



BUILDING AMERICA®

April 25, 2019

Efficient Agricultural Movement

transportation
issues & solutions
facing the industry

Brad Thrasher
Vice President – Agricultural
Union Pacific Railroad

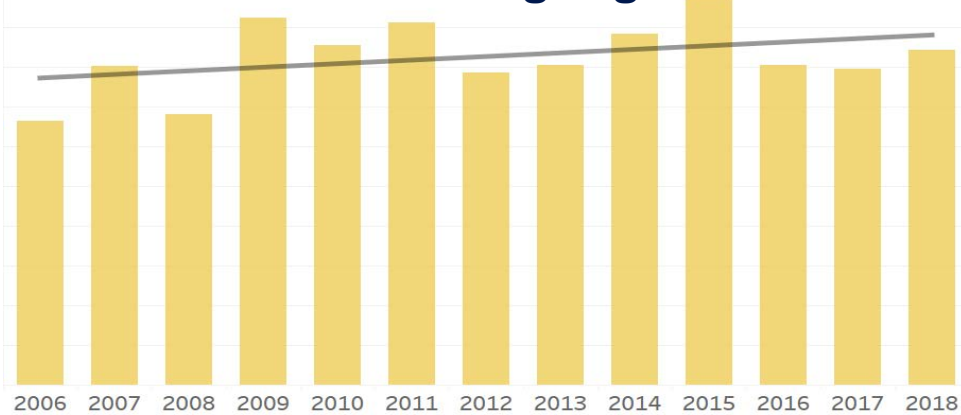
CGFA is Critically Important to our business



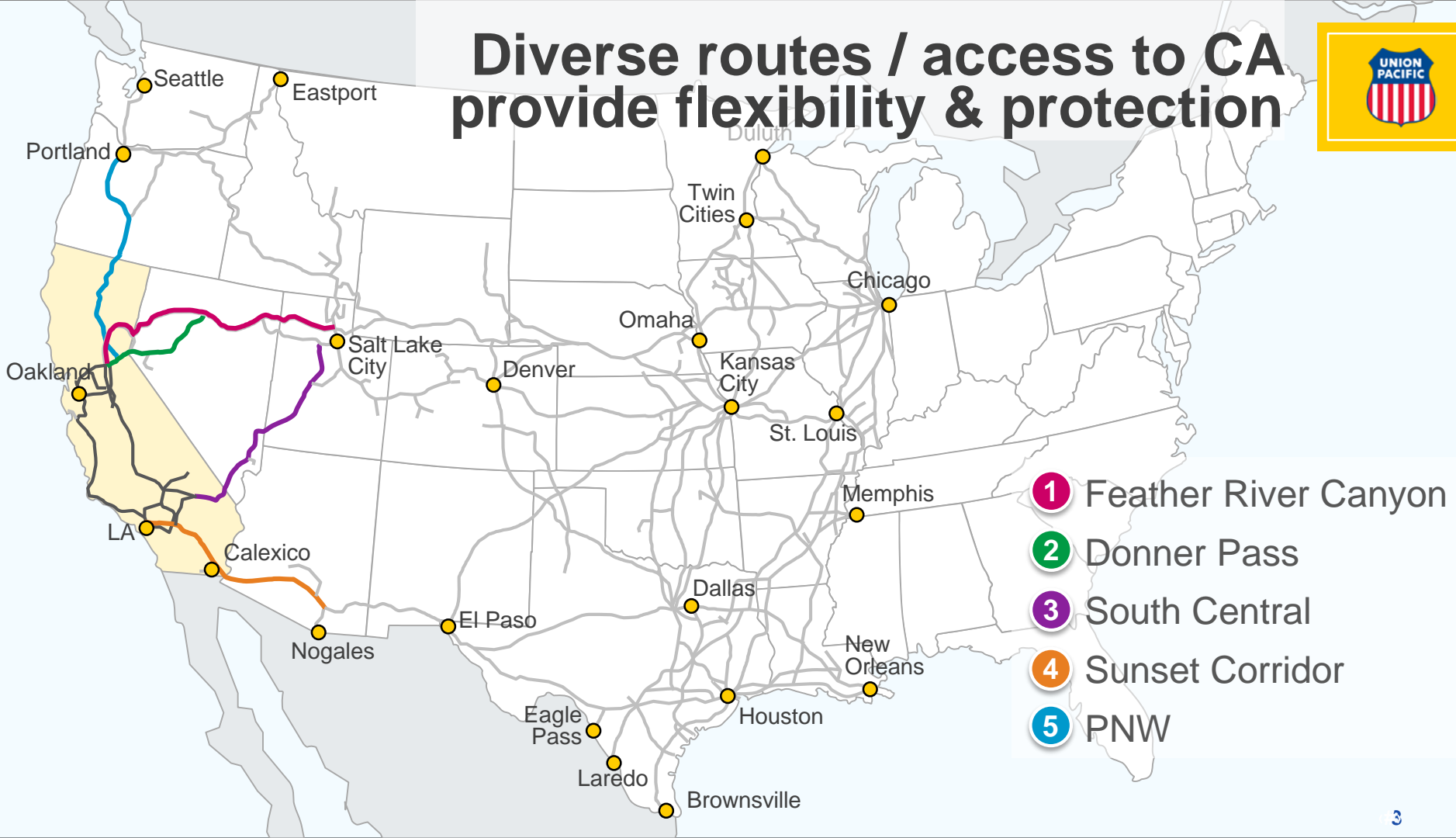
- 5-year **\$1.4B** investment in CA improves track, capacity, and service
- CA has **3,303 miles** of track and 4,357 employees
- Ag is one of top commodities handled into and out of CA for UP
- Of all Ag business, ~20% terminates or originates in CA
- UP feeds approximately **20.7M GCAU** per year in CA
- CA represents ~**30%** of UP feed demand



UP Feed to CA Trending Higher Over Time



Diverse routes / access to CA provide flexibility & protection



Superior Access to Feed Supply



**Over 60 origin
shuttle options
in KS and NE**
ideal for CA destination

**>15 feed sources
delivered to CA**

Top 5:

- 1) Corn
- 2) Soybean Meal
- 3) Canola Meal
- 4) Gluten Feed
- 5) DDGs

● Corn Origin Shuttle Locations

● Canola Meal	● DDGs
● Soybean Meal	● Gluten Feed
● Cottonseed	● Alfalfa / Feed Barley

Significant Q1 Weather Impact

- **Extreme Cold & Heavy Snowfall in the Midwest & PNW, Followed by Catastrophic Flooding**

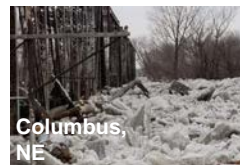
- 700 new temperature records set during Midwest “Polar Vortex”
- Snow records across Midwest in “100 Year Winter”
- Bomb Cyclone created record low-pressure in CO
- 38 new river record crests on Platte, Missouri, Loup rivers

- **Significant Track Outages, Including East/West Mainline for 13 Days**

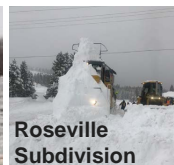
- **Network Fluidity Negatively Impacted**

- **Team Worked Around the Clock to Safely and Efficiently Restore Operations**

25 subdivisions out March 13-31
including Central Corridor March 13-25



Columbus,
NE



Roseville
Subdivision



Heavy snow and
downed trees across
tracks in
Central Oregon



Flooding along the Falls City Subdivision



Flooding in Blair, NE

Recovery Efforts In Action



- Hauled in 137k tons of material to rebuild tracks and roads (Equivalent to the weight of 228 Steam locomotives)
- Operating and Engineering teams working around the clock to assess damage and make repairs
- Maintenance of Way crews transported equipment and resources once water receded
- 24/7 Flood Task Force monitored the situation and worked with impacted customers
- Rerouted traffic and used all alternative routes available to the maximum extent possible
- Took precautionary action to protect Union Pacific and customer equipment



Assessing flood damage near Columbus, NE



Maintenance of Way crews work to repair track in Duncan, NE

- feed*
- F O C U S**
- Gave priority to Feed customers for limited slot allocation per day
 - Dedicated M&S resources at HDC for 2 weeks, every day all day
 - Helped whole organization to understand importance of feed

Preparing for the Future

Working together to prevent, mitigate, & recover



UP

- Organization understands feed industry is reliant on railroads to deliver
 - CA is largest dairy state, top 10 state for cattle on feed and poultry & egg production, limited local feed options
- UP prioritizes living organisms which means feed!
- Constantly innovating and using technology to prevent, mitigate, and recover quickly



Customers

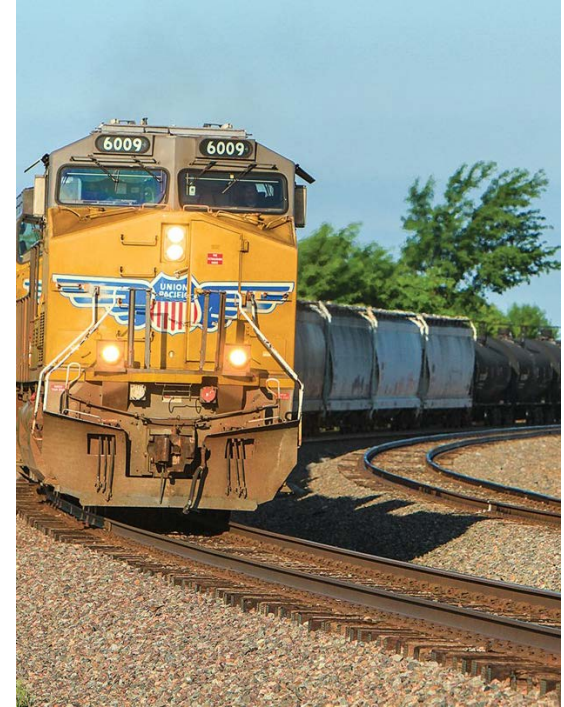
- Understand that we are a good machine with good options, but we can't 100% avoid issues when operating an outdoor warehouse
- ***How you can help:***
 - Best thing to do is to build up inventory going into winter
 - Keep open clear lines of communication
 - Provide accurate run-out dates so UP is able to prioritize effectively
 - Practice cooperation & flexibility

Unified Plan 2020

Objectives

- Simplify Business Model for Greater **Reliability**
- Focus on Moving **Cars** vs. Trains
- Utilize General-Purpose Trains by Blending Existing Train Services
- Develop Plan with and by Those Closest to the Work

COMMUNICATE PROACTIVELY
With Customers



Unified Plan 2020

What Customers Can Expect



Unified Plan 2020



Focus on
Moving Cars



Minimized
Car Dwell



Scheduled
Service

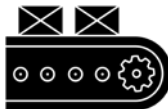


Improved
Locomotive &
Crew
Availability

Customer Benefits



More Reliable
& Predictable
Service



Consistent
Supply Chain



Less Carrying
Costs



Reduced
Failure Costs

Real Examples:

- Consistent Day of Week Service
- Less Rail Cars
- Improved Customer Crew Resources and Productivity

Freight Car
Velocity



Car Trip Plan
Compliance



Operating Inventory



Terminal Dwell



Speeding Up the Network

Mutually Improving
Asset Utilization

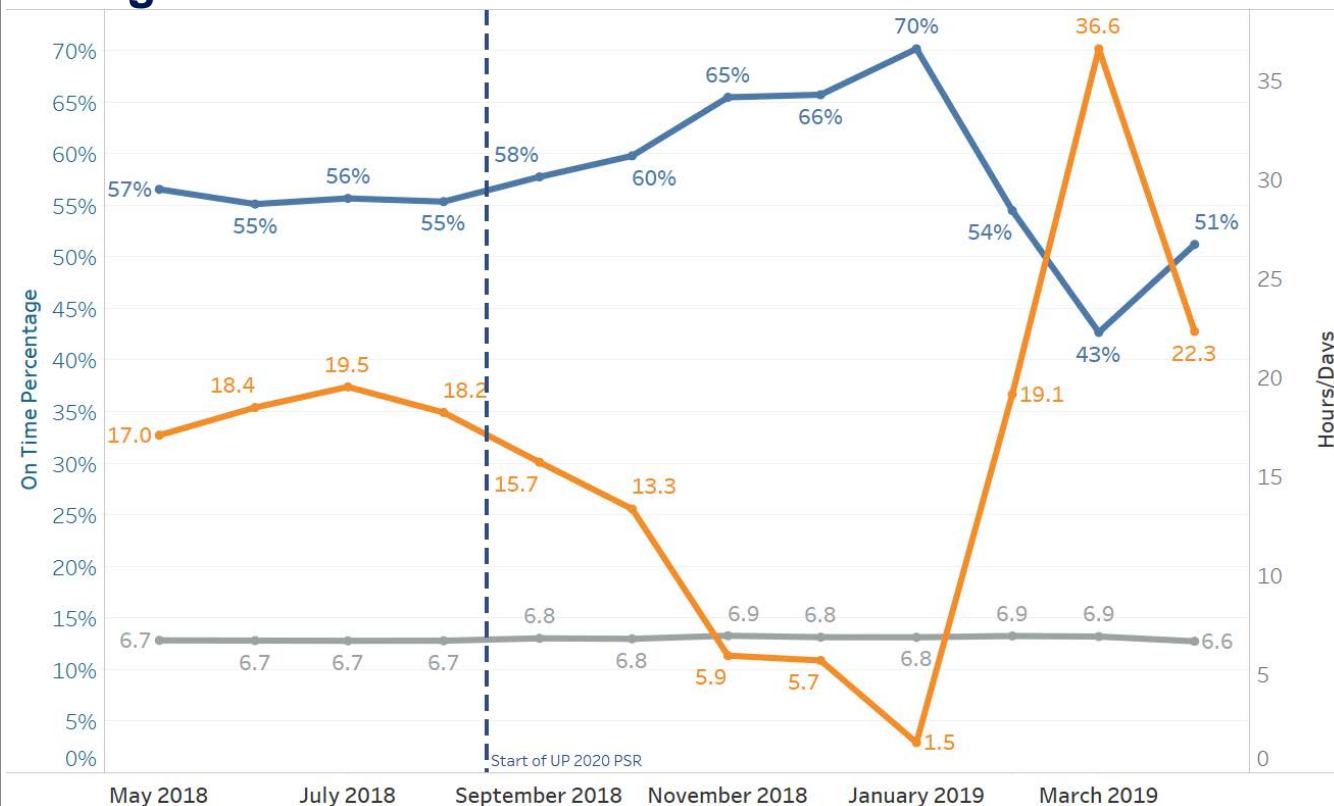
Providing More
Reliable Service

Improving Your
Supply Chain

UP 2020 Key Performance Indicators: Progress!



Ag Manifest Performance



System Stats

Q1 2019 compared to Q1 2018

+2
points

Car Trip Plan

Compliance: 62%

Delivery consistency

+7%

Freight Car Velocity

185 daily miles/car

Faster car cycle time

-19%

Terminal Dwell

26.6 hours

*Reduced time in yards,
Fewer cars online*

KEY: On Time Percentage Average Arrival vs. Scheduled Hours Average Scheduled Days

Working Collaboratively With Customers



- Customer Pre-Blocking
- Unit to Manifest Service Conversions
- Customer Notifications



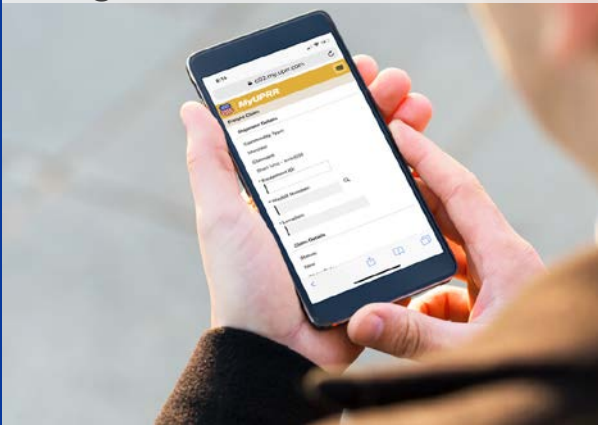
WORKING COLLABORATIVELY WITH CUSTOMERS

Tariff Simplification:

600 Pages
Down to
30 Pages



Freight Claims Self-Service:

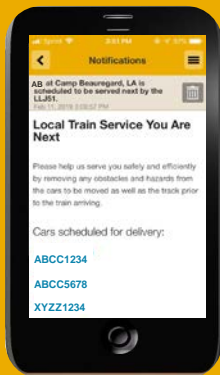


Improving Customer Experience

Shipment Visibility:



Proactive Notifications:



- You Are Next
- Local Service Today

Ease of Doing
Business

Self Service

Faster Response Time

Improved
Communication



Our Journey with Unified Plan 2020

Fully Engaged and
Focused Team

Walking with
Customers Throughout
All Phase Cutovers

Committed to Deliver
Reliable Service



UP & CGFA Working Together



- Superior product with the most options
- Resilient network
- Demonstrate care by prioritizing feed
- Appreciate your support in managing through inevitable future interruptions
 - Don't expect us to be perfect
 - Build stocks
 - Clear lines of communication
 - Accurate run-out dates
 - Cooperate
- You can feel good about partnering with UP and building with us in the future!

