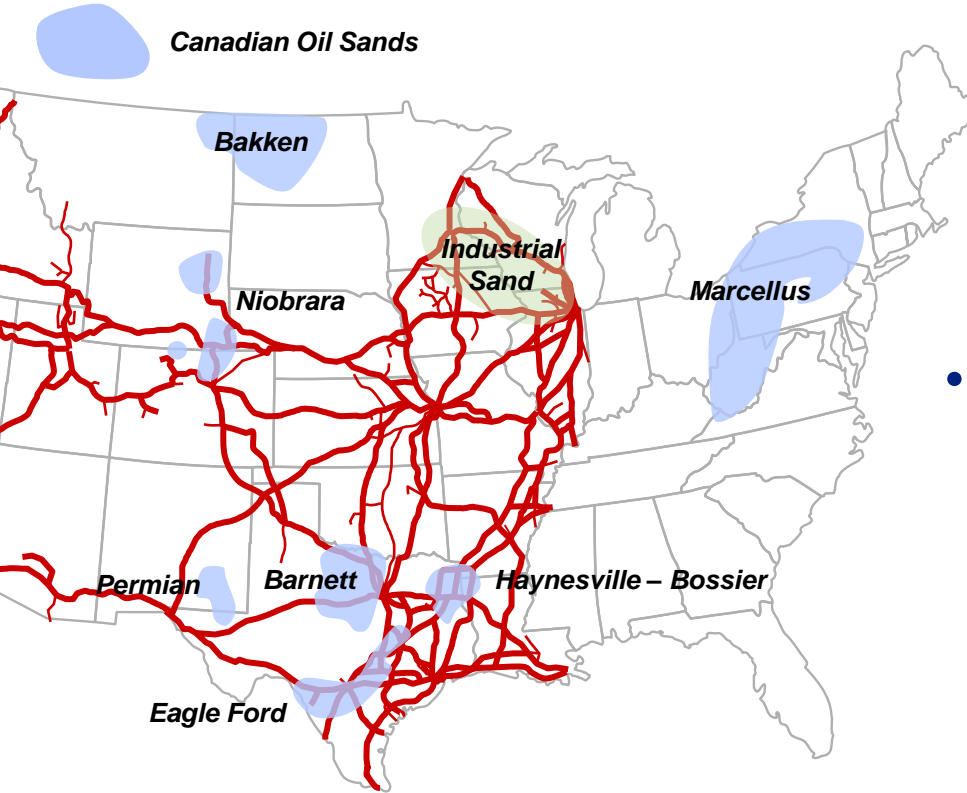
2012 Economic Outlook

Metric	2009	2010	2011	2012E
Gross Domestic Product (%)	(3.5)	3.0	1.7	2.1
Industrial Production (%)	(11.2)	5.3	4.2	4.1
Light Vehicle Sales (Millions)	10.4	11.6	12.7	14.0
Housing Starts (Millions)	0.55	0.58	0.61	0.75
Imports (%)	(13.6)	12.5	4.9	3.5
Exports (%)	(9.4)	11.3	6.8	4.2
Unemployment (%)	9.3	9.6	9.0	8.2

Source: Global Insight – Mar 2012

U.S. Shale Developments

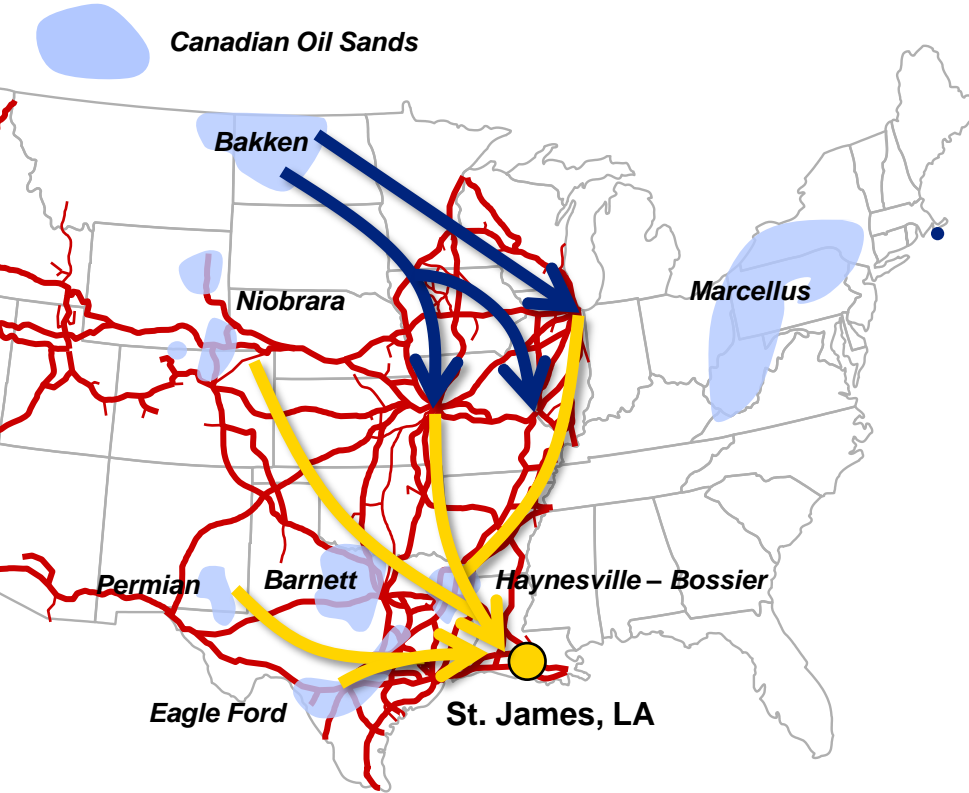
Inbound Drilling Materials



- **Inbound drilling materials**
 - Frac sand/barites
 - Steel /pipe
 - Hydrochloric acid
- **Well statistics**
 - Drilling pipe: 3-5 carloads/well
 - Drilling materials:
 - Vertical well – 6-8 rail cars
 - Horizontal well – 30-100 rail cars

U.S. Shale Developments

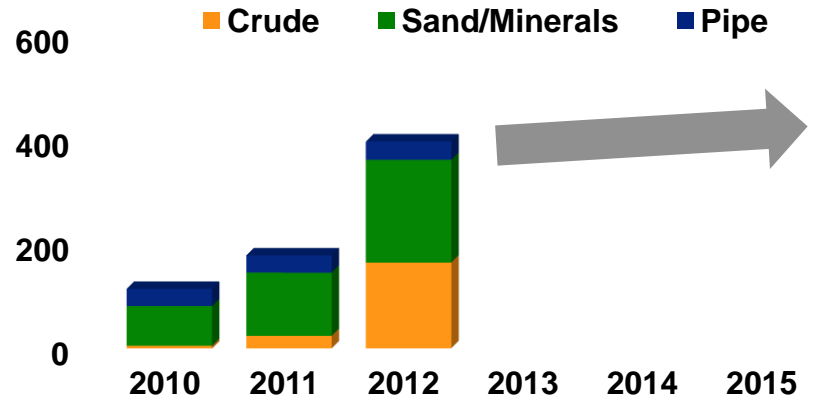
Outbound Crude Oil



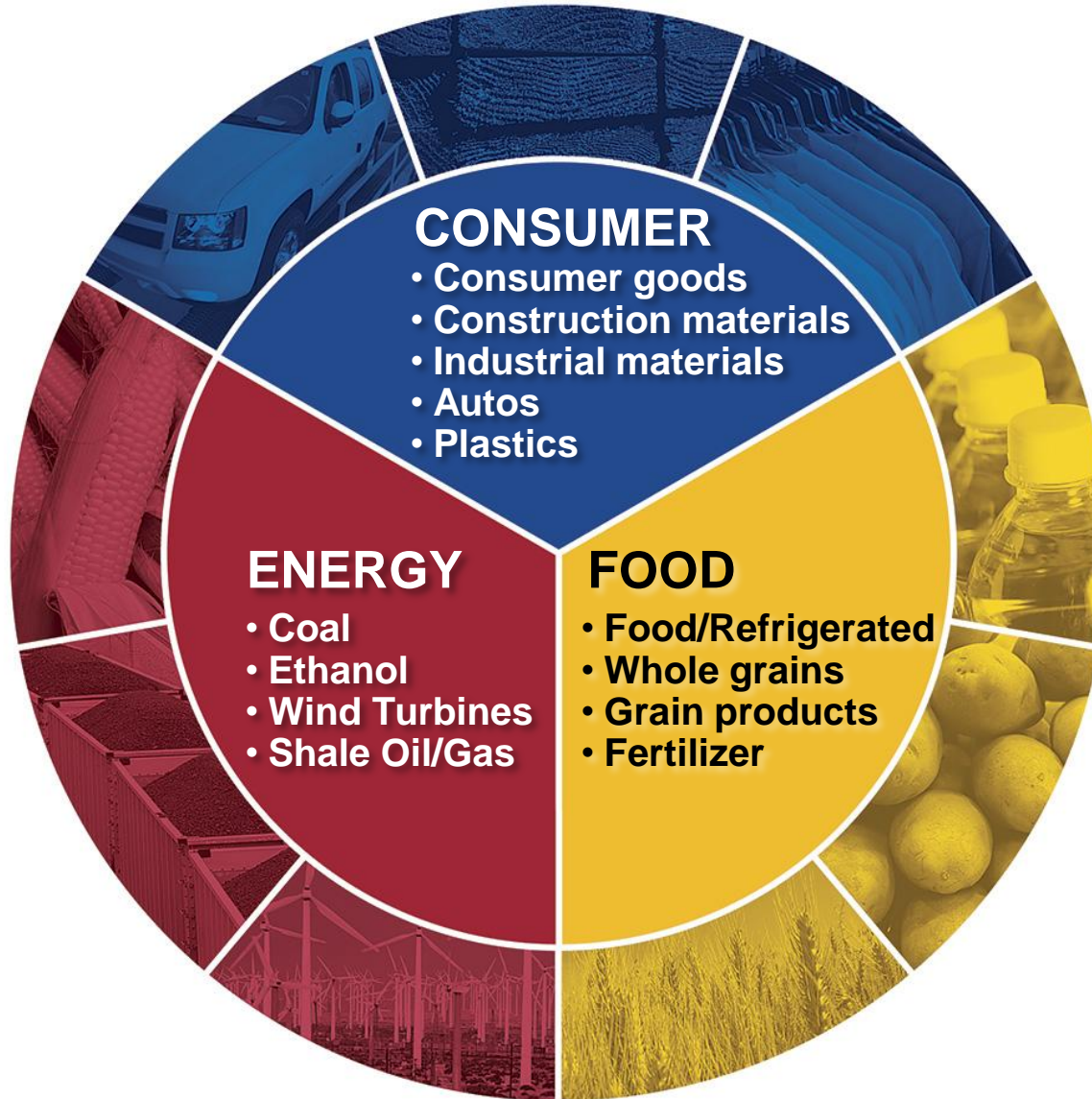
- Rail's advantage over pipeline
 - Geographic reach
 - Speed to market
 - Service flexibility

• St. James terminal = UP advantage

Potential Volume Growth (Carloads In Thousands)



Working to Grow All UP Business Groups



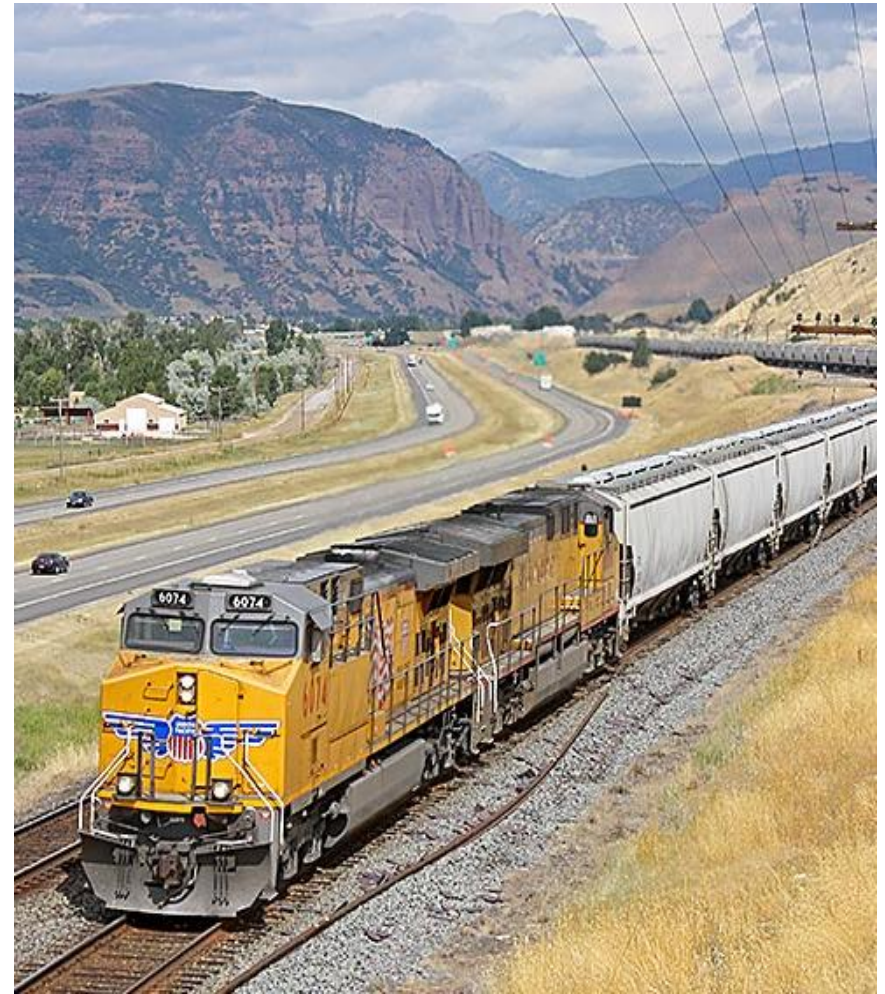
Washington Issues

- **Antitrust**
- **Passenger rail**
- **Positive Train Control**
- **Truck size and weight**



Railroads Help America Compete

- Clearer roads, cleaner skies
- Energy independence
- Cost efficient
- Excellent customer service and value
- Good-paying American jobs
- \$1 rail investment yields \$3 in economic benefits



Union Pacific Committed to Agriculture

- **Safety focus**
- **Excellent service underpins customer value**
- **Invest for growth**
- **Committed to growing our business together**



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