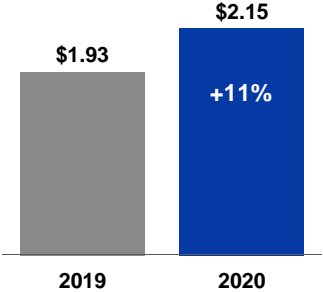


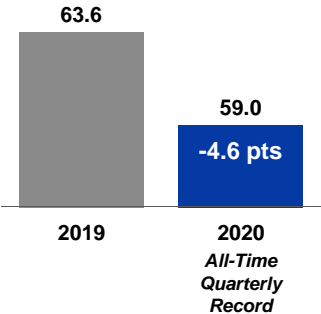


## First Quarter 2020 Results

Earnings Per Share



Operating Ratio



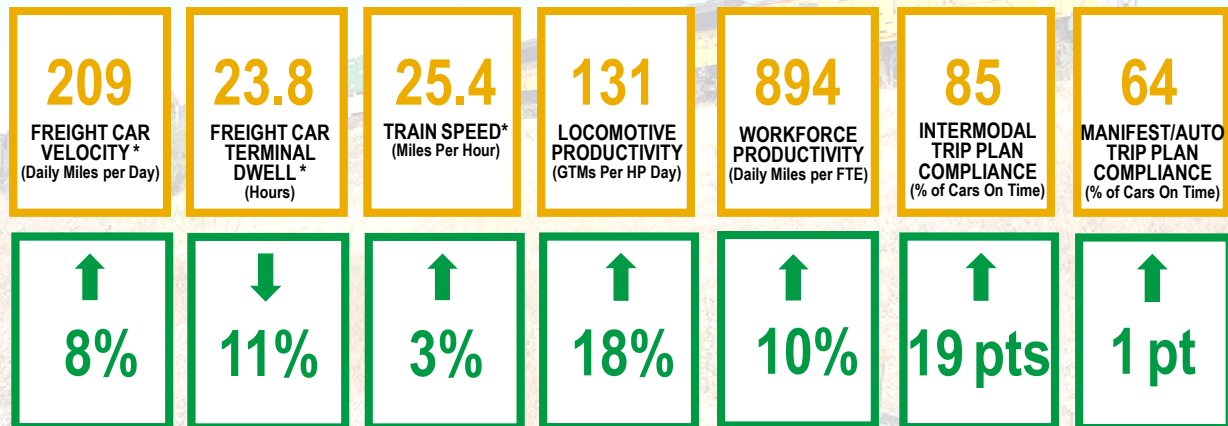
# FIRST QUARTER 2020 OPERATIONS REVIEW

Jim Vena  
Chief Operating Officer



## Unified Plan 2020

### Key Performance Metrics – 1Q 2020 vs. 1Q 2019



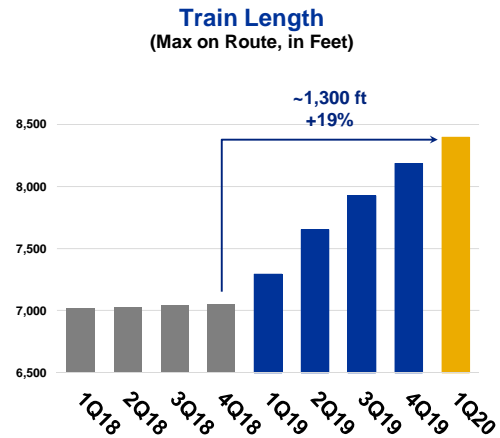
4 \*Prior years have been recast to conform to the current year presentation which reflects minor refinements.



## Unified Plan 2020 Update

### Terminal Rationalization & Network Changes

- Consolidated Mechanical shops
- Santa Teresa Block Swap Facility In Service
- Completed Eight 15,000 Foot Sidings
- Continued Improvement in Train Length

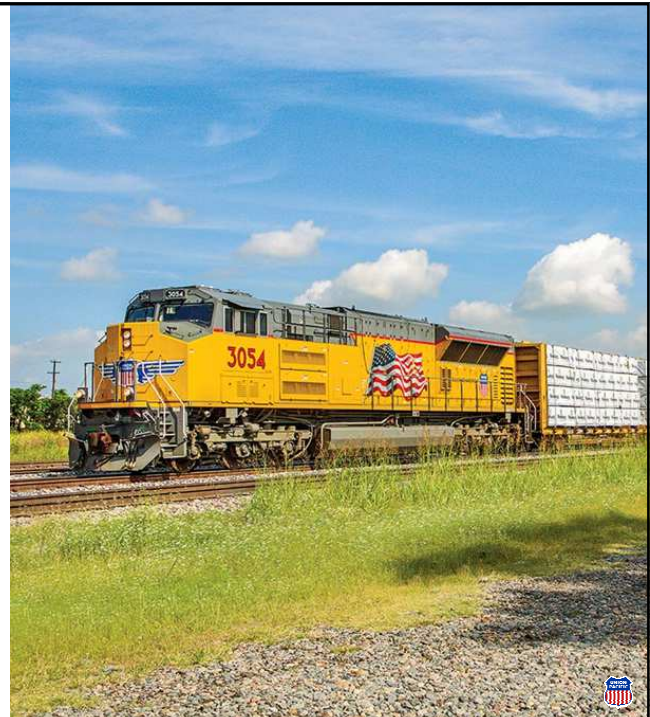


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## Operating Outlook

- Safety First
- Adjusting Resources for Volume Impacts from COVID-19
- Continue Unified Plan 2020 Implementation
- Drive Service Improvements
- Focus on Asset Utilization and Network Efficiency



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# FIRST QUARTER 2020 MARKETING & SALES REVIEW

Kenny Rocker

Executive Vice President – Marketing & Sales

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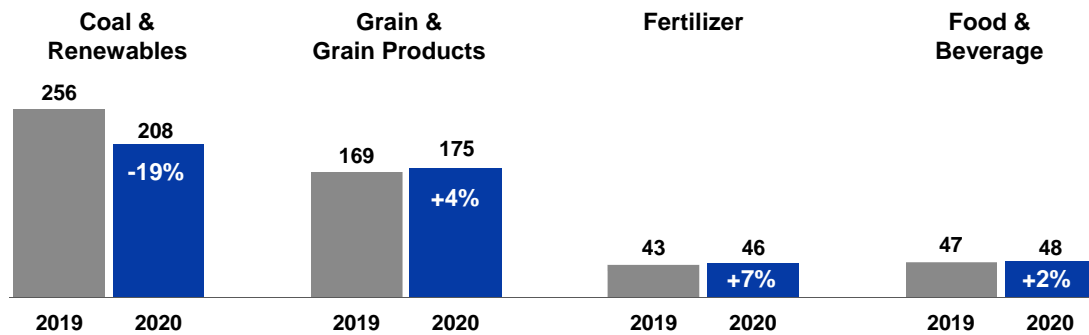


## Bulk

Revenue \$1,534M (-5%)

Volume 477K (-7%)

ARC \$3,219 (+2%)



### Quarterly Drivers

Continued Coal Challenges

Export Ethanol Strength

Strong Domestic Fertilizer Demand

Growth in Import Beer

8 Volume in thousands of carloads.



## Industrial

Revenue \$1,894M (+3%)

Volume 546K (+3%)

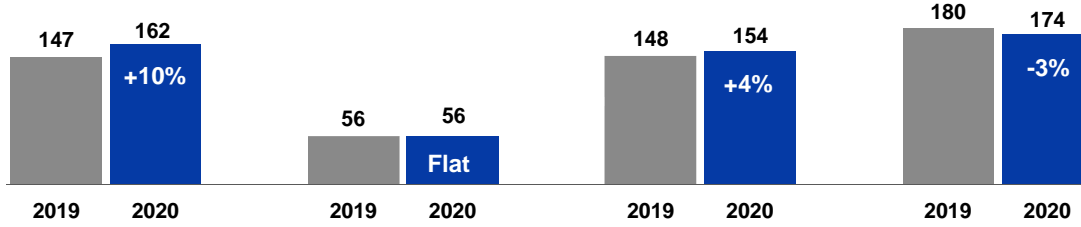
ARC \$3,469 (Flat)

Energy & Specialized

Forest Products

Industrial Chem & Plastics

Metals & Minerals



### Quarterly Drivers

Strong Crude Shipments

Construction Strength

Reduced Sand Shipments

<sup>9</sup> Volume in thousands of carloads.



## Premium

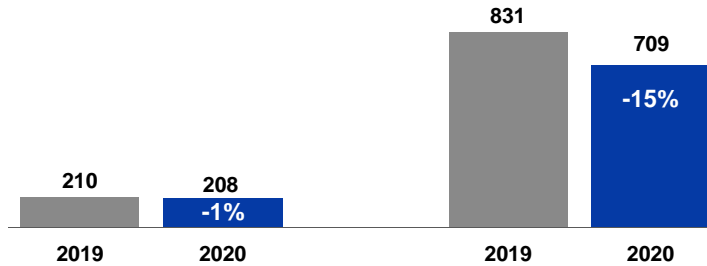
Revenue \$1,452M (-6%)

Volume 917K (-12%)

ARC \$1,583 (+6%)

Automotive

Intermodal



### Quarterly Drivers

Automotive Manufacturing Suspension

Soft Domestic Market

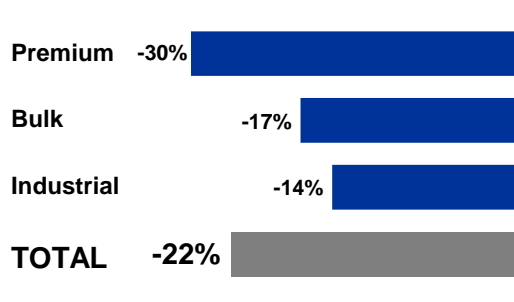
International Trade

<sup>10</sup> Volume in thousands of carloads.

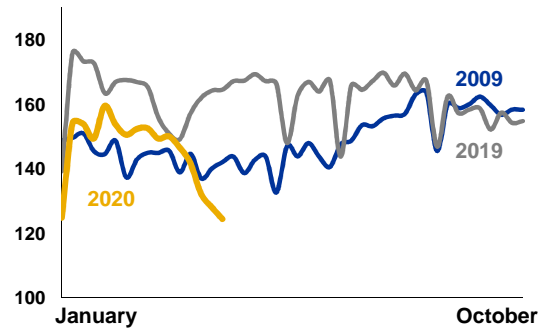


## Second Quarter Volume & Outlook

Second Quarter Volume YTD\*



7-Day Weekly Carloadings (000s)



11 \* Volume through April 21



## FIRST QUARTER 2020 FINANCIAL REVIEW

Jennifer Hamann

Executive Vice President & Chief Financial Officer

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## First Quarter Operating Ratio and EPS

Favorable / (Unfavorable)

	Operating Ratio	EPS
First Quarter 2019	63.6%	\$1.93
2019 Payroll Tax Refund	(0.8) pts	(\$0.05)
2019 Weather Expense	0.8 pts	\$0.05
Fuel Impact	0.8 pts	\$0.04
Core Results	3.8 pts	\$0.18
First Quarter 2020	59.0%	\$2.15

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## First Quarter Income Statement

\$ in Millions (except EPS)

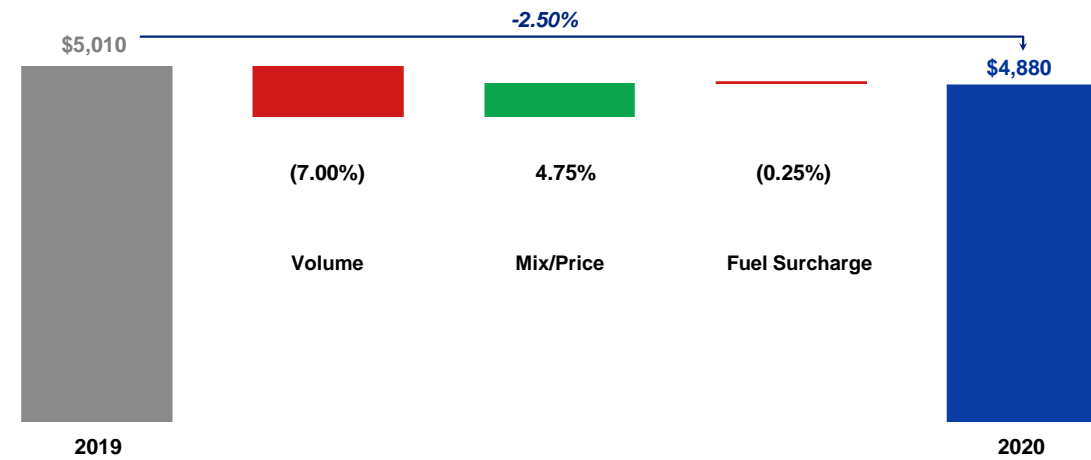
	2020	2019	%
Operating Revenues	\$5,229	\$5,384	(3)
Operating Expenses	3,086	3,424	(10)
Operating Income	2,143	1,960	9
Other Income	53	77	(31)
Interest Expense	(278)	(247)	13
Income Taxes	(444)	(399)	11
Net Income	\$1,474	\$1,391	6
Weighted Average Diluted Shares	686.2	719.5	(5)
Diluted EPS	\$2.15	\$1.93	11

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## First Quarter Freight Revenue

\$ in Millions

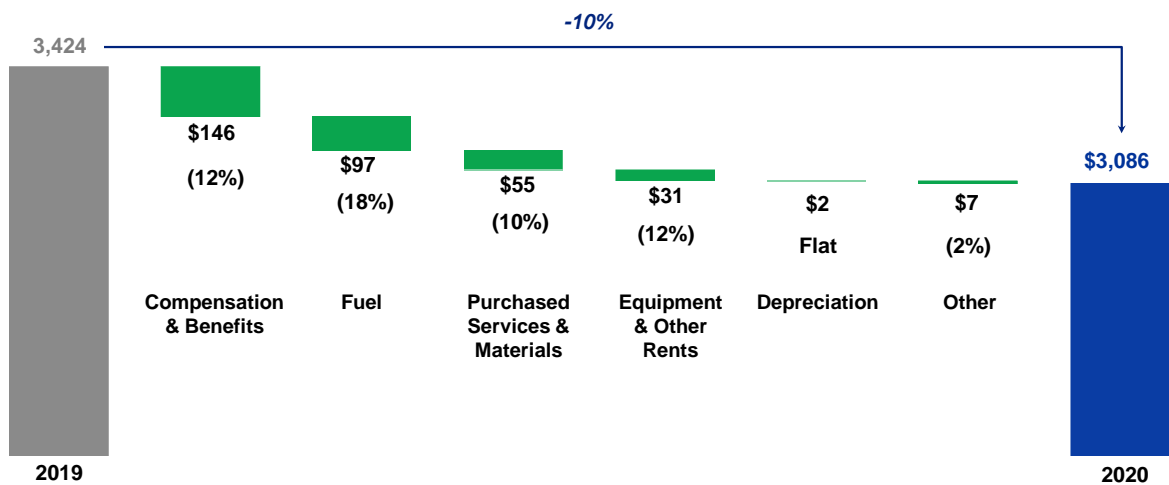


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## First Quarter Operating Expenses

\$ in Millions



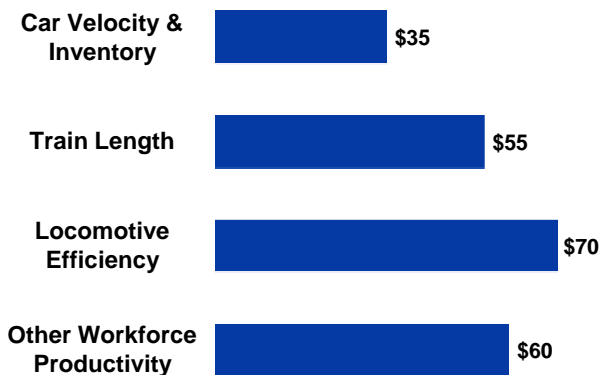
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## Productivity Update

### Net Productivity of \$220 Million



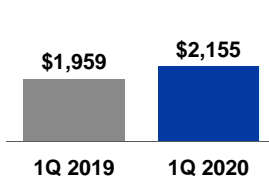
### Union Pacific is More Efficient Than During Past Recessions

- Greater Than 100% Volume Variable in First Quarter 2020
- 1500+ Basis Points Operating Ratio Improvement Since 2008/2009

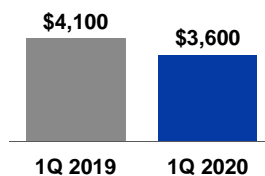


## Managing Returns & Liquidity

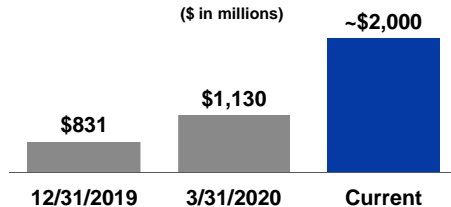
Cash From Ops  
(\$ in millions)



Cash to Shareholders  
(\$ in millions)



Cash Balance  
(\$ in millions)



### First Quarter Year-to-Date

- Cash Flow Conversion Rate Equal to 91% of Net Income
- Repurchased 14 million Shares for a 5% Reduction in the Average Share Balance
- Adjusted Debt Increased \$2.5 Billion since Year-End 2019
- Adjusted Debt / EBITDA of 2.7x



## Updated 2020 Guidance

### Withdrawing Full Year Guidance on:

- Volume
- Headcount
- Operating Ratio
- Share Repurchases

### Second Quarter Outlook

- Volumes Down ~25%
- Aggressive Cost Control
- Volume Outlook Makes Operating Ratio Improvement Unlikely

### Full Year 2020

- Pricing Gains in Excess of Inflation Dollars
- \$400-500 Million of Productivity
- Solid Free Cash Flow After Dividends Under Various Scenarios
- Capital Allocation Plan Based on Scenarios:
  - Capital Spending Reduced by \$150 to \$200 Million
  - Maintain Dividend
  - Suspend Share Repurchases

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## FIRST QUARTER 2020

—  
**Lance Fritz**

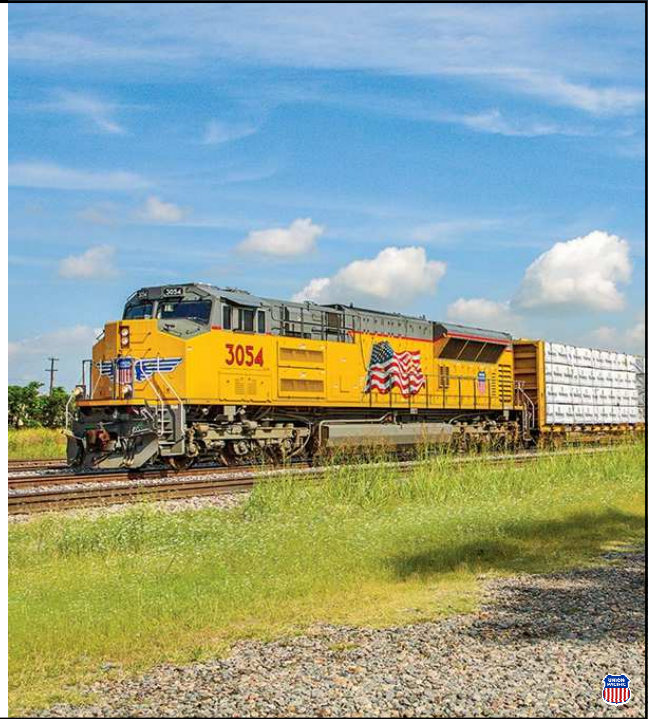
Chairman, President & CEO

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## Looking Ahead

- Committed to Employee Safety & Health
- Deliver a Highly Consistent and Reliable Service Product
- Strong Balance Sheet & Liquidity
- Continued Unified Plan 2020 Implementation



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## 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; its ability to generate financial returns, improve resource productivity; enhancing the customer experience; implementing corporate strategies; and providing excellent service to its customers, returns to its shareholders and potential impacts of the Covid-19 pandemic. These statements are, or will be, forward-looking statements as defined within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of 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 2019, which was filed with the SEC on February 7, 2020. 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.

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# Question & Answer Session

