



BUILDING AMERICA®

# 2022 Investor Factbook



# Facts & Figures

Requests for meetings and general information should be directed to Union Pacific's Investor Relations, which can be contacted via phone at **(402) 544-4227** or **(877) 547-7261** or via email at **investor.relations@up.com**.

*Please refer to the disclaimer regarding Cautionary Information on page 33.*

To receive new information as it becomes available, we invite you to regularly visit [www.up.com](http://www.up.com). In the Investors section you can view online or download a variety of informative documents, including SEC filings, annual reports, proxy statements, quarterly earnings, press releases, company presentations and corporate governance information. For automatic updates, please subscribe to the Company's RSS (Really Simple Syndication) feed, which provides links to new headlines and summaries through your news reader.

## ABOUT UNION PACIFIC

Union Pacific (NYSE: UNP) delivers the goods families and businesses use every day with safe, reliable and efficient service. Operating in 23 western states, the company connects its customers and communities to the global economy. Railroads are one of the most fuel-efficient means of transporting freight by land, helping Union Pacific protect future generations. More information about Union Pacific is available at [www.up.com](http://www.up.com).

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# Network Map



# Key Metrics and Facts

## Key Financial and Operating Metrics

	2022	2021	2020**	2019	2018
Operating Revenue (millions)	\$24,875	\$21,804	\$19,533	\$21,708	\$22,832
Operating Income (millions)	9,917	\$9,338	\$8,112	\$8,554	\$8,517
Operating Ratio	60.1%	57.2%	58.5%	60.6%	62.7%
Revenue Carloads (thousands)	8,169	8,038	7,753	8,346	8,908
Revenue Ton-Miles (millions)	420,752	411,273	384,976	423,433	473,957
Gross Ton-Miles (GTMs) (millions)	843,443	817,919	771,765	846,616	928,587
Fuel Consumed in Gallons (millions)	909	888	849	953	1,068
Average Fuel Price per Gallon Consumed	\$3.65	\$2.23	\$1.50	\$2.13	\$2.29
Employees (average)	30,717	29,905	30,960	37,483	41,967

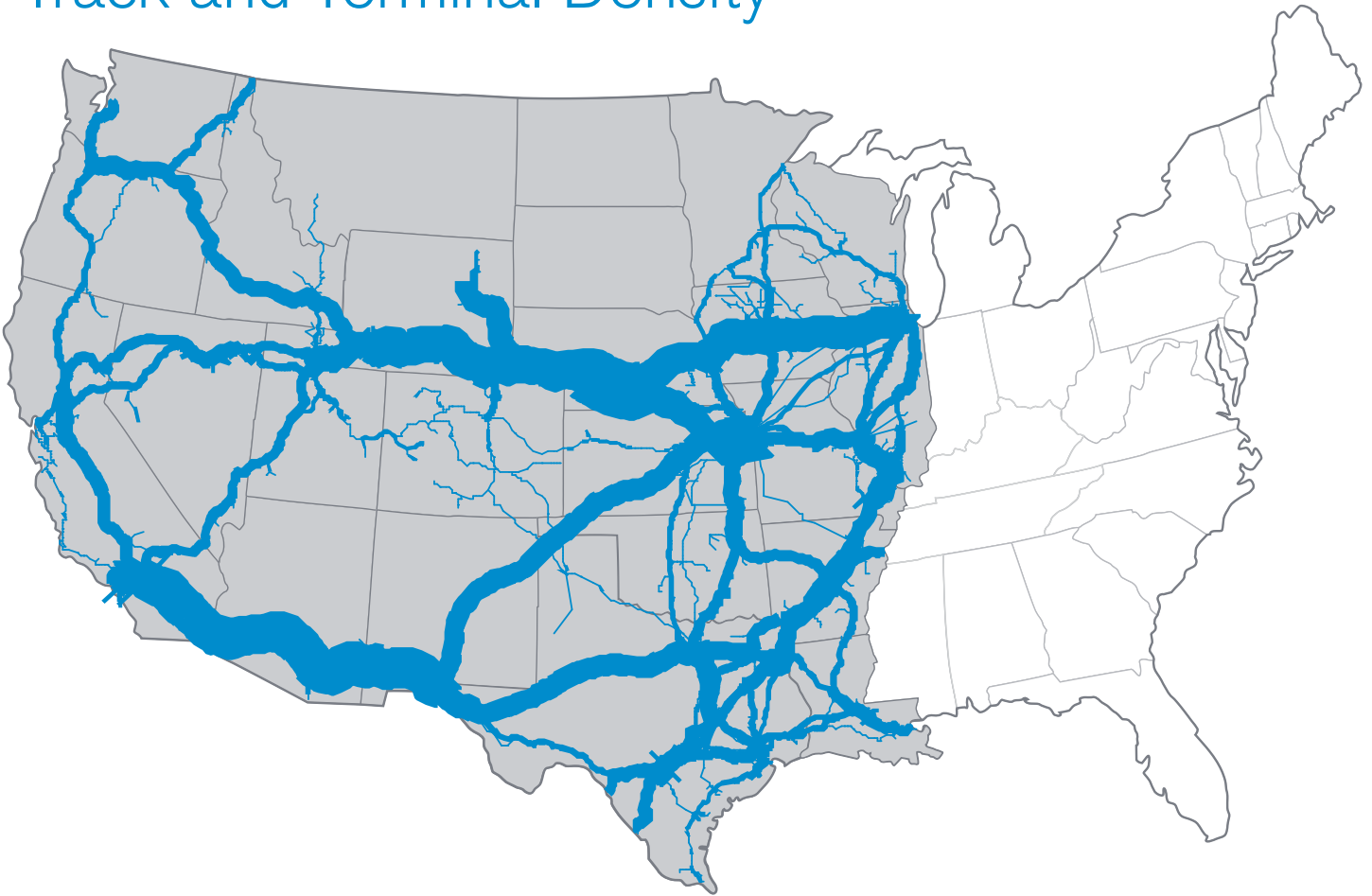
## 2022 Facts (as of 12/31/2022)

Track Miles				
Route	32,534	Track Miles of Rail Replaced		542
Other Main Line	7,113	Track Miles of Rail Capacity Expansion		44
Passing Lines and Turnouts	3,454	Miles of Track Surfaced		9,502
<u>Switching and Classification Yard Lines</u>	<u>8,853</u>	New Ties Installed (thousands)		3,712
<b>Total Miles</b>	<b>51,954</b>			

Rail Equipment	Owned	Leased	Total	Avg. Age (years)
<b>Locomotives</b>				
Multiple Purpose	6,083	1,038	7,121	23.4
Switching	149	0	149	42.7
Other	<u>15</u>	<u>53</u>	<u>68</u>	42.5
<b>Total Locomotives</b>	<b>6,247</b>	<b>1,091</b>	<b>7,338</b>	<b>N/A</b>
<b>Freight Cars</b>				
Covered Hoppers	13,360	9,714	23,074	22.1
Open Hoppers	4,926	779	5,705	35.8
Gondolas	6,188	4,060	10,248	24.2
Boxcars	2,598	6,877	9,475	38.2
Refrigerated Cars	2,496	1,371	3,867	22.4
Flat Cars	2,248	1,450	3,698	32.4
Other	<u>0</u>	<u>312</u>	<u>312</u>	31.4
<b>Total Freight Cars</b>	<b>31,816</b>	<b>24,563</b>	<b>56,379</b>	<b>N/A</b>
<b>Highway Revenue Equipment</b>				
Containers	48,180	1,356	49,536	11.4
Chassis	<u>29,703</u>	<u>19,616</u>	<u>49,319</u>	12.0
<b>Total Highway Revenue Equipment</b>	<b>77,883</b>	<b>20,972</b>	<b>98,855</b>	<b>N/A</b>

\*\* 2020 adjusted to exclude Brazos non-cash impairment change.  
See page 32 for a reconciliation to GAAP.

# Track and Terminal Density



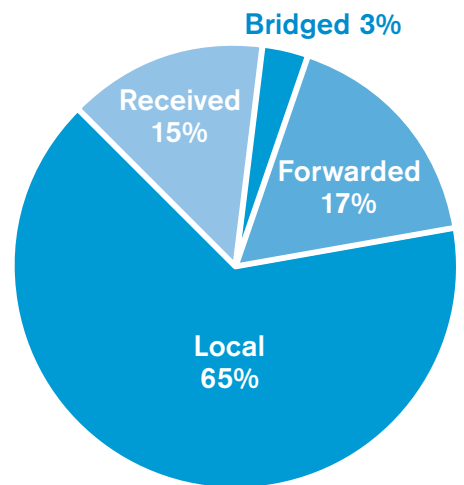
### MAJOR CLASSIFICATION YARDS

- North Platte, Nebraska
- Englewood (Houston), Texas
- North Little Rock, Arkansas
- Livonia, Louisiana
- West Colton, California
- Fort Worth, Texas
- Houston, Texas
- Roseville, California

### MAJOR INTERMODAL TERMINALS

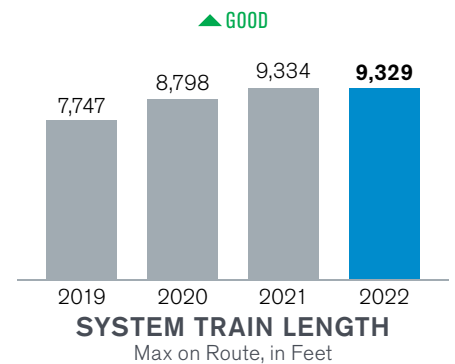
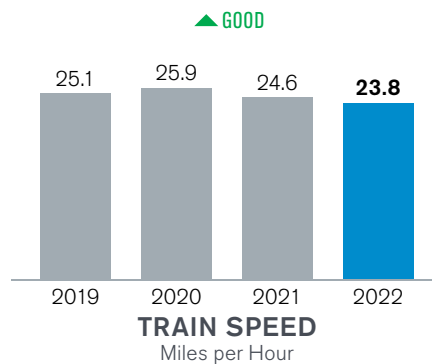
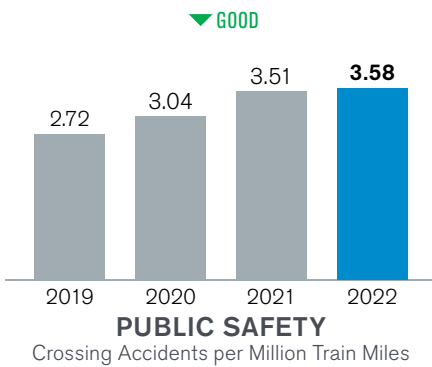
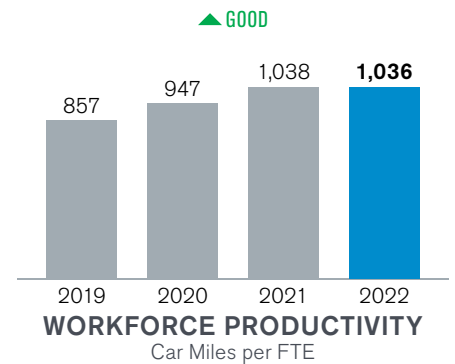
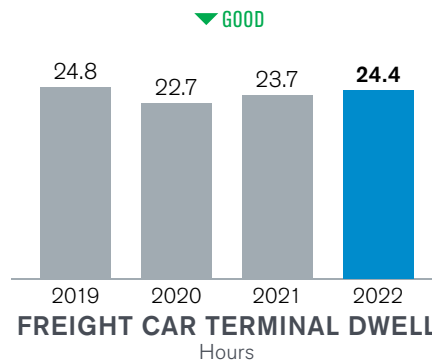
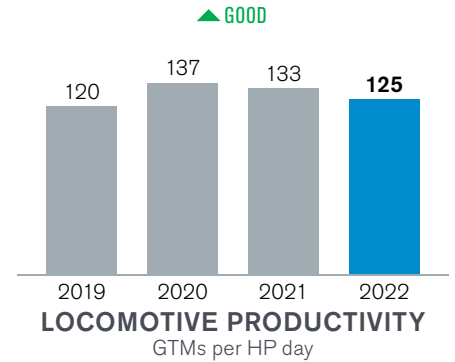
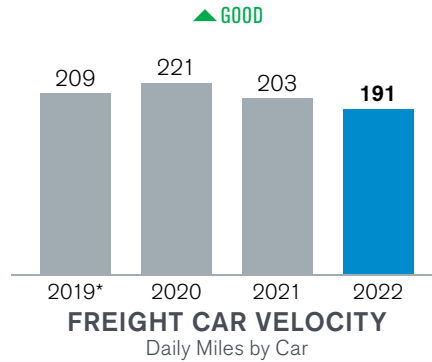
- Joliet (Global 4), Illinois
- Global II (Chicago), Illinois
- East Los Angeles, California
- Mesquite, Texas
- Lathrop, California
- LATC (Los Angeles), California
- ICTF (Los Angeles), California
- Marion, Arkansas

### TRAFFIC CLASSIFICATION – 2022 CARLOADS

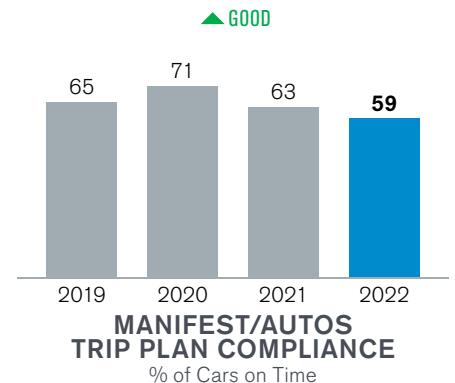
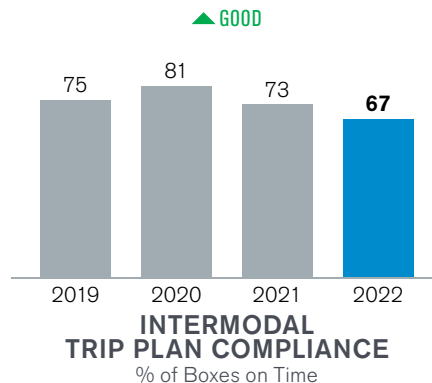


- Local:** UP Origin + UP Destination
- Forwarded:** UP Origin + Other Destination
- Received:** Other Origin + UP Destination
- Bridged:** Other Origin + UP Intermediate + Other Destination

# Safety Results and Key Performance Indicators



For a discussion on current year operating results, please reference the [2022 10-K report](#).



\*Recast to conform to the current year presentation.



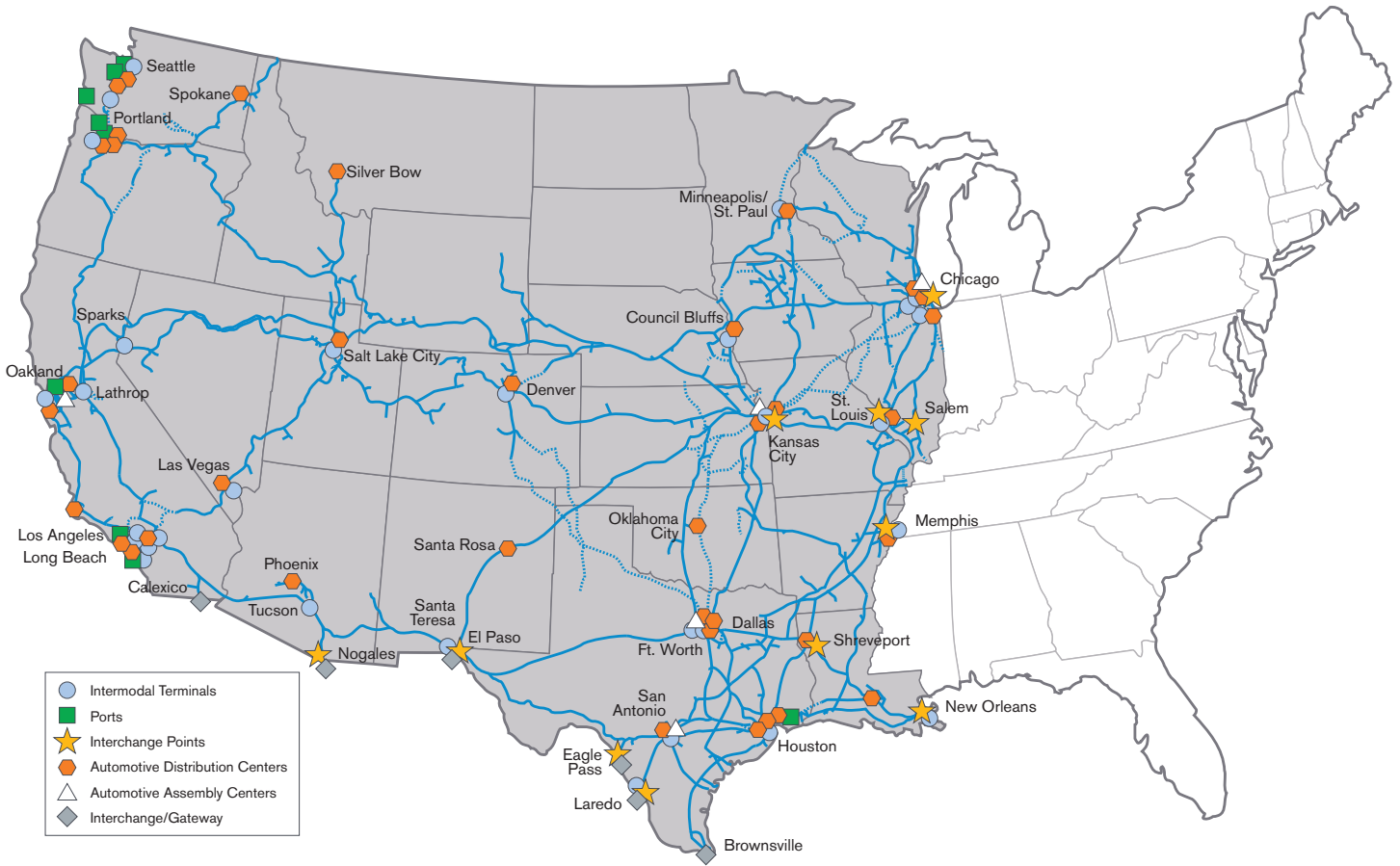
# Manifest Network



Manifest traffic includes individual carload or less-than-trainload business, involving commodities such as industrial chemicals, plastics, lumber, fertilizer, petroleum products, steel, cement, paper, food and biofuels, all transported across UP's network from thousands of locations. UP's extensive manifest infrastructure includes terminal locations throughout its system and storage-in-transit facilities in the Gulf Coast region, which allow our chemical customers to store their products at our facilities prior to final delivery. This unique aspect of UP's franchise serves customers in virtually every segment of the economy. In 2022, manifest traffic represented 35 percent of the UP's volume and 54 percent of freight revenue.



# Premium Network



UP's premium business includes the transportation of finished vehicles, auto parts, intermodal containers and trailers. UP is the largest automotive carrier west of the Mississippi River. UP's extensive franchise serves vehicle assembly plants and connects to West Coast ports and the Port of Houston to accommodate import and export shipments. UP's unique network can directly access all six major U.S. / Mexico rail gateways, providing expedited handling of growing cross-border automotive traffic. Intermodal and automotive import traffic benefits from excellent service in competitive long-haul routes connecting the West Coast ports to Eastern gateways, particularly along the Sunset Corridor from Los Angeles to El Paso. Additionally, time-sensitive domestic intermodal shippers benefit from the ramp-to-ramp and door-to-door service UP provides across its network. In 2022, premium traffic represented 43 percent of the UP's volume and 27 percent of freight revenue.

# Marketing and Sales Review

UP moves the goods American families and businesses use every day, including the food we eat, the cars we drive, the chemicals to clean our water and the steel to build our communities. We have roughly 10,000 customers and work to deliver their products in a safe, reliable, fuel-efficient and environmentally responsible manner.

UP directly serves many of the fastest growing cities in the United States and connects the country's global supply chain at all major West Coast and Gulf Coast ports to Canada, Mexico and the country's eastern gateways. In 2022, approximately 40 percent of our freight originated or terminated outside of the U.S.

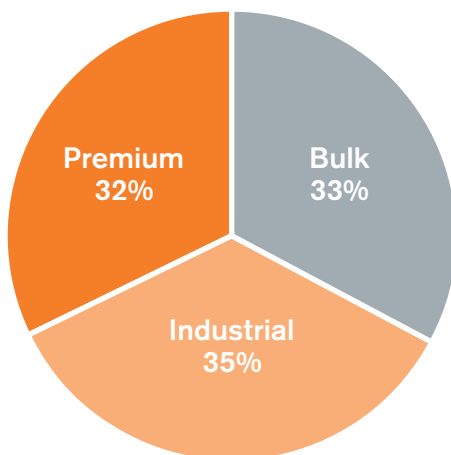
## Annual Summary by Quarter

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue Per Car
1Q 2021	\$4,649	97,364	1,927	\$2,413
2Q 2021	\$5,132	104,755	2,095	\$2,449
3Q 2021	\$5,166	104,314	2,044	\$2,528
4Q 2021	\$5,297	104,840	1,972	\$2,686
<b>Full Year 2021</b>	<b>\$20,244</b>	<b>411,273</b>	<b>8,038</b>	<b>\$2,519</b>
1Q 2022	\$5,440	107,192	2,006	\$2,711
2Q 2022	\$5,842	103,385	2,065	\$2,830
3Q 2022	\$6,109	107,248	2,110	\$2,895
4Q 2022	\$5,768	102,927	1,988	\$2,902
<b>Full Year 2022</b>	<b>\$23,159</b>	<b>420,752</b>	<b>8,169</b>	<b>\$2,835</b>
<b>Pct Change vs 2021</b>	<b>14%</b>	<b>2%</b>	<b>2%</b>	<b>13%</b>

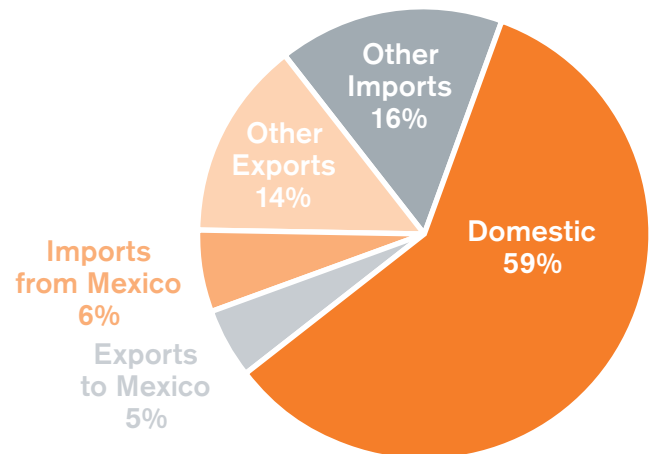
### 2022 FREIGHT REVENUE (MILLIONS)

	2022	2021	Chg
Bulk	\$7,537	\$6,656	13%
Industrial	\$8,205	\$7,323	12%
Premium	\$7,417	\$6,265	18%
<b>Total</b>	<b>\$23,159</b>	<b>\$20,244</b>	<b>14%</b>

### 2022 FREIGHT REVENUE



### 2022 CARLOAD COMPOSITION



# Bulk

Bulk includes shipments of grain and grain products, fertilizer, food and refrigerated, and coal and renewables.

UP accesses most major grain markets, connecting the Midwest and Western U.S. producing areas to export terminals in the Pacific Northwest and Gulf Coast ports as well as Mexico. We also serve significant domestic markets, including grain processors, animal feeders, and ethanol producers in the Midwest and West.

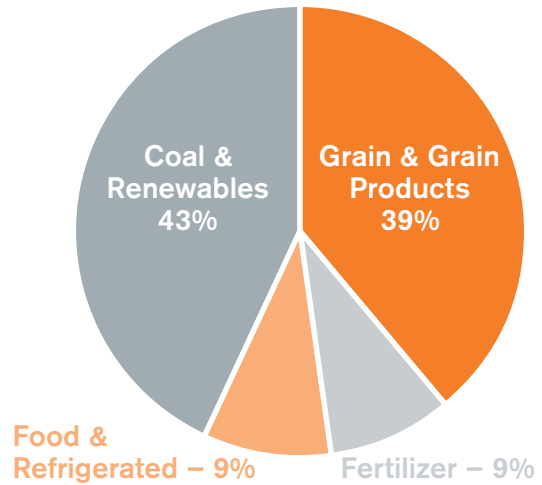
Fertilizer movements originate in the Gulf Coast region, Midwest, Western U.S., and Canada (through interline access) for delivery to major agricultural users in those areas as well as abroad.

UP's network supports the transportation of coal shipments to independent and regulated power companies and industrial facilities throughout the U.S. Through interchange gateways and ports, UPRR's reach extends to Eastern U.S. utilities as well as to Mexico and other international destinations. Coal traffic originating in the Powder River Basin (PRB) area of Wyoming is the largest portion of the Railroad's coal business.

Renewable shipments for customers committed to sustainability consist primarily of biomass exports and wind turbine components.

For a discussion on the current year Bulk results, please reference the [2022 10-K report](#).

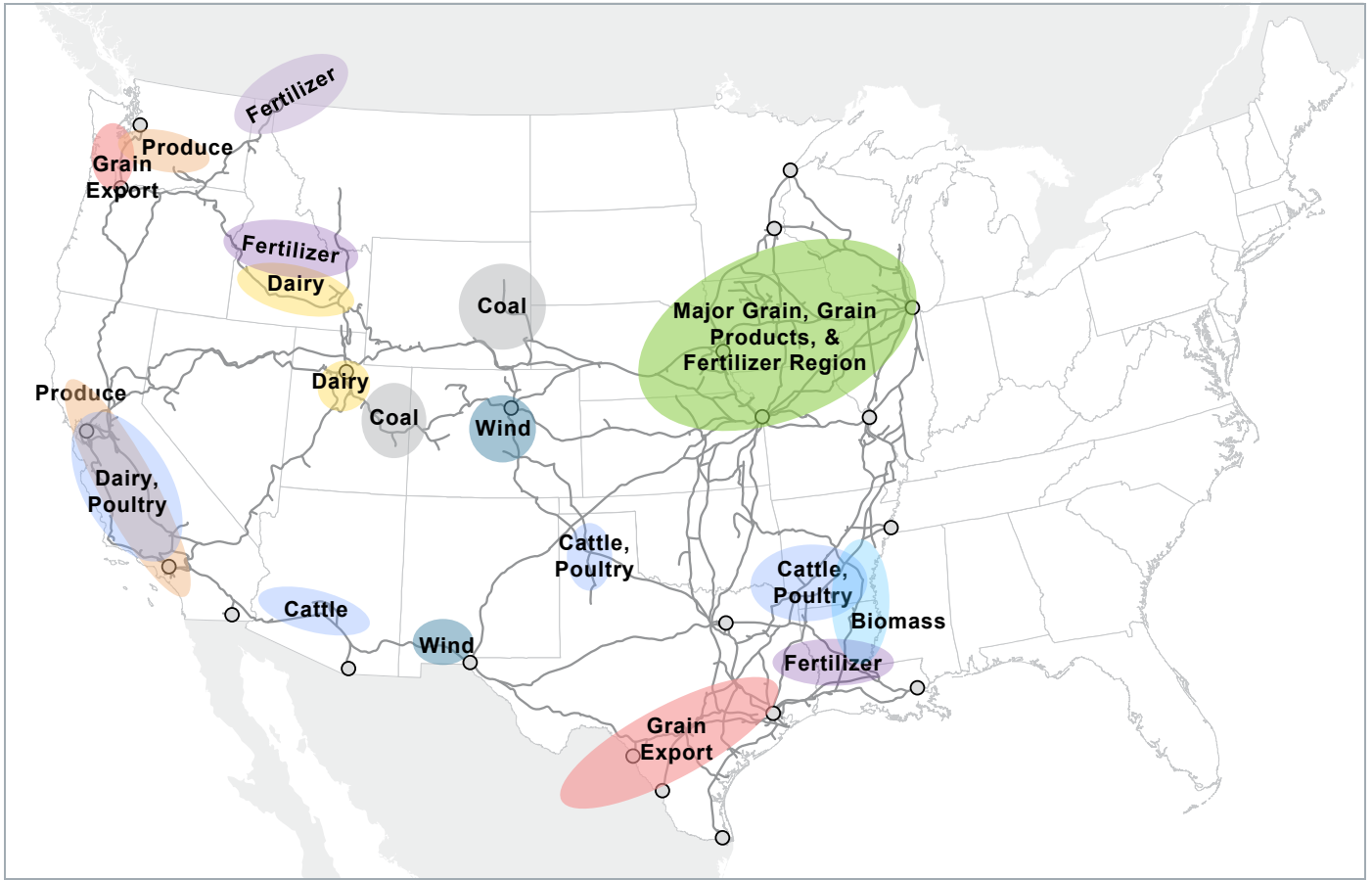
**2022 CARLOAD COMPOSITION**



**LANE DENSITY MAP**



# Key Bulk Markets



## Annual Summary by Quarter

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue Per Car
1Q 2021	\$1,512	45,377	466	\$3,246
2Q 2021	\$1,648	48,716	504	\$3,266
3Q 2021	\$1,687	49,588	520	\$3,244
4Q 2021	\$1,809	52,287	524	\$3,457
<b>Full Year 2021</b>	<b>\$6,656</b>	<b>195,968</b>	<b>2,014</b>	<b>\$3,305</b>
1Q 2022	\$1,832	53,132	522	\$3,508
2Q 2022	\$1,813	47,389	498	\$3,642
3Q 2022	\$1,959	50,955	532	\$3,685
4Q 2022	\$1,933	49,807	508	\$3,799
<b>Full Year 2022</b>	<b>\$7,537</b>	<b>201,283</b>	<b>2,060</b>	<b>\$3,658</b>
<b>Pct Change vs 2021</b>	<b>13%</b>	<b>3%</b>	<b>2%</b>	<b>11%</b>

# Industrial

The Industrial network facilitates the movement of numerous commodities between thousands of origin and destination points throughout North America. The Industrial group consists of several categories, including construction, industrial chemicals, plastics, forest products, specialized products (primarily waste, salt, and roofing), metals and ores, petroleum, liquid petroleum gases (LPG), soda ash, and sand.

Commercial, residential, and governmental infrastructure investments drive shipments of steel, aggregates, cement, and wood products. Industrial and light manufacturing plants receive steel, nonferrous materials, minerals, and other raw materials.

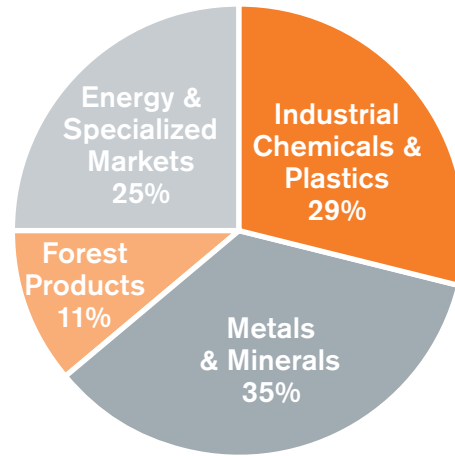
The industrial chemicals market consists of a vast number of chemical compounds that support the manufacturing of more complex chemicals. Plastics shipments support automotive, housing, and the durable and disposable consumer goods markets.

Forest product shipments include lumber and paper commodities. Lumber shipments originate primarily in the Pacific Northwest or Western Canada and move throughout the U.S. for use in new home construction and repairs and remodeling. Paper shipments primarily support packaging needs.

Oil and gas drilling generates demand for raw steel, finished pipe, stone, and drilling fluid commodities. The Company's petroleum and LPG shipments are primarily impacted by refinery utilization rates, regional crude pricing differentials, pipeline capacity, and the use of asphalt for road programs. Soda ash originates in southwestern Wyoming and California, destined for chemical and glass producing markets in North America and abroad.

For a discussion on the current year Industrial results, please reference the [2022 10-K report](#).

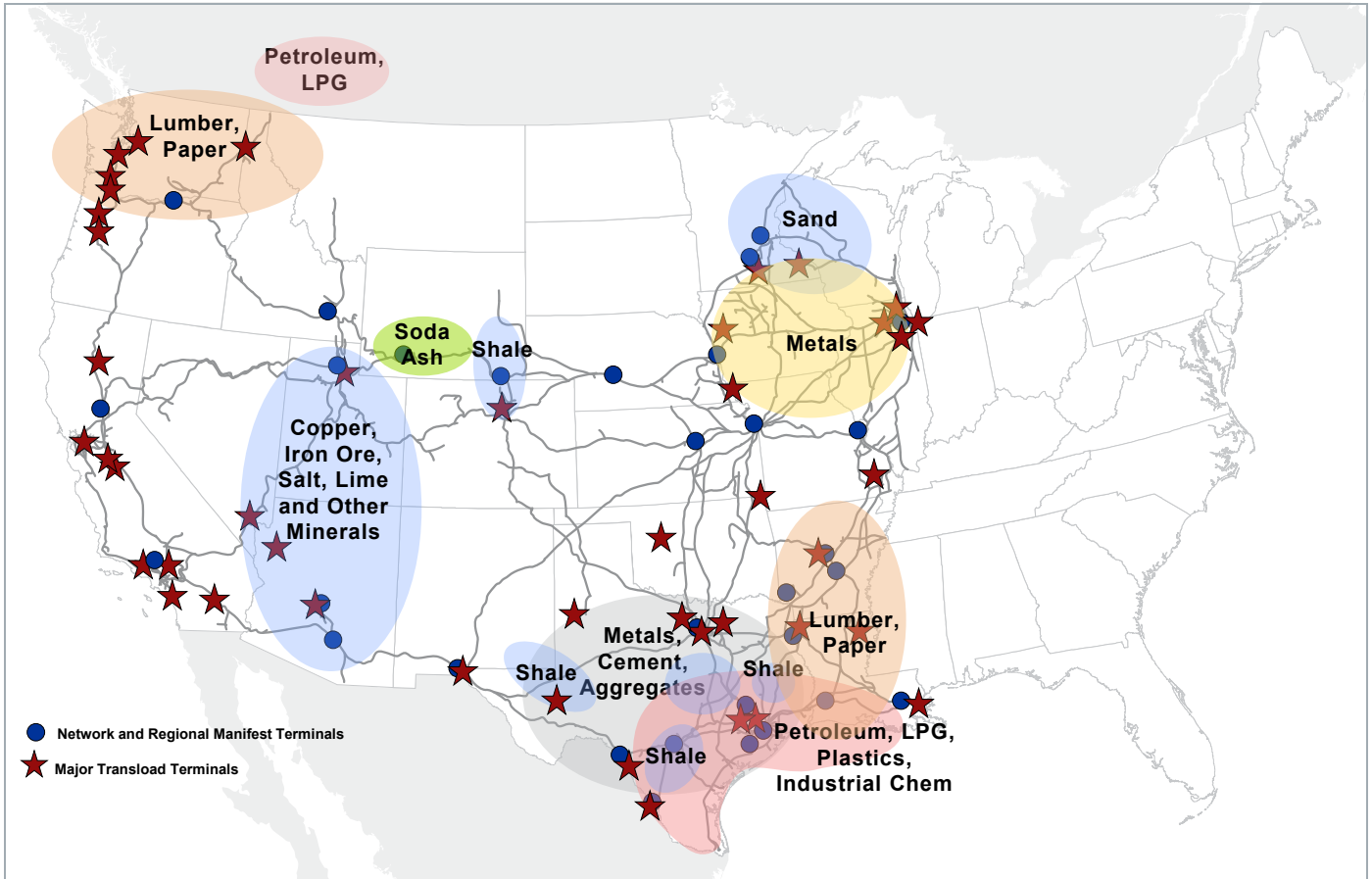
**2022 CARLOAD COMPOSITION**



**LANE DENSITY MAP**



# Key Industrial Markets



## Annual Summary by Quarter

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue Per Car
1Q 2021	\$1,656	29,839	485	\$3,417
2Q 2021	\$1,859	32,392	540	\$3,442
3Q 2021	\$1,911	32,829	549	\$3,482
4Q 2021	\$1,897	31,746	538	\$3,522
<b>Full Year 2021</b>	<b>\$7,323</b>	<b>126,806</b>	<b>2,112</b>	<b>\$3,467</b>
1Q 2022	\$1,921	31,995	537	\$3,574
2Q 2022	\$2,091	33,146	570	\$3,674
3Q 2022	\$2,194	33,650	569	\$3,852
4Q 2022	\$1,999	31,114	539	\$3,711
<b>Full Year 2022</b>	<b>\$8,205</b>	<b>129,905</b>	<b>2,215</b>	<b>\$3,704</b>
<b>Pct Change vs 2021</b>	<b>12%</b>	<b>2%</b>	<b>5%</b>	<b>7%</b>

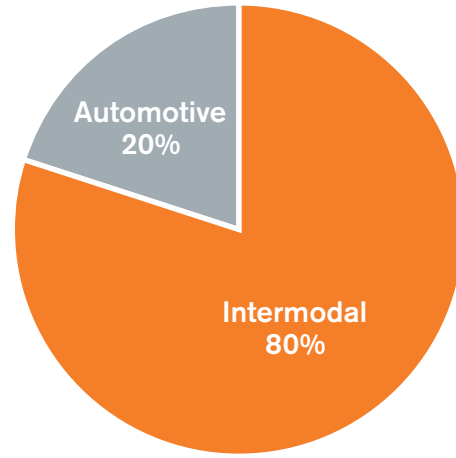
# Premium

Premium includes finished automobiles, automotive parts, and merchandise in intermodal containers, both domestic and international. International business consists of import and export traffic moving in 20 or 40-foot shipping containers, that mainly pass through West Coast ports, destined for one of the Company's many inland intermodal terminals. Domestic business includes container and trailer traffic picked up and delivered within North America for intermodal marketing companies (primarily shipper agents and logistics companies) as well as truckload carriers.

We are the largest automotive carrier west of the Mississippi River and operate or access 39 vehicle distribution centers. The Railroad's extensive franchise accesses six vehicle assembly plants and connects to West Coast ports, all six major Mexico gateways, and the Port of Houston to accommodate both import and export shipments. In addition to transporting finished vehicles, the Company provides expedited handling of automotive parts in both boxcars and intermodal containers destined for Mexico, the U.S., and Canada.

For a discussion on the current year Premium results, please reference the [2022 10-K report](#).

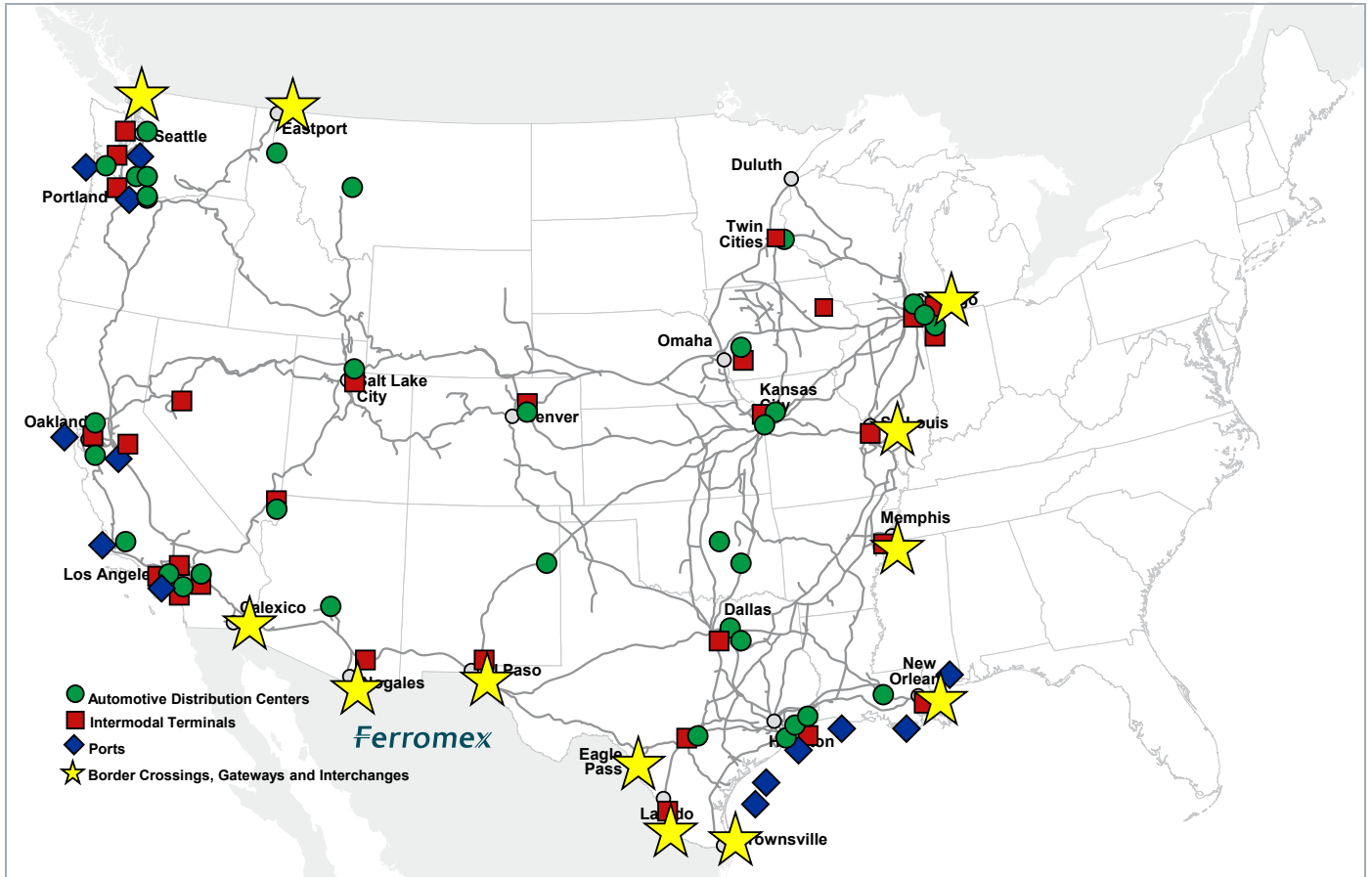
**2022 CARLOAD COMPOSITION**



**LANE DENSITY MAP**



# Key Premium Markets



## Annual Summary by Quarter

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue Per Car
1Q 2021	\$1,481	22,148	976	\$1,517
2Q 2021	\$1,625	23,647	1,051	\$1,547
3Q 2021	\$1,568	21,897	975	\$1,608
4Q 2021	\$1,591	20,807	910	\$1,748
<b>Full Year 2021</b>	<b>\$6,265</b>	<b>88,499</b>	<b>3,912</b>	<b>\$1,601</b>
1Q 2022	\$1,687	22,065	947	\$1,782
2Q 2022	\$1,938	22,850	997	\$1,943
3Q 2022	\$1,956	22,643	1,009	\$1,939
4Q 2022	\$1,836	22,006	941	\$1,953
<b>Full Year 2022</b>	<b>\$7,417</b>	<b>89,564</b>	<b>3,894</b>	<b>\$1,905</b>
<b>Pct Change vs 2021</b>	<b>18%</b>	<b>1%</b>	<b>0%</b>	<b>19%</b>



# Mexico

UP's unique franchise has the industry's best access to Mexico as the Company is the only railroad that serves all six major rail gateways between the U.S. and Mexico. Cross-border traffic with Mexico comprised approximately 10 percent of UP's total 2022 volume.

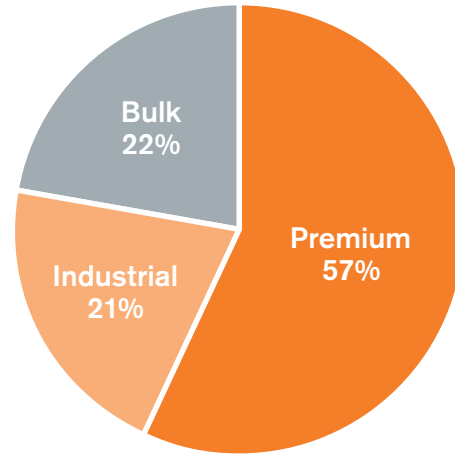
While UP does not physically operate within Mexico, UP is able to interchange traffic at the border, working primarily in cooperation with the two largest Mexican railroads, Canadian Pacific Kansas City Southern of Mexico (CPKCM) and Grupo México Transportes (Ferromex or GMXT). This enables UP to capture opportunities created by the regional integration of U.S. and Mexico's supply chains, the bilateral trade relationship between both countries, and by Mexico's enhanced competitive position in today's global economic landscape.

In 2022, 54 percent of UP shipments to and from Mexico were interchanged with GMXT, with the remaining 46 percent interchanged with CPKCM. UP also retains a 26 percent minority ownership interest in GMXT.

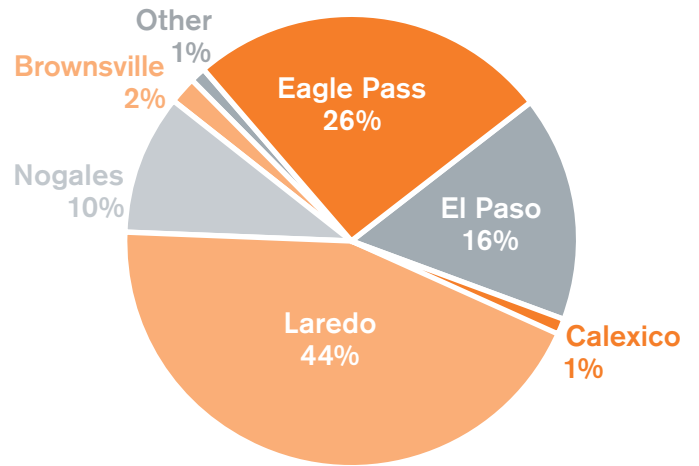
Northbound shipments, which account for just over one-half of UP's overall cross-border traffic with Mexico, have grown during the past ten years alongside increased Mexican manufacturing. Automotive, beer and beverages, and intermodal shipments represent approximately 86 percent of northbound moves. Southbound shipments primarily consist of auto parts, intermodal shipments, agricultural products and metals.

For a discussion on the current year Mexico results, please reference the [2022 10-K report](#).

**2022 CARLOAD COMPOSITION**



**PERCENT OF 2022 UP CARLOADS AT BORDER CROSSINGS\***



**LANE DENSITY MAP**



\*Carloads include steel-wheel and rubber tire traffic.

# Mexico Intermodal

## Three Ways In and Out of Mexico

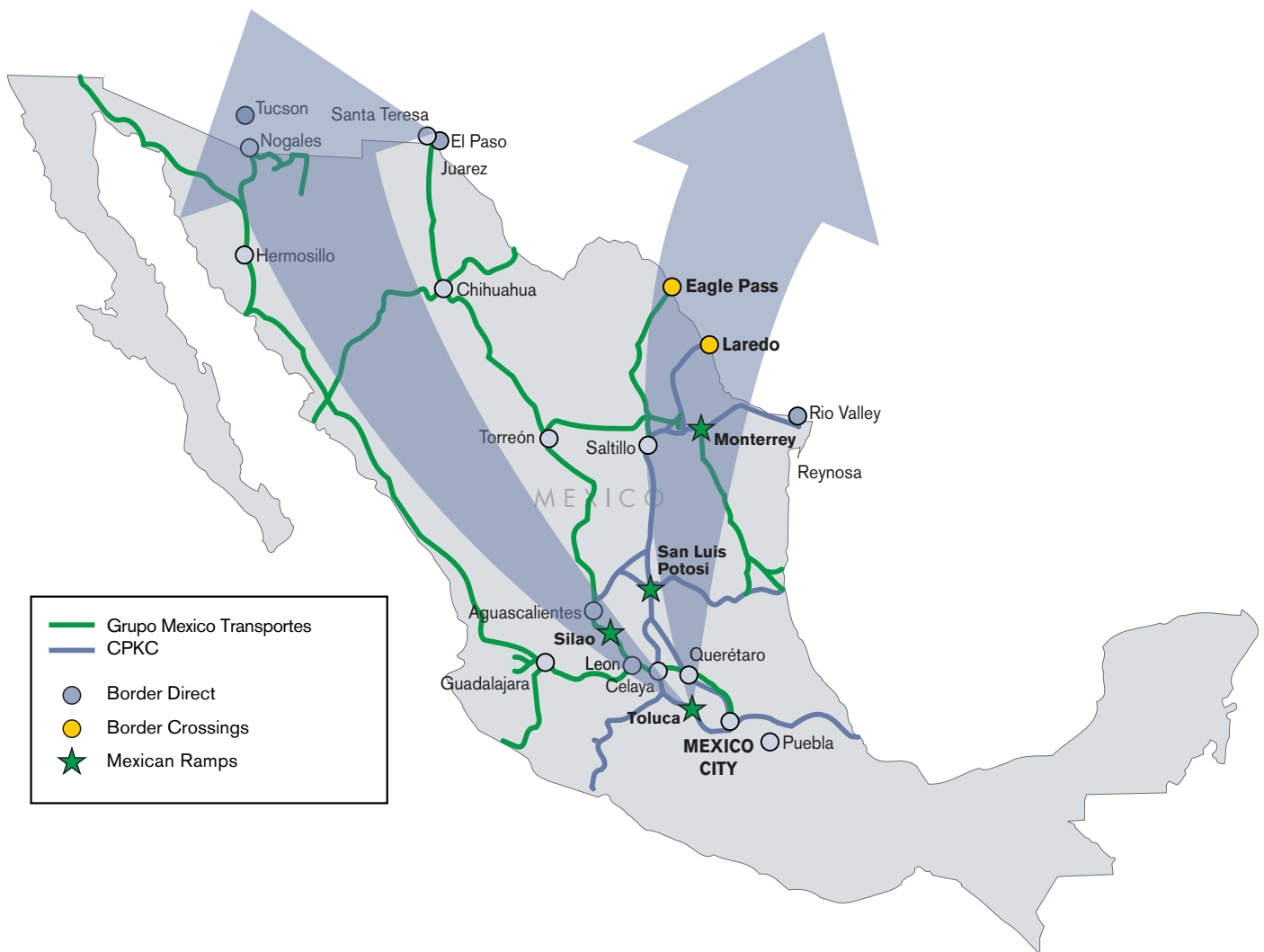
Union Pacific offers seamless service to and from Mexico, moving more products across the border than all competitors combined.

### Mexico Direct

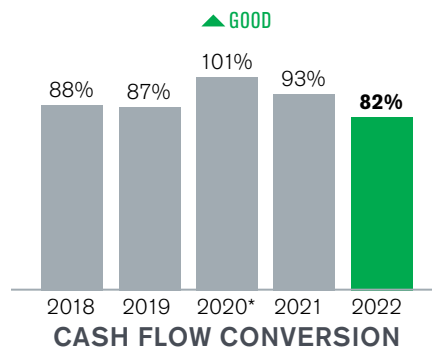
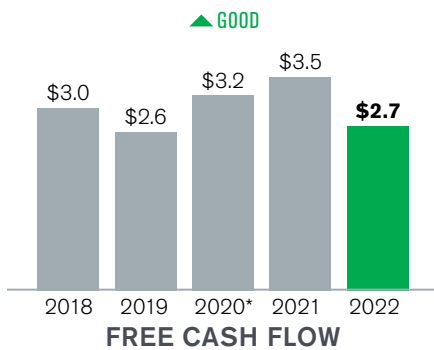
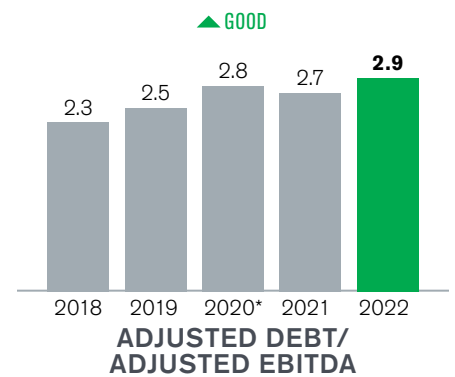
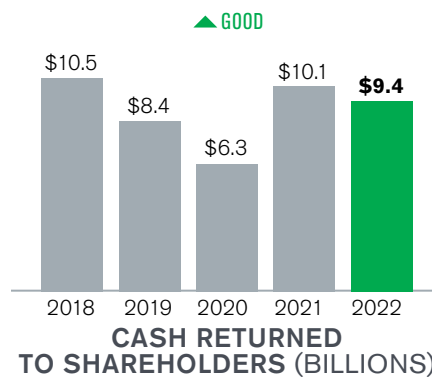
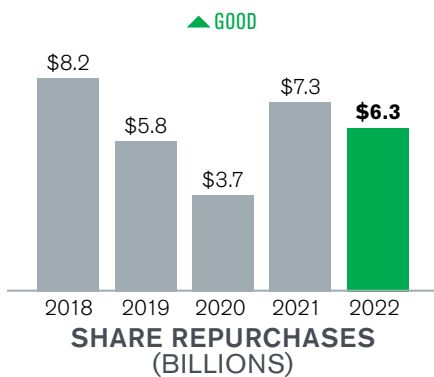
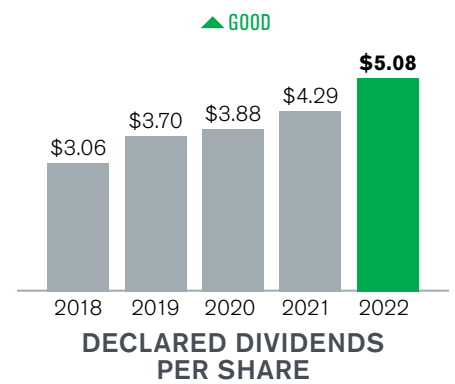
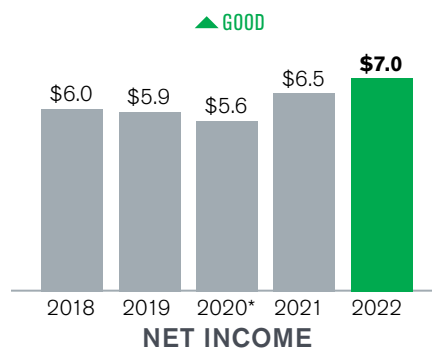
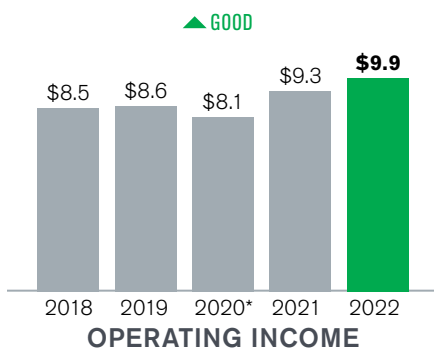
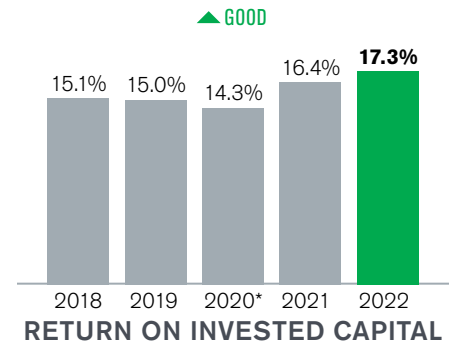
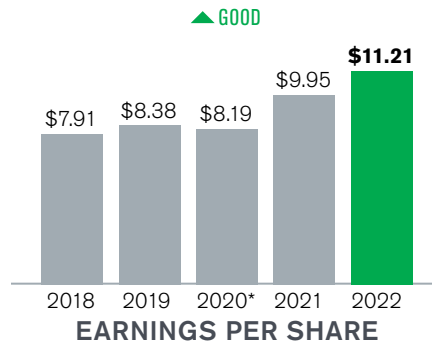
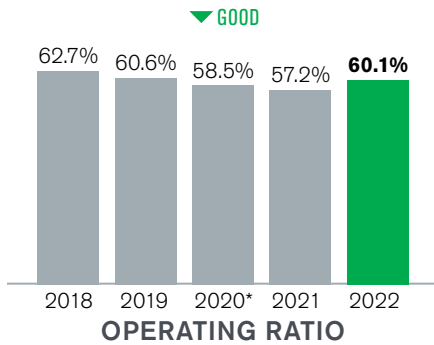
An all-rail, seamless option, offering intermodal service between the U.S. and Canada, and major Mexican markets. With Mexico Direct, shipments do not stop at the border for customs clearance. Instead, they travel in-bond, clearing customs at interior Mexican origins and destinations. Mexico Direct offers a through-rate structure that provides customers the convenience of a single price and a single bill for their ramp-to-ramp shipments to and from Mexico.

### Border Direct

Service to and from the U.S. / Mexico border. Union Pacific's intermodal network provides expanded access to markets across North America, utilizing four Union Pacific border gateways: El Paso, Laredo and Rio Valley, Texas, and Tucson, Arizona. Intermodal Marketing Companies (IMCs) monitor the customs clearance process at the border, eliminating the need for customers to do so and making the customs process simple and efficient.



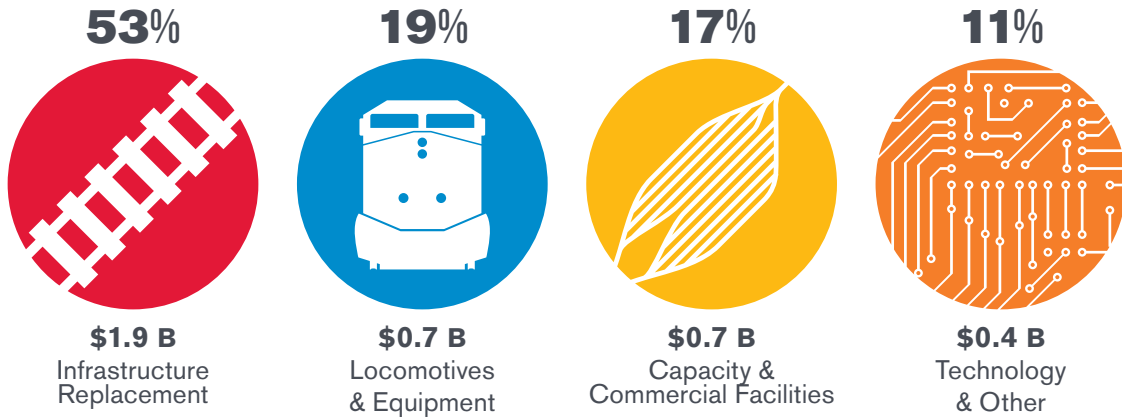
# Financial Results



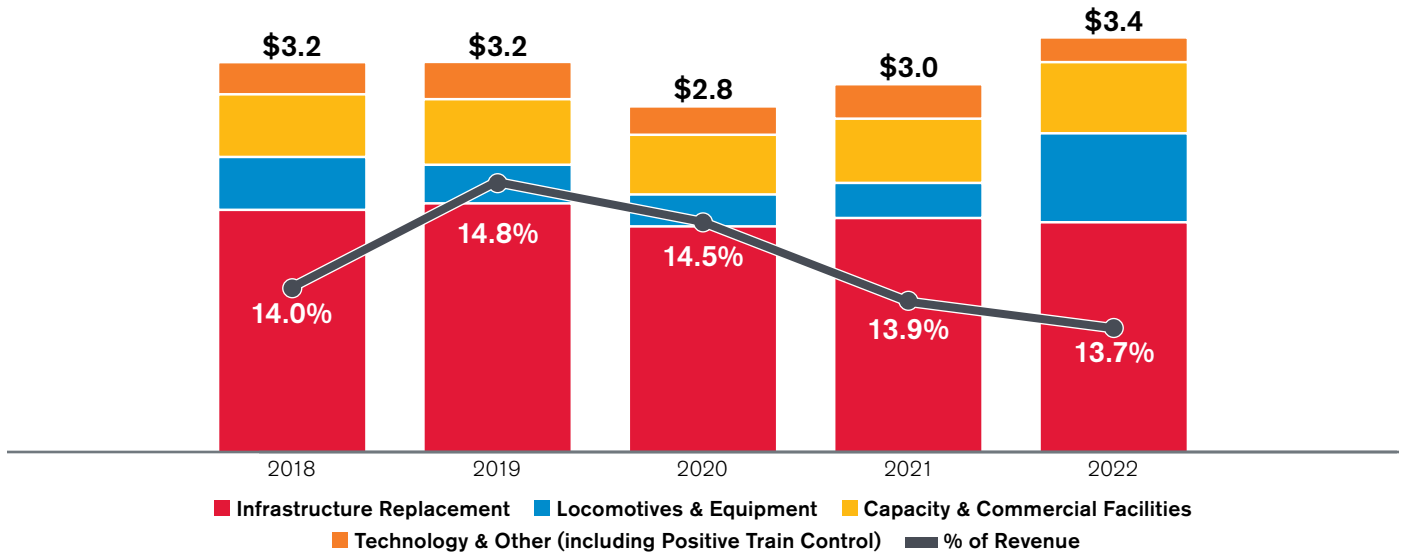
\* 2020 adjusted to exclude Brazos non-cash impairment change. See pages 28-32 for reconciliations to GAAP.

# Capital Investments

~\$3.7 BILLION 2023 CAPITAL PLAN



CAPITAL PROGRAM (BILLIONS)



**SELECTED FINANCIAL DATA** (unaudited)  
Union Pacific Corporation and Subsidiary Companies

<i>Millions, Except per Share Amounts,</i>					
<i>Carloads, Employee Statistics, and Ratios</i>	<b>2022[a]</b>	2021	2020[b]	2019	2018
<b>For the Year Ended December 31</b>					
Operating revenues [c]	\$ 24,875	\$ 21,804	\$ 19,533	\$ 21,708	\$ 22,832
Operating income	9,917	9,338	7,834	8,554	8,517
Net income	6,998	6,523	5,349	5,919	5,966
Earnings per share - basic	11.24	9.98	7.90	8.41	7.95
Earnings per share - diluted	11.21	9.95	7.88	8.38	7.91
Dividends declared per share	5.08	4.29	3.88	3.70	3.06
Cash provided by operating activities	9,362	9,032	8,540	8,609	8,686
Cash used in investing activities	(3,471)	(2,709)	(2,676)	(3,435)	(3,411)
Cash used in financing activities	(5,887)	(7,158)	(4,902)	(5,646)	(5,222)
Cash used for share repurchase programs	(6,282)	(7,291)	(3,705)	(5,804)	(8,225)
<b>At December 31</b>					
Total assets	\$ 65,449	\$ 63,525	\$ 62,398	\$ 61,673	\$ 59,147
Long-term obligations [d]	47,766	43,620	41,267	39,194	34,098
Debt due after one year	31,648	27,563	25,660	23,943	20,925
Common shareholders' equity	12,163	14,161	16,958	18,128	20,423
<b>Additional Data</b>					
Freight revenues [c]	\$ 23,159	\$ 20,244	\$ 18,251	\$ 20,243	\$ 21,384
Revenue carloads (units) (000)	8,169	8,038	7,753	8,346	8,908
Operating ratio (%) [e]	60.1	57.2	59.9	60.6	62.7
Average employees (000)	30.7	29.9	31.0	37.5	42.0
<b>Financial Ratios (%)</b>					
Return on average common shareholders' equity [f]	53.2	41.9	30.5	30.7	26.4

[a] 2022 includes a \$92 million charge for a change to prior year accounting estimates related to labor agreements with our unions.

[b] 2020 includes a \$278 million non-cash impairment charge related to our Brazos yard.

[c] Includes fuel surcharge revenue of \$3.7 billion, \$1.7 billion, \$967 million, \$1.6 billion, and \$1.7 billion for 2022, 2021, 2020, 2019, and 2018, respectively, which partially offsets increased operating expenses for fuel. See our 2022 SEC Form 10-K for more information.

[d] Long-term obligations are determined as follows: total liabilities less current liabilities.

[e] Operating ratio is defined as operating expenses divided by operating revenues.

[f] Return on average common shareholders' equity is determined as follows: Net income divided by average common shareholders' equity.

**CONSOLIDATED STATEMENTS OF INCOME** (unaudited)  
Union Pacific Corporation and Subsidiary Companies

Millions, Except Per Share Amounts and Percentages	2022				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
<b>Operating revenues:</b>					
Freight revenues	\$ 5,440	\$ 5,842	\$ 6,109	\$ 5,768	\$ 23,159
Other revenues	420	427	457	412	1,716
Total operating revenues	5,860	6,269	6,566	6,180	24,875
<b>Operating expenses:</b>					
Compensation and benefits	1,101	1,092	1,278	1,174	4,645
Fuel	714	940	932	853	3,439
Purchased services and materials	561	622	626	633	2,442
Depreciation	555	559	563	569	2,246
Equipment and other rents	215	230	215	238	898
Other	337	331	319	301	1,288
Total operating expenses	3,483	3,774	3,933	3,768	14,958
<b>Operating income</b>	2,377	2,495	2,633	2,412	9,917
Other income, net	47	163	124	92	426
Interest expense	(307)	(316)	(315)	(333)	(1,271)
Income before income taxes	2,117	2,342	2,442	2,171	9,072
Income taxes	(487)	(507)	(547)	(533)	(2,074)
<b>Net income</b>	\$ 1,630	\$ 1,835	\$ 1,895	\$ 1,638	\$ 6,998
<b>Share and per share</b>					
Earnings per share - basic	\$ 2.58	\$ 2.93	\$ 3.05	\$ 2.67	\$ 11.24
Earnings per share - diluted	\$ 2.57	\$ 2.93	\$ 3.05	\$ 2.67	\$ 11.21
Weighted average number of shares - basic	632.2	625.6	620.4	612.7	622.7
Weighted average number of shares - diluted	633.6	626.8	621.5	613.7	624.0
Dividends declared per share	\$ 1.18	\$ 1.30	\$ 1.30	\$ 1.30	\$ 5.08
<b>Operating ratio</b>	59.4%	60.2%	59.9%	61.0%	60.1%
<b>Effective tax rate</b>	23.0%	21.6%	22.4%	24.6%	22.9%

Refer to the Union Pacific Corporation 2022 SEC Form 10-K for additional information, including audited financial statements and related footnotes.

**CONSOLIDATED STATEMENTS OF INCOME** (unaudited)  
*Union Pacific Corporation and Subsidiary Companies*

Millions, Except Per Share Amounts and Percentages	2021				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
<b>Operating revenues:</b>					
Freight revenues	\$ 4,649	\$ 5,132	\$ 5,166	\$ 5,297	\$ 20,244
Other revenues	352	372	400	436	1,560
Total operating revenues	5,001	5,504	5,566	5,733	21,804
<b>Operating expenses:</b>					
Compensation and benefits	1,026	1,022	1,040	1,070	4,158
Depreciation	549	550	553	556	2,208
Fuel	411	497	544	597	2,049
Purchased services and materials	490	478	510	538	2,016
Equipment and other rents	212	200	217	230	859
Other	320	284	270	302	1,176
Total operating expenses	3,008	3,031	3,134	3,293	12,466
<b>Operating income</b>	1,993	2,473	2,432	2,440	9,338
Other income, net	51	125	38	83	297
Interest expense	(290)	(282)	(290)	(295)	(1,157)
Income before income taxes	1,754	2,316	2,180	2,228	8,478
Income taxes	(413)	(518)	(507)	(517)	(1,955)
<b>Net income</b>	\$ 1,341	\$ 1,798	\$ 1,673	\$ 1,711	\$ 6,523
<b>Share and per share</b>					
Earnings per share - basic	\$ 2.01	\$ 2.73	\$ 2.58	\$ 2.67	\$ 9.98
Earnings per share - diluted	\$ 2.00	\$ 2.72	\$ 2.57	\$ 2.66	\$ 9.95
Weighted average number of shares - basic	667.6	658.5	648.7	640.4	653.8
Weighted average number of shares - diluted	669.2	660.1	650.3	642.1	655.4
Dividends declared per share	\$ 0.97	\$ 1.07	\$ 1.07	\$ 1.18	\$ 4.29
<b>Operating ratio</b>	60.1%	55.1%	56.3%	57.4%	57.2%
<b>Effective tax rate</b>	23.5%	22.4%	23.3%	23.2%	23.1%

Refer to the Union Pacific Corporation 2021 SEC Form 10-K for additional information, including audited financial statements and related footnotes.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION** (unaudited)  
*Union Pacific Corporation and Subsidiary Companies*

<i>Millions, Except Share and Per Share Amounts, As of December 31,</i>	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 973	\$ 960
Short-term investments	46	46
Accounts receivable, net	1,891	1,722
Materials and supplies	741	621
Other current assets	301	202
<b>Total current assets</b>	<b>3,952</b>	<b>3,551</b>
Investments	2,375	2,241
Properties:		
Land	5,344	5,339
Road	58,728	57,007
Equipment	12,981	12,759
Technology and other	2,202	2,170
Accumulated depreciation	(23,217)	(22,404)
Properties, net	56,038	54,871
Operating lease assets	1,672	1,787
Other assets	1,412	1,075
<b>Total assets</b>	<b>\$ 65,449</b>	<b>\$ 63,525</b>
<b>Liabilities and Common Shareholders' Equity</b>		
Current liabilities:		
Debt due within one year	\$ 1,678	\$ 2,166
Compensation-related accruals	938	654
Accounts payable	784	752
Income and other taxes payable	628	823
Interest payable	379	330
Current operating lease liabilities	331	330
Accrued casualty costs	242	187
Equipment rents payable	109	98
Other	431	404
<b>Total current liabilities</b>	<b>5,520</b>	<b>5,744</b>
Debt due after one year	31,648	27,563
Operating lease liabilities	1,300	1,429
Deferred income taxes	13,033	12,675
Other long-term liabilities	1,785	1,953
<b>Total liabilities</b>	<b>53,286</b>	<b>49,364</b>
Common shareholders' equity:		
Common shares, \$2.50 par value, 1,400,000,000 authorized; 1,112,623,886 and 1,112,440,400 issued; 612,393,321 and 638,841,656 outstanding, respectively	2,782	2,781
Paid-in-surplus	5,080	4,979
Retained earnings	58,887	55,049
Treasury stock	(54,004)	(47,734)
Accumulated other comprehensive loss	(582)	(914)
<b>Total common shareholders' equity</b>	<b>12,163</b>	<b>14,161</b>
<b>Total liabilities and common shareholders' equity</b>	<b>\$ 65,449</b>	<b>\$ 63,525</b>

Refer to the Union Pacific Corporation 2022 SEC Form 10-K for additional information.



**CONSOLIDATED STATEMENTS OF CASH FLOWS** (unaudited)  
*Union Pacific Corporation and Subsidiary Companies*

<i>Millions, For the Years Ended December 31,</i>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Operating Activities</b>					
Net income	\$ 6,998	\$ 6,523	\$ 5,349	\$ 5,919	\$ 5,966
Adjustments to reconcile net income to cash provided by operating activities:					
Depreciation	2,246	2,208	2,210	2,216	2,191
Deferred and other income taxes	262	154	340	566	338
Gain on non-operating asset dispositions	(176)	(98)	(115)	(20)	(30)
Other operating activities, net	24	42	490	98	347
Changes in current assets and liabilities:					
Accounts receivable, net	(169)	(217)	90	160	(262)
Materials and supplies	(120)	17	113	(9)	7
Other current assets	5	31	(34)	87	(24)
Accounts payable and other current liabilities	565	184	(73)	(179)	(125)
Income and other taxes	(273)	188	170	(229)	278
Cash provided by operating activities	9,362	9,032	8,540	8,609	8,686
<b>Investing Activities</b>					
Capital Investments	(3,620)	(2,936)	(2,927)	(3,453)	(3,437)
Proceeds from asset sales	194	178	149	74	63
Maturities of short-term investments	46	94	141	130	90
Purchases of short-term investments	(46)	(70)	(136)	(115)	(90)
Other investing activities, net	(45)	25	97	(71)	(37)
Cash used in investing activities	(3,471)	(2,709)	(2,676)	(3,435)	(3,411)
<b>Financing Activities</b>					
Share repurchase programs	(6,282)	(7,291)	(3,705)	(5,804)	(8,225)
Debt issued	6,080	4,201	4,004	3,986	6,892
Dividends paid	(3,159)	(2,800)	(2,626)	(2,598)	(2,299)
Debt repaid	(2,291)	(1,299)	(2,053)	(817)	(1,736)
Net issued/(paid) of commercial paper	(205)	325	(127)	(6)	194
Debt exchange	-	(270)	(328)	(387)	-
Other financing activities, net	(30)	(24)	(67)	(20)	(48)
Cash used in financing activities	(5,887)	(7,158)	(4,902)	(5,646)	(5,222)
Net change in cash, cash equivalents, and restricted cash	4	(835)	962	(472)	53
Cash, cash equivalents, and restricted cash at beginning of year	983	1,818	856	1,328	1,275
Cash, cash equivalents, and restricted cash at end of year	\$ 987	\$ 983	\$ 1,818	\$ 856	\$ 1,328
<b>Supplemental Cash Flow Information</b>					
Non-cash investing and financing activities:					
Capital investments accrued but not yet paid	\$ 152	\$ 263	\$ 166	\$ 224	\$ 205
Term loan renewals	100	100	250	250	250
Locomotives sold for material credits	-	-	-	18	-
Finance lease financings	-	-	-	-	12
Cash paid during the year for:					
Income taxes, net of refunds	\$ (2,060)	\$ (1,658)	\$ (1,214)	\$ (1,382)	\$ (1,205)
Interest, net of amounts capitalized	(1,156)	(1,087)	(1,050)	(1,033)	(728)

Refer to the Union Pacific Corporation 2022 SEC Form 10-K for additional information.

**FINANCIAL AND OPERATING STATISTICS** (unaudited)  
*Union Pacific Corporation and Subsidiary Companies*

Financial and Revenue Statistics	2022				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
Operating revenues (millions)	\$ 5,860	\$ 6,269	\$ 6,566	\$ 6,180	\$ 24,875
Operating expenses (millions)	\$ 3,483	\$ 3,774	\$ 3,933	\$ 3,768	\$ 14,958
Operating ratio (%)	59.4	60.2	59.9	61.0	60.1
Compensation and benefits (millions)	\$ 1,101	\$ 1,092	\$ 1,278	\$ 1,174	\$ 4,645
Compensation and benefits/Operating revenue (%)	18.8	17.4	19.5	19.0	18.7
Freight revenue/Average employees (000)	180.2	190.2	198.1	185.3	753.9
Fuel expense (millions)	\$ 714	\$ 940	\$ 932	\$ 853	\$ 3,439
Average fuel price per gallon consumed [a]	\$ 2.95	\$ 4.03	\$ 3.96	\$ 3.70	\$ 3.65
Freight revenues (millions)	\$ 5,440	\$ 5,842	\$ 6,109	\$ 5,768	\$ 23,159
Average revenue per car	\$ 2,711	\$ 2,830	\$ 2,895	\$ 2,902	\$ 2,835
Freight revenue/Revenue ton-mile (cents)	\$ 5.07	\$ 5.65	\$ 5.70	\$ 5.60	\$ 5.50
Effective tax rate (%)	23.0	21.6	22.4	24.6	22.9
<b>Operating Statistics</b>					
Revenue carloads (thousands)	2,006	2,065	2,110	1,988	8,169
Revenue ton-miles (billions)	107.2	103.4	107.2	103.0	420.8
Gross ton-miles (billions)	209.7	209.8	215.0	208.9	843.4
Freight car velocity (daily miles per car) [b]	198	187	191	191	191
Average train speed (miles per hour) [b]	24.1	23.6	23.7	23.8	23.8
Average terminal dwell time (hours) [b]	24.0	24.6	24.4	24.5	24.4
Locomotive productivity (GTMs per horsepower day)	130	123	124	123	125
Train length (feet)	9,205	9,439	9,483	9,191	9,329
Intermodal car trip plan compliance (%) [c]	71	62	62	73	67
Manifest/Automotive car trip plan compliance (%) [c]	62	56	58	58	59
Fuel consumed (millions of gallons)	234	226	227	222	909
Workforce productivity (car miles per employee)	1,056	1,034	1,045	1,010	1,036
Total employees (average)	30,189	30,715	30,841	31,120	30,717
GTMs per employee (millions)	6.95	6.83	6.97	6.71	27.46

[a] Including taxes and transportation costs.

[b] As reported to the Surface Transportation Board.

[c] Methodology used to report is not comparable with the reporting to the STB under docket number EP 770.

**FINANCIAL AND OPERATING STATISTICS** (unaudited)  
*Union Pacific Corporation and Subsidiary Companies*

Financial and Revenue Statistics	2021				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
Operating revenues (millions)	\$ 5,001	\$ 5,504	\$ 5,566	\$ 5,733	\$ 21,804
Operating expenses (millions)	\$ 3,008	\$ 3,031	\$ 3,134	\$ 3,293	\$ 12,466
Operating ratio (%)	60.1	55.1	56.3	57.4	57.2
Compensation and benefits (millions)	\$ 1,026	\$ 1,022	\$ 1,040	\$ 1,070	\$ 4,158
Compensation and benefits/Operating revenue (%)	20.5	18.6	18.7	18.7	19.1
Freight revenue/Average employees (000)	156.2	170.7	173.3	176.6	676.9
Fuel expense (millions)	\$ 411	\$ 497	\$ 544	\$ 597	\$ 2,049
Average fuel price per gallon consumed [a]	\$ 1.85	\$ 2.16	\$ 2.37	\$ 2.53	\$ 2.23
Freight revenues (millions)	\$ 4,649	\$ 5,132	\$ 5,166	\$ 5,297	\$ 20,244
Average revenue per car	\$ 2,413	\$ 2,449	\$ 2,528	\$ 2,686	\$ 2,519
Freight revenue/Revenue ton-mile (cents)	\$ 4.77	\$ 4.90	\$ 4.95	\$ 5.05	\$ 4.92
Effective tax rate (%)	23.5	22.4	23.3	23.2	23.1
<b>Operating Statistics</b>					
Revenue carloads (thousands)	1,927	2,095	2,044	1,972	8,038
Revenue ton-miles (billions)	97.4	104.8	104.3	104.8	411.3
Gross ton-miles (billions)	193.1	207.8	207.1	210.0	818.0
Freight car velocity (daily miles per car) [b]	209	213	195	197	203
Average train speed (miles per hour) [b]	25.2	25.0	24.2	24.2	24.6
Average terminal dwell time (hours) [b]	23.5	22.9	24.0	24.4	23.7
Locomotive productivity (GTMs per horsepower day)	138	140	127	129	133
Train length (feet)	9,247	9,410	9,359	9,319	9,334
Intermodal car trip plan compliance (%) [c]	77	71	66	78	73
Manifest/Automotive car trip plan compliance (%) [c]	68	67	60	58	63
Fuel consumed (millions of gallons)	216	223	221	228	888
Workforce productivity (car miles per employee)	1,002	1,060	1,044	1,046	1,038
Total employees (average)	29,755	30,066	29,810	29,989	29,905
GTMs per employee (millions)	6.49	6.91	6.95	7.00	27.35

[a] Including taxes and transportation costs.

[b] As reported to the Surface Transportation Board.

[c] Methodology used to report is not comparable with the reporting to the STB under docket number EP 770.

## Non-GAAP Definitions

The following are non-GAAP financial measures under 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 these measures provide an alternative presentation of the results that more accurately reflect ongoing Company operations. These should be considered in addition to, rather than as substitutes for, the reported GAAP results.

### Free Cash Flow and Cash Flow Conversion Rate

Free cash flow is cash provided by operating activities less cash used in investing activities and dividends paid. Cash flow conversion rate is cash provided by operating activities less cash used for capital investments as a ratio of net income. Free cash flow, cash flow conversion rate, and comparable 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, cash flow conversion rate, and comparable 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, cash flow conversion rate, and comparable cash flow conversion rate should be considered in addition to, rather than as a substitute for, cash provided by operating activities.

### Return on Invested Capital as Adjusted (ROIC)

ROIC and comparable ROIC 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 these measures are important to management and investors in evaluating the efficiency and effectiveness of our long-term capital investments. In addition, we currently use ROIC as a performance criterion in determining certain elements of equity compensation for our executives. ROIC and comparable ROIC should be considered in addition to, rather than as a substitute for, other information provided in accordance with GAAP. The most comparable GAAP measure is return on average common shareholders' equity. At December 31, 2022, 2021, 2020, 2019, and 2018, the incremental borrowing rate on operating leases was 3.3%, 3.2%, 3.7%, 3.7%, and 3.7%, respectively.

### Adjusted Debt / Adjusted EBITDA

Total debt plus operating lease liabilities plus after-tax unfunded pension and OPEB (other postretirement benefits) 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, and adjustments for other income and interest on operating lease liabilities) and comparable adjusted debt to adjusted EBITDA 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 these measures are 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 and comparable adjusted debt to adjusted EBITDA should be considered in addition to, rather than as a substitute for, other information provided in accordance with GAAP. The most comparable GAAP measure is debt to net income ratio. At December 31, 2022, 2021, 2020, 2019, and 2018, the incremental borrowing rate on operating leases was 3.3%, 3.2%, 3.7%, 3.7%, and 3.7%, respectively.

**UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES**

Non-GAAP Measures Reconciliation to GAAP (unaudited)

**Free Cash Flow**

Millions, For the Twelve Months Ended	2022	2021	2020	2019	2018
Cash provided by operating activities	\$ 9,362	\$ 9,032	\$ 8,540	\$ 8,609	\$ 8,686
Cash used in investing activities	(3,471)	(2,709)	(2,676)	(3,435)	(3,411)
Dividends paid	(3,159)	(2,800)	(2,626)	(2,598)	(2,299)
Free cash flow	\$ 2,732	\$ 3,523	\$ 3,238	\$ 2,576	\$ 2,976

**Cash Flow Conversion Rate**

Millions, Except Percentages, For the Twelve Months Ended	2022	2021	2020	2019	2018
Cash provided by operating activities	\$ 9,362	\$ 9,032	\$ 8,540	\$ 8,609	\$ 8,686
Cash used in capital investing	(3,620)	(2,936)	(2,927)	(3,453)	(3,437)
Total (a)	\$ 5,742	\$ 6,096	\$ 5,613	\$ 5,156	\$ 5,249
Net Income (b)	6,998	6,523	5,349	5,919	5,966
Cash flow conversion rate (a/b)	82%	93%	105%	87%	88%

**Comparable Cash Flow Conversion Rate**

For the Twelve Months Ended	2022	2021	2020	2019	2018
Cash flow conversion rate	82%	93%	105%	87%	88%
Factors Affecting Comparability:					
Brazos yard impairment [a]	N/A	N/A	(4)	N/A	N/A
Labor accrual adjustment [b]	(1)	N/A	N/A	N/A	N/A
Comparable cash flow conversion rate	81%	93%	101%	87%	88%

[a] Adjustments remove the impact of \$209 million from net income for the year ended December 31, 2020.

[b] Adjustments remove the impact of \$69 million from net income for the year ended December 31, 2022.

**UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES***Non-GAAP Measures Reconciliation to GAAP (unaudited)***Return on Average Common Shareholders' Equity**

<i>Millions, Except Percentages</i>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Net income	\$ 6,998	\$ 6,523	\$ 5,349	\$ 5,919	\$ 5,966
Average equity	\$ 13,162	\$ 15,560	\$ 17,543	\$ 19,276	\$ 22,640
Return on average common shareholders' equity	<b>53.2%</b>	41.9%	30.5%	30.7%	26.4%

**Return on Invested Capital as Adjusted (ROIC)**

<i>Millions, Except Percentages</i>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Net income	\$ 6,998	\$ 6,523	\$ 5,349	\$ 5,919	\$ 5,966
Interest expense	1,271	1,157	1,141	1,050	870
Interest on average operating lease liabilities	56	54	64	76	82
Taxes on interest	(304)	(280)	(282)	(266)	(218)
Net operating profit after taxes as adjusted (a)	\$ 8,021	\$ 7,454	\$ 6,272	\$ 6,779	\$ 6,700
Average equity	\$ 13,162	\$ 15,560	\$ 17,543	\$ 19,276	\$ 22,640
Average debt	31,528	28,229	25,965	23,796	19,668
Average operating lease liabilities	1,695	1,682	1,719	2,052	2,206
Average invested capital as adjusted (b)	\$ 46,385	\$ 45,471	\$ 45,227	\$ 45,124	\$ 44,514
Return on invested capital as adjusted (a/b)	<b>17.3%</b>	16.4%	13.9%	15.0%	15.1%

**Comparable Return on Invested Capital as Adjusted (Comparable ROIC)**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Return on invested capital as adjusted	<b>17.3%</b>	16.4%	13.9%	15.0%	15.1%
Factors Affecting Comparability:					
Brazos yard impairment [a]	<b>N/A</b>	N/A	0.4	N/A	N/A
Labor accrual adjustment [b]	<b>0.1</b>	N/A	N/A	N/A	N/A
Comparable return on invested capital as adjusted	<b>17.4%</b>	16.4%	14.3%	15.0%	15.1%

[a] Adjustments remove the impact of \$209 million from both net income for the year ended and shareholders' equity as of December 31, 2020.

[b] Adjustments remove the impact of \$69 million from both net income for the year ended and shareholders' equity as of December 31, 2022.

**UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES**

Non-GAAP Measures Reconciliation to GAAP (unaudited)

**Debt / Net Income**

Millions, Except Ratios for the Trailing Twelve Months Ended [a]	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Debt	\$ 33,326	\$ 29,729	\$ 26,729	\$ 25,200	\$ 22,391
Net income	6,998	6,523	5,349	5,919	5,966
Debt / net income	4.8	4.6	5.0	4.3	3.8

**Adjusted Debt / Adjusted EBITDA**

Millions, Except Ratios For the Twelve Months Ended	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Net income	\$ 6,998	\$ 6,523	\$ 5,349	\$ 5,919	\$ 5,966
Add:					
Income tax expense/(benefit)	2,074	1,955	1,631	1,828	1,775
Depreciation	2,246	2,208	2,210	2,216	2,191
Interest expense	1,271	1,157	1,141	1,050	870
EBITDA	\$ 12,589	\$ 11,843	\$ 10,331	\$ 11,013	\$ 10,802
Adjustments:					
Other income, net	(426)	(297)	(287)	(243)	(94)
Interest on operating lease liabilities*	54	56	59	68	84
Adjusted EBITDA (a)	\$ 12,217	\$ 11,602	\$ 10,103	\$ 10,838	\$ 10,792
Debt	\$ 33,326	\$ 29,729	\$ 26,729	\$ 25,200	\$ 22,391
Operating lease liabilities**	1,631	1,759	1,604	1,833	2,271
Unfunded pension and OPEB, net of tax cost of \$0, \$0, \$195, \$124, and \$135	-	-	637	400	456
Adjusted debt (b)	\$ 34,957	\$ 31,488	\$ 28,970	\$ 27,433	\$ 25,118
Adjusted debt / adjusted EBITDA (b/a)	2.9	2.7	2.9	2.5	2.3

**Comparable Adjusted Debt / Adjusted EBITDA**

For the Twelve Months Ended	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Adjusted debt / adjusted EBITDA	2.9	2.7	2.9	2.5	2.3
Factors affecting comparability:					
Brazos yard impairment [a]	N/A	N/A	(0.1)	N/A	N/A
Labor accrual adjustment [b]	(0.1)	N/A	N/A	N/A	N/A
Comparable adjusted debt / adjusted EBITDA	2.8	2.7	2.8	2.5	2.3

[a] Adjustments remove the impact of \$209 million from net income and \$69 million from income tax expense for the year ended December 31, 2020.

[b] Adjustments remove the impact of \$69 million from net income and \$23 million from income tax expense for the year ended December 31, 2022.

\* 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.

\*\* Effective January 1, 2019, the Company adopted Accounting Standard Update No. 2016-02 (ASU 2016-02), Leases. ASU 2016-02 requires companies to recognize lease assets and lease liabilities on the balance sheet. Prior to adopting, the present value of operating leases was used in this calculation.

**UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES**

Non-GAAP Measures Reconciliation to GAAP (unaudited)

**2022 Financial Performance Adjusted for Labor accrual adjustment [a]**

Millions, Except Per Share Amounts and Percentages	Reported results (GAAP)	Labor accrual adjustment	Adjusted results (non-GAAP)
For the Twelve Months Ended December 31, 2022			
Compensation and benefits expense	\$ 4,645	\$ (92)	\$ 4,553
Operating expense	14,958	(92)	14,866
Operating income	9,917	92	10,009
Income taxes	(2,074)	(23)	(2,097)
Net income	6,998	69	7,067
Diluted EPS	11.21	0.12	11.33
Operating ratio	60.1%	(0.3) pts	59.8%
As of December 31, 2022			
Shareholders' equity	\$ 12,163	\$ 69	\$ 12,232

[a] The above table reconciles our results for the year ended and as of December 31, 2022, to adjust results that exclude the impact of certain items identified as affecting comparability. We use adjusted compensation and benefits expense, adjusted operating expense, adjusted operating income, adjusted income taxes, adjusted net income, adjusted diluted earnings per share (EPS), adjusted operating ratio, and adjusted shareholders' equity, as applicable, among other measures, to evaluate our actual operating performance. We believe these non-GAAP financial measures provide valuable information regarding earnings and business trends by excluding specific items that we believe are not indicative of our ongoing operating results of our business, providing a useful way for investors to make a comparison of our performance over time and against other companies in our industry. Since these are not measures of performance calculated in accordance with GAAP, they should be considered in addition to, rather than as a substitute for, compensation and benefits expense, operating expense, operating income, income taxes, net income, diluted EPS, operating ratio, and shareholders' equity as indicators of operating performance.

**2020 Financial Performance Adjusted for Brazos Yard Impairment [b]**

Millions, Except Per Share Amounts and Percentages	Reported results (GAAP)	Brazos Yard Impairment	Adjusted results (non-GAAP)
For the Year Ended December 31, 2020			
Other expense	\$ 1,345	\$ (278)	\$ 1,067
Operating expense	11,699	(278)	11,421
Operating income	7,834	278	8,112
Income taxes	1,631	69	1,700
Net income	5,349	209	5,558
Diluted EPS	7.88	0.31	8.19
Operating ratio	59.9%	(1.4) pts	58.5%
As of December 31, 2020			
Shareholders' Equity	\$ 16,958	\$ 209	\$ 17,167

[b] The above table reconciles our results for the year ended and as of December 31, 2020, to adjust results that exclude the impact of certain items identified as affecting comparability. We use adjusted other expense, adjusted operating expense, adjusted operating income, adjusted income taxes, adjusted net income, adjusted diluted EPS, adjusted operating ratio, and adjusted shareholders' equity, as applicable, among other measures, to evaluate our actual operating performance. We believe these non-GAAP financial measures provide valuable information regarding earnings and business trends by excluding specific items that we believe are not indicative of our ongoing operating results of our business, providing a useful way for investors to make a comparison of our performance over time and against other companies in our industry. Since these are not measures of performance calculated in accordance with GAAP, they should be considered in addition to, rather than as a substitute for, other expense, operating expense, operating income, income taxes, net income, diluted EPS, operating ratio, and shareholders' equity as indicators of operating performance.



## Cautionary Information

The 2022 Investor “Fact Book” provides additional explanatory information regarding Union Pacific that may not be available, included or directly derived from information in the Company’s Annual Report on [Form 10-K](#) for 2022 as filed on February 10, 2023 with the SEC (the Annual Report). The information provided is supplemental in nature and is not, and should not be considered or deemed to be better than that available in the Company’s publicly available reports filed with the SEC. Additionally, some of the information in the Fact Book is derived from the Company’s audited financial statements, but the Fact Book and its contents have not been, and should not be considered, audited. This document includes statements about the Company’s future that are not statements of historical fact, including, specifically, the statements regarding the Company’s expectations with respect to expected shareholder returns and revenue; challenges and opportunities for each of the Company’s commodity groups and its Mexico business; market drivers in 2023 and beyond; capital investments in 2023; and future growth of capital investments. These statements are, or will be, forward-looking statements as defined by the Securities Act of 1933 and the Securities Exchange Act of 1934. Forward-looking statements also generally include, without limitation, information or statements regarding: projections, predictions, expectations, estimates or forecasts as to the Company’s and its subsidiaries’ business, financial, and operational results, and future economic performance; and management’s beliefs, expectations, goals, and objectives and other similar expressions concerning matters that are not historical facts. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times that, or by which, such performance or results will be achieved. Forward-looking information, including expectations regarding operational and financial results and

the Company’s and its subsidiaries’ future performance or results are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statement. Important factors, including risk factors, could affect the Company’s and its subsidiaries’ future results and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements. Information regarding risk factors and other cautionary information are available in the Annual Report. The Company updates information regarding risk factors if circumstances require such updates in its periodic reports on Form 10-Q and its subsequent Annual Reports on [Form 10-K](#) (or such other reports that may be filed with the SEC). Forward-looking statements speak only as of, and are based only upon information available on, the date the statements were made. The Company assumes no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information. If the Company does update one or more forward-looking statements, no inference should be drawn that the Company will make additional updates with respect thereto or with respect to other forward-looking statements. References to our website are provided for convenience and, therefore, information on or available through the website is not, and should not be deemed to be, incorporated by reference herein. The Company’s financial statements are included solely as a convenience. The financial statements should be read in conjunction with the notes to the Financial Statements and Supplementary Data in the Annual Report.



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