

Union Pacific Coal Trains in the Pacific Northwest

How many coal trains per day does Union Pacific currently move in Oregon and Washington? What route do these trains take?

- We do not currently move any coal trains through the Columbia River Gorge for our customers. We do not move any coal trains from Portland to Seattle or from Portland to Eugene for our customers. The only coal train we currently move through Washington and Oregon for one of our customers originates with Union Pacific in Spokane, Washington, travels through eastern Washington crossing the Columbia River near Hermiston, Oregon, and is delivered to Boardman, Oregon, once a week.

Through how many communities does Union Pacific transport coal?

- We currently haul coal on behalf of our customers through thousands of communities around our 23-state network. We have not had any complaints regarding our coal trains coming from communities in the Pacific Northwest.

How many additional trains will Union Pacific add to facilitate the coal traffic coming to Oregon and Washington?

- There are three proposed facilities that could create an opportunity for our current customers to increase coal shipments with Union Pacific: the port of Coos Bay, the port of Morrow, and the Longview, Washington area.
- Analysis by third parties including the Western Organization of Resource Councils and the Washington Department of Transportation have estimated that Union Pacific customers could have an additional six to nine coal trains per day moving through the Columbia River Gorge. Our current estimates are much lower than that. The same third parties have predicted that Union Pacific would deliver up to two trains a day to the port of Morrow through Spokane, Hermiston and then to Boardman. We currently deliver one train a week to Boardman from Spokane.
- In both the Columbia River Gorge route and the route along the I-5 corridor the additional coal trains that eventually may be added would still be a small percentage of our train traffic. Assuming the additional train count at full build out were added to our 2012 business, these routes would still see fewer trains than were on these tracks as recently as 2007.



What does Union Pacific currently do to mitigate problems with coal dust?

- In the Wyoming Powder River Basin, Union Pacific addresses the issue of coal dust at the mine source in cooperation with customers and BNSF Railway (BNSF). Along with producers, shippers, suppliers and BNSF, we are continuing to look at new technologies that ameliorate dust issues on and around our infrastructure.
- Any coal trains originating in the Powder River Basin for the proposed export facilities in the Pacific Northwest would be treated with surfactant to minimize dust problems.
- In other areas where we transport coal for our customers such as Utah and Colorado, coal dust has not been an issue in communities where our trains operate or for our customers at the mine source. The coal we move from Colorado and Utah is not covered or treated to minimize dust. Powder River Basin coal has different characteristics and is known to produce more dust than coal coming from other mines around the country.

Has coal dust ever created problems on Union Pacific track?

- Our experience has shown that the problems caused by coal dust on our infrastructure are concentrated on lines closer to the mine source with much higher volumes than would move to Pacific Northwest terminals. With 60 to 70 trainloads of coal per day operating on the joint rail line in the Powder River Basin that both BNSF and Union Pacific own, the combination of unequalled volume and proximity to the loading sites has impacted railroad track. On Union Pacific-owned track where we operate 30 to 35 trainloads of coal per day further away from where the trains are loaded, the coal dust has less impact on our track.
- Our primary focus at Union Pacific is safety and efficiency. We inspect our track regularly and invest heavily to enhance our infrastructure. This year we are investing \$3.6 billion to maintain and enhance our network.

Will the coal business you add to your track in Oregon and Washington displace Amtrak or other existing trains on your lines?

- No. Our top priority is to provide our existing customers excellent service. We are constantly looking for ways to provide current and potentially new customers with high value logistics solutions. New customers do not come online at the expense of existing business.
- The "Coast Starlight" which operates between Los Angeles, and Portland, operates two trains per day for a total of 14 per week. The "Cascade" commuter service operates between Eugene and Seattle with four trains per day for a total of 28 per week. None of these train slots will change due to freight traffic. Any additional passenger train requests would be reviewed by Union Pacific using our established procedures and principles for passenger service discussions.

If you have any further questions, please contact Brock Nelson, Director of Public Affairs, by phone at 503-249-3079, or by email at banelson@up.com.

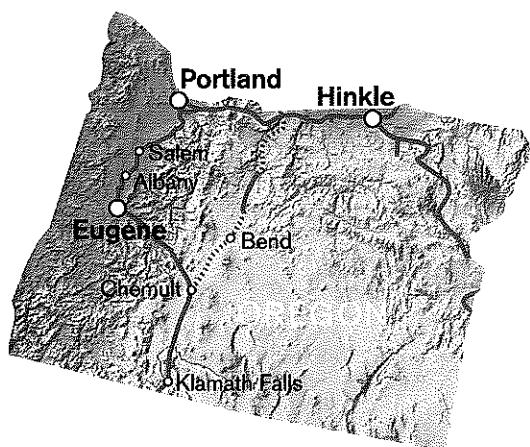
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Union Pacific in Oregon

2011 FAST FACTS

| | |
|--------------------|-----------------|
| Miles of Track | 1,073 |
| Annual Payroll | \$126.6 million |
| In-State Purchases | \$159.1 million |
| Capital Spending | \$132.1 million |
| Employees | 1,592 |



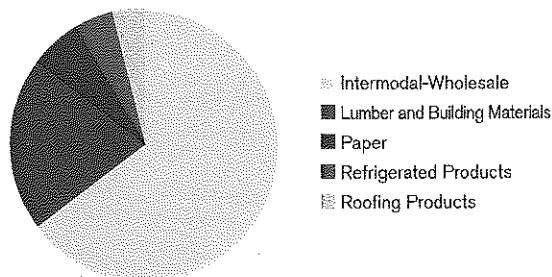
RAIL CARS ORIGINATED IN OREGON

| | |
|------|---------|
| 2007 | 226,097 |
| 2008 | 191,391 |
| 2009 | 141,992 |
| 2010 | 173,170 |
| 2011 | 175,303 |

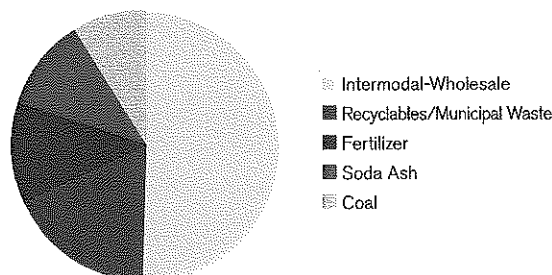
RAIL CARS TERMINATED IN OREGON

| | |
|------|---------|
| 2007 | 299,732 |
| 2008 | 287,712 |
| 2009 | 218,316 |
| 2010 | 259,634 |
| 2011 | 260,701 |

TOP FIVE COMMODITIES SHIPPED IN 2011 (BY VOLUME)



TOP FIVE COMMODITIES RECEIVED IN 2011 (BY VOLUME)



Union Pacific's Oregon heritage

The earliest rails came to Oregon in 1863 as "portage railroads" to carry steamship travelers around rapids and falls on the Columbia River. Oregon Steam Navigation Co. was the first. It was combined with Oregon & Railway Navigation Co. (O&RN) and eventually became part of a 1,143-mile railroad system running east from Portland to northeastern Oregon, Washington and Idaho. O&RN, leased by Union Pacific, connected with another UP subsidiary, Oregon Short Line (OSL), at Huntington, Oregon, in 1884, providing a transcontinental link to the East.

Union Pacific in Oregon (cont.)

Although part of the UP system, O&RN and OSL operated as separate entities well into the 20th Century. They officially merged with Union Pacific in 1987.

Investing in the Port of Portland

Today, Union Pacific's network follows the historic route of the Oregon Trail into the state over the Blue Mountains in the eastern end of Oregon, winding along the south bank of the Columbia River to Portland and the vital Port of Portland. Union Pacific serves a number of customers at the Port and is committed to promoting the Port's growth. The railroad is working in cooperation with the Port of Portland and the Oregon Transportation Commission, through its ConnectOregon program, to increase capacity and reduce rail congestion.

Union Pacific increased capacity by raising Cascade Tunnel clearances to accommodate doublestack intermodal traffic.

Union Pacific operates switching yards and locomotive facilities in Portland, as well as a large classification yard in Hinkle. A new diesel locomotive maintenance shop is located at the Hinkle terminal, and La Grande is an important operational and crew change point.

UP's capital investment in Oregon from 2007-2011 was more than \$489.6 million.

Supporting the communities we serve

In 2011, Union Pacific provided more than \$300,000 to charitable organizations in Oregon communities through a combination of the Union Pacific Foundation, matching gifts and corporate contributions. The Union Pacific Foundation is the primary philanthropic arm of Union Pacific Corporation and has distributed funds since 1959 to qualified organizations in communities served by Union Pacific.

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America's premier railroad

It was 150 years ago that Abraham Lincoln signed the Pacific Railway Act of July 1, 1862, creating the original Union Pacific. One of America's iconic companies, today, Union Pacific Railroad is the principal operating company of Union Pacific Corporation (NYSE: UNP), linking 23 states in the western two-thirds of the country by rail and providing freight solutions and logistics expertise to the global supply chain. From 2000 through 2011, Union Pacific spent more than \$31 billion on its network and operations, making needed investments in America's infrastructure and enhancing its ability to provide safe, reliable, fuel-efficient and environmentally responsible freight transportation. Union Pacific's diversified business mix includes Agricultural Products, Automotive, Chemicals, Energy, Industrial Products and Intermodal. The railroad serves many of the fastest-growing U.S. population centers and emphasizes excellent customer service. Union Pacific operates competitive routes from all major West Coast and Gulf Coast ports to eastern gateways, connects with Canada's rail systems and is the only railroad serving all six major Mexico gateways.

CONTACT US

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