

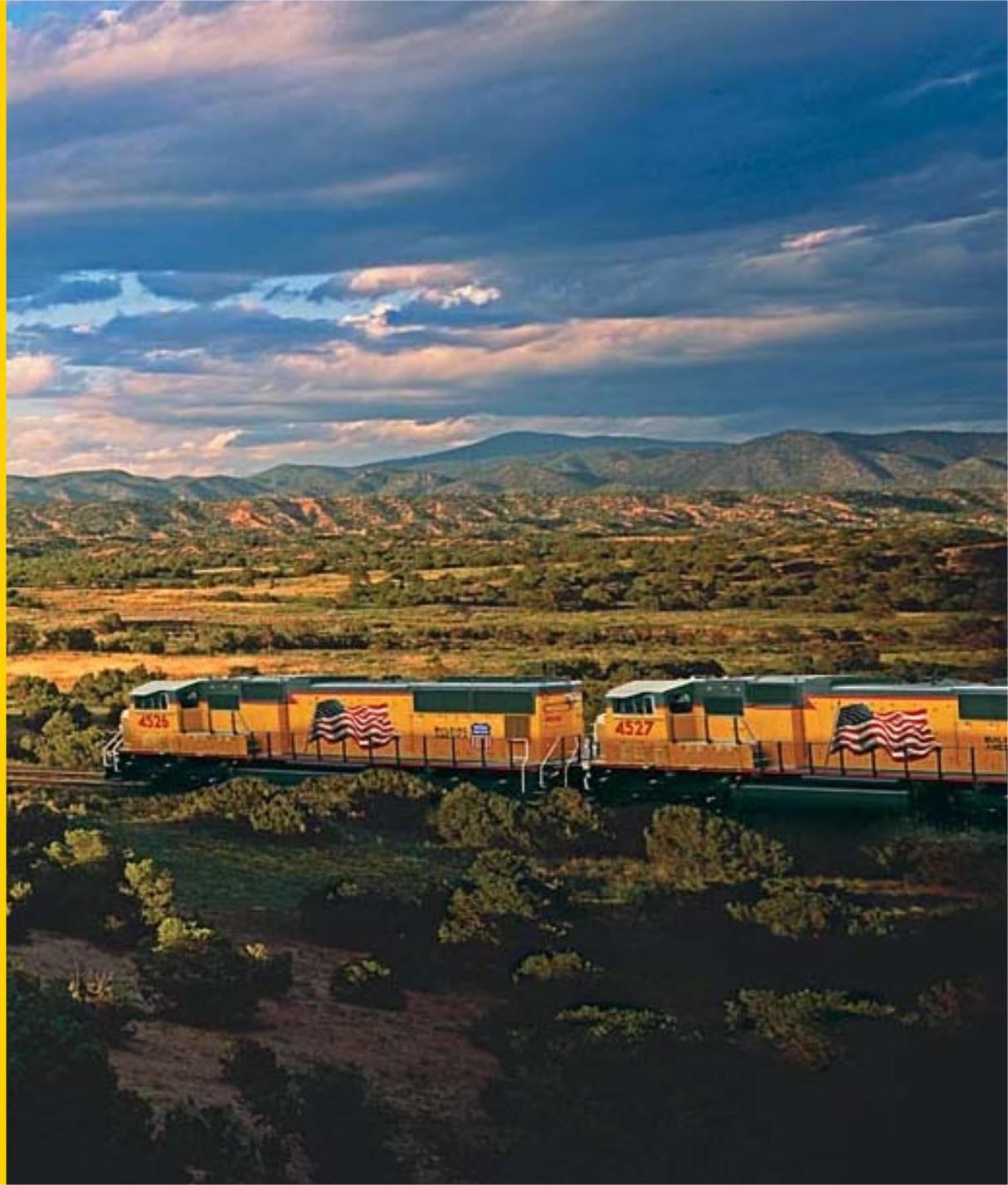
# Union Pacific Rail Transportation

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*Rodger Dolson*  
*September 2005*



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# Outline

- **Union Pacific Overview**
- **Operating Environment**
- **Future Plans**
- **Hazardous Materials**
- **Routes**
- **Dedicated Service**
- **Summary**



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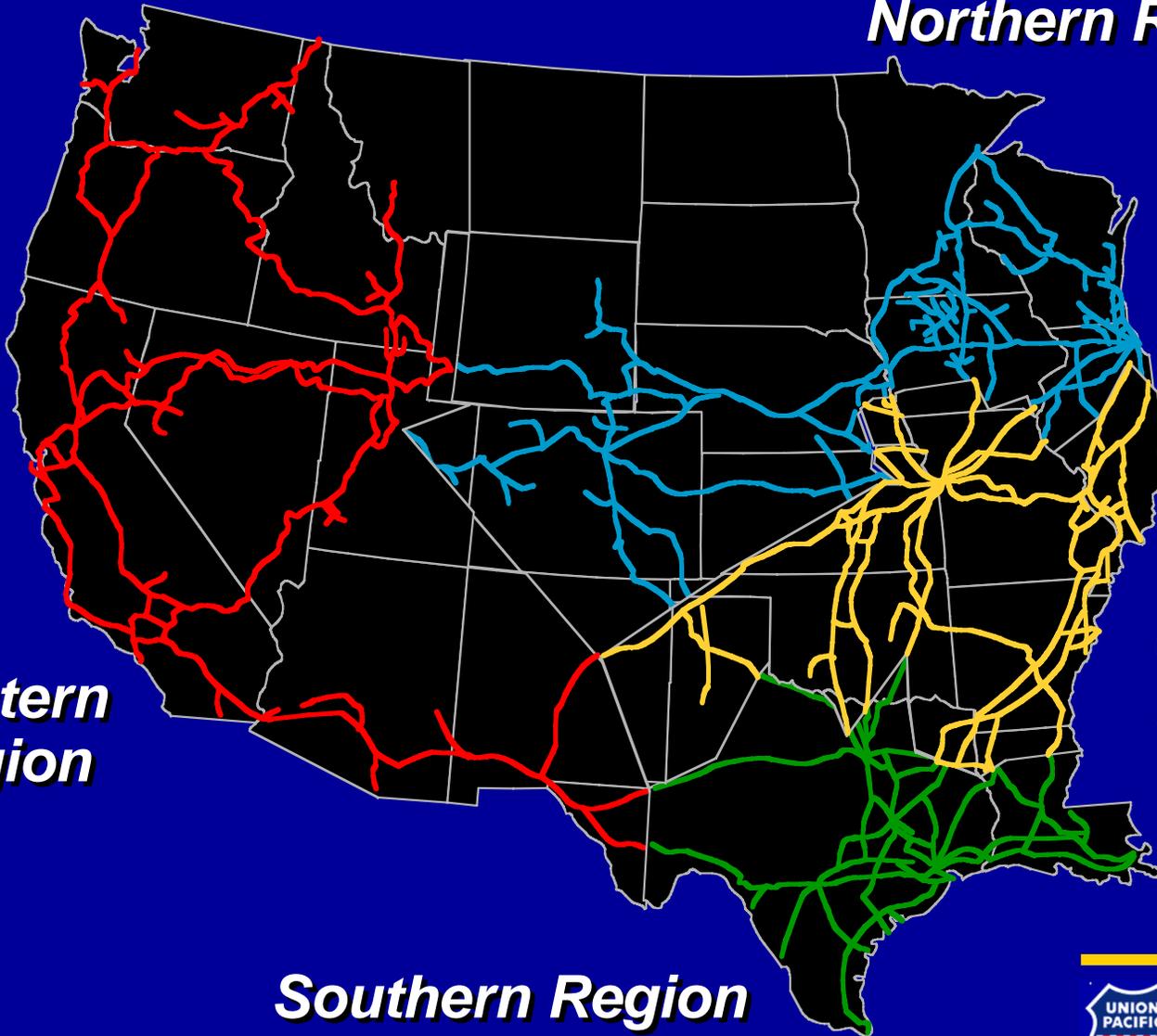
# Union Pacific Railroad

*Northern Region*

*Western Region*

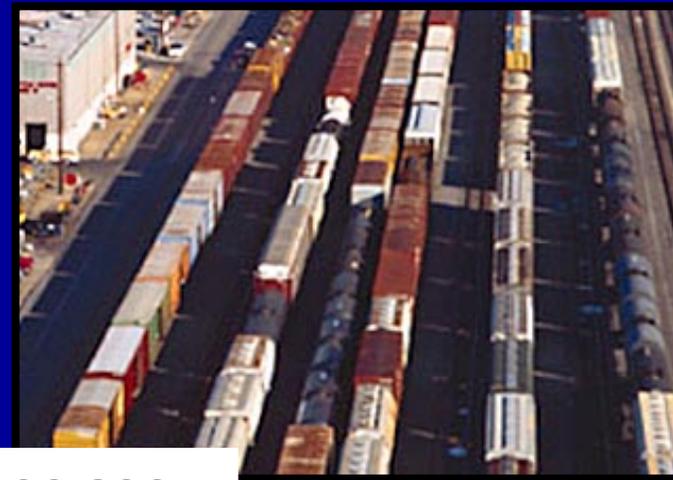
*Central Region*

*Southern Region*



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# Union Pacific Fast Facts

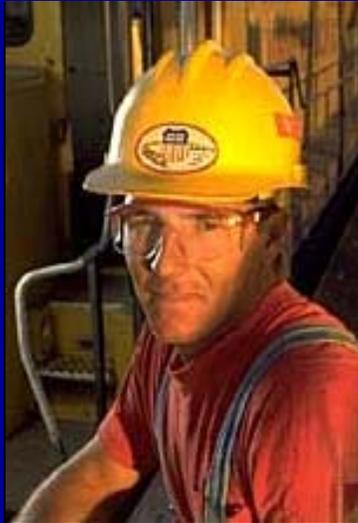


<b>Miles of Track</b>	<b>32,832</b>
<b>Employees</b>	<b>48,000</b>
<b>Annual Payroll</b>	<b>\$3.3 B</b>
<b>Purchases Made</b>	<b>\$3.1 B</b>
<b>Locomotives</b>	<b>7,861</b>
<b>Freight Cars</b>	<b>87,497</b>

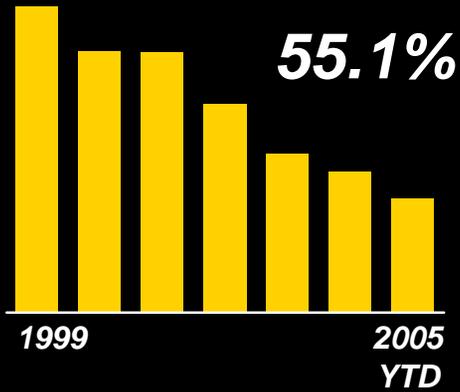


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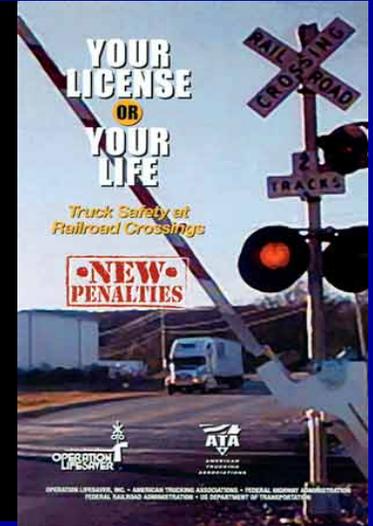
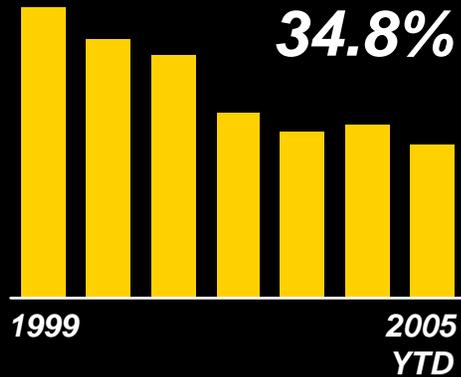
# Safety



## Employee

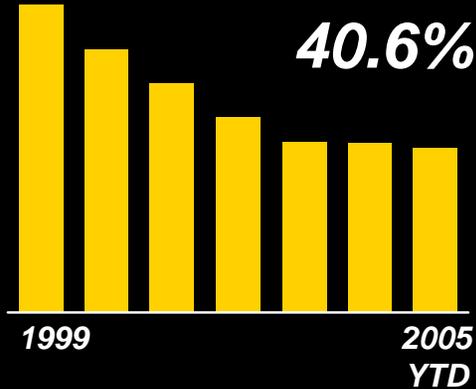


## Public



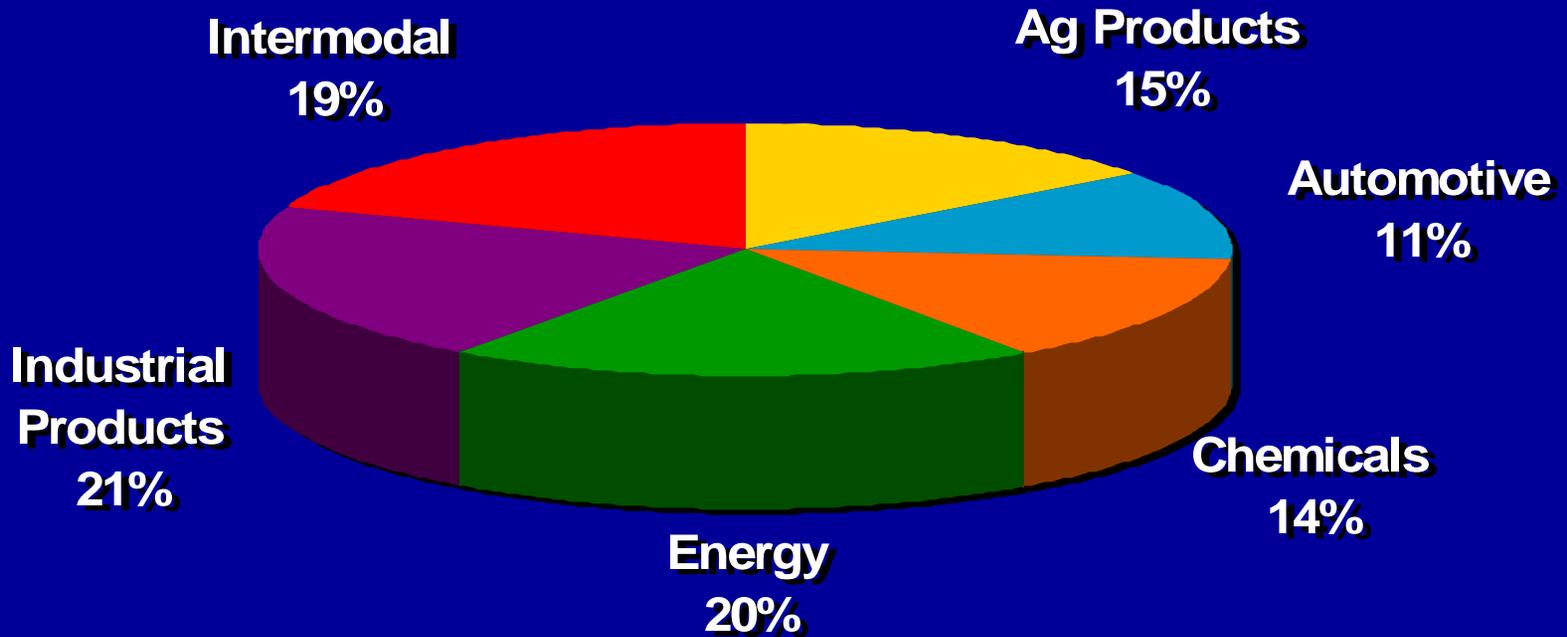
## Customer

*Derailment Frequency*



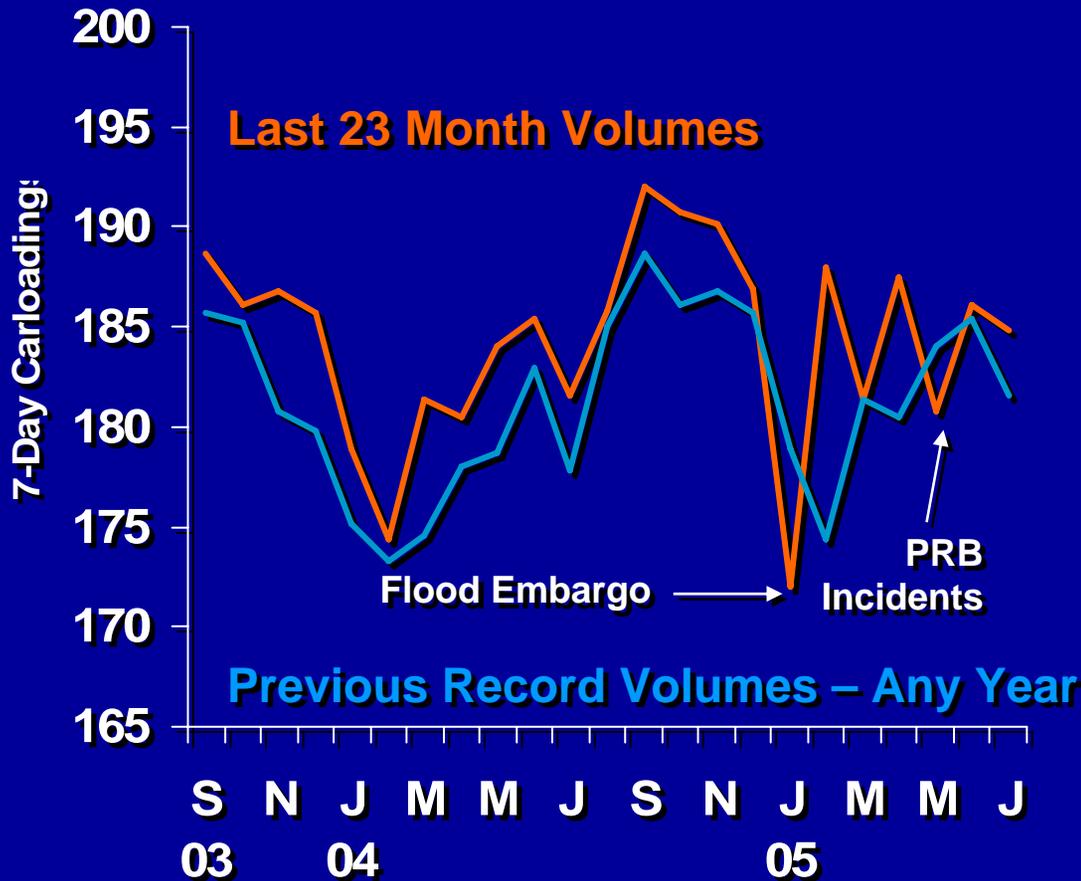
# 2004 Commodity Mix

**\$12.2 Billion**



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# Sustained Demand



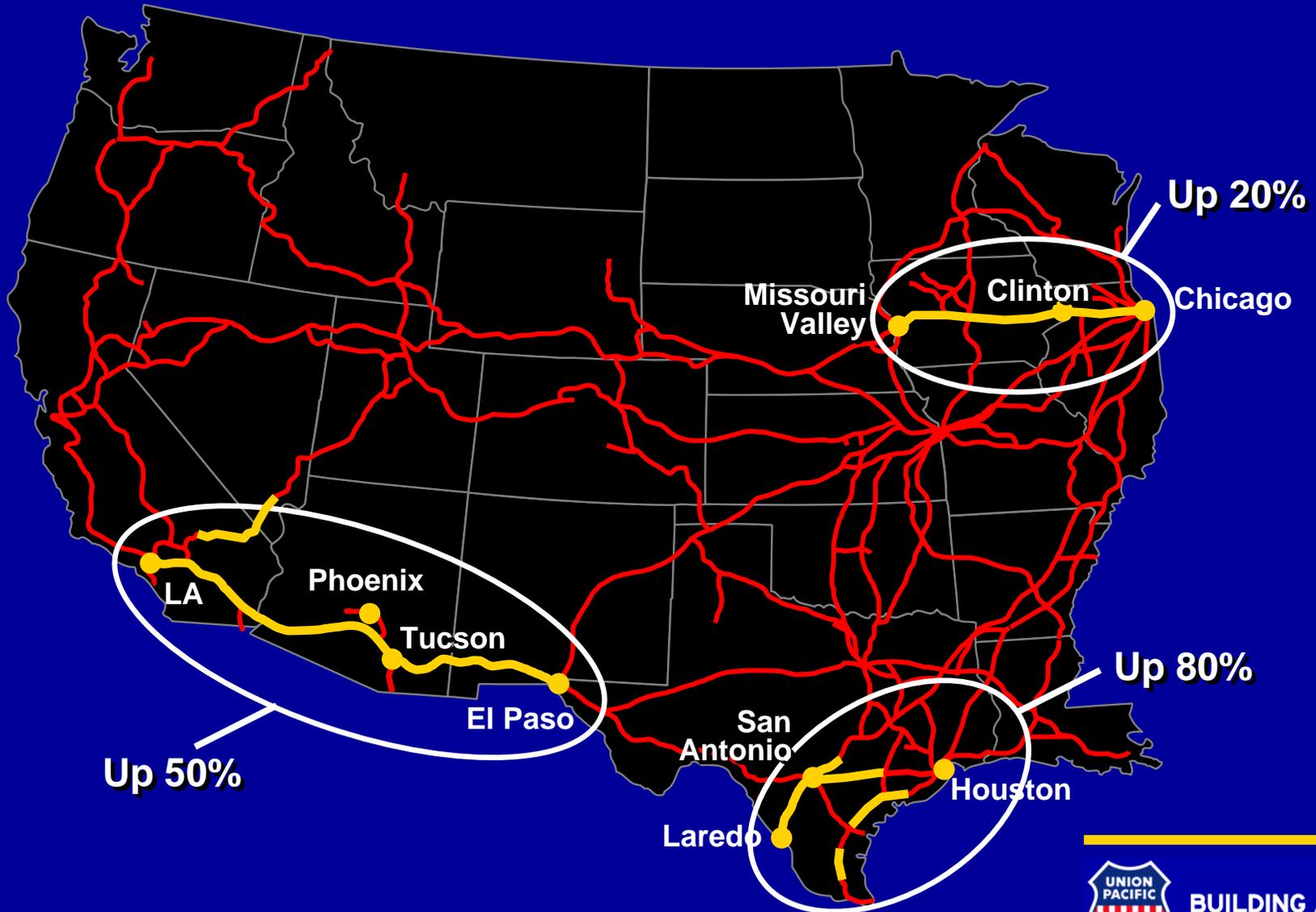
## Secular Drivers

- Transpacific Trade
- Population Growth
- Highway Infrastructure
- Crude Oil



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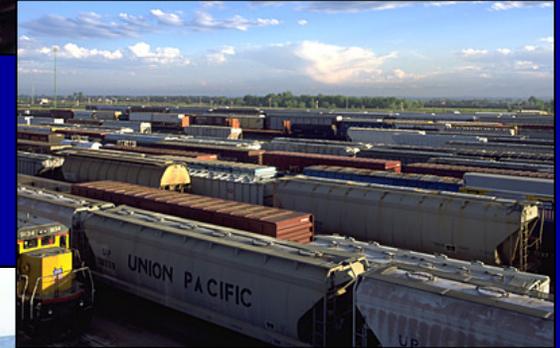
# Growth In Key Corridors



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# Velocity Improvement Strategy

- Resources
- Network Solutions
- Capital



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# Resource Supply & Productivity

## Crews

Trainmen Grads  
Engineer Grads

2004

4,979  
680

2005

1,979  
2,058



## Locomotives

New  
Short-Term Lease Units

393  
350

315  
(125)



## Freight Cars

New or Leased Cars

5,000

4,200

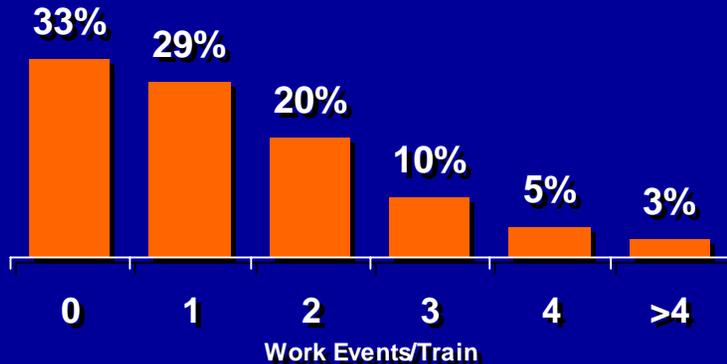


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# Network Solutions

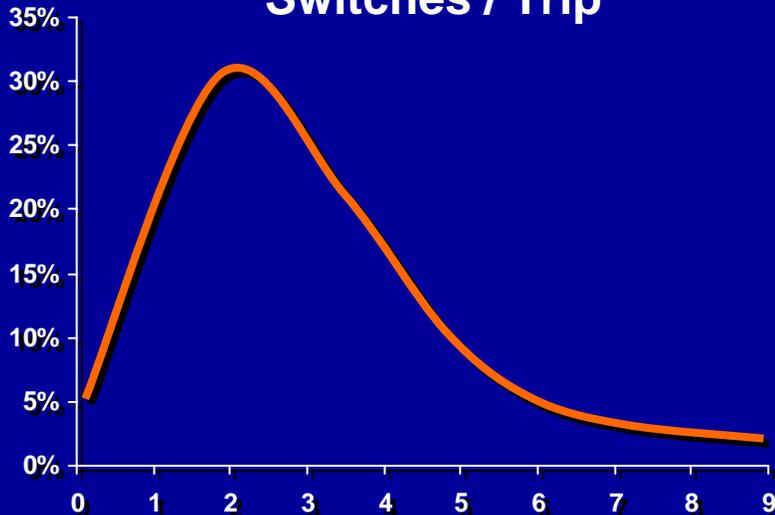
## Unified Plan

**Work Events/Train**  
(Scheduled Network)



% of Total

**Switches / Trip**



## Objectives

- Reduce Total Workload
- Increase Velocity
- Reduce Dwell
- Improve Achievability

## Design

- Clean Sheet
- Network Modeling
- Enhance Recoverability

## Implementation

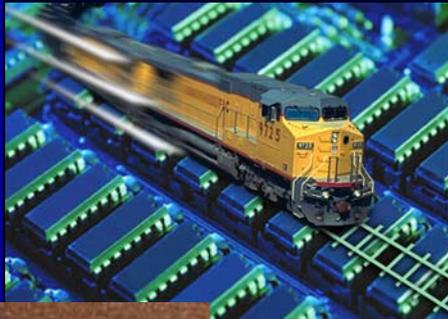
- Connect to LEAN Initiative
- Run the Plan



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# Capital Investment

## 2005



## \$2.8+ Billion

- **Engineering - \$1.35 B**
  - 850+ Miles of Rail
  - 4.4 Million Ties
- **Capacity - \$290 MM**
- **Facilities - \$220 MM**
- **Equipment/Other - \$260 MM**
- **Long-Term & Flexible Operating Leases - \$700 MM**



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# Railroad Capital Investments

- **Maintenance-of-Way**
  - 2004      4.2 million ties and 870 miles of rail
  - 2005      4.4 million ties and 850 miles of rail
- **Locomotives**
  - 2004      743 new units and short-term leases
  - 2005      315 new units (return 125 short-term leases)
- **2005 Freight Car Acquisitions (new or leased cars)**
  - Mechanical Reefers
  - C3 and C5 Covered Hoppers
  - Food Grade C5s
  - Bi-Levels
  - Coal Gondolas/Hoppers

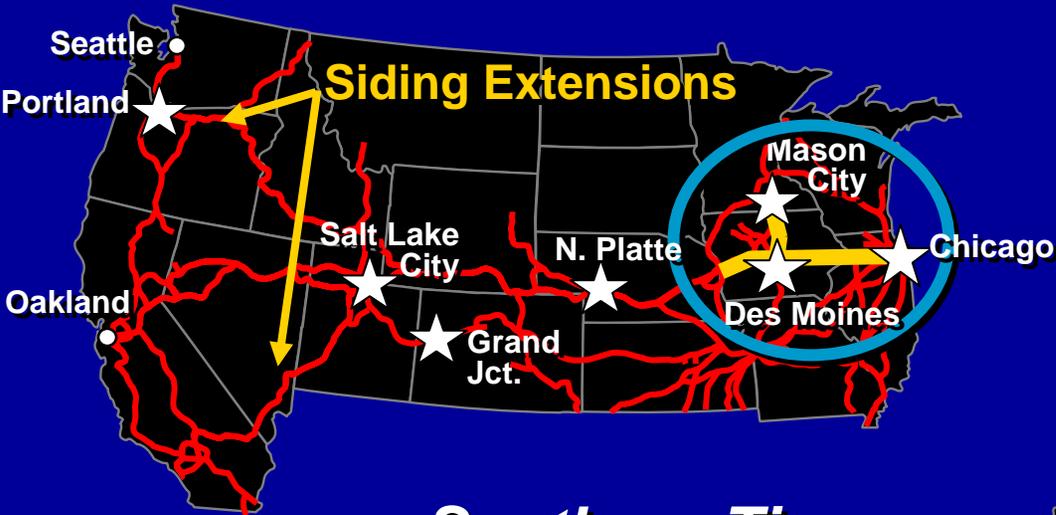


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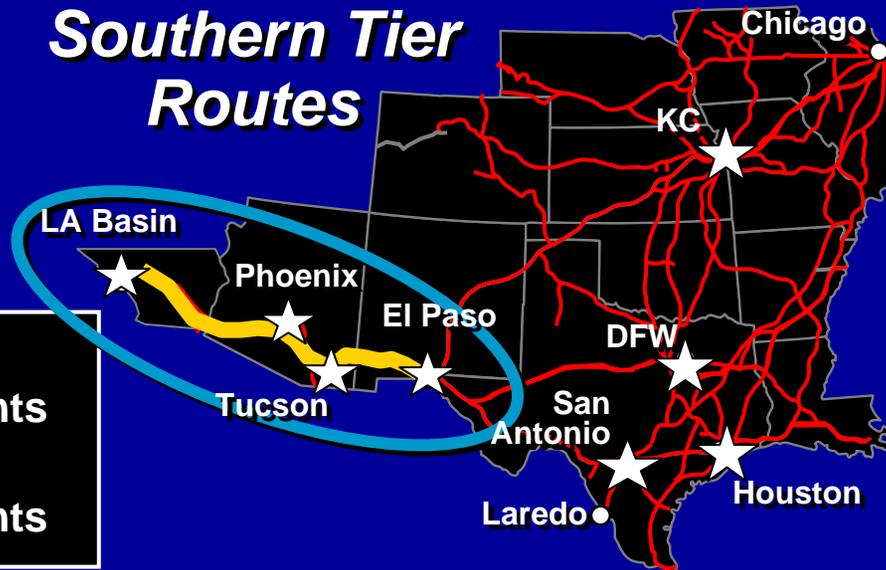
# 2005 Capacity Improvements

## Central Corridor Routes

## North-South Routes



## Southern Tier Routes



- ★ Terminal Improvements
- Corridor Improvements



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# **Our Message to Customers**

- **Unified Plan Will Drive Velocity Improvement**
- **Lean Management & Other Initiatives Will Improve Productivity**
- **Capital Investment Will Provide Additional Capacity**
- **Velocity, Productivity and Capacity Will Allow Us to Handle Future Growth**
- **Price Improvement Needed to Improve ROI to Support Needed Capital Investment**



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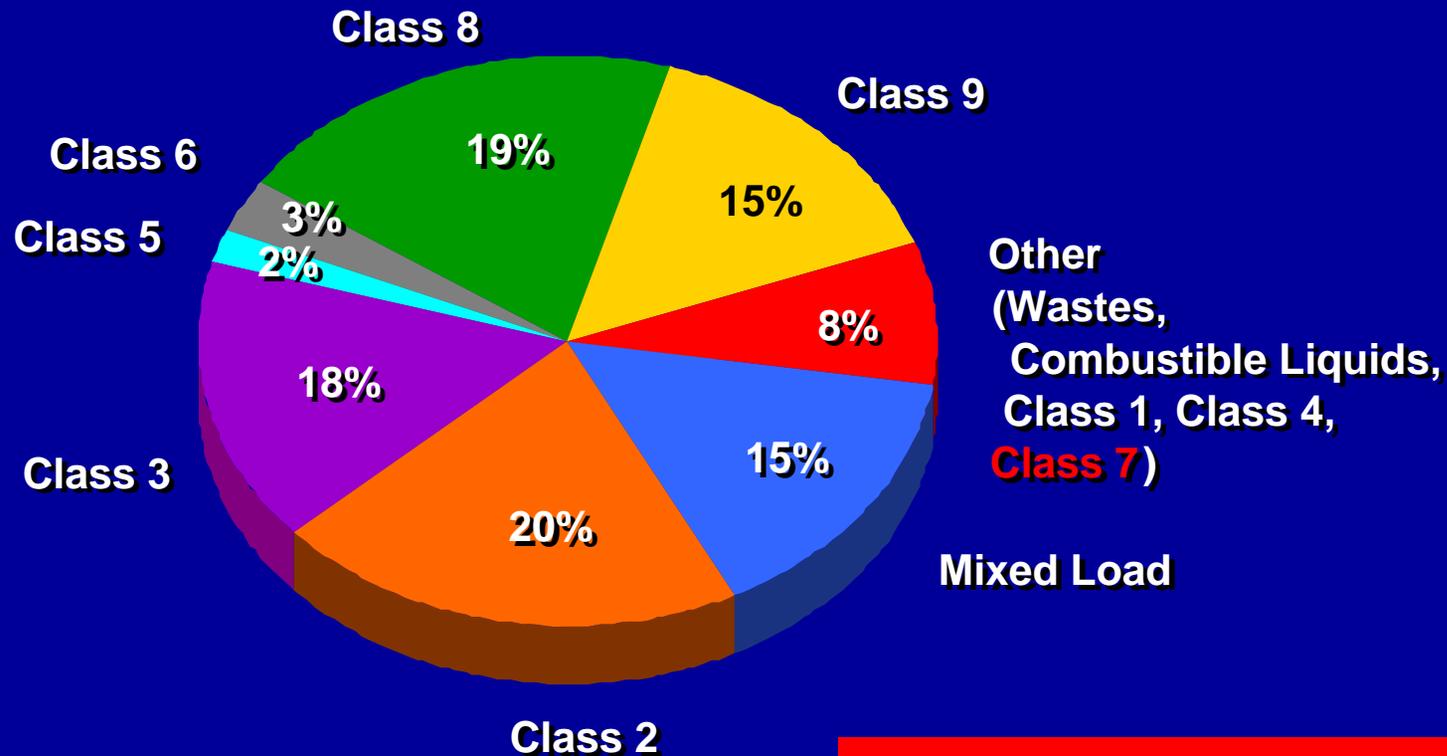
# General Routing/ Operating Considerations

- . **Standard Operating Rules**
- . **Speed**
- . **Weight**
- . **Dimensions**
- . **Mileage**
- . **Any Special Conditions**



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# UP Hazardous Material 2004



**Class 7 = 00.8%**

**Total Hazmat = 530,023**  
**Total Loads = 9,457,803**



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# Hazardous Materials Considerations

- **Normal Handling – Manifest Service**
- **Fed Regulations**
  - **Form 8620 – Instruction For Handling Hazardous Materials**
    - **Train Placement**
    - **Key Trains – 50 Mph**
- **Protocols For Elevated Security**

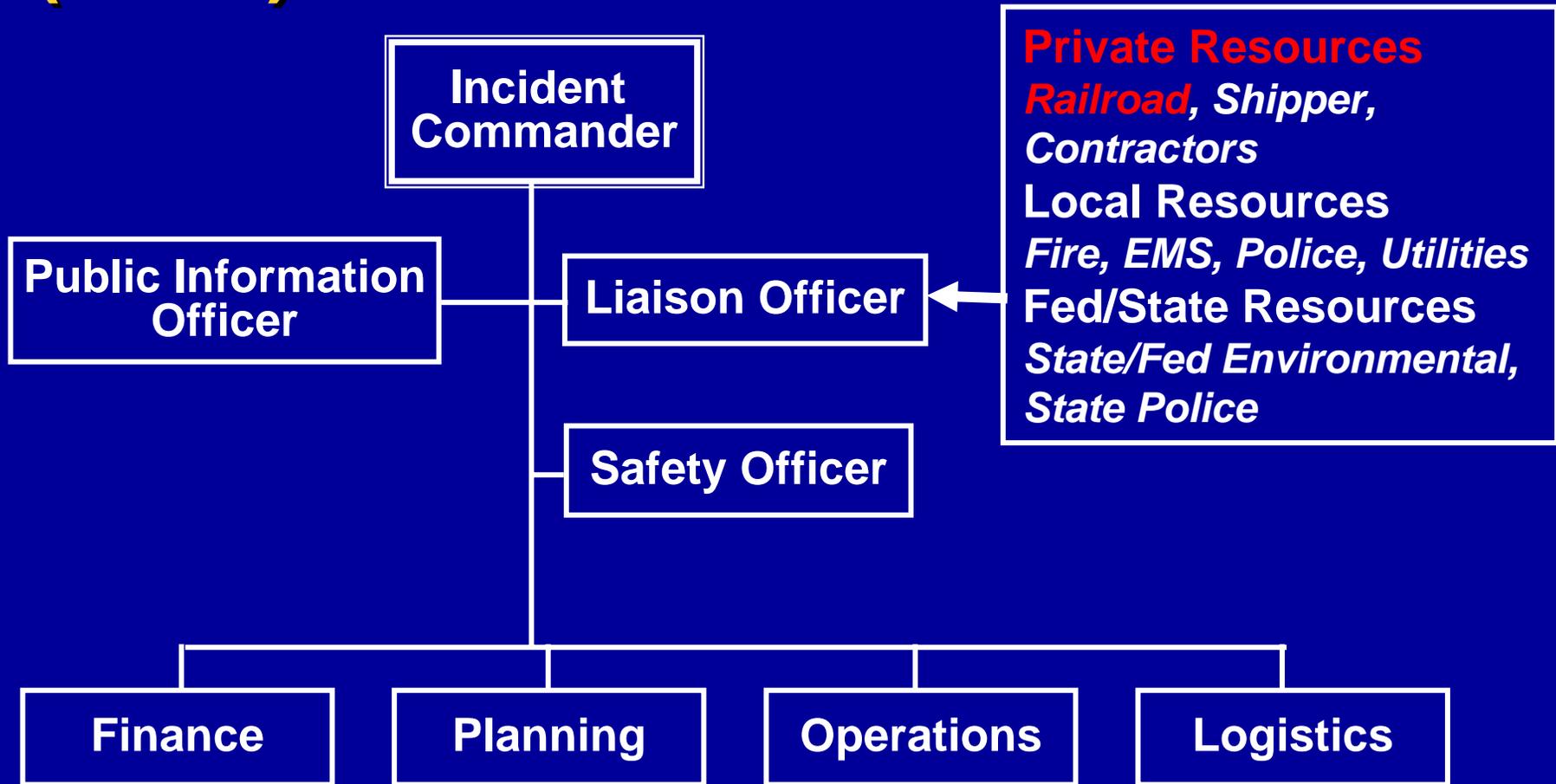


# Emergency Response

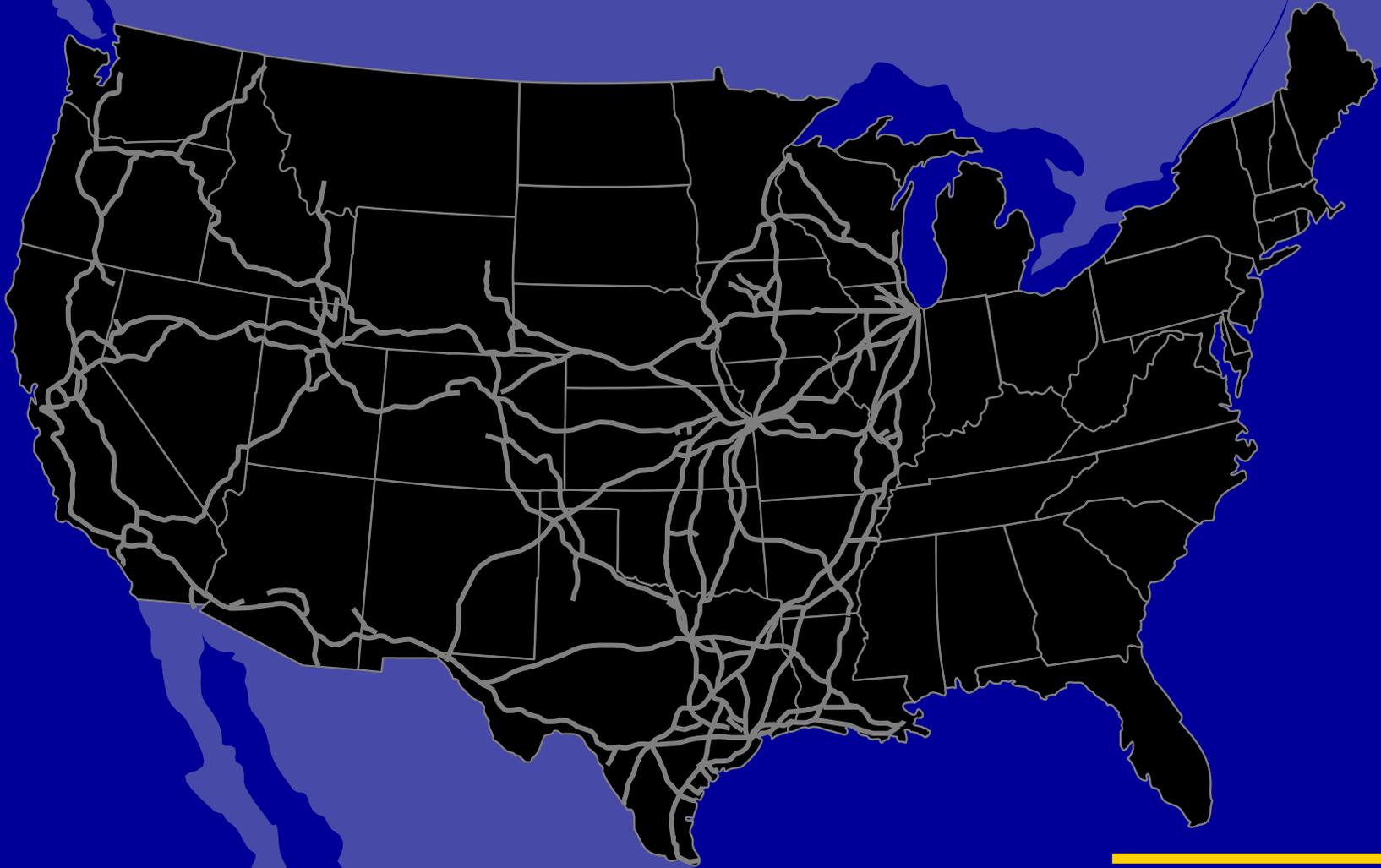
- **Union Pacific Response Management Control Center (RMCC)**
- **UP Response Procedures Align With**
  - **National Incident Management System (NIMS)**
  - **National Response Plan (NRP)**
- **Up Links Into NIMS Structure**



# National Incident Mgmt System (NIMS)



# Hazardous Materials Responders



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# Hazardous Materials Responders



★ Chemical Trans Safety Reg Mgrs



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# Hazardous Materials Responders



- ★ Chemical Trans Safety Reg Mgrs
- Chemical Trans Safety Mgrs



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# Hazardous Materials Responders



- ★ Chemical Trans Safety Reg Mgrs
- Chemical Trans Safety Mgrs
- Special Agents / Hazardous Materials
- Environmental Mgrs



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# Hazardous Materials Responders



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# Routing to Yucca Mtn.



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# SNF / Dedicated Trains

- **Common Carrier Obligation Applies**
- **Dedicated Train – Shipper's Choice**
- **Good Precaution**
  - **Less Handling**
  - **Best Available Technology**
  - **More Control**



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# Settlement Agreement

- **Complaint Dates Back To March 1981**
- **Settled Sept. 2004**
- **Approved July 2005**
- **Effective Sept 2005**
- **Rate Issues Resolved**
- **Structure To Move Forward**



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# Summary

- **Union Pacific Is Positioned For Growth**
- **Rail Is A Safe Option For Movement Of SNF**
- **We Have Experience Handling SNF**
- **We Support The Dedicated Train Option**
- **Settlement Agreement Provides Structure Going Forward**



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