

“Engines of Change”SM

DEPLOYMENT OF THE WORLD’S CLEANEST LOCOMOTIVE TECHNOLOGIES

Lanny A. Schmid ~ Union Pacific Railroad Company
Faster Freight Cleaner Air 2006 Conference
Long Beach, California
February 28, 2007



Union Pacific

Environmental Policy



Union Pacific Railroad is committed to protecting the environment for our customers, our employees, and the communities in which we live. We strive to meet the highest principles of environmental responsibility in our role as a leader in transportation.

“Environmental protection is the responsibility of every UP employee.”

Jim Young, Chairman, President & CEO



Union Pacific employees accomplish this through:

Stewardship

- ☑ Protecting the natural resources where we operate
- ☑ Promoting the efficient use of energy
- ☑ Conserving resources through waste minimization, recycling and reuse of materials

Relationships

- ☑ Building relationships based on common safety and environmental goals
- ☑ Openly communicating with government agencies and communities

Process

- ☑ Assessing our environmental performance using measurable business objectives
- ☑ Using assessment results to guide environmental management improvement strategies

Results

- ☑ Meeting and exceeding compliance standards of environmental laws and regulations
- ☑ Supporting development of effective and balanced environmental laws and regulations
- ☑ Practicing and continually improving healthy work activities



LOCOMOTIVE TECHNOLOGIES

→EPA Tier Requirements Apply

- ✦ Standards for new Tiers 0, 1, and 2
- ✦ Include in-use testing, rebuilds, and retrofits

→EPA Tier 3/4 Rulemaking

- ✦ NPRM (new standards) to be published 1Q07
- ✦ Likely to include aggressive rebuild/retrofit requirements
- ✦ Anticipate technology forcing elements Includes in-use testing, rebuilds, and retrofits

→Underlying Principles

- ✦ Frugal use reduces both consumption & emissions
- ✦ Most older units retired when replaced



LOCOMOTIVE TECHNOLOGIES

→Acquisitions of New Locomotives

→Retrofit Existing Equipment

→Operational Aspects

→ Innovative Concepts



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ACQUISITIONS

- **Road - Line Haul - High Horsepower**
 - ✓ Produced by GE and EMD
 - ✓ Current fleet of 6500+ locomotives
 - ✓ Over 2400 are Tier 0, 1 or 2
 - ✓ Acquire 200-300 per year on average
- **Switch - Yard Job - Low Horsepower**
 - ✓ Produced by EMD, NRE, RailPower, MPI, others
 - ✓ Current fleet of 1700+ locomotives
 - ✓ Most are 20+ year old locomotives
 - ✓ Acquire 160 by 7/2007 (all ULEL's)



ACQUISITIONS - GE ROAD LOCOMOTIVE



UP C45ACCTE Tier 2

*300+ GE Tier 2 units delivered to
UP since January 2005*

Built by GE Rail

EPA Tier 2 certified (<5.5 gr/BHp-Hr NOx & 0.20 PM)

4400 HP16-cylinder diesel engine w/ EFI

Equipped with Automatic Engine Stop-Start (“AESS”)



ACQUISITIONS - EMD ROAD LOCOMOTIVE



UP SD70ACe Tier 2

*150+ EMD Tier 2 units delivered
to UP since January 2005*

Built by Electro-Motive Diesel (“EMD”)

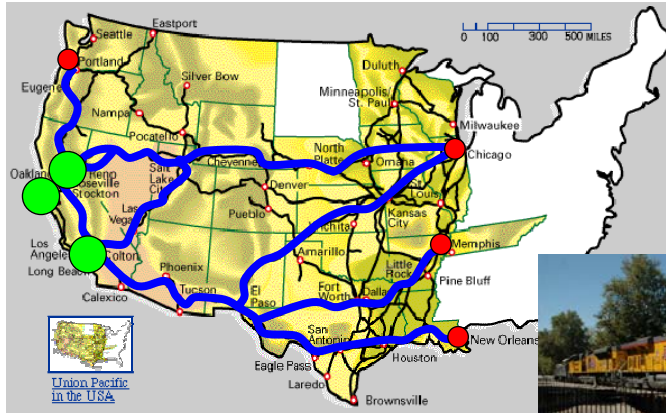
EPA Tier 2 certified

4400 HP16-cylinder diesel engine w/ EFI

Equipped with Automatic Engine Stop-Start (“AESS”)



ACQUISITIONS - ROAD UNITS for CA



UP has acquired 440 EPA Tier 2 line-haul locomotives in 2005 & 2006



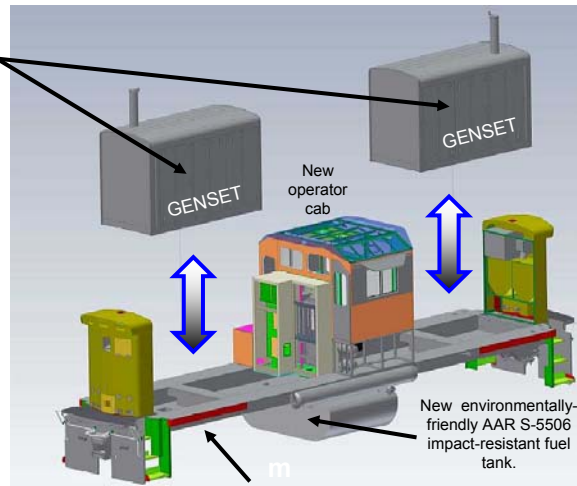
UP's EPA Tier 2 line-haul freight locomotives are used on trains to~from California (Roseville, Oakland & Los Angeles/Long Beach areas)



ACQUISITIONS - GENSET CONCEPT

Each genset is a modular self-contained package:

- low-emissions EPA Tier 3 nonroad diesel engine
- electrical generator
- cooling system with antifreeze (automatic idle-elimination by shutting-down to 20F)
- replaceable as a complete package ("plug and play") when engine requires major repairs/overhaul

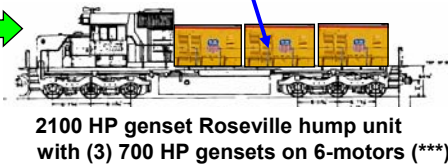
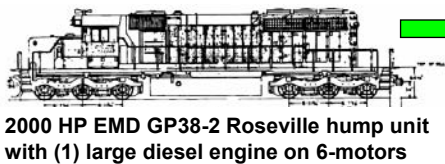
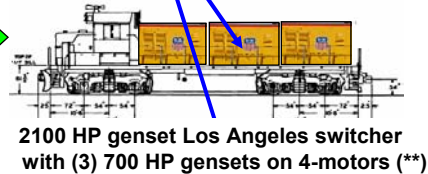


Basic locomotive platform can be remanufactured.



ACQUISITIONS - GENSET LOCOMOTIVES

1400 HP genset prototype unit UPY 2005 (*) ...
 (2) 700 HP Tier 3 nonroad gensets in modular packages



(*) UP funded construction of the genset prototype UPY 2005.

(**) UP is reviewing bids to acquire (60) of these units for service in the Los Angeles area.

(***) Sac Metro & Placer County APCDs providing incentive funds for building 4 hump units.



ACQUISITIONS - GENSET ATTRIBUTES

→ Quantum improvement over existing units

- ✓ Up to 80% reduction in NOx & PM compared to existing yard units (using EPA's test protocol)
- ✓ Minimum 15 to 20% reduction in diesel fuel use
- ✓ Reduction in lineside noise due to engines
- ✓ Emissions @ switch duty cycle (grams/brake hp-hr) for a genset are <3.0 for NOx, 0.05 for PM & 1.51 for CO

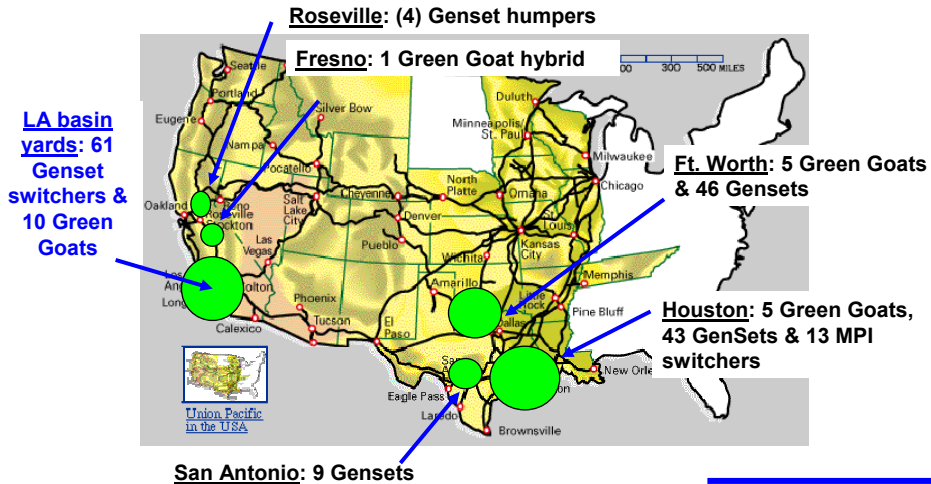


✓ CARB Ultra-Low Emitting Locomotive ("ULEL") status

✓ EPA Tier 2 locomotive certified



ACQUISITIONS – GENSET & ULEL DEPLOYMENT ON UPRR SYSTEM



LOCOMOTIVE TECHNOLOGIES

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RETROFIT

- Shutdown Devices (ICD's)
- Diesel Particulate Filters (DPF's)
- Diesel Oxidation Catalysts (DOC's)
- Selective Catalytic Reduction (SCR)



RETROFITS - SHUTDOWN DEVICES

- Function - designed to maintain 'vital signs'
 - ✓ Air, battery charge, and fluids
 - ✓ Typically achieves 1.5 - 2.5 ton/year NOx reduction
- Supplied by ZTR, Kim Hot Start, EcoTrans, others
 - ✓ Current fleet of 8500+ locomotives
 - ✓ Over 2900 equipped (either OEM or retrofits)
 - ✓ Retrofit ~100 a year with ZTR controls



RETROFIT - DPF RESEARCH/DEVELOPMENT



Two UP 1500 horsepower switchers were equipped with DPF technology in 4Q '06; now being tested for maintainability, durability and emissions performance in California

UP & BNSF co-funded a \$5 million R&D project (CY 2000 start) to develop & evaluate DPF's on older switching locomotives

R&D work performed by *Southwest Research Institute* ("SWRI") through Association of American Railroads ("AAR")

No technical precedent ...*European locomotives have NO in-service testing due to type of locomotives equipped*



RETROFIT - DOC RESEARCH/DEVELOPMENT



One 3800 HP road unit has been fitted with a DOC and is being tested in Commerce CA to evaluate ops performance, maintainability, durability and emissions reductions

EPA & UP co-funded an R&D project to install & evaluate a DOC on an older road locomotive

R&D work performed by *Southwest Research Institute* ("SWRI")

One year test planned w/ possible additional retrofits to accelerate the data gathering process



RETROFIT - SCR RESEARCH/DEVELOPMENT

- ➔ No known locomotives now equipped in the world
- ➔ R&D is being pursued by major locomotive manufacturers
- ➔ Challenges that must be overcome
 - ✦ Safety concerns & hazmat issues
 - ✦ Space constraints & physical clearance



ACQUISITIONS vs. RETROFIT



UP 7606 & UP 7605



UPY 2701



UPY 1378



UP 2368

	<u>UP 7606 & UP 7605</u>	<u>UPY 2701</u>	<u>UPY 1378</u>	<u>UP 2368</u>
Model	"Evolution"	"Genset"	"MP15"	"SD60M"
Builder	GE	National Rwy.	GM-EMD	GM-EMD
Type	Road service	Yard switching	Yard switching	Road service
Status	In-use	In-use	Experimental	Experimental
Service	Transcontinental	LA rail yards	Oakland rail yard	LA basin
Build date	Feb. '07	Jan. '07	Jun. '80	Oct. 89
Horsepower	4400 HP	2100 HP	1500 HP	3800 HP
EPA certification	Tier 2	Tier 2 & Ca ULEL	Tier 0	Tier 0
Engine status	New	New (3 engines)	Overhauled '06	Overhauled '06
Aftertreatment?	None	None	Particulate filter	Oxidation catalyst
NOx cert. limit*	5.5	5.5 (ULEL=4.0)	14.0	9.5
EPA NOx actual w/o Aft.*	5.3	2.8	11.4	8.4
EPA NOx actual w/ Aft.*	n/a	n/a	11.1	8.1
EPA PM limit*	0.20	0.20	0.72	0.60
EPA PM actual w/o Aft.*	0.10	0.05	0.50	0.39
EPA PM actual* w/ Aft.*	n/a	n/a	0.08	0.17



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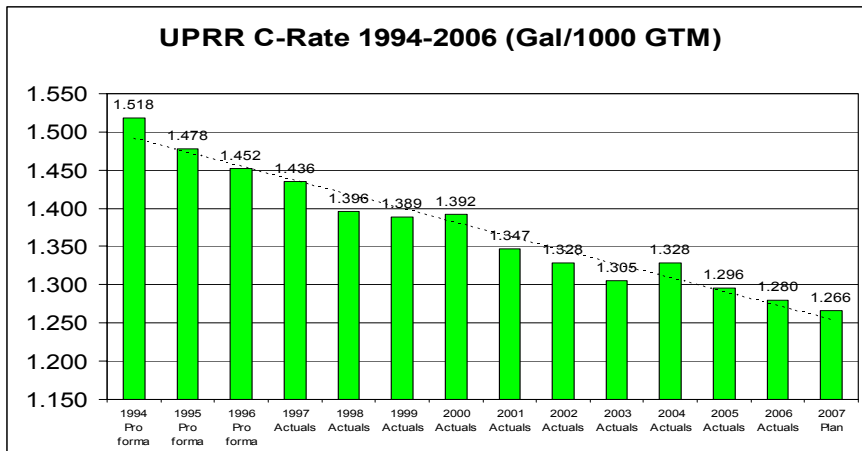
OPERATIONAL - CONTINUING EFFORTS

- **Shutdown Training**
 - ✓ Updated program materials and process
 - ✓ Trained 3600+ employees in CA since Jan '06
- **Fuels**
 - ✓ Dispensing 99+% ultra low sulfur diesel in CA
 - ✓ Closely monitoring all fuels research efforts
- **Train Operations**
 - ✓ Scheduling/building trains & managing car inventory
 - ✓ Aggressive locomotive engineer training, testing and monitoring



OPERATIONAL - CONTINUING EFFORTS

Resulting 12% reduction in usage since 1995 (thru 2006)



OPERATIONAL - NEW PROGRAMS

→ Fuel Masters

- ✓ Incentives for engineers to conserve fuel
- ✓ Significant reductions on selected routes
- ✓ Reduced consumption by >60 MM gal since 2005
- ✓ Full text of release is at
http://www.uprr.com/newsinfo/releases/environment/2006/0428_fuel_economy.shtml

→ Communications Based Train Control (CBTC)

- ✓ Significant initiative announced January, 2007
- ✓ Ultimately 5 yr \$1 billion revolutionary demonstration



OPERATIONAL – CBTC DETAILS

- Locomotive control & operations technology
- Testing in 3Q07 thru mid 2009
- Spokane and South Morrill subdivisions
- Initial \$20 million project
- Several major benefits
 - ✓ Enhanced safety, fewer hazmat releases/derails
 - ✓ Monitors compliance & automatically intervenes
 - ✓ Significant environmental implications

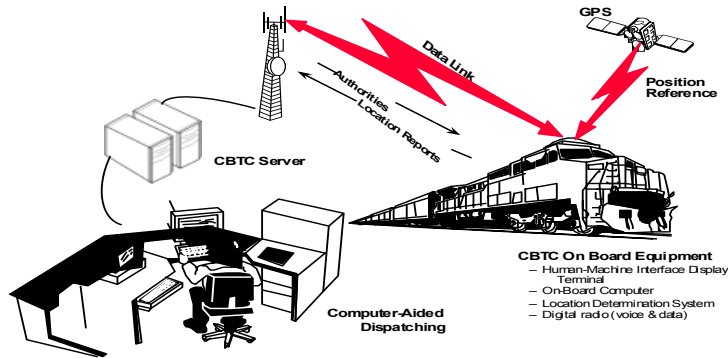


OPERATIONAL – CBTC & EMISSIONS

- Local energy model in on-board computer
- Projected 6-8 % fuel savings
- Increased rail system fluidity & efficiency
- Reduced crossing delays
 - ✓ Corollary reduction in motor vehicle idling
- Greater predictive & analytical capabilities



OPERATIONAL – CBTC CONCEPT



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INNOVATIONS

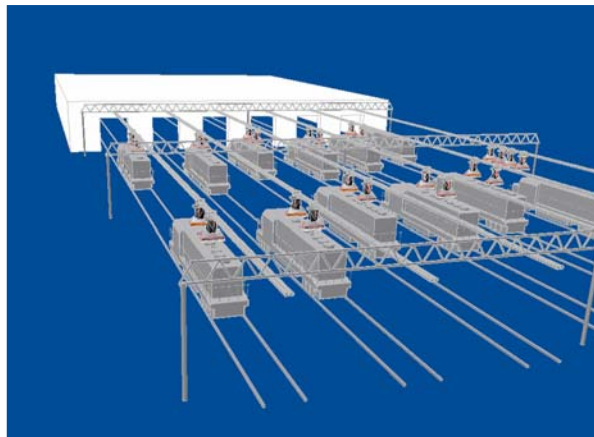
→ Advanced Locomotive Emissions Control Systems (ALEC's)

- ✓ 'Proof of Concept' demonstration at Roseville 3Q06
- ✓ Capture emissions in yards/around shops
- ✓ Evaluated collector, scrubber, cost and cost effectiveness
- ✓ Final report in March, 2007 will identify next steps, provide empirical data on life cycle costs, and summarize the scrubbers removal efficiency



INNOVATIONS – ALECS

**Maintenance
Yard and/or
Test Facilities**



Questions & comments

Lanny A. Schmid
Director Environmental
Operations

Union Pacific Railroad
1400 Douglas Street,
STOP 1030
Omaha, NE 68179
402-544-2262
laschmid@up.com

Michael Iden, P.E.
General Director
Car & Loco Engineering

Union Pacific Railroad
5050 W. Lake Street
Melrose Park, IL 60160
708-649-5899
meiden@up.com

