



**JULY 2022
MIDWEST ASSOCIATION OF RAIL SHIPPERS (MARS)**

—
Operating Update
Eric Gehringer, EVPO – Union Pacific Railroad

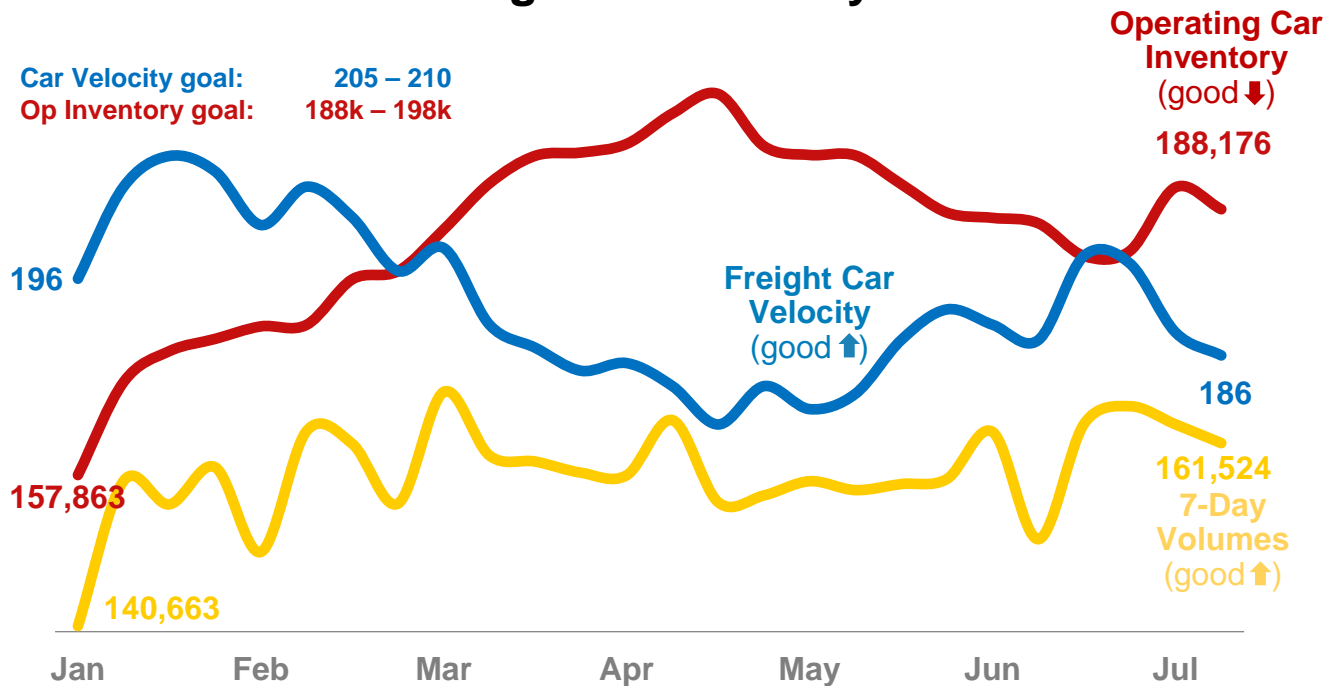
July 19, 2022



Status of Network Recovery

Steps to Recover the Network

Operating Inventory, Volume, and Freight Car Velocity



- **Train & Yard Crews**

- Reduce recrews & unproductive starts
- Charge hiring & training pipeline

- **Increase locomotive supply**

- **T-Plan modifications**

- **Drive Inventory reduction**

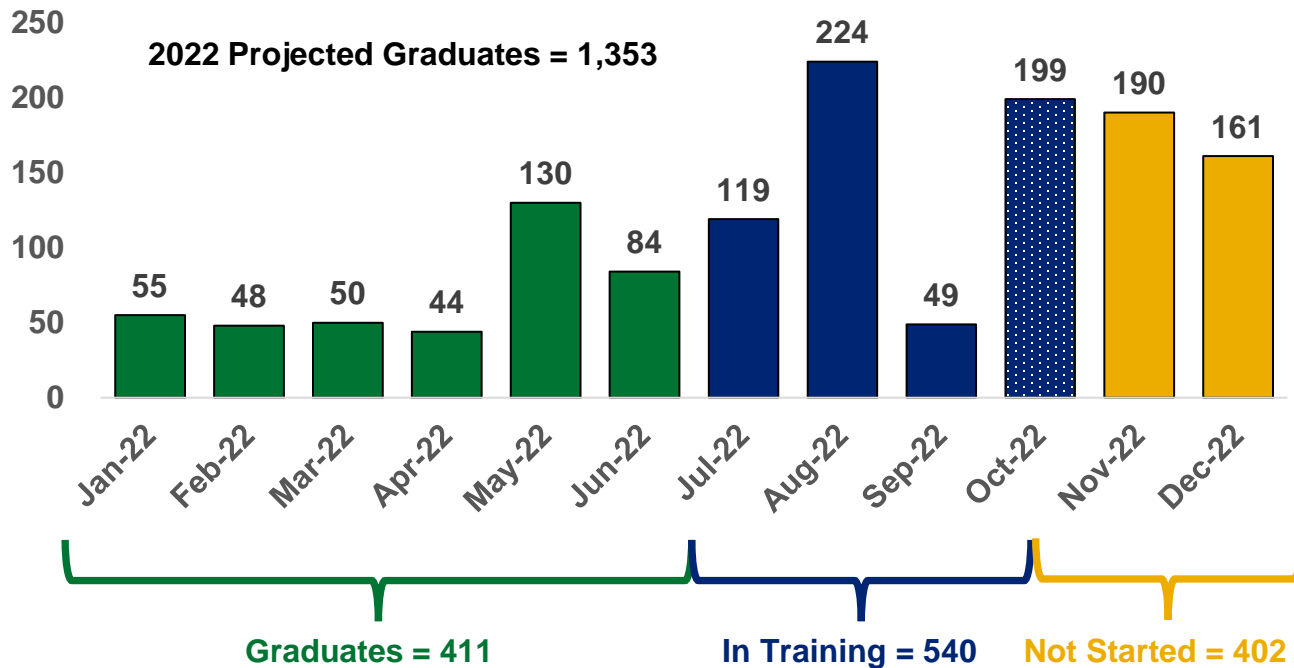
- UP owned
- Private / Customer owned



In the process of catching up

Crew Hiring Update

2022 Projected New Hire Graduate Pipeline

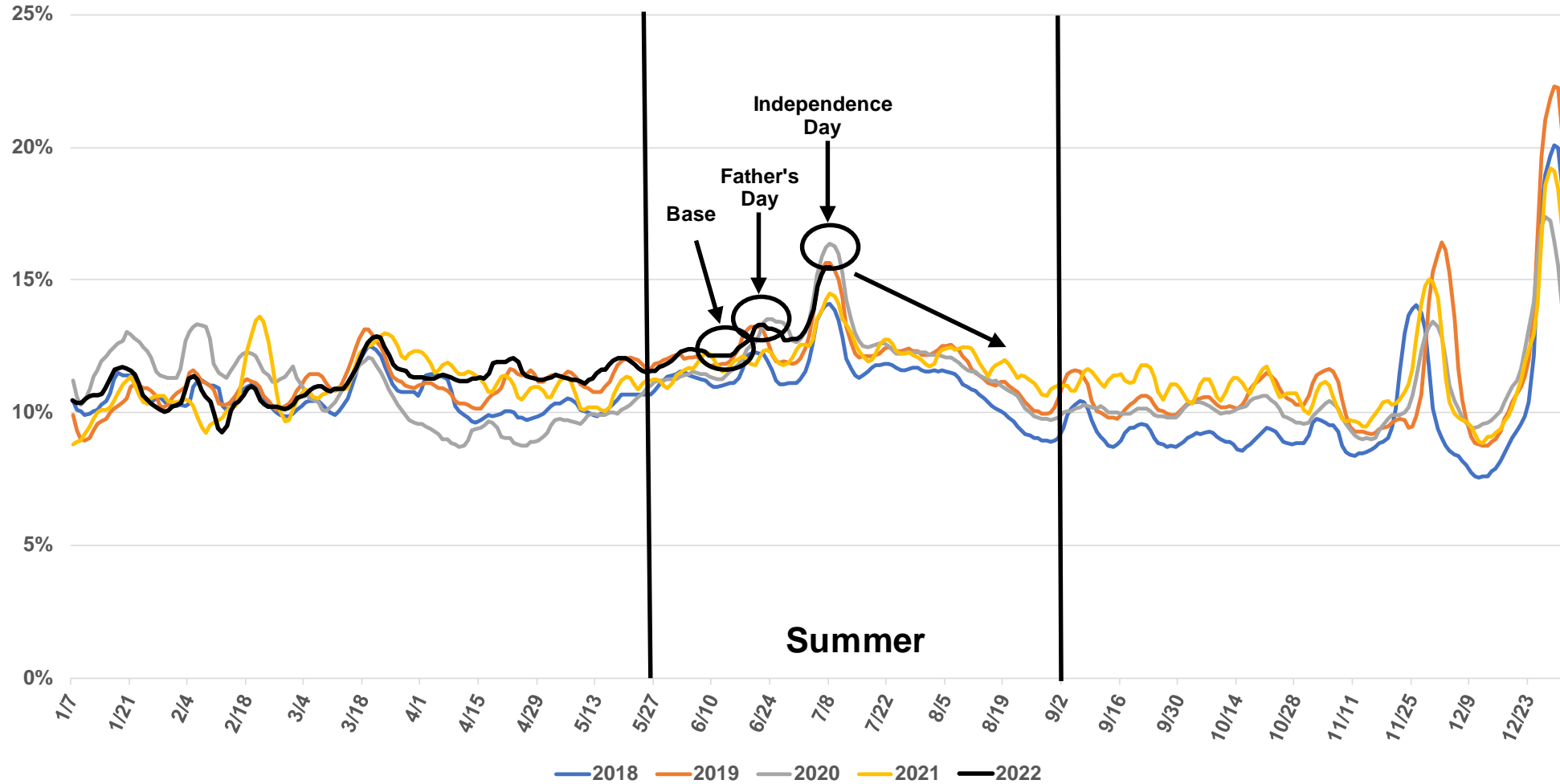


- Utilize borrow out supply
- 2022 hiring plan totals 1,400
 - Making significant progress
 - 1H23 projection: Hire 500 to 800
- Modified sourcing and training protocols
- Initiatives to reduce unproductive starts

Crew supply has improved following the 4th of July holiday

Projected Crew Availability

Total Compensated and Non Compensated Layoff %'s
Rolling 7 Day Average



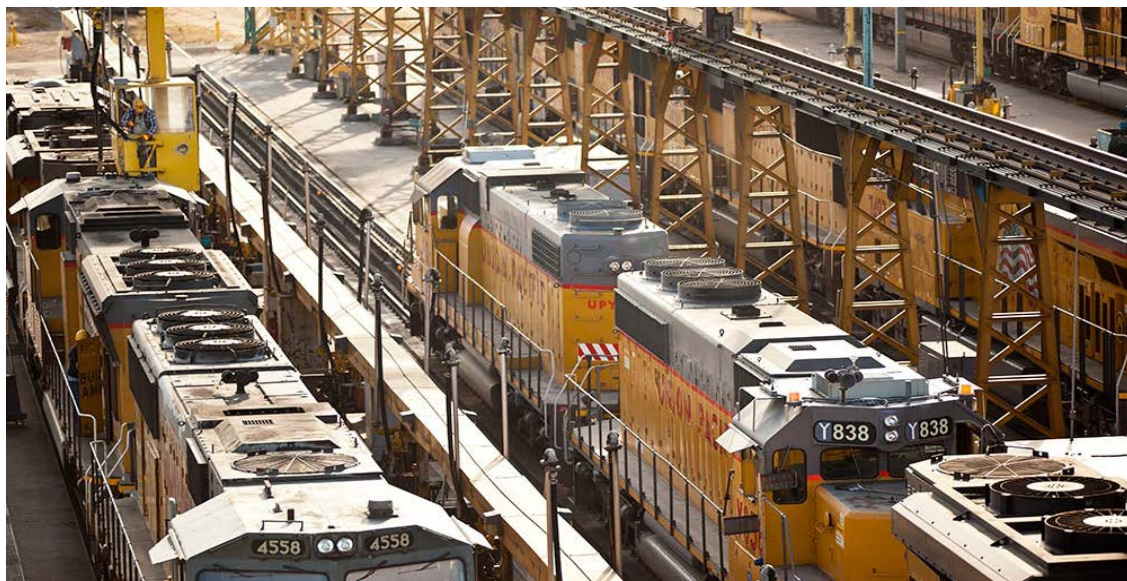
Serve

Steps to Recover the Network

Locomotives & Transportation Plan

Locomotive Steps Taken

- Added 150 locomotive since Jan 1st
- Reduce locomotives on other railroads
- Minimized servicing dwell / increase utilization



Transportation Plan Steps Taken

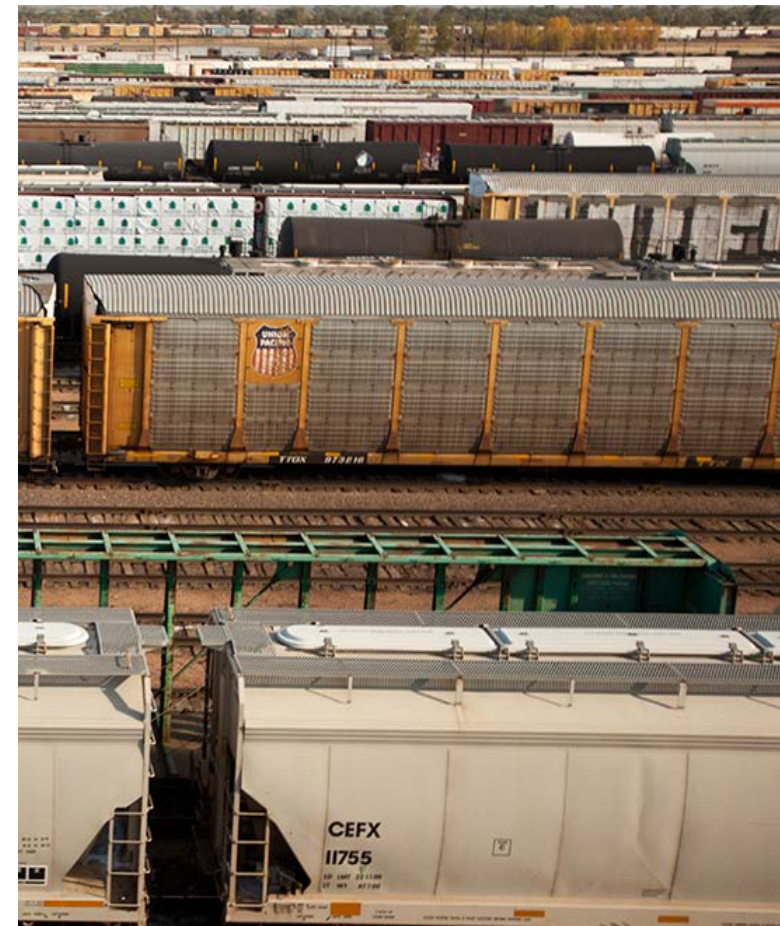
- Maximize train length & combo opportunities to improve crew utilization
- Evaluated yard & local service increase to advance inventory to customers
- Replan train routing to relocate inventory
 - Great Lakes Service Unit
- Bypass terminals to increase velocity:
 - Alton & Southern
 - Kansas City
 - Topeka
 - Pacific Northwest / Albina Yard

Steps to Recover the Network

Inventory UP & Customer

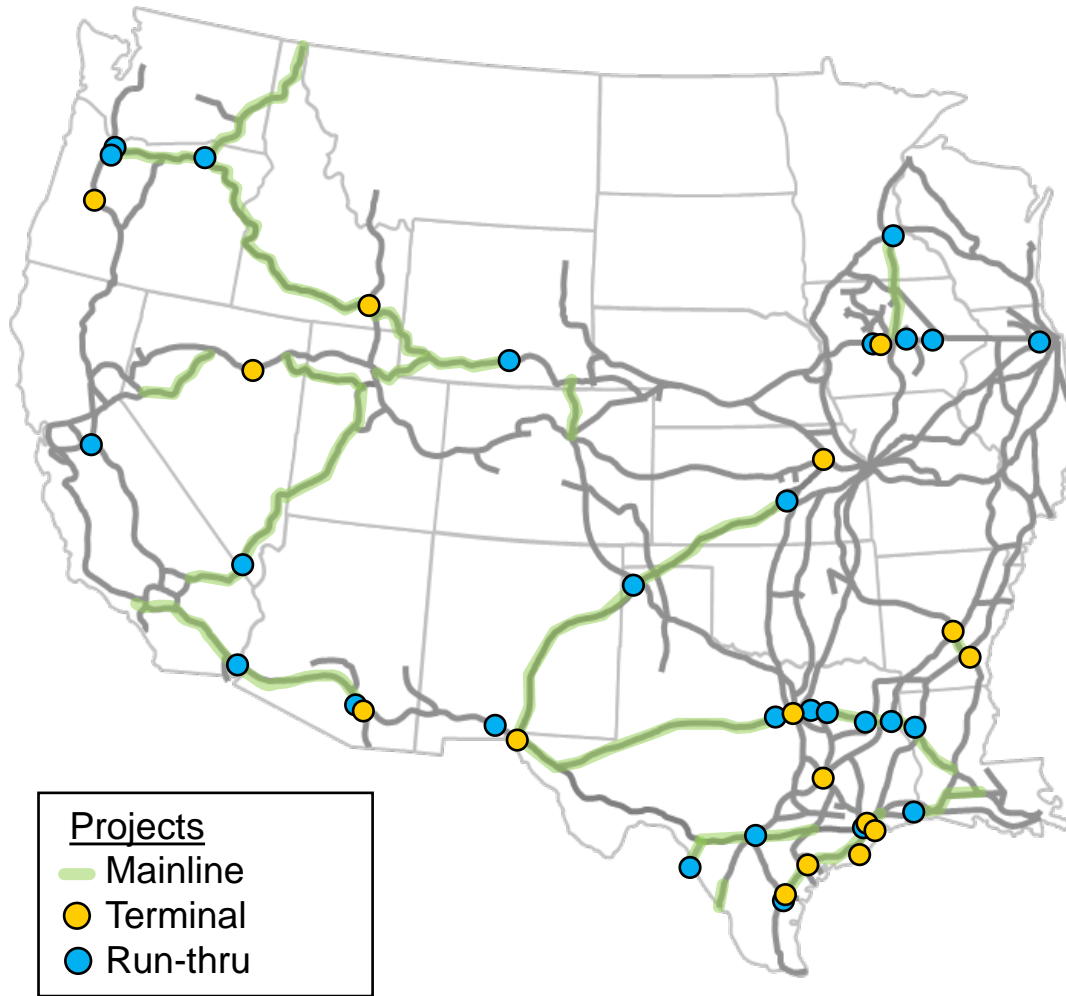
Inventory Steps Taken

- Inventory reduction effort with customers
 - M&S outreach
 - Customer discussions
- Stored 7% of system-controlled freight car fleet ; 3,000 cars of excess private inventory removed since mid-April; efforts to store system-controlled cars now paused
- Daily execution
 - On time departure
 - Make car connections
 - First mile, last mile consistency
 - Cars placed with customer



Capacity Investment Strategy

Future Capacity Investments



- 76% of investment directly impacts mainline operation
 - Mainline (51%)
 - Double track
 - Siding projects on existing and new corridors
 - CTC
 - Terminal run-thru (25%)
 - Reduces interference between terminal and mainline operation
 - Terminal capacity (24%)
 - Supports fluidity for the entire network
- 64% of total investment pointed at core routes
- 35% of total investment allocated to Sunset, T&P, and Golden State