

Union Pacific reports third quarter 2009 earnings

Written by Union Pacific
Wednesday, 21 October 2009 00:00 -



OMAHA, Neb. — Union Pacific Corporation (NYSE: UNP) today reported 2009 third quarter net income of \$517 million, or \$1.02 per diluted share, compared to \$703 million, or \$1.38 per diluted share in the third quarter 2008.

Third Quarter 2009 Highlights

- * Operating income totaled \$967 million, down 20 percent.
- * Net income declined 26 percent to \$517 million.
- * Ongoing productivity initiatives, pricing gains and lower diesel fuel prices contributed to a record third quarter operating ratio of 73.7 percent.
- * Customer Satisfaction Index of 88 is an all-time best, up 5 points.

"Union Pacific's third quarter results were clearly affected by the global recession and related decline in our rail traffic," said Jim Young, Union Pacific chairman and chief executive officer. "In the face of that challenge, the Union Pacific team achieved a record third quarter operating ratio, as well as record customer satisfaction levels, by concentrating on our business fundamentals of safety, service, value and productivity."

Third Quarter Summary

All six of Union Pacific's business groups continue to be impacted by the slowdown in the global economy. Third quarter 2009 operating revenues totaled \$3.7 billion versus \$4.8 billion in the third quarter 2008. In addition:

- * Business volumes, as measured by total revenue carloads, were down 15 percent versus the third quarter 2008. Reflecting lower volumes, year-over-year freight revenues declined 25 percent to \$3.5 billion in the third quarter 2009. Lower fuel surcharge revenue in the third quarter, down \$590 million year-over-year, contributed substantially to the decline.
- * Quarterly diesel fuel prices decreased 49 percent from an average of \$3.70 per gallon in the third quarter 2008 to an average of \$1.87 per gallon.
- * Union Pacific's operating ratio improved 1.2 points to a third quarter record 73.7 percent, primarily due to ongoing efficiency initiatives, pricing gains and lower diesel fuel prices.
- * The Company's Customer Satisfaction Index improved 5 points to 88, a quarterly best.
- * Quarterly train speed, as reported to the Association of American Railroads, was 27.4 mph, up 3.7 mph or 16 percent versus the third quarter 2008. This improvement reflected productivity and operational improvements as well as lower volumes.

Summary of Third Quarter Freight Revenues

- * Chemicals was down 16 percent.
- * Energy was down 21 percent.
- * Intermodal was down 22 percent.

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- * Agricultural was down 23 percent.
- * Automotive was down 30 percent.
- * Industrial Products was down 39 percent.

Outlook

"As we enter the final quarter of 2009, business volumes seem to have stabilized, but at very low levels for Union Pacific," Young said. "In this weak economic environment, we remain committed to maintaining a strong balance sheet and a solid cash position. Operationally, we are dedicated to leveraging the competitive advantages of our network as a safe, fuel efficient and environmentally friendly freight transportation provider, to attract new business, increase productivity and offer excellent customer service."

About Union Pacific

Union Pacific Corporation owns one of America's leading transportation companies. Its principal operating company, Union Pacific Railroad, links 23 states in the western two-thirds of the country. Union Pacific serves many of the fastest-growing U.S. population centers and provides Americans with a fuel-efficient, environmentally responsible and safe mode of freight transportation. Union Pacific's diversified business mix includes Agricultural Products, Automotive, Chemicals, Energy, Industrial Products and Intermodal. The railroad emphasizes excellent customer service and offers competitive routes from all major West Coast and Gulf Coast ports to eastern gateways. Union Pacific connects with Canada's rail systems and is the only railroad serving all six major gateways to Mexico, making it North America's premier rail franchise.