

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES*Non-GAAP Measures Reconciliation to GAAP***Free Cash Flow***

<i>Millions,</i>			
<i>for the Three Months Ended March 31,</i>		2020	2019
Cash provided by operating activities	\$	2,155	\$ 1,959
Cash used in investing activities		(807)	(784)
Dividends paid		(660)	(626)
Free cash flow	\$	688	\$ 549

Cash Flow Conversion Rate*

<i>Millions,</i>			
<i>for the Three Months Ended March 31,</i>		2020	2019
Cash provided by operating activities	\$	2,155	\$ 1,959
Cash used in capital investments		(807)	(752)
Total (a)		1,348	1,207
Net income (b)		1,474	1,391
Cash flow conversion rate (a/b)		91 %	87 %

- * Free cash flow is defined as cash provided by operating activities less cash used in investing activities and dividends paid. Cash flow conversion rate is cash from operations less cash used for capital investments as a ratio of net income. Free cash flow and cash flow conversion rate are considered non-GAAP financial measures by SEC Regulation G and Item 10 of SEC Regulation S-K and may not be defined and calculated by other companies in the same manner. We believe free cash flow and cash flow conversion rate are important to management and investors in evaluating our financial performance and measures our ability to generate cash without additional external financing. Free cash flow and cash flow conversion rate should be considered in addition to, rather than as a substitute for, cash provided by operating activities.

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

Non-GAAP Measures Reconciliation to GAAP

Adjusted Debt / Adjusted EBITDA*

<i>Millions, Except Ratios for the Trailing Twelve Months Ended [a]</i>	Mar. 31, 2020	Dec. 31, 2019
Net income	\$ 6,002	\$ 5,919
Add:		
Income tax expense	1,873	1,828
Depreciation	2,214	2,216
Interest expense	1,081	1,050
EBITDA	\$ 11,170	\$ 11,013
Adjustments:		
Other income	(219)	(243)
Interest on operating lease liabilities**	62	68
Adjusted EBITDA	\$ 11,013	\$ 10,838
Debt	\$ 27,876	\$ 25,200
Operating lease liabilities	1,665	1,833
Unfunded pension and OPEB, net of taxes of \$116 and \$124	387	400
Adjusted debt	\$ 29,928	\$ 27,433
Adjusted debt / Adjusted EBITDA	2.7	2.5

[a] The trailing twelve months income statement information ended March 31, 2020 is recalculated by taking the twelve months ended December 31, 2019, subtracting the three months ended March 31, 2019, and adding the three months ended March 31, 2020.

* Total debt plus operating lease liabilities plus after-tax unfunded pension and OPEB obligation divided by net income plus income tax expense, depreciation, amortization, interest expense and adjustments for other income and interest on operating lease liabilities. Adjusted debt to adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, other income and interest on operating lease liabilities) is considered a non-GAAP financial measure by SEC Regulation G and Item 10 of SEC Regulation S-K and may not be defined and calculated by other companies in the same manner. We believe this measure is important to management and investors in evaluating the Company's ability to sustain given debt levels (including leases) with the cash generated from operations. In addition, a comparable measure is used by rating agencies when reviewing the Company's credit rating. Adjusted debt to Adjusted EBITDA should be considered in addition to, rather than as a substitute for, net income. The table above provides reconciliations from net income to adjusted debt to adjusted EBITDA. At both March 31, 2020 and December 31, 2019, the incremental borrowing rate on operating lease liabilities was 3.7%.

** Represents the hypothetical interest expense we would incur (using the incremental borrowing rate) if the property under our operating leases were owned or accounted for as finance leases.