

UP / UTU / BLET CONFERENCE CALL

APRIL 11, 2011

SUGGESTED AGENDA

- **State of the Railroad**
 - Operating & performance overview
 - TE&Y manpower plan update
- **2011 & beyond strategic initiatives**
 - Safety performance
 - Co-dependency of safety and productivity
 - UPWAY / LEAN
- **Total Safety Culture update**
- **General Discussion**

Approximate

2011 Engineer Training Plan

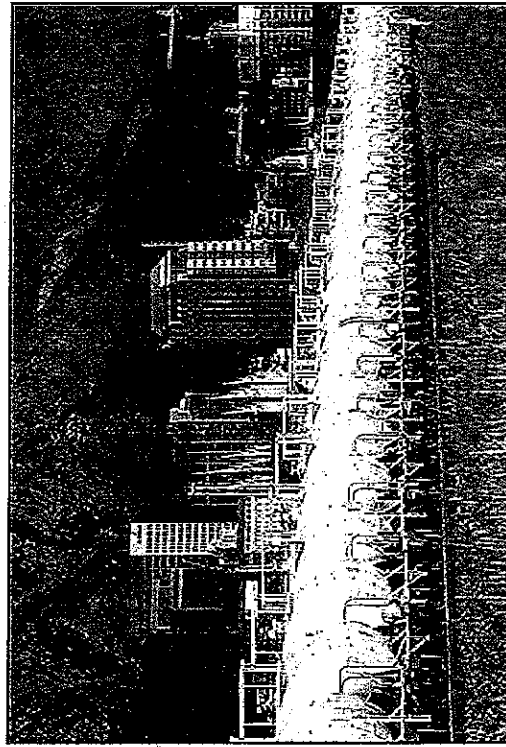
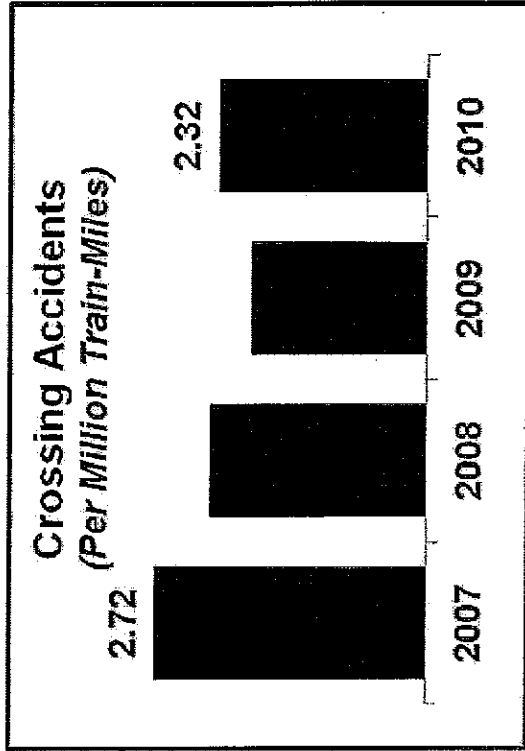
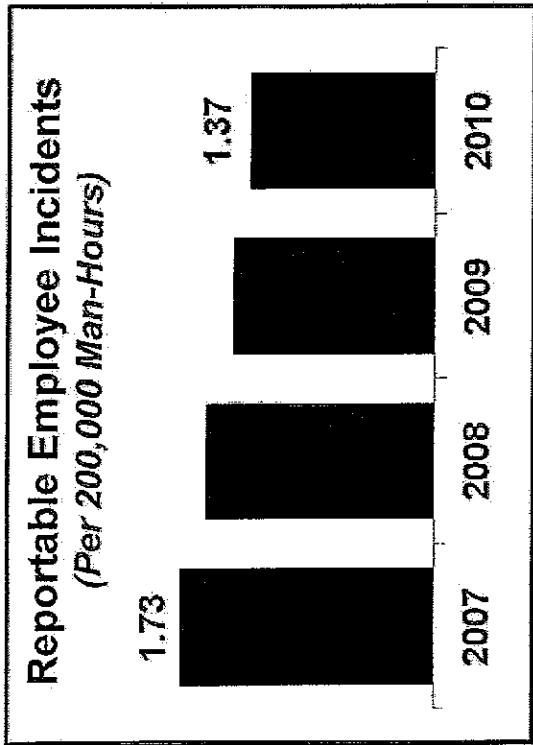
Region	Hub	2011												Total			
		Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11				
Northern	✓ Bill/So Morrill	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Dalhart	0	12	0	0	0	0	0	0	0	0	0	0	0	0	0	24
	Kansas City	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Z-100 Nebraska	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Z-200 Wyoming	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6
	✓ Midwest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	✓ Proviso EA1	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6
	✓ Chicago Term	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6
	Milwaukee NE2	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6
	Denver	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Salina/Herrington	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	St Louis	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	✓ Twin Cities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Northern		24	12	36	18	18	12	18	0	6	12	36	18	18	210		
Southern	Houston	10	10	10	10	10	10	10	10	10	10	10	10	10	10	110	
	Coffeyville	6	6	0	0	6	0	0	0	0	0	0	6	0	0	27	
	N. Little Rock	6	6	6	0	0	6	0	0	0	0	0	6	0	0	30	
	DFW/Longview	6	6	6	6	0	6	6	0	0	0	6	6	0	0	48	
	San Antonio	6	0	0	6	6	6	6	0	0	0	0	6	0	0	36	
	Total Southern	34	28	28	12	22	28	16	10	10	10	16	34	10	10	278	
Western	Arizona	6	6	6	0	0	0	0	0	0	0	0	0	0	0	18	
	El Paso	6	6	0	6	0	0	0	0	0	0	0	6	0	0	27	
	Los Angeles	0	6	6	0	6	0	0	0	0	0	0	0	0	0	18	
	Portland PD1	6	0	6	0	0	0	0	0	0	0	0	6	0	0	18	
	Hinkle PD2	0	6	0	6	0	0	0	0	0	0	0	0	0	0	12	
	Idaho PD3	6	0	6	0	6	0	6	0	0	0	0	6	0	0	30	
	Roseville RV1	6	0	6	0	6	0	6	0	6	0	6	6	0	0	36	
	Bakersfield RV2	0	6	0	6	0	0	0	0	0	0	0	6	0	0	18	
	Dunsmuir RV3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Sparks RV4	6	0	6	0	6	0	0	0	0	0	0	6	0	0	24	
Salt Lake	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total Western	36	30	36	18	24	0	12	0	6	6	6	36	6	6	210		
Grand Total	94	70	100	48	64	40	46	10	22	34	106	34	34	668			

Approximate

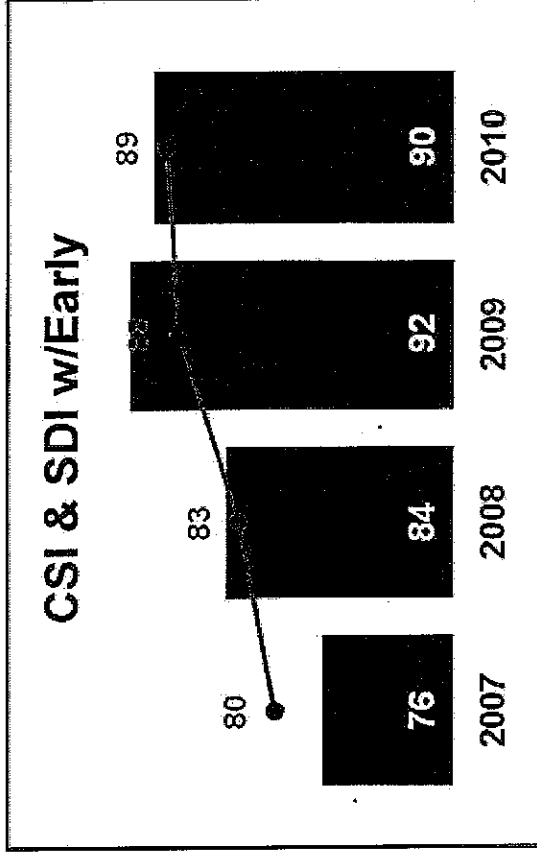
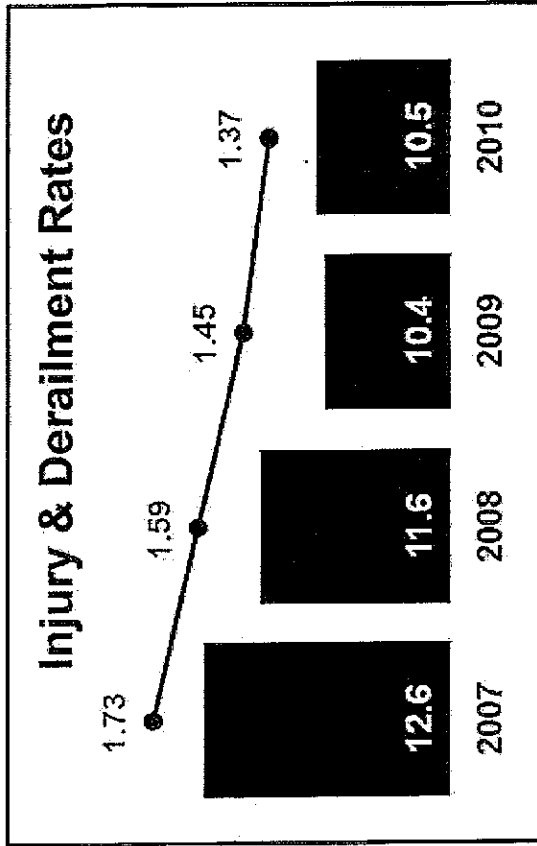
2011 New Hire Trainmen Starts

Region	Hub	2011												Total	2011	Total					
		Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11				Total	Deferrials	Total		
Northern	Bill/So Morrill	0	0	0	0	0	0	0	0	0	0	0	0	10	0	0	0	20	0	20	
	Dalhart	0	10	0	0	10	10	0	0	0	0	0	0	0	10	0	0	0	40	(10)	30
	Kansas City	0	0	0	0	0	0	0	10	0	0	0	0	0	10	0	0	0	20	30	50
	Z-100 Nebraska	0	0	0	10	0	0	0	20	0	0	0	0	0	20	0	0	0	30	60	110
	Z-200 Wyoming	15	0	12	0	18	0	0	0	0	0	15	0	0	10	0	0	0	30	(10)	70
	Midwest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	0	20	30	50
	Proviso EA1	15	0	15	15	30	60	0	0	0	0	0	0	0	0	0	0	0	133	(55)	80
	Chicago Term	10	7	10	0	20	40	0	0	10	0	0	0	0	10	0	0	0	107	(40)	67
	Milwaukee NE2	4	4	0	10	0	0	0	0	0	0	15	0	0	10	0	0	0	43	(5)	38
	Denver	0	0	0	10	15	15	0	0	0	0	15	0	0	10	0	0	0	55	(5)	60
Salina/Herrington	0	0	15	0	15	40	0	0	0	0	0	0	0	10	0	0	0	80	(20)	60	
St Louis	0	10	10	0	30	40	0	20	20	0	20	0	0	10	0	0	0	140	(55)	85	
Twin Cities	17	0	0	15	0	0	0	15	0	0	15	0	0	0	0	0	0	62	0	62	
Total Northern		61	31	62	60	138	205	80	50	20	20	45	100	45	54	32	10	362	(80)	782	
Southern	Houston	20	20	20	35	35	75	0	20	20	20	20	20	20	20	20	20	20	305	(65)	240
	Coffeyville	10	0	10	10	0	10	0	0	0	0	0	0	0	10	0	0	0	50	(10)	40
	N. Little Rock	12	12	12	24	12	24	0	12	0	0	0	0	12	12	12	12	12	122	(12)	120
	Longview	10	10	0	20	10	20	10	0	0	0	0	0	10	0	0	0	0	90	(40)	50
	Ft. Worth	10	8	14	10	22	24	24	24	15	12	12	15	0	15	0	0	0	134	(37)	117
	San Antonio	12	0	12	21	15	50	50	12	0	12	12	0	12	0	0	0	0	146	(74)	72
Total Southern		74	50	68	120	94	203	46	47	44	44	45	54	45	32	32	10	977	(238)	639	
Western	Arizona	0	0	0	15	0	15	0	0	0	0	0	0	0	0	0	0	0	40	10	50
	El Paso	0	10	0	10	0	10	0	0	0	0	0	0	0	10	0	0	0	40	0	40
	Los Angeles	0	0	0	0	0	0	10	10	10	10	10	10	0	10	0	0	0	40	45	85
	Portland PD1	0	10	3	7	10	20	0	10	0	0	0	0	10	0	0	0	0	20	0	70
	Hinkle PD2	10	0	0	10	0	30	0	0	0	0	0	0	10	0	0	0	0	60	(10)	50
	Idaho PD3	10	0	10	0	15	15	0	10	0	0	0	0	10	0	0	0	0	70	0	70
	Roseville	0	0	0	15	35	78	78	0	0	0	0	0	0	0	0	0	0	143	(53)	90
Salt Lake	0	0	0	0	0	0	0	0	0	0	0	0	15	0	0	0	0	15	60	75	
Total Western		20	20	13	57	60	168	10	30	10	10	20	70	20	0	0	0	478	52	530	
Grand Total		155	101	143	237	292	576	136	127	74	74	110	224	110	42	42	2,247	(266)	1,951		

2010 Safety Performance



Co-Dependent Goals Safety, Service & Productivity



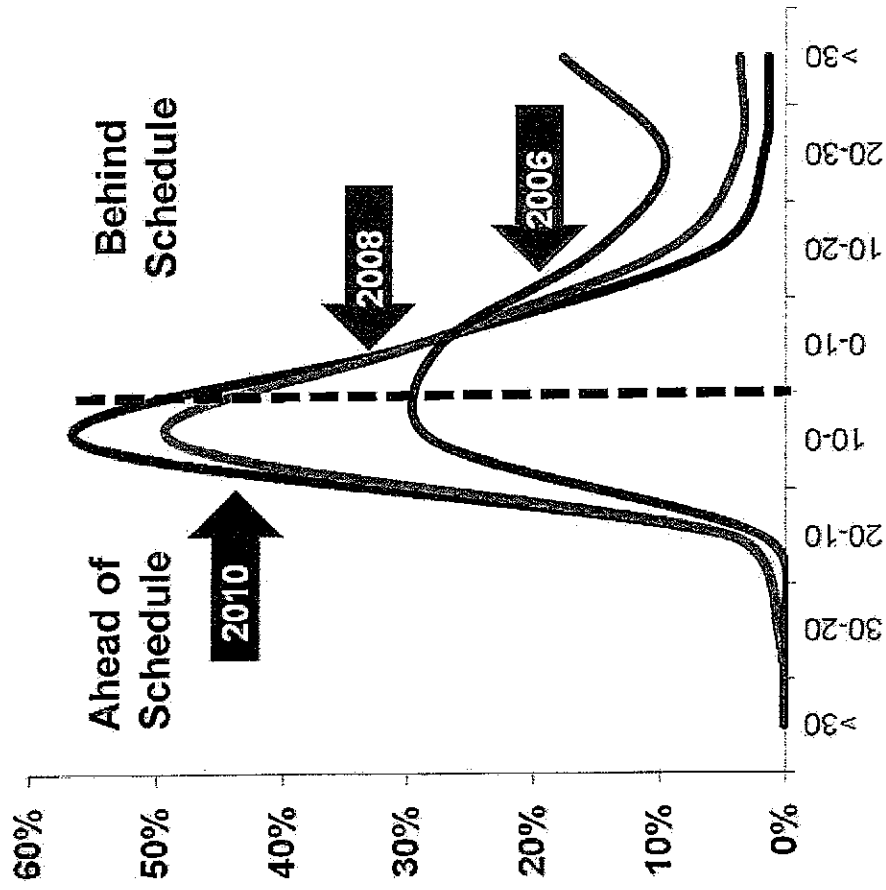
- **Improvements in Safety, Service and Productivity**



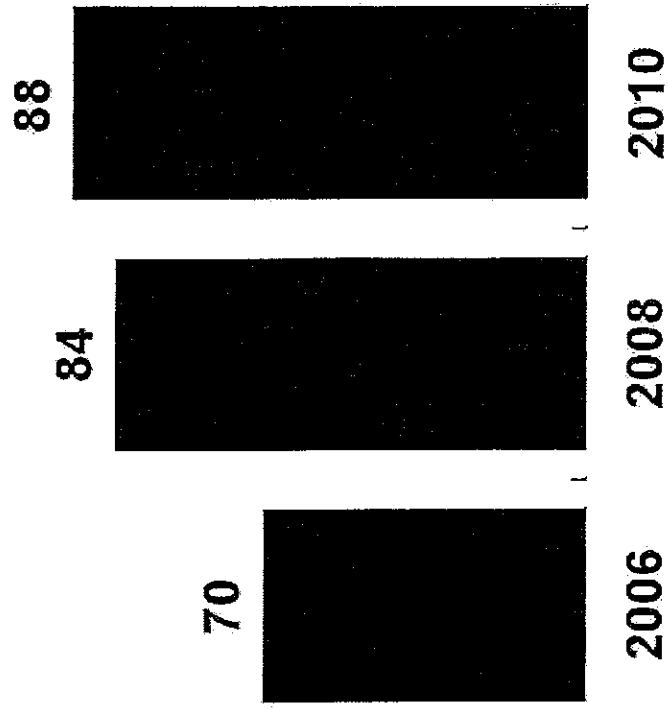
BUILDING AMERICA

Variability, Safety & Service

Train Arrival Variability



Chemical Service Delivery Index (Including Early Arrivals)



Safety



Productivity

TSC - Risk

- Body Position
- Eyes on Path
- Lifting and Lowering
- Line of Fire
- Communication
- Ascending/Descending
- Pinch Points
- Procedures



LEAN - Waste

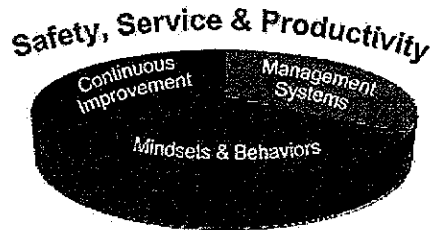
- Defects
- Overproduction
- Waiting
- Nonessential Tasks
- Transportation
- Inventory
- Motion
- Employees Unengaged



UP Way at a Glance

What is the UP Way?

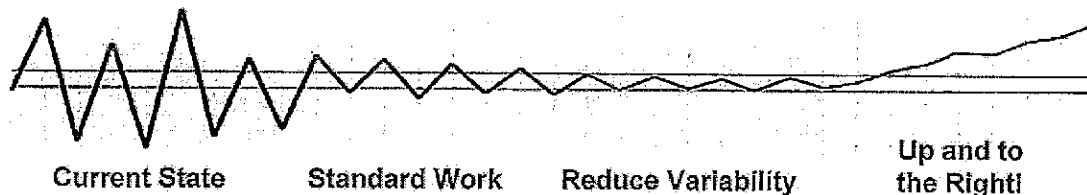
The UP way is a **method** and **culture** that improves safety, creates service excellence and increases productivity through employee engagement, standard work, standard leader work, and the elimination of variability and waste.



The UP Way will continue to build upon the continuous improvement foundation already started. It will require a cultural change that begins with asking the people doing the work how we can improve it, and then listening and acting upon that data and suggestions to drive efficiencies. Management Systems will be required to record standard work, audit compliance with standard work, and track and measure variability.

Employee Engagement & Standard Work

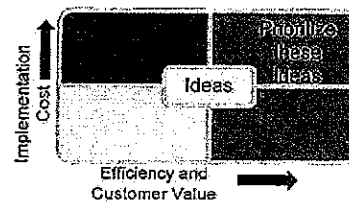
An essential part of the UP Way is employee engagement. Without it, the accomplishments are not achievable or sustainable. The process demands that we enlist the complete work team in **standardizing our processes**, and then attacking waste and variability through continuous improvement. The work team takes control and ownership of the "what" & "how", creating more employee engagement, job satisfaction, and commitment to the process.



Leader Standard Work

Management's role is to provide an environment that fosters employee engagement and teamwork. They must embrace a structure that is both process and results driven through Standard Leader Work. This gives leaders specific expectations and responsibilities. It also makes process improvement a daily habit. It is essential that there is both top-down and bottom-up support between Senior Leadership and the employees actually doing the work.

Management **must** set clear expectations regarding their UP Way initiatives. The leader must provide an environment for generating ideas that merit resources and achieve results.



Next Steps:

- UP Way training
- Begin constructing management systems within the UP Portal
- Pilot Projects at Council Bluffs, IA (Work Order Compliance, Job Instructions, TE&Y Portal)

Achieving operating efficiencies through active employee engagement

CRITICAL INCIDENTS ALERT APRIL 2011

Recent events have indicated that enhanced focus on train operations approaching and passing restricting and dark signals needs to occur. In the last month there have been (3) train collisions system wide, while crews were operating under restricted speed requirements.

Fortunately these incidents have not produced any fatalities, serious injuries, or Hazardous Material spills. Obviously the potential for human tragedy is great in these incidents. During this same period there have been (7) Field Training Exercise Decertifications on the Southern Region. Basically (10) potentially severe events have occurred within the last 40 days. We must stop these events.

Immediately you will see increased training exercises involving restricted speed requirements. These training events will be challenging. The training results detailed above indicate that a significant number of crews operating on restricting signals are not prepared to stop at the entrance of limits requiring restricted speed.

When you encounter an approach signal or signal that indicates you are entering restricted speed requirements, remember that these signals require a speed prepared to stop at the next signal. The signal after an approach may have a train or red flag just beyond the signal. Ensure that your job briefing includes actions that will prepare you to stop short of obstructions listed in rules 6.27 (restricted speed), 6.28 (Other than Main Track), 9.9 (Delayed in Block). Ask yourselves; what is half the range of vision, is it dark, how far can we see with our headlight? What is the weather, is it cold, or wet, will the brakes react slower because they are wet or cold? Are we on a grade, is it foggy, are we

approaching a curve, with restricted speed requirements. Remember get focused in these locations, a mistake may cost you or others their life.

In an effort to prevent serious injuries to our crews we will simulate stopping requirements throughout restricted speed limits, beginning, middle and end. Working together we will achieve safe train operations in restricted speed limits. Please talk to each other and work with your management, and Local Agreement team to prevent tragedies from occurring on your territory.

TSC Update for April 2011

- TSC Facilitators Training Session in Denver March 7 – 11 very successful with 42 Facilitators in attendance
- Next Facilitators Training Session is scheduled for July 18 and one more in November.
- Recognition Process is in place for rotating facilitators and coordinators
- Will be developing a time this year for UP Way Training with the Regional Coordinators and Regional Directors
- First General Chairman's meeting held on April 11 with a TSC Update. Future plans to have face to face meeting with each general Chairman to discuss TSC Participation.
- Regional Coordinators are Performing Site Visits to Service Units
- Engineering teaching ½ day of TSC in their Leadership Class
- TSC Managers Phase 2 training is currently in development with a June roll out plan