

Union Pacific Railroad

Prime Time For Intermodal

LATC – April 13, 2010



Brian McDonald – VP Intermodal



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Union Pacific Intermodal

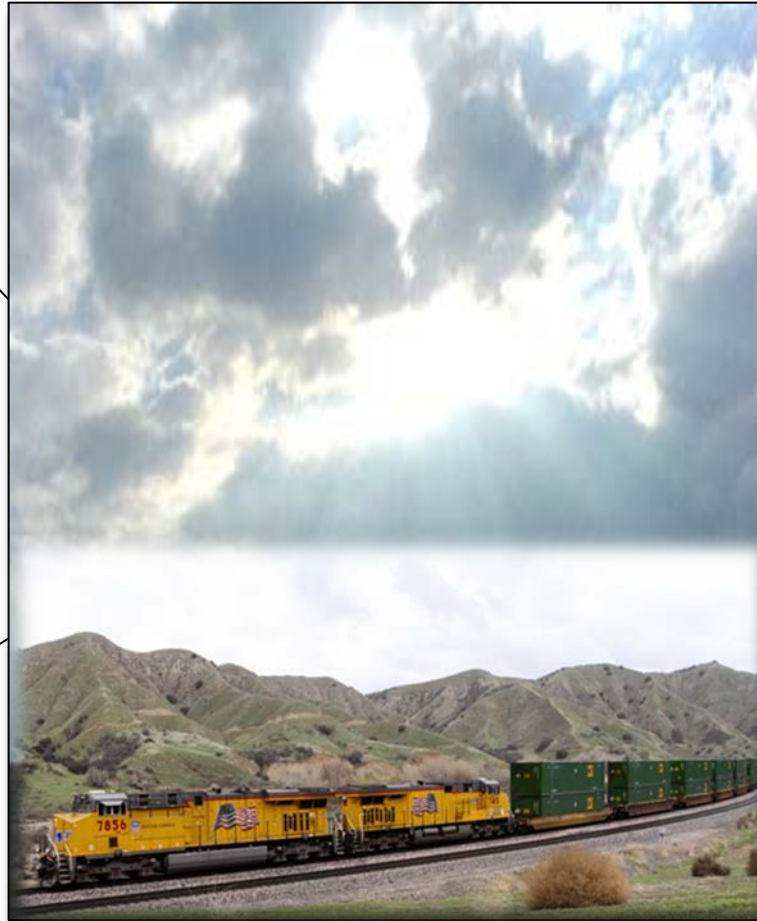
The Bright Spot

**Transload
Phenomenon**

**Trucking
Environment**

**Improved
Intermodal
Service**

**Changes in
Customer
Behavior**



The Trucking Landscape

A Bumpy Road Ahead

- **CSA 2010**
 - Onerous for marginal carriers
 - On board recording devices for hours of service
 - Driver Safety Database
- **CARB Standards**
 - Goals include attaining healthy air quality; protecting the public from exposure to toxic air contaminants; and providing innovative approaches for complying with air pollution rules and regulations.
 - Stricter laws regulating diesel engine idling have created challenges
 - \$40,000 Unit!
 - The cost of retrofitting tractors and trailers
- **Tight Credit**



The Trucking Landscape

Shrinking Capacity



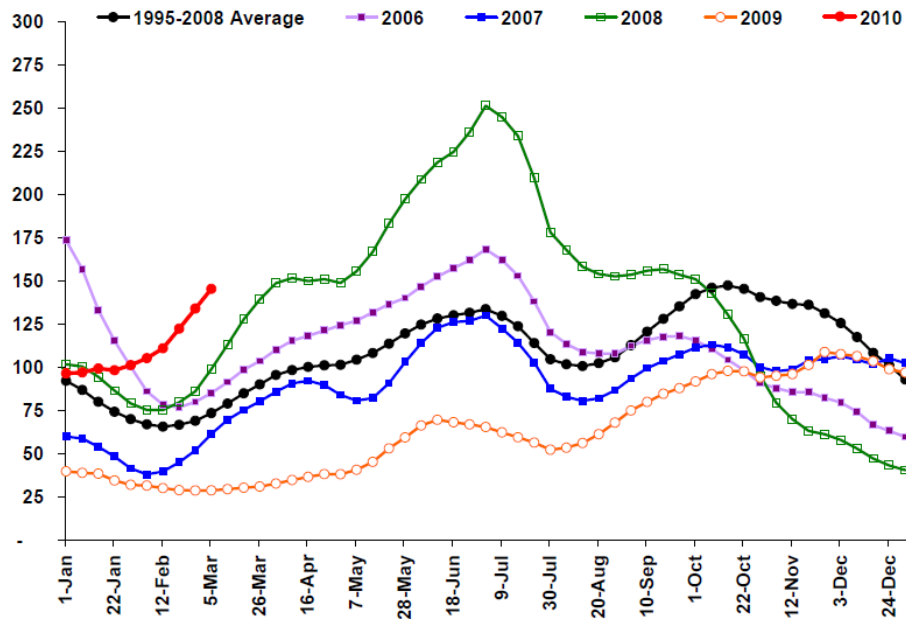
- Major 3PL lost 16% MC capacity in last two years
- ATA saw 25% trailer falloff in last two years
- Large truck broker forecasts 5% reduction in motor capacity in 2010
- 12% loss in capacity during recession (260,000-300,000 trucks)
- 5% reduction in speed (68 mph-63 mph) creates 2-3% reduction in capacity



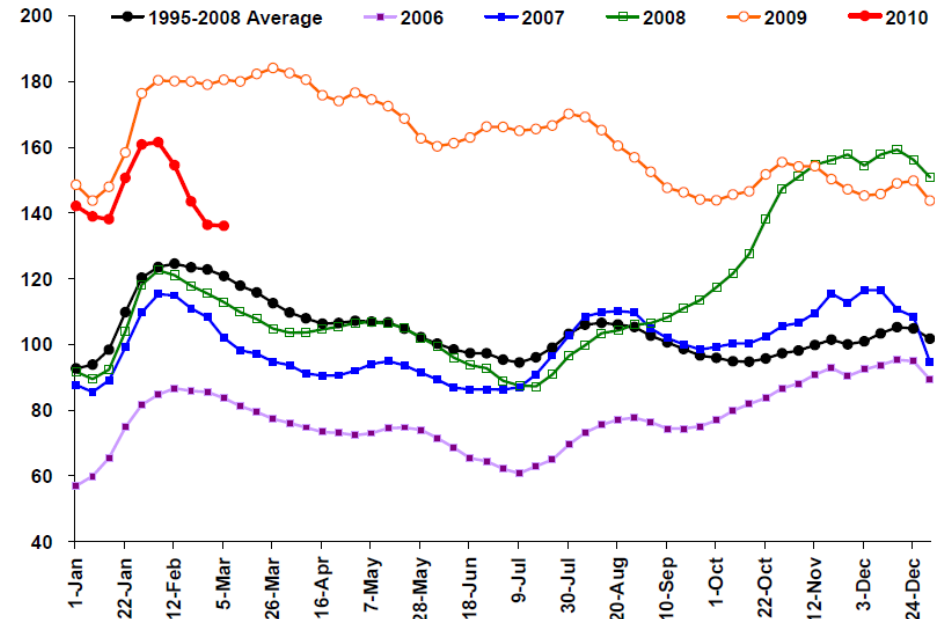
The Trucking Landscape

Demand Is Growing, Supply Is Shrinking

Demand



Supply



Source: Morgan Stanley Dry-Van Truckload Index, March 2010

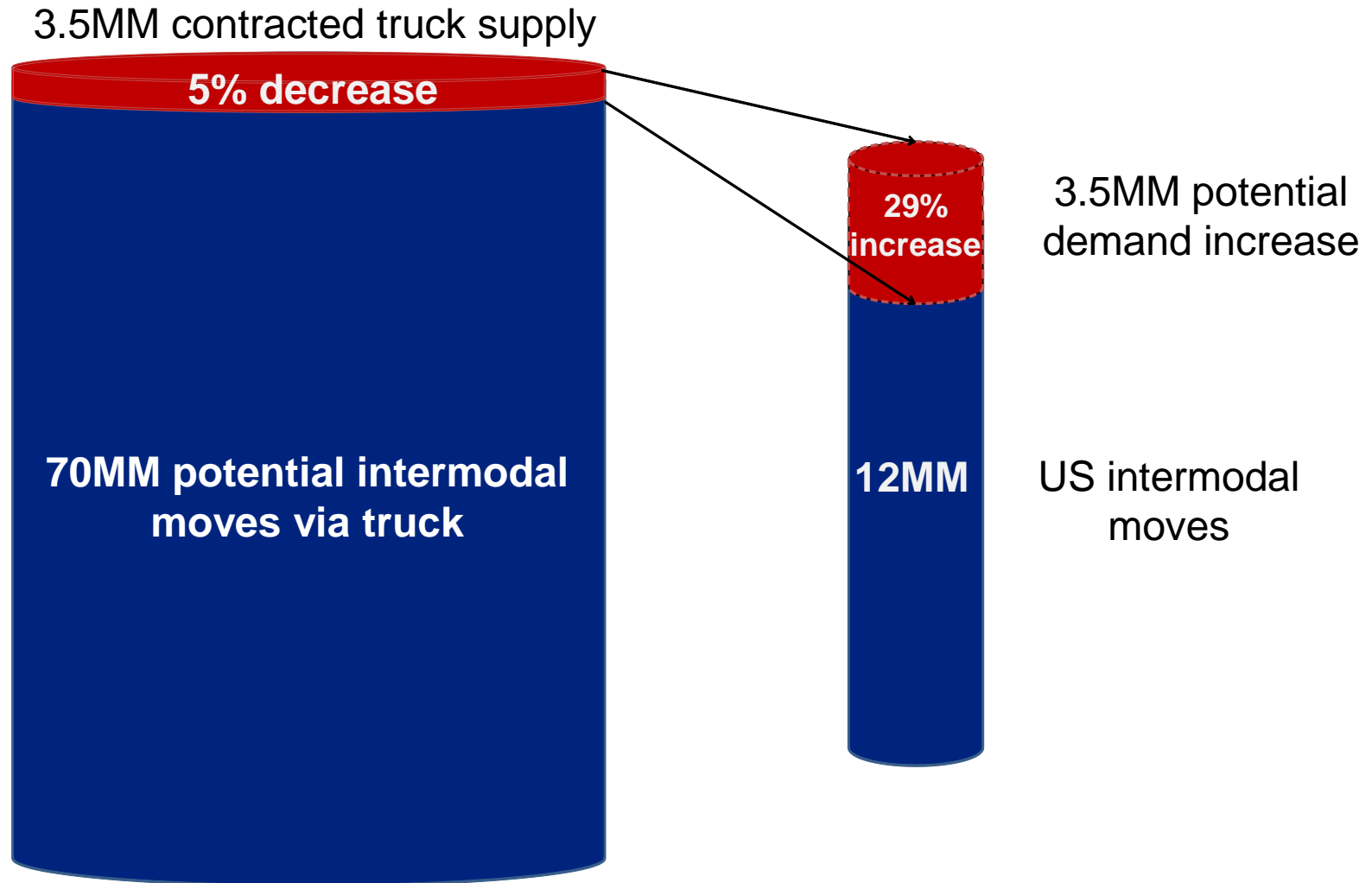


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The Trucking Landscape

Multiplier Effect:

Small reduction in truck capacity = large increase in intermodal demand



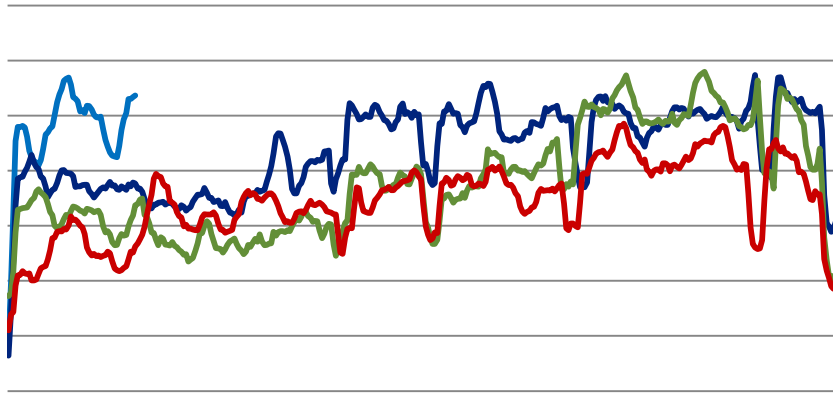
Surge In California Demand

Increasing California Demand Driven by Increased Transloading

SoCal Intermodal Growth¹

21% Increase in SoCal Demand 2007 to 2009

— YR_2010 7DayUnits — YR_2009 7DayUnits
— YR_2008 7DayUnits — YR_2007 7DayUnits



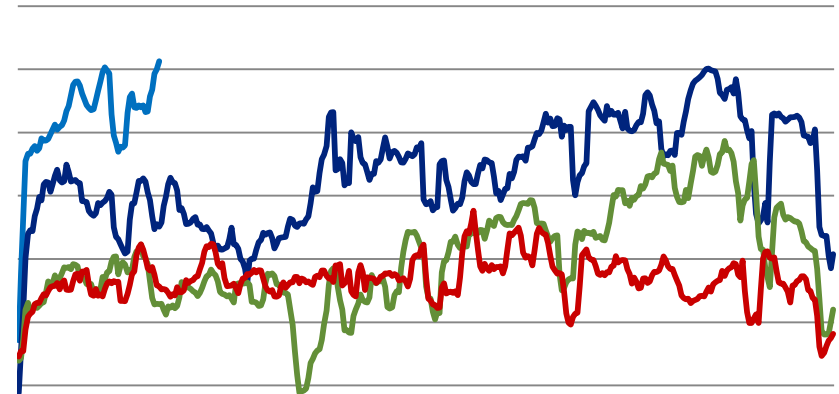
¹ Does not include private assets

Jan05 Jan12 Jan19 Jan26 Feb02 Feb09 Feb16 Feb23 Feb30 Mar02 Mar09 Mar16 Mar23 Mar30 Apr06 Apr13 Apr20 Apr27 May04 May11 May18 May25 Jun01 Jun08 Jun15 Jun22 Jun29 Jul06 Jul13 Jul20 Jul27 Aug03 Aug10 Aug17 Aug24 Aug31 Sep07 Sep14 Sep21 Sep28 Oct05 Oct12 Oct19 Oct26 Nov02 Nov09 Nov16 Nov23 Nov30 Dec07 Dec14 Dec21 Dec28

NorCal Intermodal Growth¹

57% Increase in NorCal Demand 2007 to 2009

— YR_2010 7DayUnits — YR_2009 7DayUnits
— YR_2008 7DayUnits — YR_2007 7DayUnits



¹ Does not include private assets

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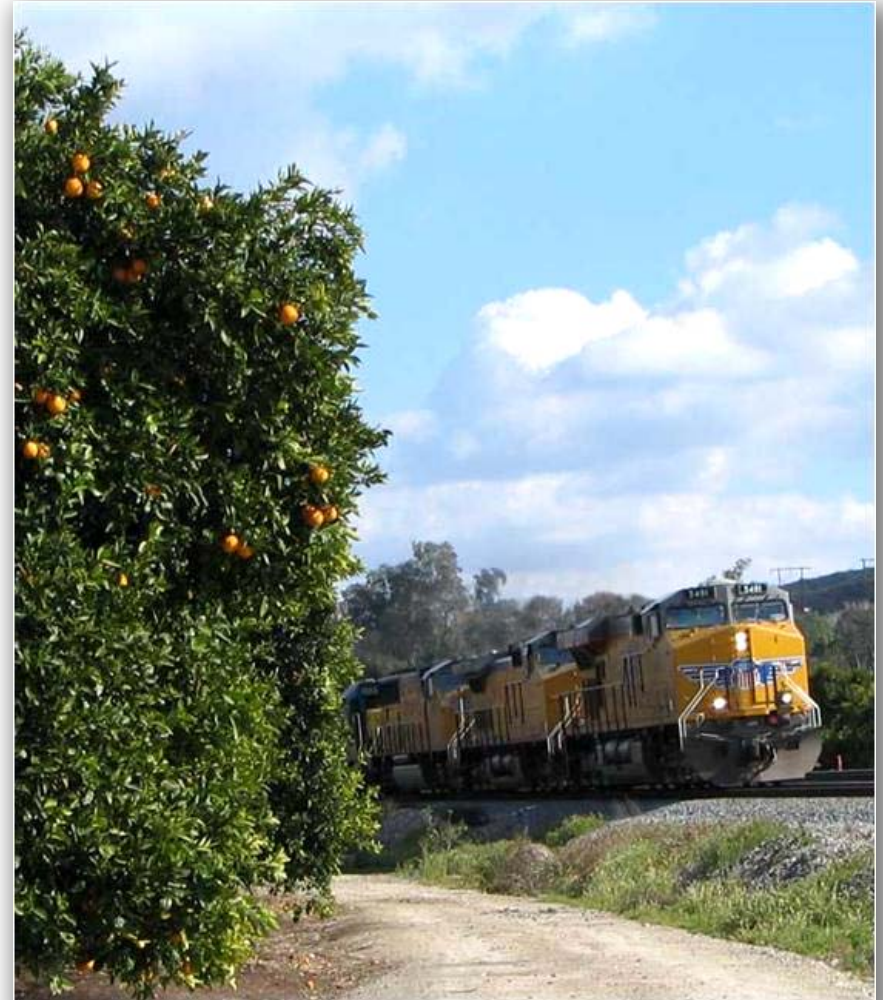


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Customer Behavior

Recognizing The Need For Intermodal

- **Company mandates to cut transportation costs**
 - **Substitute OTR with Intermodal**
- **Customer's desire for control earlier in the supply chain**
- **Greater confidence in Intermodal speed and delivery**
- **Green initiatives / carbon footprint strategies**



Intermodal Service Has Never Been Better



Why Union Pacific Intermodal?

- **Reliable, truck-like service**
- **Access to over 1/2 of U.S. container fleet**
 - **Made available to transportation intermediaries**
- **Unmatched market coverage**



Summary

- 2009 was UP's biggest year ever for Domestic Intermodal
- 2010 will be bigger!
- Our fleet is turning at a record pace
- UP will grow Intermodal capacity
 - Containers
 - Ramps
 - Infrastructure
- UP is committed to continuous improvement in service





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