

Deutsche Bank 5th Annual Global Industrials and Basic Materials Conference

Rob Knight, CFO – June 4, 2014



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Cautionary Information

This presentation and related materials contain statements about the Corporation's future that are not statements of historical fact, including specifically the statements regarding the Corporation's expectations with respect to economic conditions and its ability to increase prices, leverage its franchise, improve efficiency, generate record financial results, pay dividends and continue share repurchases. 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 Corporation'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.

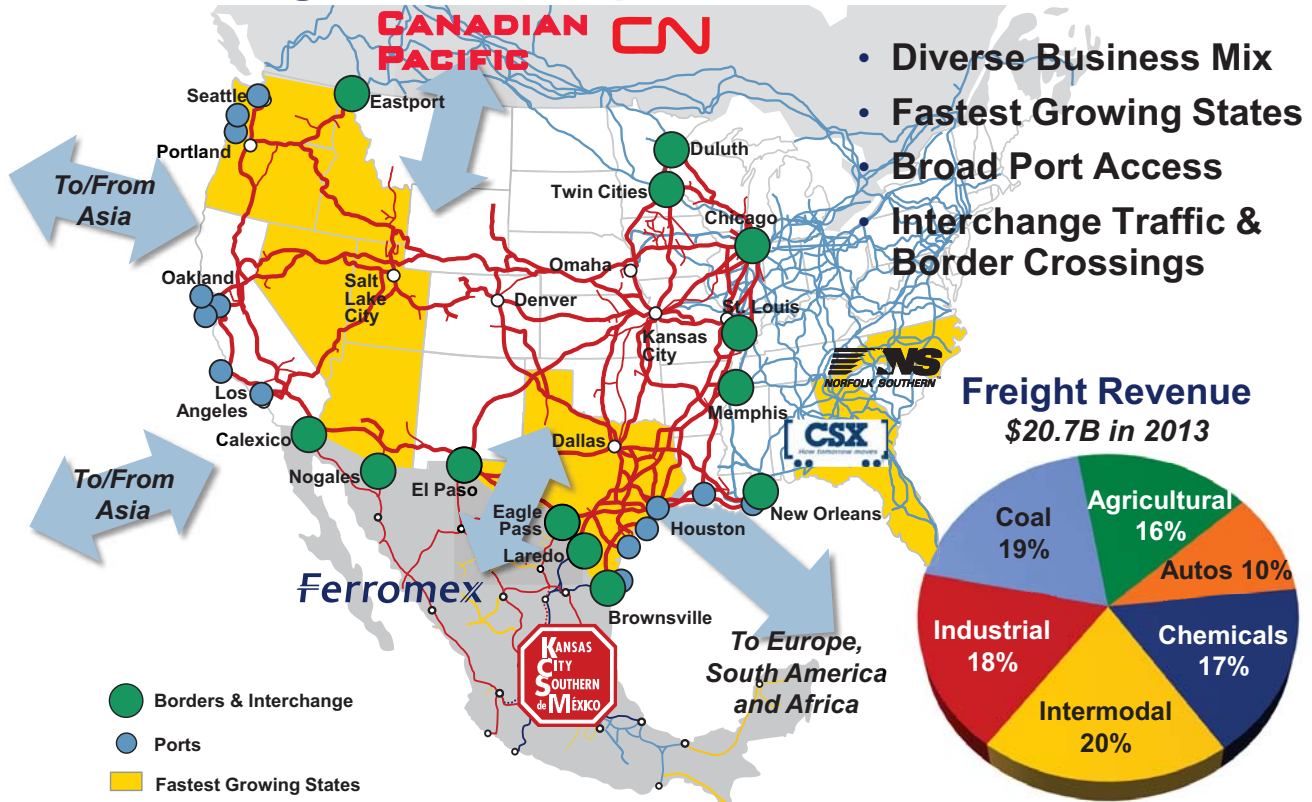
Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times that, or by which, such performance or results will be achieved. Forward-looking information, including expectations regarding operational and financial improvements and the 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 2013, which was filed with the SEC on February 7, 2014. 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 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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The Strength of a Unique Franchise



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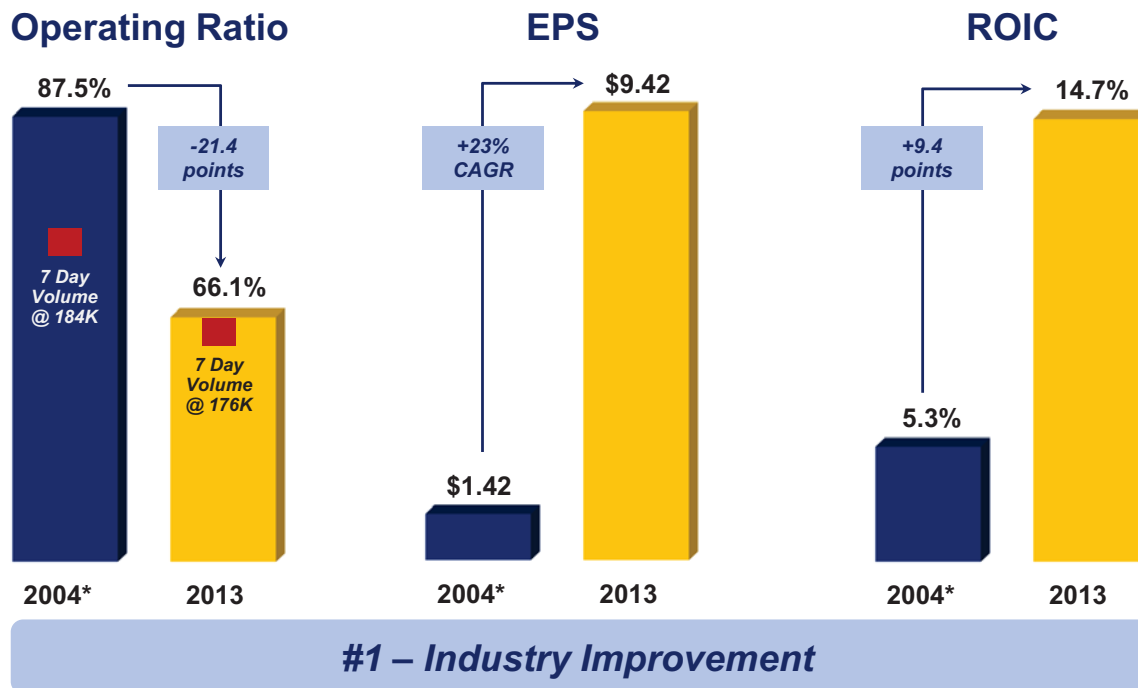
UP - Transportation Supply Chain



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Successful Track Record

2004 to 2013



* 2004 adjusted for asbestos charge of \$247.4 million.



A Record Start to 2014

Positives

- **First Quarter Records**

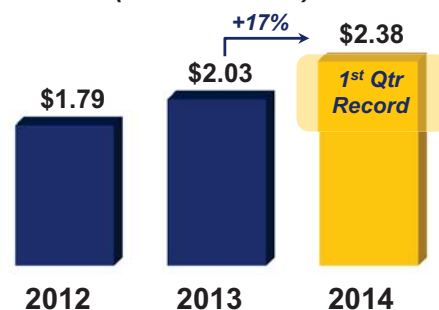
- Operating Revenue
- Operating Income
- Operating Ratio
- Earnings

- **Franchise Diversity**

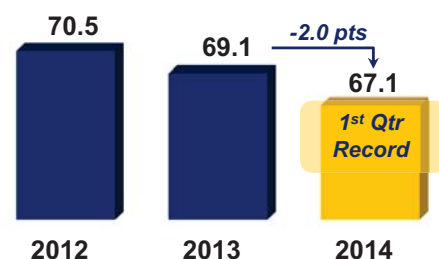
Challenges

- **Weather Conditions**

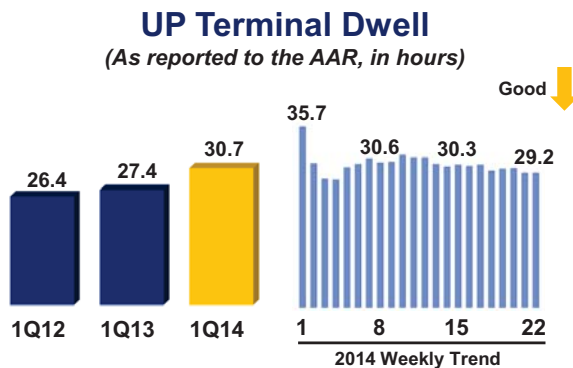
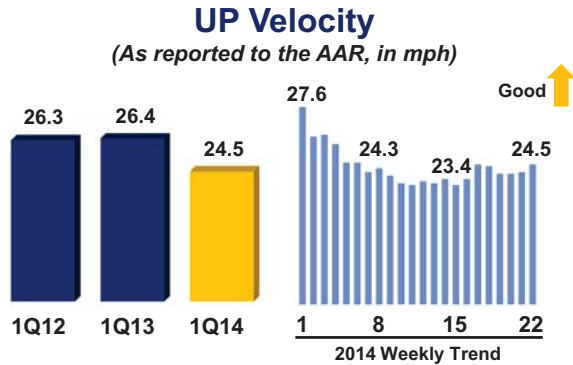
Earnings Per Share (First Quarter)



Operating Ratio (%) (First Quarter)



Network Performance



Agility & Resource Readiness

- Leverage UP Franchise
- Adjust transportation plans
- Leverage fluid routes and terminals
- Resource agility & surge capacity
- Maximize windows of opportunity

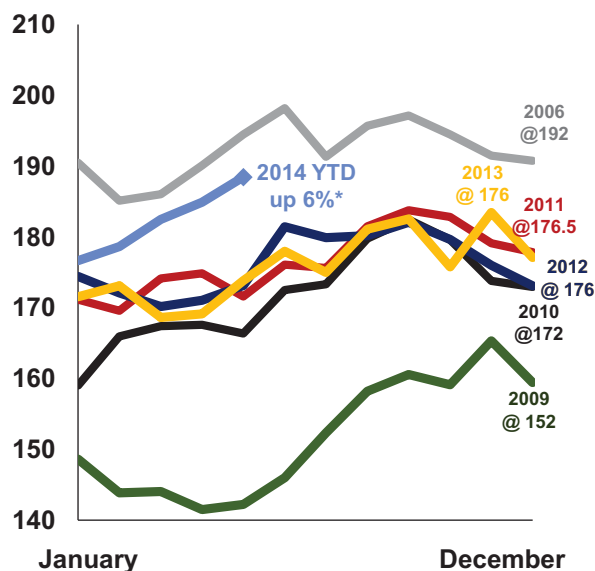
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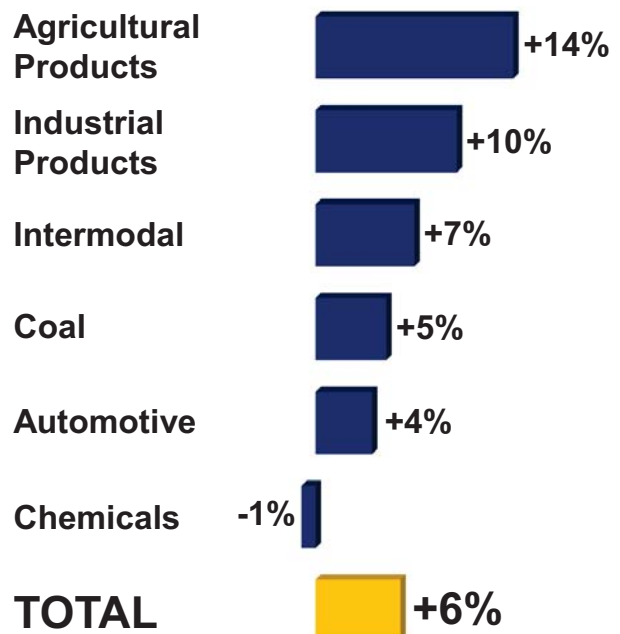
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2014 YTD Volume Drivers

7-Day Monthly Carloadings (000s)



2014 YTD Volume Growth* (vs 2013)



*Through May 27, 2014

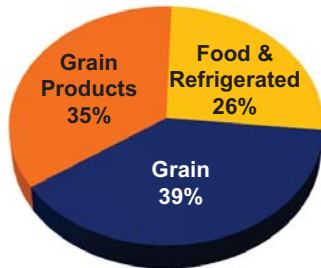
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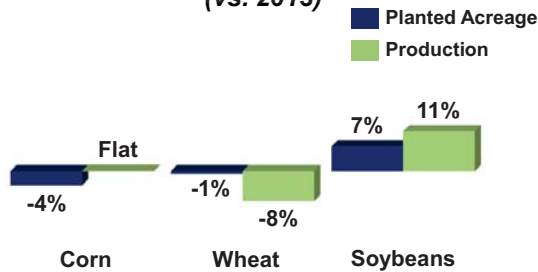
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Agricultural Trends

2013 Volume Mix



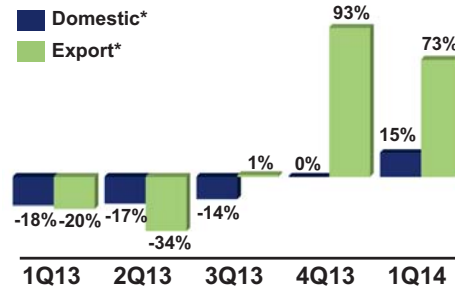
Est. U.S. Crop Acreage & Production*
(vs. 2013)



*Source: USDA, May 2014

Grain

(Year-over-Year Volume Change)



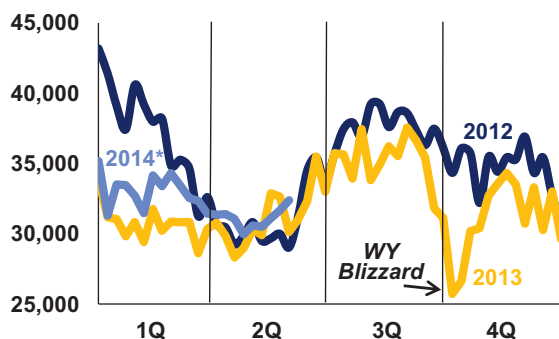
*Excludes equipment shipments.

- 2013 Robust Harvest
- Grain & Grain Products Export Demand
- 2014 Crop Plantings Progressing
 - In Line with 5-year Averages



Coal Trends

Volume Trends
(Weekly Carloadings)

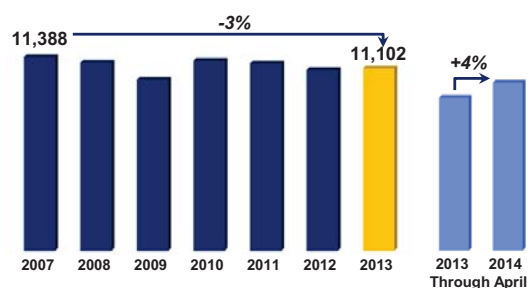


- Weather-related Demand
- Low Coal Inventories
- Natural Gas Prices
- Legacy Contract Loss
- Exports

*Through May 31, 2014

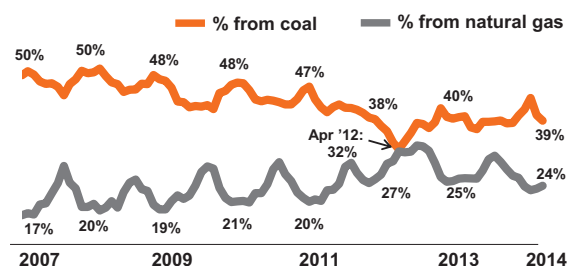
Electricity Generation*

Total U.S. Electrical Generation
(thousand megawatt hrs/day)



*U.S. Energy Information Administration (EIA)

Electricity Generation Market Share*



*U.S. Energy Information Administration (EIA) – through April 2014



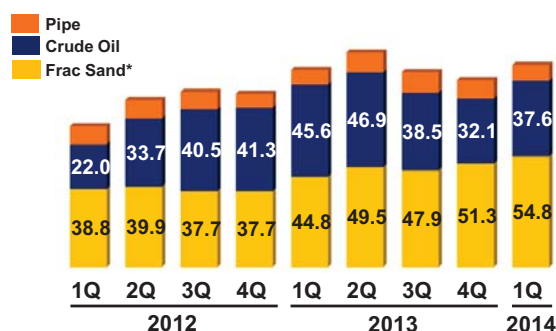
Shale-Related Volumes

Shale-Related Volumes (000s)

1Q 2014	Vol	% Inc (vs 1Q13)
Frac Sand*	54.8	22
Crude Oil	37.6	-18
Pipe	7.7	6
Total Shale	100.1	

~4.5% of Total Volumes

Quarterly Shale Carloads (000s)

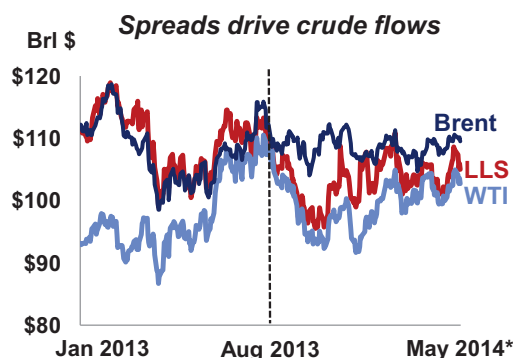


*Includes barites

Frac Sand

- Sand needed in all shale-related frac drilling
- UP serves key origins and destinations

Crude Oil Prices



*Through May 30, 2014

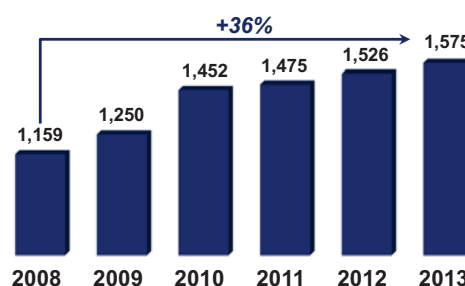


Highway Conversions

- Comprehensive Network
 - Significant Domestic Truck-Load Conversion Opportunity
 - Truckload Opportunity Originating from Mexico
- Strong Value Proposition
 - Competitive Service at an Affordable Price
 - Environmental Friendliness
- Truck's Traditional Advantage is Eroding
 - Regulations & Rising Costs
 - Highway Congestion & Infrastructure

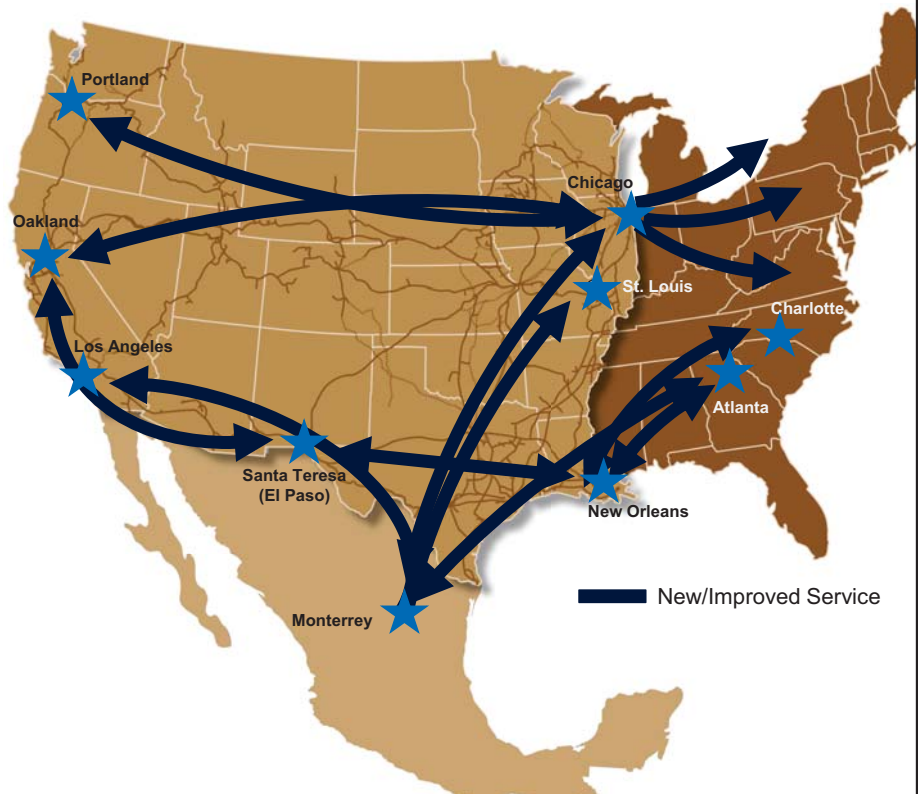
Domestic Volumes

(Units in 000's)



New Intermodal Services

- Expansion of Premium Service into New Markets
- Seamless Service between Mexico & U.S.
- Santa Teresa, NM Facility opened April 1, 2014*
- Truck-Competitive Service
- Access to the largest Rail-owned Container Fleet



*Santa Teresa services scheduled to begin June 2014

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Expanding Chemical Franchise Texas/Louisiana Investments

*Investment Announcements
Total Over \$10 Billion*

Chevron Phillips Chemical Co.



- \$5 Billion investment in cracker & additional capacity projects.
- Total capacity: 1.5 million mt/year
- Estimated completion in 2017

Formosa Plastics Corp.



- >\$1.7 Billion investment in cracker and additional capacity projects.
- Cracker capacity: 800,000 mt/year
- Estimated completion in 2017

Gruppo Mossi & Ghisolfi



- Investment in new PET & PTA plants.
- Capacity: 1.0 & 1.2 million mt/year
- Estimated completion in 2016

Exxon Mobil Corp.



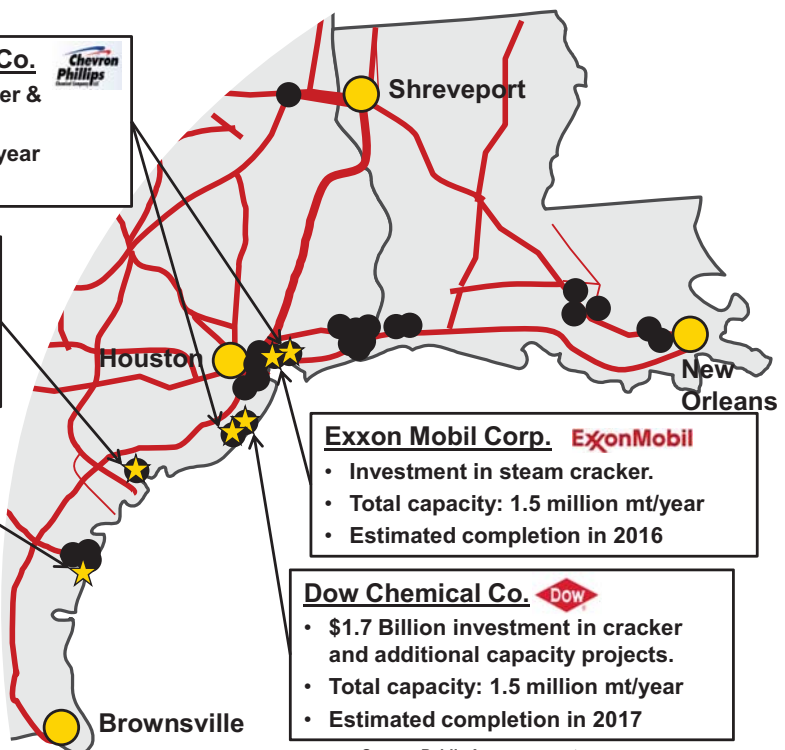
- Investment in steam cracker.
- Total capacity: 1.5 million mt/year
- Estimated completion in 2016

Dow Chemical Co.



- \$1.7 Billion investment in cracker and additional capacity projects.
- Total capacity: 1.5 million mt/year
- Estimated completion in 2017

- Existing Plants
- ★ New Plant/Expansions



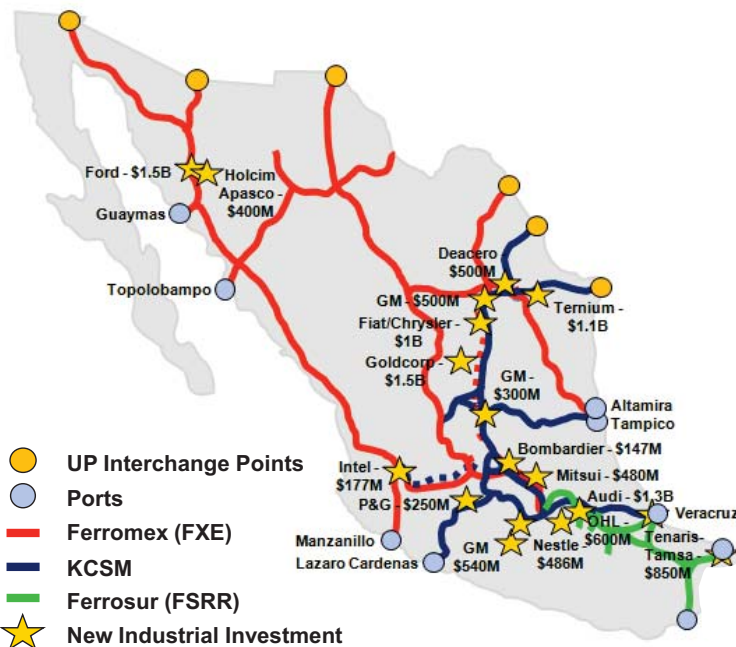
Source: Public Announcements

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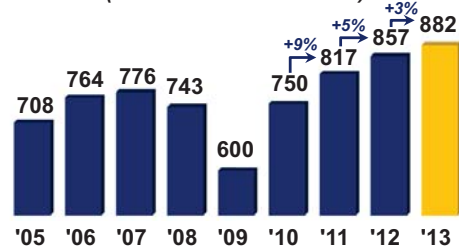


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Mexico Trends for Union Pacific



Volume Growth
(Carloads in Thousands)



- Only Rail to serve all 6 Major Gateways to/from Mexico
- 10% of Total Volumes
- No Physical Operations in Mexico
- 26% Ownership of FXE

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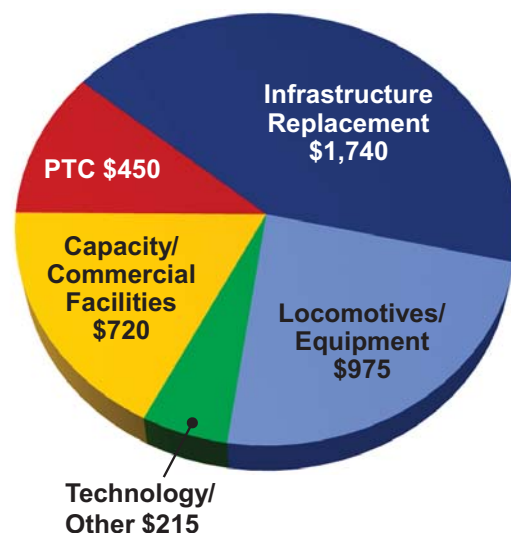
Strengthening the Franchise

Replacement, Growth & Productivity, and PTC

- Safe and Resilient Infrastructure
- Continued Capacity Spending
 - Southern Region
 - Network Strategies
- 229 New Locomotives
- Equipment Purchases
- Increased PTC Spending

Capital Spend of 16% - 17% of Revenue for 2013 - 2017

~\$4.1B 2014 Capital Plan*
(in Millions)



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

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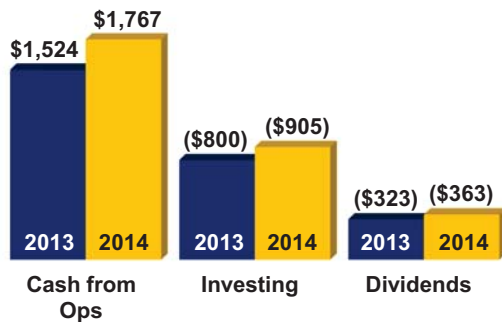


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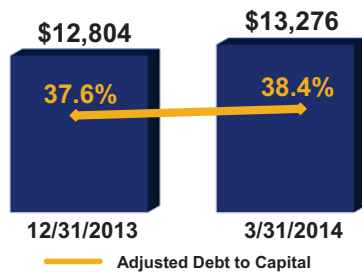
Strong Financial Position

Three Month Period Ending March 31 (\$ In Millions)

Free Cash Flow*



Total Debt* (Adjusted)



- Solid Cash from Operations
- Increase in Capital Investment
- 32% Increase in Declared Dividends to \$0.91 per Share

Strong Balance Sheet

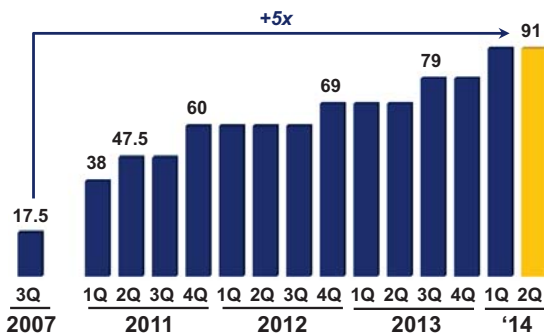
- Investment Grade Credit Rating
- \$1 Billion Debt Issuance in Jan '14
- 2014 Year-End Targets:
 - ~40% Adj. Debt-to-Cap
 - ~1.5x Adj. Debt / Adj. EBITDA

* See Union Pacific website under Investors for a reconciliation to GAAP.



Delivering Value to Shareholders

Declared Dividend Per Share (cents)



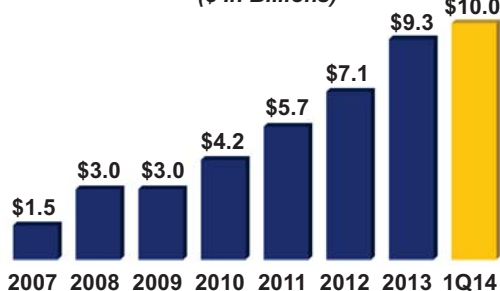
Dividends:

- Declared Dividend increase of 14.5% in 3Q13 and 15% increase in 1Q14
- Dividend Payout Target Range of 30% to 35% on a declared basis
- Achieved Payout Ratio of 31.5% in 2013

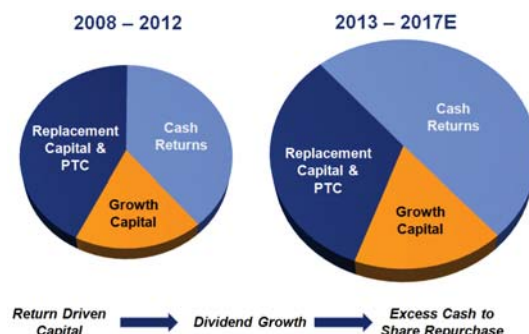
Share Repurchases:

- Continue Opportunistic Approach
- New 4-year Share Repurchase Program
 - 60M shares (effective January 1, 2014)

Cumulative Share Repurchases (\$ In Billions)



Future Allocation



2014 Outlook

- Positive Volumes Assuming Continued Economic Growth
- Weather will be a Factor
- Continued Core Pricing Gains
- Network Efficiencies
- Leverage Diverse Franchise
- Record Financial Results
- Increasing Shareholder Returns



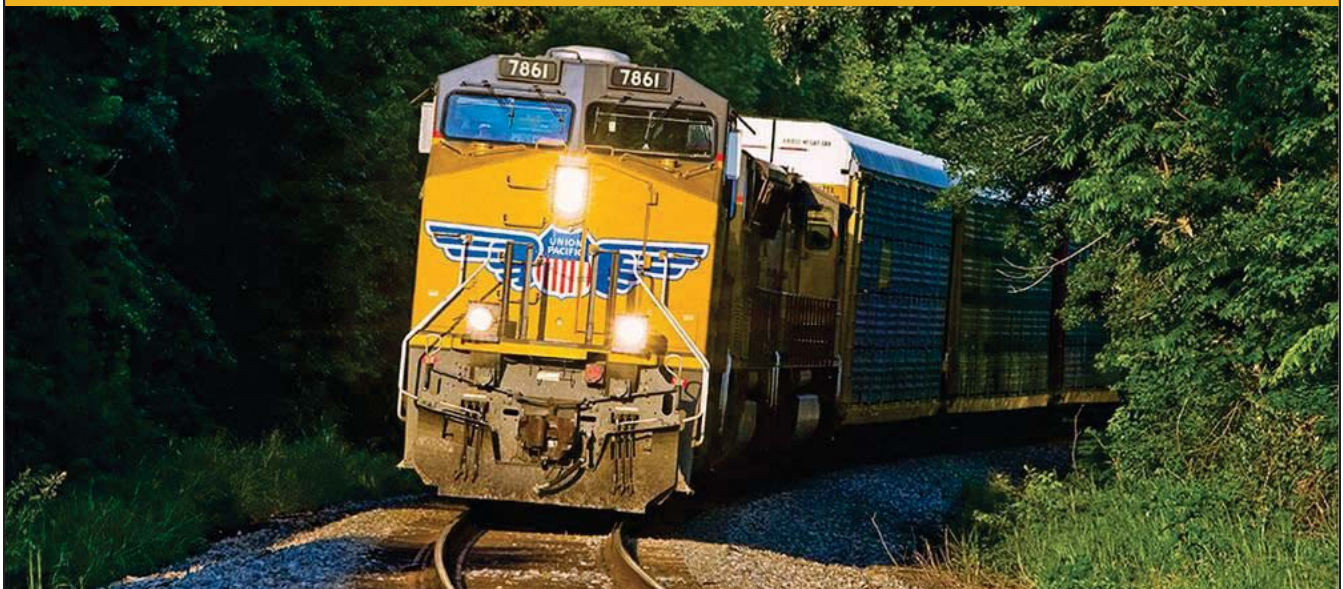
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Question & Answer Session

Rob Knight, CFO – June 4, 2014



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