



Union Pacific Corporation
2018 INVESTOR FACT BOOK

BUILDING AMERICA®



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Investor Inquiries

Union Pacific's investor relations are coordinated through the Corporate Treasurer. Requests for meetings and general information should be directed to: (402) 544-4227 or (877) 547-7261 or investor.relations@up.com

Website Information

To receive new information as it becomes available, we invite you to regularly visit 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 Railroad is the principal operating company of Union Pacific Corporation (NYSE: UNP). One of America's most recognized companies, Union Pacific Railroad connects 23 states in the western two-thirds of the country by rail, providing a critical link in the global supply chain. The railroad's diversified business mix is classified into its Agricultural Products, Energy, Industrial and Premium business groups. Union Pacific serves many of the fastest-growing U.S. population centers, operates from all major West Coast and Gulf Coast ports to eastern gateways, connects with Canada's rail systems and is the only railroad serving all six major Mexico gateways. Union Pacific provides value to its roughly 10,000 customers by delivering products in a safe, reliable, fuel-efficient and environmentally responsible manner.

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Network Map



Key Metrics and Facts

Key Financial and Operating Metrics

	2018	2017	2016	2015	2014
Operating Revenue (millions)	\$22,832	\$21,240	\$19,941	\$21,813	\$23,988
Operating Income (millions)*	\$8,517	\$7,894	\$7,243	\$8,082	\$8,765
Operating Ratio*	62.7%	62.8%	63.7%	62.9%	63.5%
Operating Margin*	37.3%	37.2%	36.3%	37.1%	36.5%
Revenue Carloads (thousands)	8,908	8,588	8,442	9,062	9,625
Revenue Ton-Miles (millions)	473,957	466,721	440,139	485,035	549,629
Gross Ton-Miles (GTMs) (millions)	928,587	898,746	856,895	927,677	1,014,905
Fuel Consumed in Gallons (millions)	1,068	1,004	974	1,064	1,158
Average Fuel Price per Gallon Consumed	\$2.29	\$1.81	\$1.48	\$1.84	\$2.97
Employees (average)	41,967	41,992	42,919	47,457	47,201
GTMs (millions) per employee	22.13	21.40	19.97	19.55	21.50
Average Train Speed (miles per hour)	24.5	25.4	26.6	25.4	24.0
Average Terminal Dwell Time (hours)	29.6	30.3	28.1	29.3	30.3

2018 Facts (As of 12/31/2018)

2018 Track Miles			
Route	32,236	Track Miles of Rail Replaced	700
Other Main Line	7,074	Track Miles of Rail Capacity Expansion	39
Passing Lines and Turnouts	3,274	Miles of Track Surfaced	9,466
Switching and Classification Yard Lines	<u>8,970</u>	Total New Ties Installed (thousands)	4,285
Total Miles	51,554		

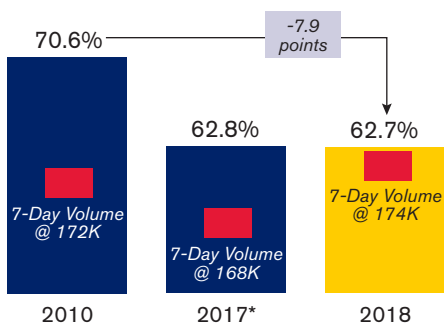
Rail Equipment	Owned	Leased	Total	Avg. Age (years)
Locomotives				
Multiple Purpose	6,387	1,582	7,969	20.5
Switching	201	12	213	38.3
Other	<u>35</u>	<u>57</u>	<u>92</u>	<u>39.6</u>
Total Locomotives	6,623	1,651	8,274	N/A
Freight Cars				
Covered Hoppers	14,001	11,784	25,785	19.7
Open Hoppers	6,485	2,389	8,874	30.6
Gondolas	6,105	2,133	8,238	27.6
Boxcars	2,776	7,045	9,821	37.1
Refrigerated Cars	2,372	3,269	5,641	25.4
Flat Cars	2,404	1,057	3,461	33.6
Other	<u>8</u>	<u>332</u>	<u>340</u>	<u>30.8</u>
Total Freight Cars	34,151	28,009	62,160	N/A
Highway Revenue Equipment				
Containers	47,752	9,005	56,757	8.2
Chassis	<u>26,242</u>	<u>21,964</u>	<u>48,206</u>	<u>10.2</u>
Total Highway Revenue Equipment	73,994	30,969	104,963	N/A

* 2014-2016 adjusted to include the retrospective adoption of ASU 2017-07.

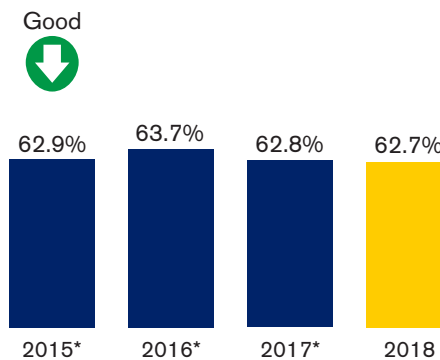
2017 adjusted to exclude the impact of Corporate Tax Reform and include the retrospective adoption of ASU 2017-07. See pages 35-36 for a reconciliation to GAAP.

Financial Results

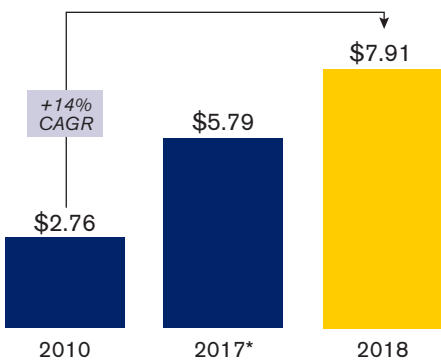
Operating Ratio



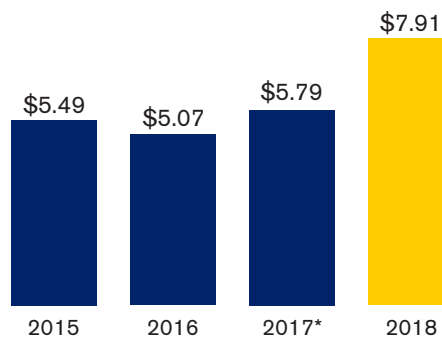
Operating Ratio



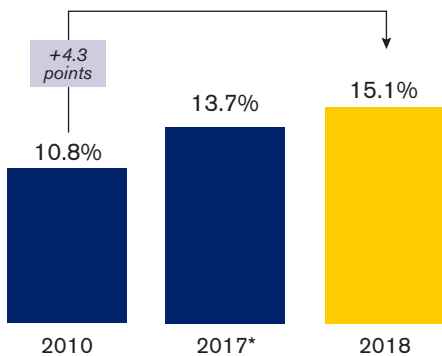
Earnings per Share



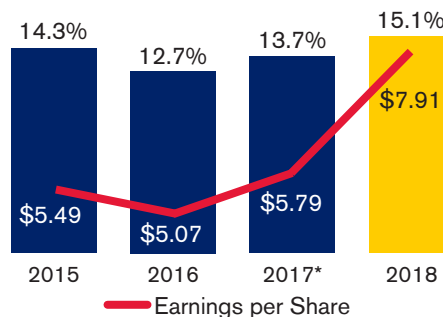
Earnings per Share



Return on Invested Capital

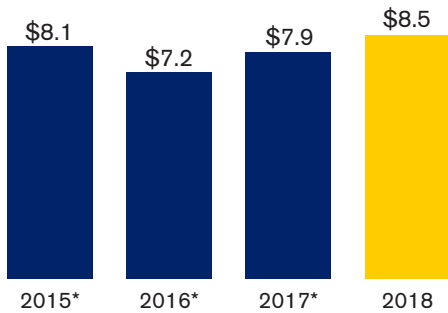


Return on Invested Capital



* 2014-2016 adjusted to include the retrospective adoption of ASU 2017-07.
2017 adjusted to exclude the impact of Corporate Tax Reform and include the retrospective adoption of ASU 2017-07. See pages 35-36 for a reconciliation to GAAP.

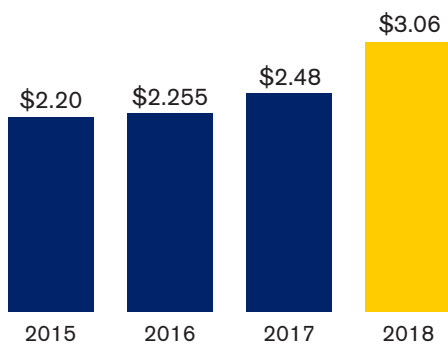
Operating Income (billions)



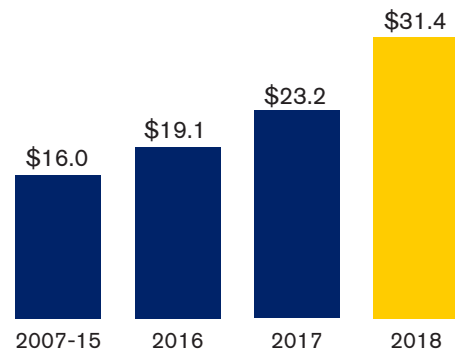
Net Income (billions)



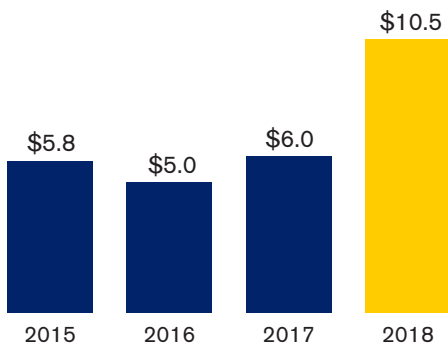
Declared Dividends per Share



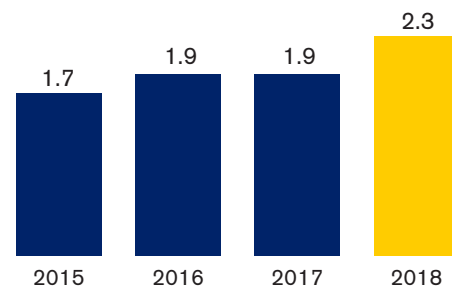
Cumulative Share Repurchases (billions)



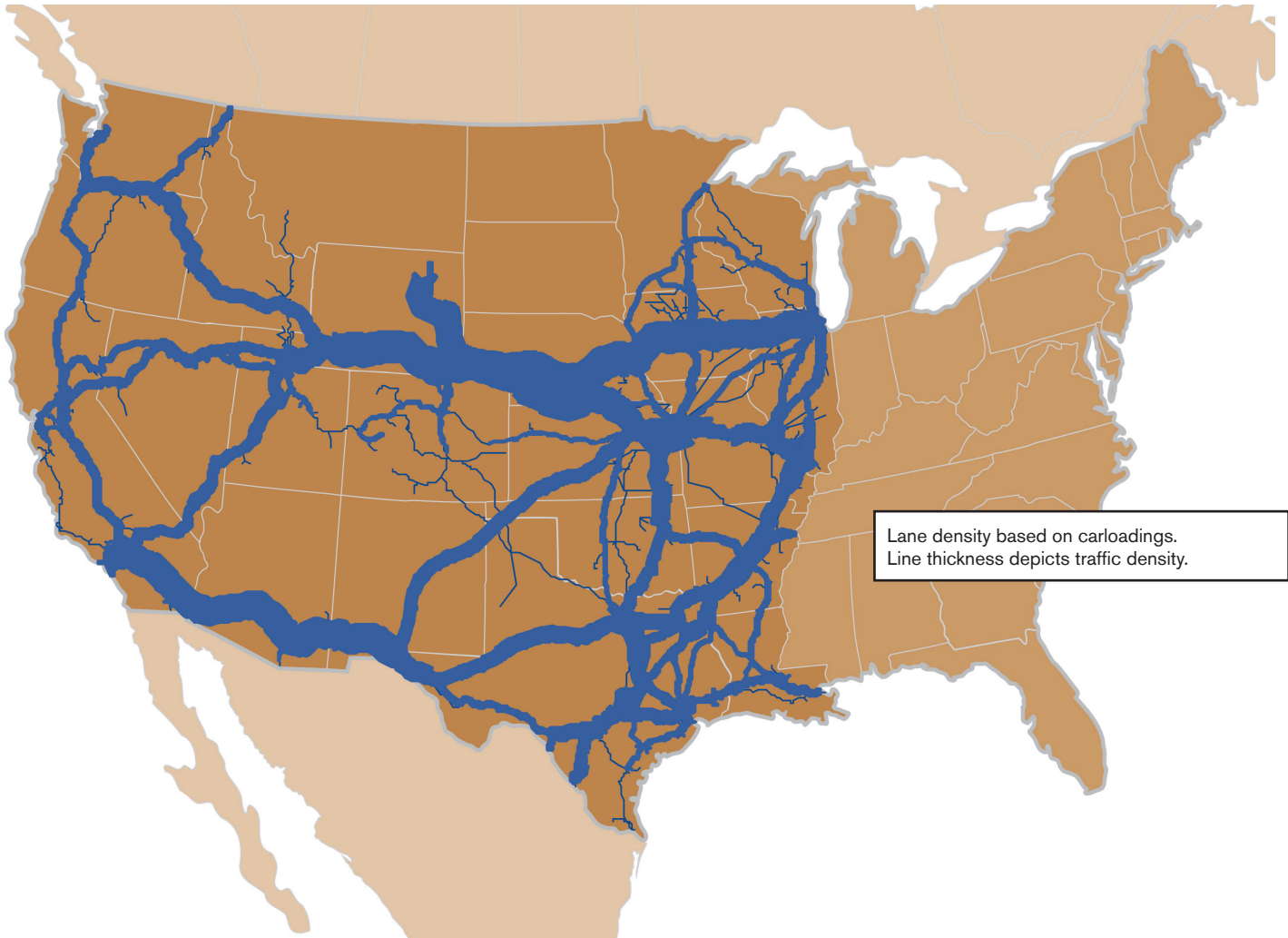
Cash Returned to Shareholders (billions)



Adjusted Debt/EBITDA



* 2014-2016 adjusted to include the retrospective adoption of ASU 2017-07.
2017 adjusted to exclude the impact of Corporate Tax Reform and include the retrospective adoption of ASU 2017-07. See pages 35-36 for a reconciliation to GAAP.



Track and Terminal Density

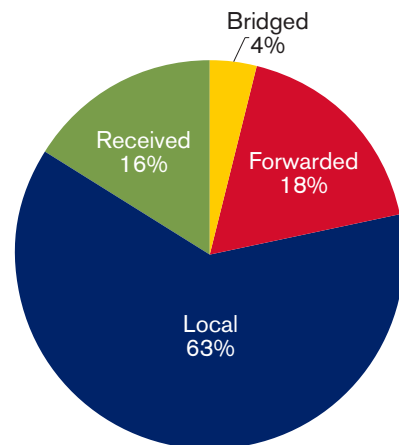
Major Classification Yards

- Chicago, Illinois
- Fort Worth, Texas
- Houston, Texas
- Kansas City, Missouri
- Livonia, Louisiana
- North Little Rock, Arkansas
- North Platte, Nebraska
- Pine Bluff, Arkansas
- Roseville, California
- West Colton, California

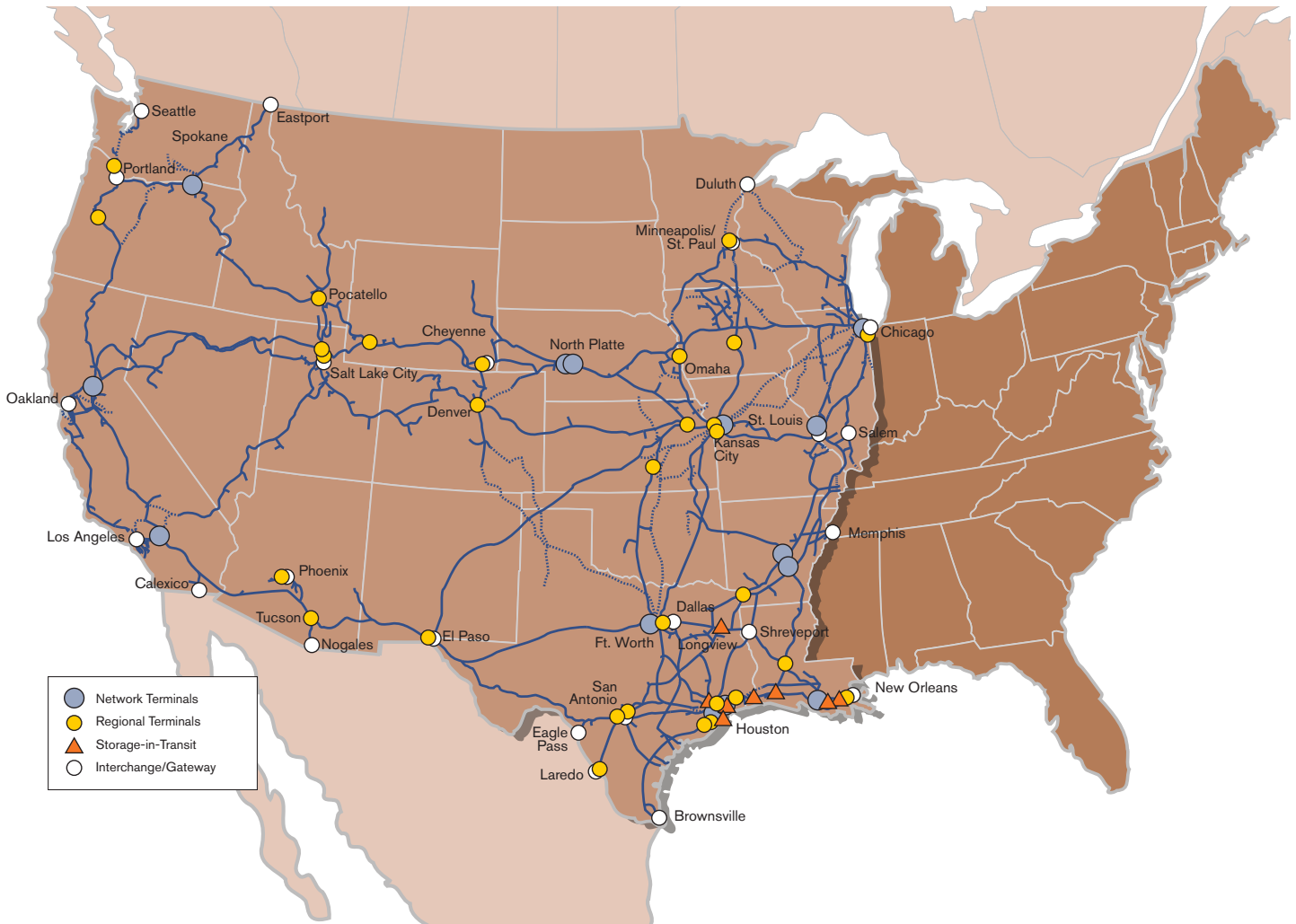
Major Intermodal Terminals

- Chicago (Global I), Illinois
- Chicago (Global II), Illinois
- City of Industry, California
- Dallas (DIT), Texas
- East Los Angeles, California
- Joliet (Global IV), Illinois
- Lathrop, California
- Los Angeles (ICTF), California
- Memphis (Marion), Tennessee
- Mesquite, Texas

Traffic Classification - 2018 Carloads



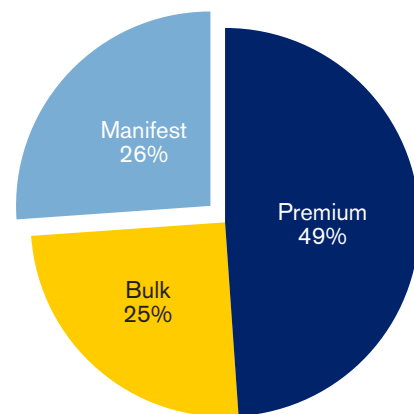
Local = UP Origin + UP Destination
 Forwarded = UP Origin + Other Destination
 Received = Other Origin + UP Destination
 Bridged = Other Origin + UP Intermediate + Other Destination

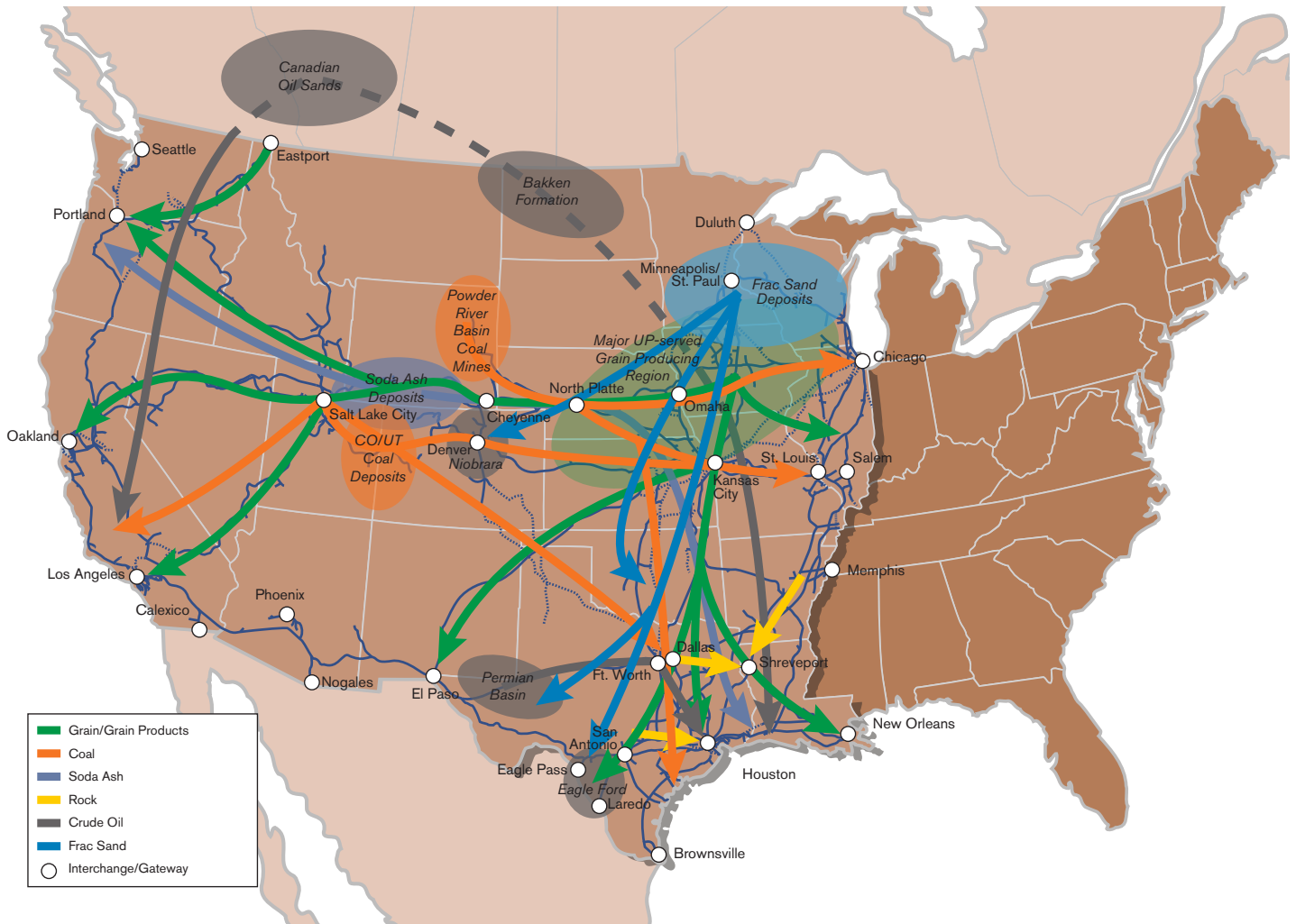


Manifest Network

Manifest traffic includes individual carload or less-than-trainload business, involving commodities such as lumber, steel, paper, frac sand, food, and chemicals, all transported from thousands of locations across Union Pacific’s network. The railroad’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 2018, manifest traffic represented 26 percent of the Company’s volume and 43 percent of freight revenue.

Freight Traffic - 2018 Carloads

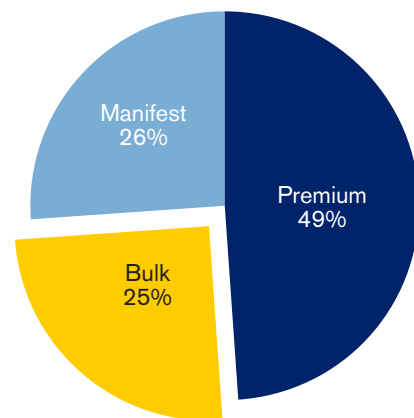




Bulk Network

Bulk traffic primarily consists of coal, grain, soda ash, rock, crude oil, and frac sand shipped in unit trains - trains transporting a single commodity from one origin to one destination. Most of UP's coal traffic originates from the Powder River Basin (PRB) of northeastern Wyoming and the Uinta Basin of Colorado and Utah. Grain and grain products move out of the Midwest to domestic markets and for export to Mexico and elsewhere through ports in the Gulf Coast and Pacific Northwest (PNW). Producers mine soda ash near Green River, Wyoming, destined for export through Gulf Coast and PNW ports. Rock trains move primarily in and around Texas. In 2018, bulk traffic represented 25 percent of the Company's volume and 25 percent of freight revenue.

Freight Traffic - 2018 Carloads

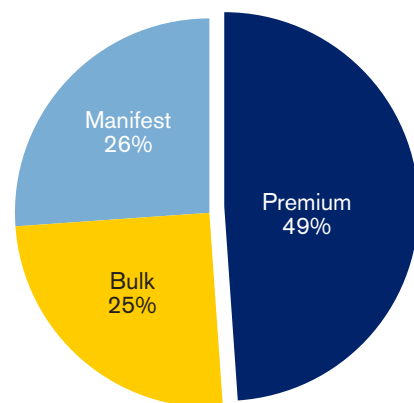




Premium Network

Union Pacific'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. The railroad'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 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 2018, premium traffic represented 49 percent of the Company's volume and 32 percent of freight revenue.

Freight Traffic - 2018 Carloads



Marketing & Sales Review

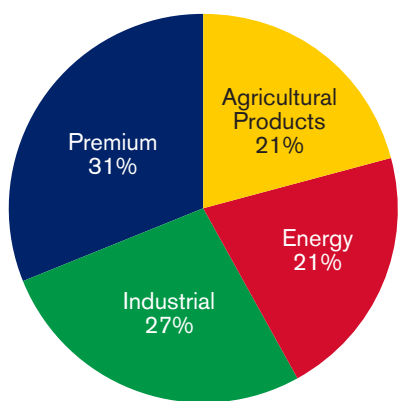
Union Pacific moves the goods American families and businesses use every day, including the food we eat, the cars we drive, the chemicals to clean our water and the steel to build our communities. We have roughly 10,000 customers and work to deliver their products in a safe, reliable, fuel-efficient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

Our railroad 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 2018, approximately 40 percent of our freight originated or terminated outside of the U.S.

Effective January 1, 2018, Union Pacific consolidated its six major business units into four: Agricultural Products, Energy, Industrial and Premium. Additionally, we refocused our customer service center and consolidated four subsidiaries into one – Loup Logistics Company – to better serve our customers.



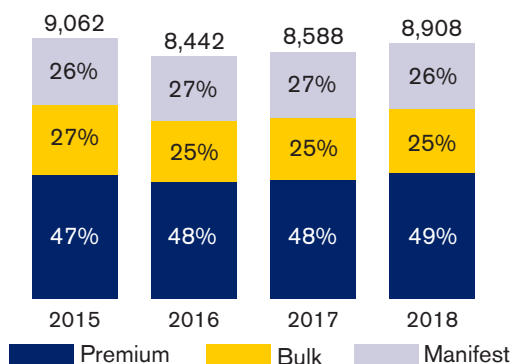
2018 Freight Revenue



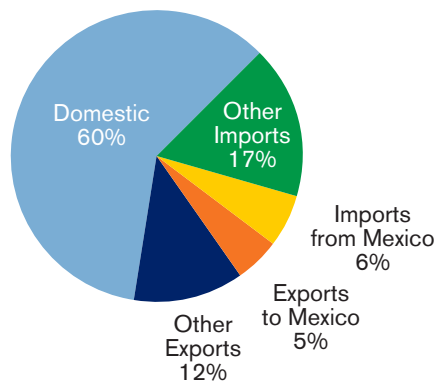
Freight Revenue (millions)

	2018	2017	Percent Change vs. 2017
Agricultural Products	\$4,469	\$4,303	4%
Energy	4,608	4,498	2%
Industrial	5,679	5,204	9%
Premium	6,628	5,832	14%
Total	\$21,384	\$19,837	8%

Freight Traffic Trends (carloads in thousands)



2018 Carload Composition





Annual Summary by Quarter

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue per Car
1Q2017	\$4,794	114,079	2,088	\$2,297
2Q2017	4,906	114,822	2,145	2,287
3Q2017	5,050	118,970	2,188	2,307
4Q2017	5,087	118,850	2,167	2,348
FY2017	\$19,837	466,721	8,588	\$2,310
1Q2018	\$5,122	117,400	2,125	\$2,411
2Q2018	5,317	117,636	2,225	2,389
3Q2018	5,558	123,313	2,316	2,399
4Q2018	5,387	115,608	2,242	2,403
FY2018	\$ 21,384	473,957	8,908	\$2,400
Pct Change vs. 2017	8%	2%	4%	4%

Agricultural Products

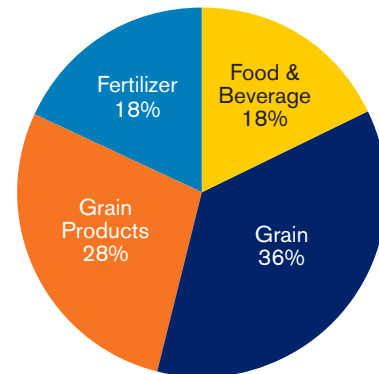
U.S. grain production is a principal volume driver within our Agricultural Products portfolio, with corn supply and demand having the largest impact as average corn yields are roughly three times that of soybeans or wheat. Global crop supply and commodity prices can impact demand for U.S. grain as approximately 40 percent of UP's 2018 grain carloads were exported. Grain production and its impact on domestic commodity prices also has a secondary impact on many commodities within grain products, including ethanol, soybean meal, soybean oil, distiller's dried grains with solubles (DDGs), and biodiesel.

Union Pacific's unique franchise, coupled with the ownership of more than 80 percent of the rail-owned refrigerated boxcar fleet in North America and multiple refrigerated and cold storage distribution assets, creates a competitive advantage in the shipment of perishables. We also offer door-to-door service in collaboration with our subsidiary, Loup, to help extend UP's reach beyond our physical network and to serve customers with smaller volume requirements.

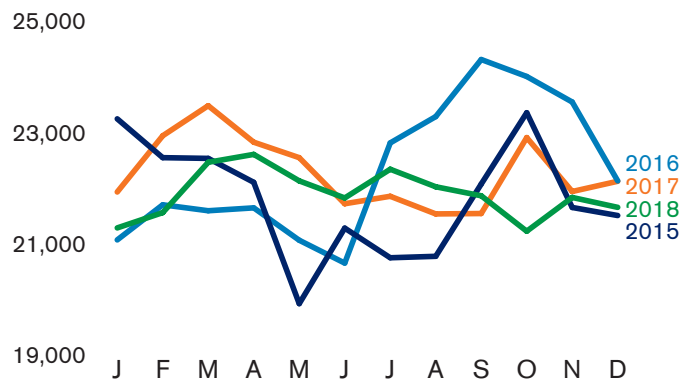
Fertilizer movements, which include shipments of nitrogen, phosphate, and potash, originate in the Gulf Coast region, the Western U.S., and Canada (through interline access) for delivery to major agricultural users in the Midwest and Western U.S., as well as abroad.

UP has the ability to serve Canadian and Mexican markets through interchange agreements with other railroads. In 2018, approximately 55 percent of all Mexico related Agricultural Products shipments were southbound moves. This traffic mix primarily consisted of soybeans, corn, soybean meal, DDGs, wheat, and rice. Shipments of beer accounted for most of the northbound agricultural shipments from Mexico.

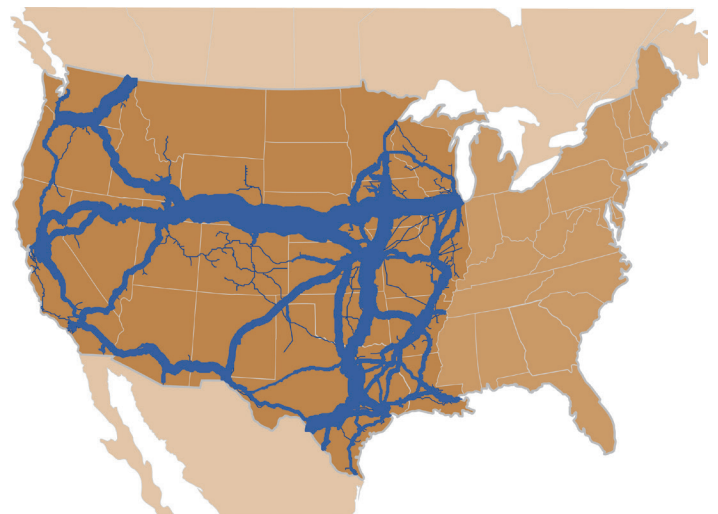
2018 Carloads



7-Day Volume
(carloads)

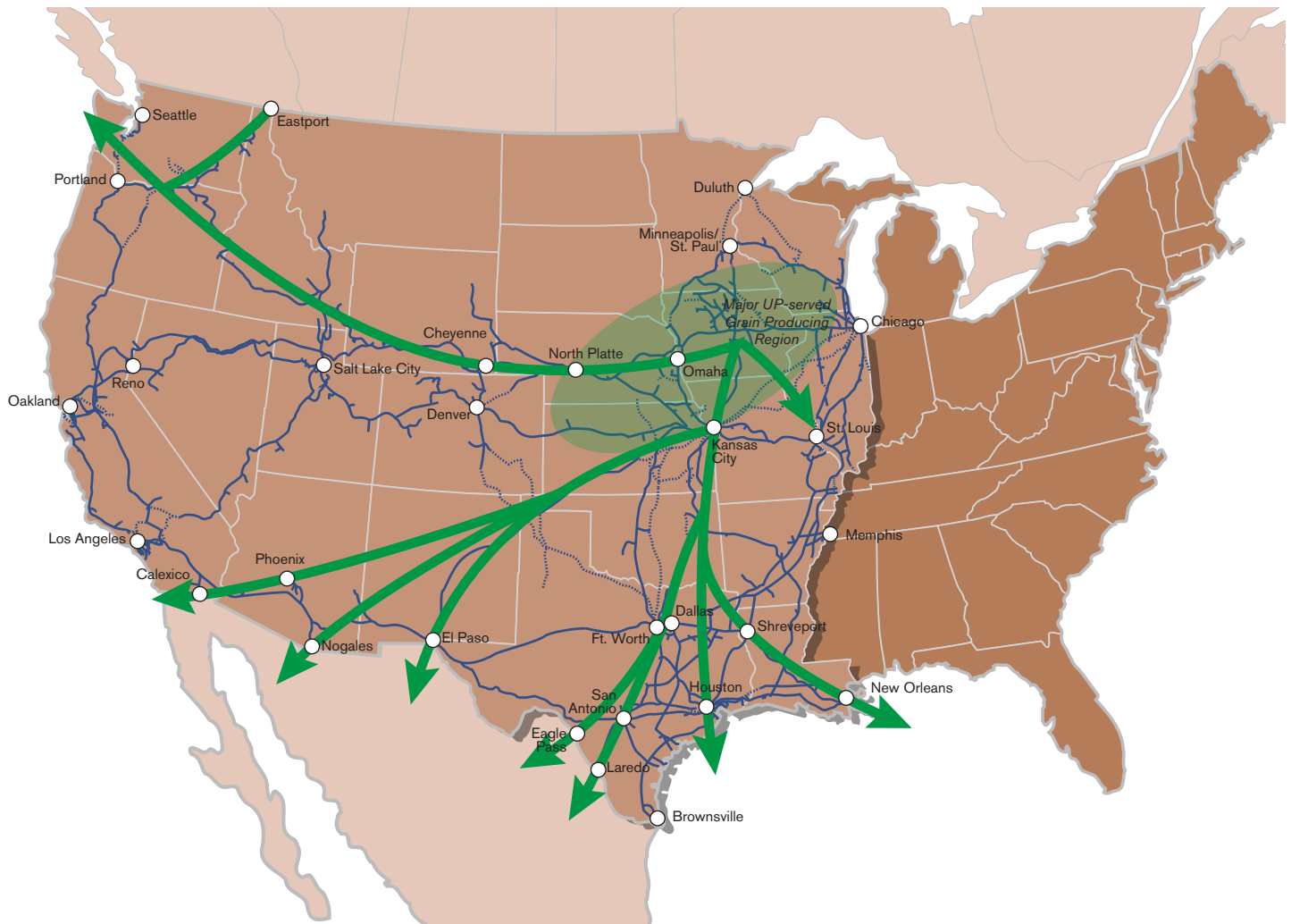


Lane Density Map



Lane density based on carloadings. Line thickness depicts traffic density.

Export Grain Flows



Annual Summary by Quarter - Agricultural Products

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue per Car
1Q2017	\$1,094	26,161	290	\$3,768
2Q2017	1,064	25,075	289	3,687
3Q2017	1,072	24,708	280	3,827
4Q2017	1,073	25,135	282	3,800
FY2017	\$4,303	101,079	1,141	\$3,770
1Q2018	\$1,098	25,173	279	\$3,942
2Q2018	1,114	25,908	285	3,903
3Q2018	1,133	25,911	285	3,973
4Q2018	1,124	24,767	275	4,079
FY2018	\$4,469	101,759	1,124	\$3,973
Pct Change vs. 2017	4%	1%	(1%)	5%

Energy

The Company's Energy shipments are grouped into the following categories: coal; sand; and petroleum, liquid petroleum gases (LPG) and renewables.

Coal traffic originating in the Powder River Basin (PRB) area of Wyoming is the largest segment of UP's Coal business, comprising 77 percent of coal carloads in 2018. This reliable, low-cost, low-sulfur, sub-bituminous coal is attractive to utilities in the competitive electricity generation market.

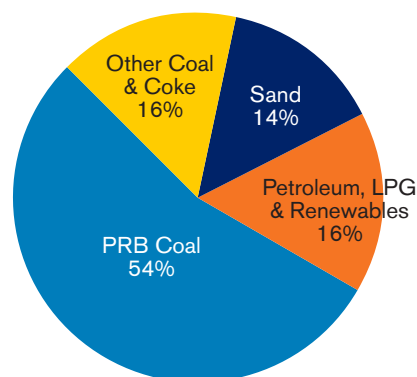
Coal produced in the Uinta Basin region of Colorado and Utah is the second largest source of UP coal volume, representing 12 percent of 2018 coal carloads. This mostly sub-surface coal has a relatively high BTU (British Thermal Unit) and low sulfur content.

The remaining coal traffic consists of shipments forwarded to UP from other carriers, as well as carloads originating from southern Wyoming's Hanna Basin and the Illinois Basin, along with petroleum coke originating from oil refineries throughout the country. Almost all of the coal UP transports is thermal coal, and about 10 percent of 2018 coal carloads were exported.

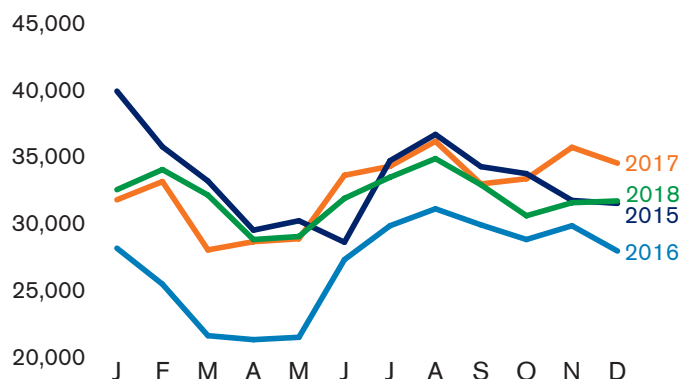
Oil and gas drilling generates demand for hydraulic fracturing sand, or frac sand. White sand, generally sourced from the Minnesota and Wisconsin region, comprised approximately 80 percent of UP's 2018 frac sand shipments, with the remaining 20 percent consisting of regional sand.

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. Renewable shipments consist primarily of biomass exports and wind turbine components.

2018 Carloads



7-Day Volume (carloads)

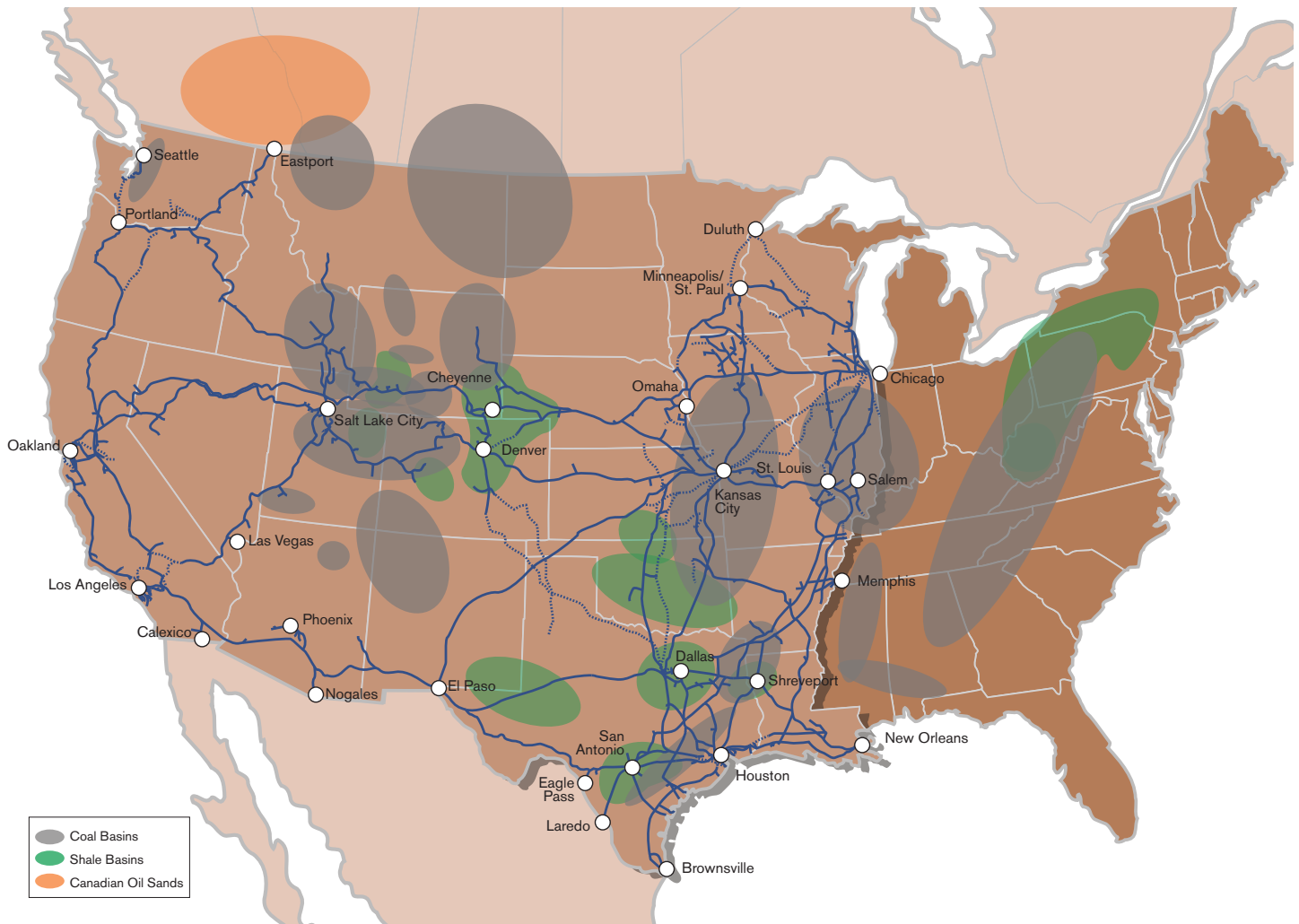


Lane Density Map



Lane density based on carloadings. Line thickness depicts traffic density.

Coal and Shale Basins



Annual Summary by Quarter - Energy

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue per Car
1Q2017	\$1,024	40,186	395	\$2,593
2Q2017	1,057	40,317	391	2,702
3Q2017	1,204	46,032	448	2,690
4Q2017	1,213	46,056	442	2,746
FY2017	\$4,498	172,591	1,676	\$2,685
1Q2018	\$1,173	43,962	419	\$2,799
2Q2018	1,111	40,002	387	2,874
3Q2018	1,214	45,190	440	2,757
4Q2018	1,110	40,891	404	2,748
FY2018	\$4,608	170,045	1,650	\$2,793
Pct Change vs. 2017	2%	(1%)	(2%)	4%

Industrial

Union Pacific's Industrial business is categorized into seven major groupings: construction, industrial chemicals, plastics, forest products, specialized products (primarily waste, lime, salt and government), metals and ores, and soda ash.

Commercial, residential, and governmental infrastructure investments drive shipments of steel, aggregates, cement, and wood products. Industrial and light manufacturing plants receive steel, non-ferrous materials, minerals, and other raw materials. Consumer spending drives demand for paper and packaging commodities. Forest product shipments originate primarily in the PNW or Western Canada and move throughout the U.S. for use in new home construction, and repairs and remodeling.

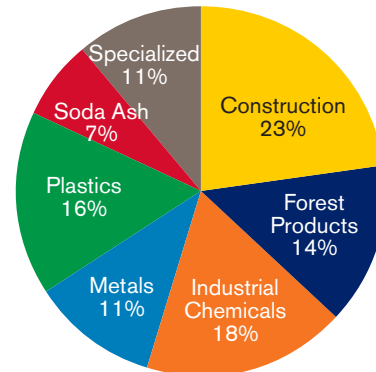
Industrial chemicals and plastics production is concentrated in the Gulf Coast. The industrial chemicals market consists of a vast number of chemical compounds that support the manufacturing of more complex chemicals.

Plastics shipments support automotive, housing, and the durable and disposable consumer goods markets. UP is an important link in the plastics supply chain through its ownership and operation of rail storage-in-transit (SIT) facilities. Plastics customers utilize these SIT yards for intermediate storage of plastic resins. With UP having more SIT capacity than any other railroad, the Company has a distinct competitive advantage in the shipment of plastic resins.

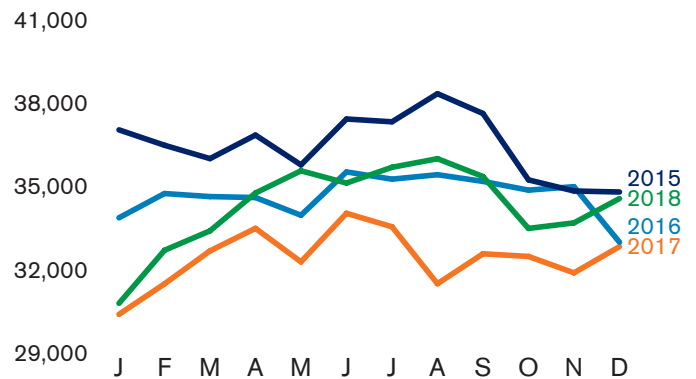
Oil and gas drilling generates demand for raw steel, finished pipe, stone, and drilling fluid commodities. Global commodity demand drives shipments of ores and concentrates for export and domestic production. In addition, the railroad provides safe and efficient transportation for governmental entities and waste management companies.

Soda ash shipments originate in southwestern Wyoming and California, and are destined for chemical and glass producing markets in North America and abroad. UP directly serves the world's largest natural soda ash reserve and production region at Green River, Wyoming.

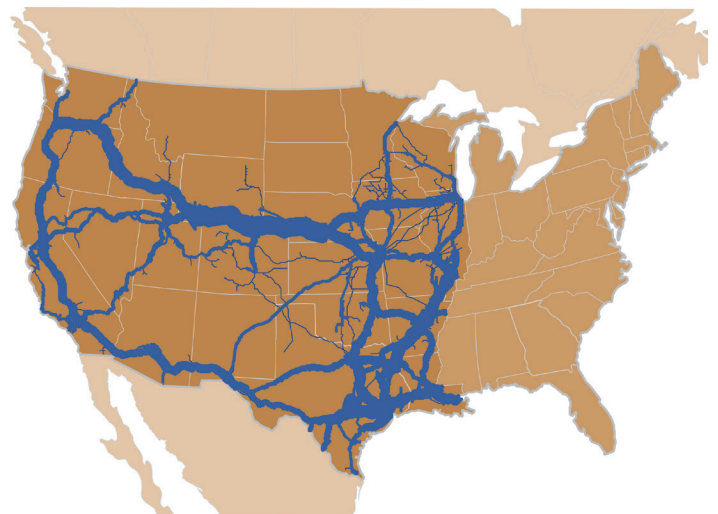
2018 Carloads



7-Day Volume
(carloads)

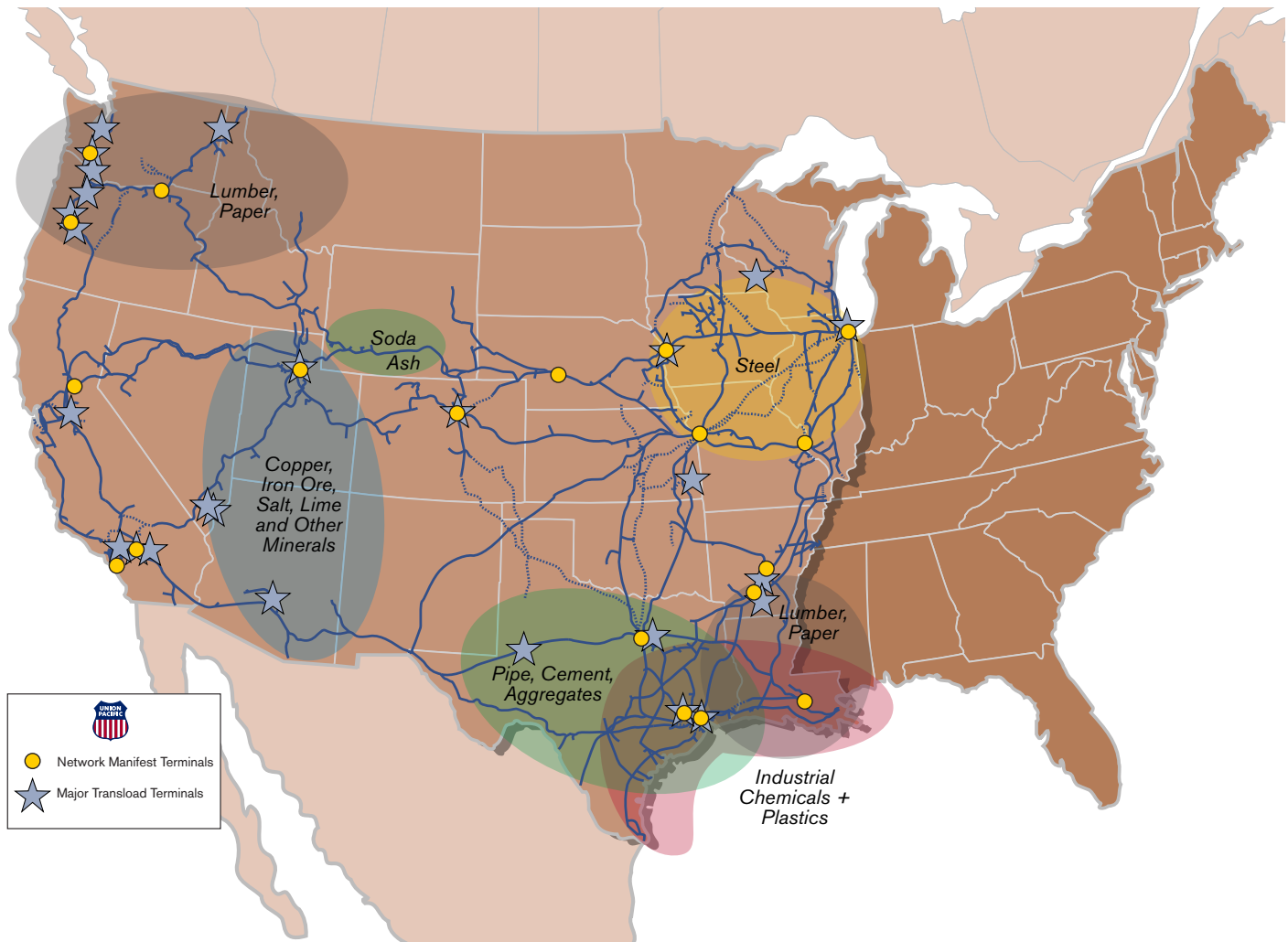


Lane Density Map



Lane density based on carloadings. Line thickness depicts traffic density.

Key Industrial Markets



Annual Summary by Quarter - Industrial

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue per Car
1Q2017	\$1,264	24,053	403	\$3,140
2Q2017	1,334	25,095	427	3,120
3Q2017	1,324	24,467	419	3,159
4Q2017	1,282	23,828	406	3,160
FY2017	\$5,204	97,443	1,655	\$3,145
1Q2018	\$1,340	24,290	411	\$3,262
2Q2018	1,437	25,750	452	3,178
3Q2018	1,497	25,899	458	3,269
4Q2018	1,405	24,530	431	3,258
FY2018	\$5,679	100,469	1,752	\$3,241
Pct Change vs. 2017	9%	3%	6%	3%

Premium

Union Pacific's Premium franchise includes three segments: international intermodal, domestic intermodal, and finished vehicles.

International business consists of import and export traffic moving in 20 or 40-foot shipping containers, that mainly passes through West Coast ports served by UP's extensive terminal network.

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. Automotive parts for vehicle manufacturers, and less-than-truckload and package carriers with time-sensitive business requirements are an important part of domestic shipments. Domestic shipments predominately move in 53-foot containers or trailers to and from points within the U.S., Canada, and Mexico. U.S. import volume transloaded into domestic containers at the ports is classified as domestic.

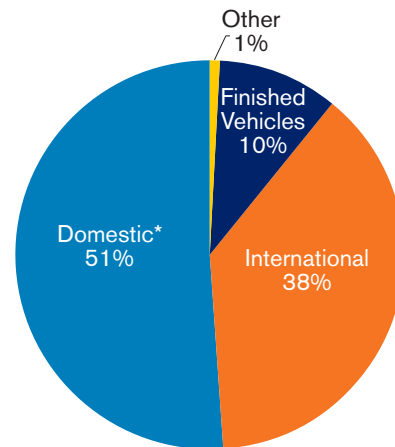
Overall, intermodal utilizes just over half of the route miles of the Union Pacific network, routing freight between 33 UP-owned or operated intermodal terminals, as well as customer-operated, on-dock rail facilities.

Union Pacific is the largest automotive carrier west of the Mississippi River, handling more than 63 percent of Western U.S. rail automotive carload shipments in 2018. The railroad's extensive franchise operates or has access to over 40 vehicle distribution centers, directly serves five 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.

During 2018, just over 15 percent of UP's premium volume crossed one of the six major Mexico gateways.

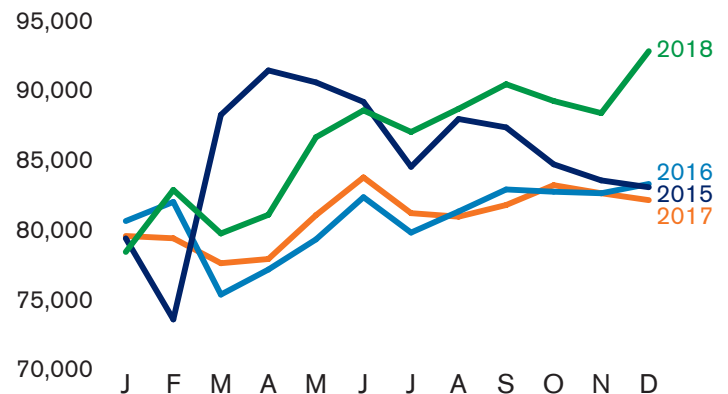
Union Pacific's extensive network and diverse access to ports, intermodal terminals, automotive distribution centers, border crossings and interchange gateways enable customers to access virtually any market in North America.

2018 Carloads



* Domestic includes domestic intermodal and auto parts moved in intermodal containers.

7-Day Volume (carloads)

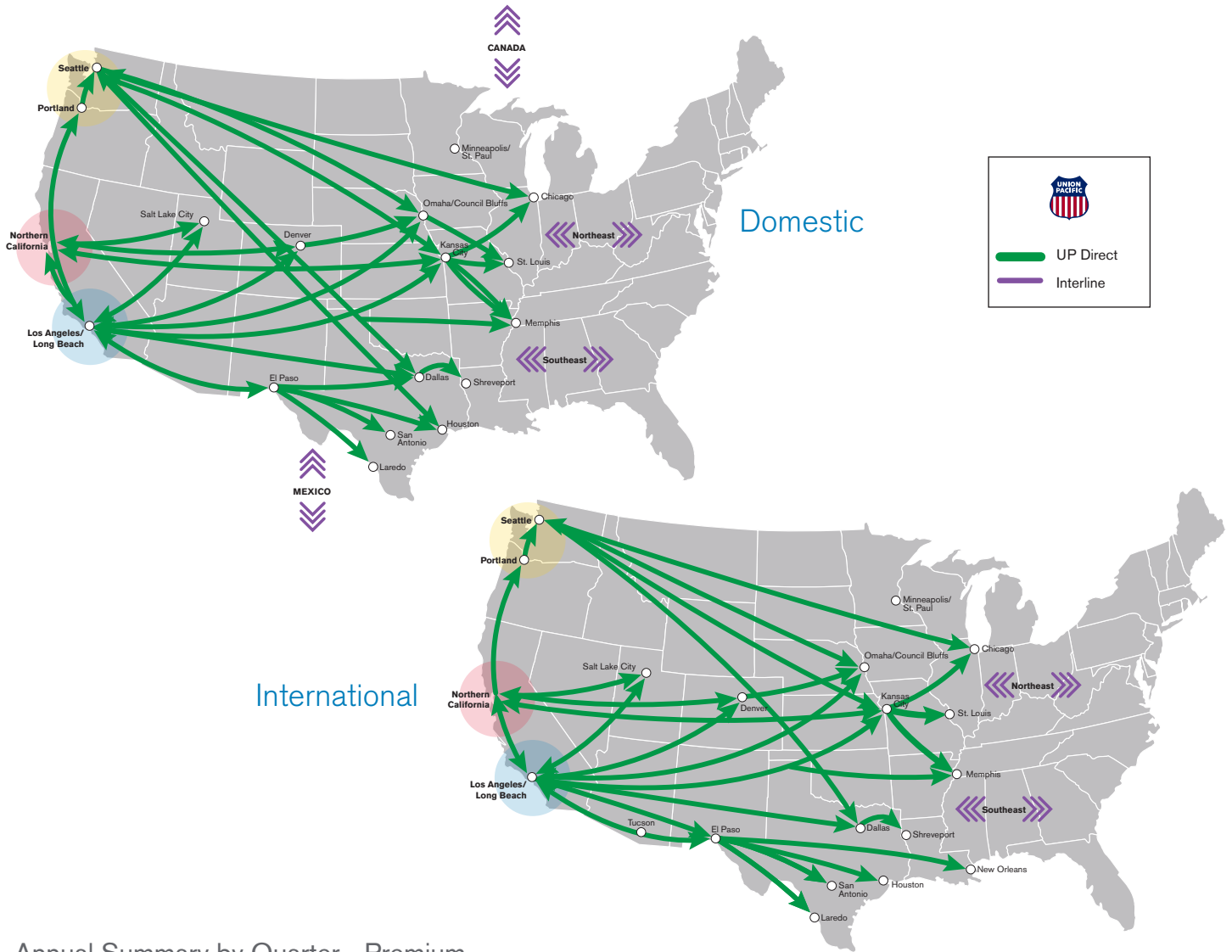


Lane Density Map



Lane density based on carloadings. Line thickness depicts traffic density.

Intermodal Markets Served by Region



Annual Summary by Quarter - Premium

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue per Car
1Q2017	\$1,412	23,679	1,000	\$1,413
2Q2017	1,451	24,335	1,038	1,398
3Q2017	1,450	23,763	1,041	1,392
4Q2017	1,519	23,831	1,037	1,465
FY2017	\$5,832	95,608	4,116	\$1,417
1Q2018	\$1,511	23,975	1,016	\$1,487
2Q2018	1,655	25,976	1,101	1,503
3Q2018	1,714	26,313	1,133	1,513
4Q2018	1,748	25,420	1,132	1,546
FY2018	\$6,628	101,684	4,382	\$1,513
Pct Change vs. 2017	14%	6%	6%	7%

Mexico

Union Pacific'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 11 percent of UP's total 2018 volume.

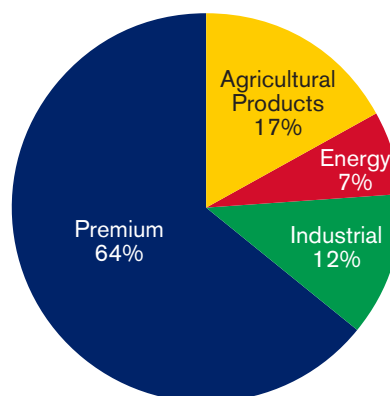
While UP does not physically operate within Mexico, the Company is able to interchange traffic at the border, working in cooperation with the two largest Mexican railroads, Kansas City Southern de Mexico (KCSM) and Ferrocarril Mexicano (Ferromex or FXE). This enables UP to capture opportunities created 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 2018, 53 percent of UP shipments to and from Mexico were interchanged with FXE, with the remaining 47 percent interchanged with KCSM. Union Pacific also retains a 26 percent minority ownership interest in FXE.

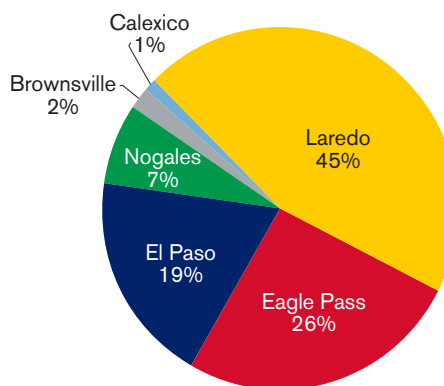
Northbound shipments, which account for just over one-half of UP's overall cross-border traffic with Mexico, have grown during the past ten years alongside increased Mexican manufacturing. Automotive, beer and beverages, and intermodal shipments represent more than 90 percent of northbound moves. Southbound shipments primarily consist of auto parts, intermodal shipments, agricultural products, coal, and petroleum products.

Across UP's four business groups, freight revenue associated with cross-border shipments was \$2.5 billion in 2018, up 10% when compared with 2017. Premium carloads represented the largest share of UP's Mexico revenue and volume during the year.

2018 Carloads



Percent of 2018 UP Carloads at Border Crossings



Graphs include steel-wheel and rubber tire traffic.

Lane Density Map



Lane density based on carloadings. Line thickness depicts traffic density.

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.

Loup Passport - A door-to-door intermodal freight transportation solution for customers throughout Mexico, backed by one of the industry's largest intermodal container fleets and Loup's (a Union Pacific subsidiary company) extensive drayage network. Shipments clear customs at the border and are serviced to and from Union Pacific's border terminals, including Laredo and El Paso, Texas; and Nogales, Arizona, with drayage in and out of Mexico.



Operations Review

We entered 2018 with network congestion on key routes and terminals, compounded by high freight car inventory levels that negatively impacted operational performance during the first half of the year. In response, we embarked on a fundamental shift in our operating philosophy by adopting precision scheduled railroading (PSR) principles with the launch of Unified Plan 2020 on October 1.

Fundamentally, PSR is an operating principle that emphasizes on-time service performance for every rail car, execution accountability, and lean resource utilization, while at the same time improving total safety performance.

Unified Plan 2020 includes several initiatives focused on increasing reliability of our service product, reducing variability in network operations, and improving resource utilization. As a result, network operations improved significantly as we progressed throughout the fourth quarter.

In addition, we began working through a terminal rationalization process to more fully optimize our train operations and crew resources. These potential changes, combined with other G55+0 initiatives, are designed to better align our management structure and decision making processes in conjunction with our Unified Plan 2020 operating model.

Despite our best efforts, we lost a little ground with our safety results in 2018. Our 0.82 reportable personal injury rate increased 4 percent compared to 2017, although this was the best safety performance for all Class I railroads for the fourth year in a row. Our reportable derailment incident rate and crossing incident rate increased 12 and 5 percent, respectively, compared to 2017. The goal is for every employee to return home safely every day and eliminate all derailments. We are committed to making progress toward these goals in 2019.

Unified Plan 2020 Primary Objectives



**FOCUSED ON
MOVING CARS**



**MINIMIZED
CAR DWELL**



**SCHEDULED
SERVICE**



**LOCOMOTIVE
PRODUCTIVITY**

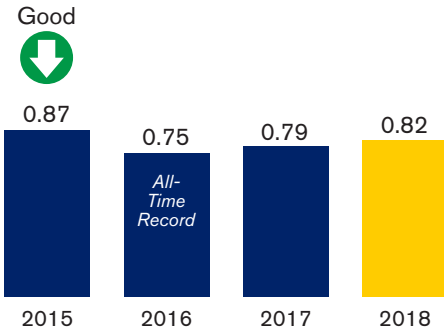


**CREW
AVAILABILITY**

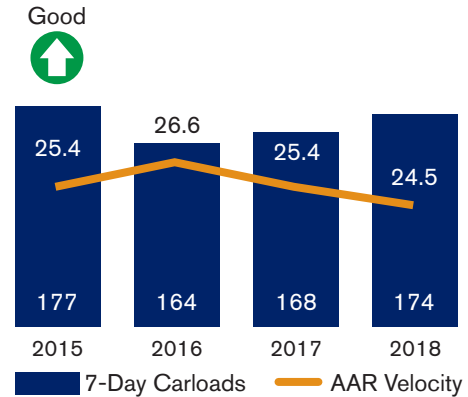
Operations Review

Employee Safety

(Reportable Personal Injury Incidents per 200,000 Employee-Hours)



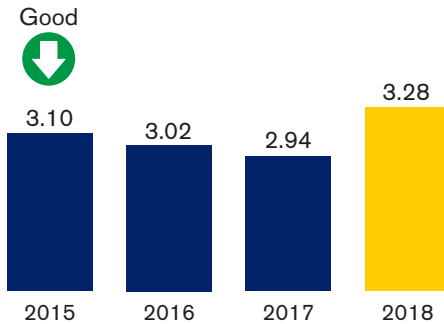
Service and Volume*



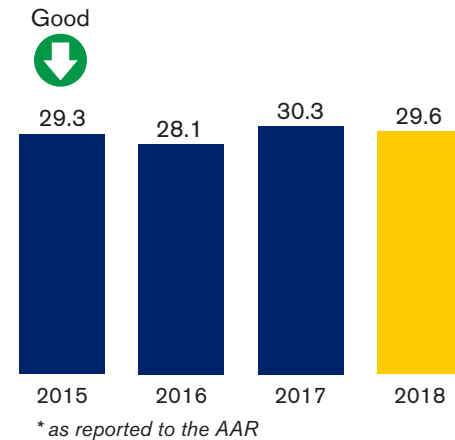
* as reported to the AAR

Rail Equipment Safety

(Reportable Rail Equipment Incidents per Million Train Miles*)

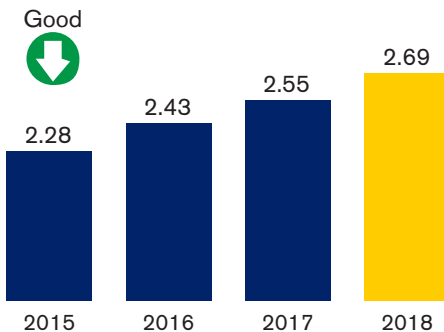


Terminal Dwell*

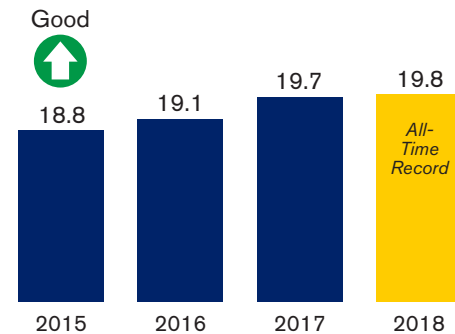


Public Safety

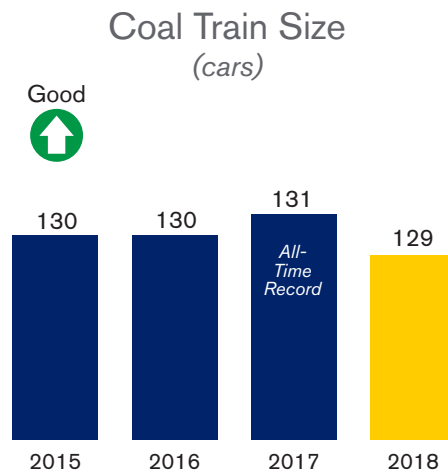
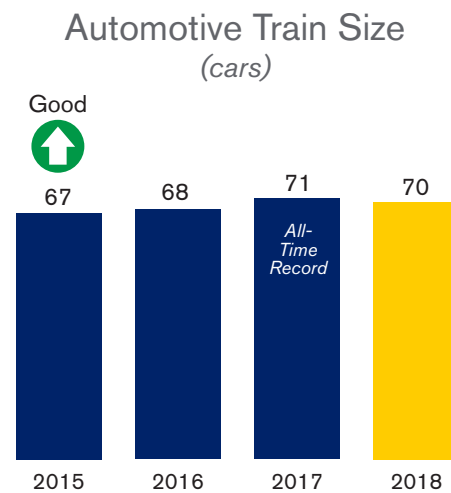
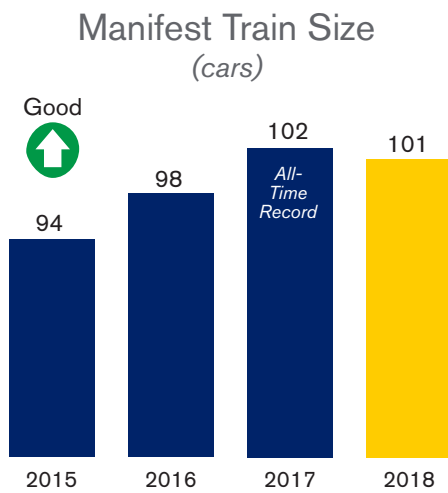
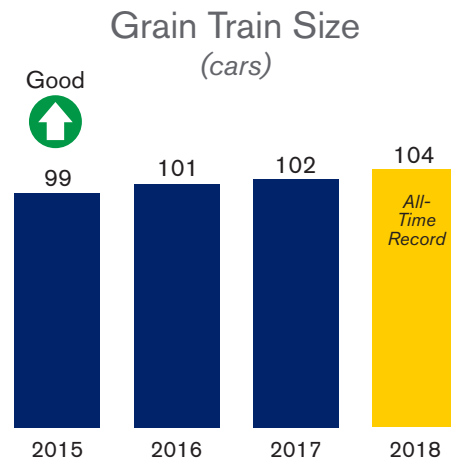
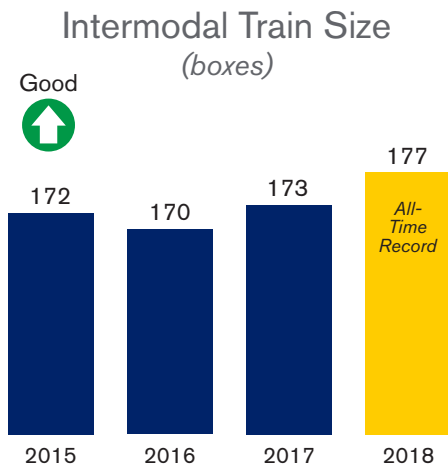
(Crossing Accidents per Million Train Miles)



Terminal Productivity (Cars Switched per Employee Day)

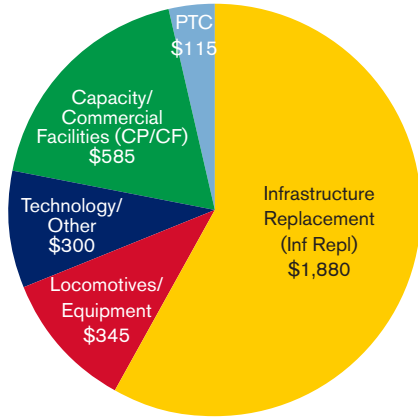


Operations Review

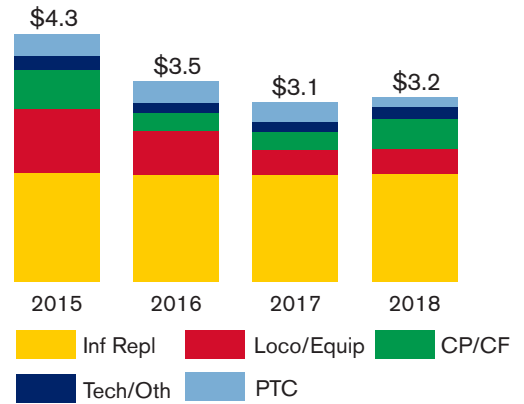


Capital Investments

2019 Capital Plan: ~\$3.2 Billion
 (millions)



Capital Program
 (billions)



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

<i>Millions, Except per Share Amounts, Carloads, Employee Statistics, and Ratios</i>	2018	<i>2017 [a]</i>	<i>2016</i>	<i>2015</i>
For the Year Ended December 31				
Operating revenues [b]	\$ 22,832	\$ 21,240	\$ 19,941	\$ 21,813
Operating income	8,517	8,106	7,243	8,082
Net income	5,966	10,712	4,233	4,772
Earnings per share - basic	7.95	13.42	5.09	5.51
Earnings per share - diluted	7.91	13.36	5.07	5.49
Dividends declared per share	3.06	2.48	2.255	2.20
Cash provided by operating activities	8,686	7,230	7,525	7,344
Cash used in investing activities	(3,411)	(3,086)	(3,393)	(4,476)
Cash used in financing activities	(5,222)	(4,146)	(4,246)	(3,063)
Cash used for common share repurchases	(8,225)	(4,013)	(3,105)	(3,465)
At December 31				
Total assets	\$ 59,147	\$ 57,806	\$ 55,718	\$ 54,600
Long-term obligations [c]	34,098	29,011	32,146	30,692
Debt due after one year	20,925	16,144	14,249	13,607
Common shareholders' equity	20,423	24,856	19,932	20,702
Additional Data				
Freight revenues [b]	\$ 21,384	\$ 19,837	\$ 18,601	\$ 20,397
Revenue carloads (units) (000)	8,908	8,588	8,442	9,062
Operating ratio (%) [d]	62.7	61.8	63.7	62.9
Average employees (000)	42.0	42.0	42.9	47.5
Financial Ratios (%)				
Return on average common shareholders' equity [e]	26.4	47.8	20.8	22.8

[a] 2017 includes a \$5.9 billion non-cash reduction to income tax expense and \$212 million non-cash reduction to operating expenses related to the Tax Cuts and Jobs Act enacted on December 22, 2017.

[b] Includes fuel surcharge revenue of \$1.7 billion, \$966 million, \$560 million, and \$1.3 billion for 2018, 2017, 2016, and 2015, respectively, which partially offsets increased operating expenses for fuel. See 2018 SEC Form 10-K for more information.

[c] Long-term obligations is determined as follows: total liabilities less current liabilities.

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

[e] 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

<i>Millions, Except Per Share Amounts and Percentages</i>	2018				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
Operating Revenues					
Freight revenues	\$ 5,122	\$ 5,317	\$ 5,558	\$ 5,387	\$ 21,384
Other revenues	353	355	370	370	1,448
Total operating revenues	5,475	5,672	5,928	5,757	22,832
Operating Expenses					
Compensation and benefits	1,273	1,241	1,262	1,280	5,056
Fuel	589	643	659	640	2,531
Purchased services and materials	599	630	632	582	2,443
Depreciation	543	546	547	555	2,191
Equipment and other rents	266	265	272	269	1,072
Other	266	248	287	221	1,022
Total operating expenses	3,536	3,573	3,659	3,547	14,315
Operating Income	1,939	2,099	2,269	2,210	8,517
Other income/(expense)	(42)	42	48	46	94
Interest expense	(186)	(203)	(241)	(240)	(870)
Income before income taxes	1,711	1,938	2,076	2,016	7,741
Income taxes	(401)	(429)	(483)	(462)	(1,775)
Net Income	\$ 1,310	\$ 1,509	\$ 1,593	\$ 1,554	\$ 5,966
Share and Per Share					
Earnings per share - basic	\$ 1.69	\$ 1.98	\$ 2.16	\$ 2.13	\$ 7.95
Earnings per share - diluted	\$ 1.68	\$ 1.98	\$ 2.15	\$ 2.12	\$ 7.91
Weighted average number of shares - basic	776.4	760.5	737.4	729.4	750.9
Weighted average number of shares - diluted	779.6	763.7	740.9	732.9	754.3
Dividends declared per share	\$ 0.73	\$ 0.73	\$ 0.80	\$ 0.80	\$ 3.06
Operating Ratio	64.6%	63.0%	61.7%	61.6%	62.7%
Effective Tax Rate	23.4%	22.1%	23.3%	22.9%	22.9%

Refer to the Union Pacific Corporation 2018 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

<i>Millions, Except Per Share Amounts and Percentages</i>	2017				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
Operating Revenues					
Freight revenues	\$ 4,794	\$ 4,906	\$ 5,050	\$ 5,087	\$ 19,837
Other revenues	338	344	358	363	1,403
Total operating revenues	5,132	5,250	5,408	5,450	21,240
Operating Expenses					
Compensation and benefits	1,262	1,204	1,237	1,236	4,939
Purchased services and materials	566	597	615	585	2,363
Depreciation	520	525	528	532	2,105
Fuel	460	434	450	547	1,891
Equipment and other rents	276	273	275	64	888
Other	260	219	230	239	948
Total operating expenses	3,344	3,252	3,335	3,203	13,134
Operating Income	1,788	1,998	2,073	2,247	8,106
Other income	72	50	90	33	245
Interest expense	(172)	(179)	(180)	(188)	(719)
Income before income taxes	1,688	1,869	1,983	2,092	7,632
Income taxes	(616)	(701)	(789)	5,186	3,080
Net Income	\$ 1,072	\$ 1,168	\$ 1,194	\$ 7,278	\$ 10,712
Share and Per Share					
Earnings per share - basic	\$ 1.32	\$ 1.45	\$ 1.50	\$ 9.29	\$ 13.42
Earnings per share - diluted	\$ 1.32	\$ 1.45	\$ 1.50	\$ 9.25	\$ 13.36
Weighted average number of shares - basic	811.5	804.1	794.5	783.6	798.4
Weighted average number of shares - diluted	814.8	807.2	797.6	787.0	801.7
Dividends declared per share	\$ 0.605	\$ 0.605	\$ 0.605	\$ 0.665	\$ 2.48
Operating Ratio	65.2%	61.9%	61.7%	58.8%	61.8%
Effective Tax Rate	36.5%	37.5%	39.8%	(247.9%)	(40.4%)

Refer to the Union Pacific Corporation 2018 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>	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,273	\$ 1,275
Short-term investments	60	90
Accounts receivable, net	1,755	1,493
Materials and supplies	742	749
Other current assets	333	399
Total current assets	4,163	4,006
Investments	1,912	1,809
Properties:		
Land	5,264	5,258
Road	52,339	50,837
Equipment	13,061	12,877
Technology and other	2,141	1,841
Accumulated depreciation	(20,126)	(19,208)
Net properties	52,679	51,605
Other assets	393	386
Total assets	\$ 59,147	\$ 57,806
Liabilities and Common Shareholders' Equity		
Current liabilities:		
Debt due within one year	\$ 1,466	\$ 800
Accounts payable	872	1,013
Income and other taxes payable	694	547
Accrued wages and vacation	384	384
Interest payable	317	220
Accrued casualty costs	211	194
Equipment rents payable	107	110
Other	575	671
Total current liabilities	4,626	3,939
Debt due after one year	20,925	16,144
Deferred income taxes	11,302	10,936
Other long-term liabilities	1,871	1,931
Commitments and contingencies		
Total liabilities	38,724	32,950
Common shareholders' equity:		
Common shares, \$2.50 par value, 1,400,000,000 authorized; 1,111,739,781 and 1,111,371,304 issued; 725,056,690 and 780,917,756 outstanding, respectively	2,779	2,778
Paid-in-surplus	4,449	4,476
Retained earnings	45,284	41,317
Treasury stock	(30,674)	(22,574)
Accumulated other comprehensive loss	(1,415)	(1,141)
Total common shareholders' equity	20,423	24,856
Total liabilities and common shareholders' equity	\$ 59,147	\$ 57,806

Refer to the Union Pacific Corporation 2018 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>	2018	2017	2016	2015
Operating Activities				
Net income	\$ 5,966	\$ 10,712	\$ 4,233	\$ 4,772
Adjustments to reconcile net income to cash provided by operating activities:				
Depreciation	2,191	2,105	2,038	2,012
Deferred and other income taxes	338	(5,067)	831	765
Net gain on non-operating asset dispositions	(30)	(111)	(94)	(144)
Other operating activities, net	347	(282)	(228)	116
Changes in current assets and liabilities:				
Accounts receivable, net	(262)	(235)	98	255
Materials and supplies	7	(32)	19	(24)
Other current assets	(24)	9	22	(47)
Accounts payable and other current liabilities	(125)	182	232	(276)
Income and other taxes	278	(51)	374	(85)
Cash provided by operating activities	8,686	7,230	7,525	7,344
Investing Activities				
Capital Investments	(3,437)	(3,238)	(3,505)	(4,650)
Purchases of short-term investments	(90)	(120)	(580)	-
Maturities of short-term investments	90	90	520	-
Proceeds from asset sales	63	168	129	251
Other investing activities, net	(37)	14	43	(77)
Cash used in investing activities	(3,411)	(3,086)	(3,393)	(4,476)
Financing Activities				
Share repurchase programs	(8,225)	(4,013)	(3,105)	(3,465)
Debt issued	6,892	2,735	1,983	3,328
Dividends paid	(2,299)	(1,982)	(1,879)	(2,344)
Debt repaid	(1,736)	(840)	(1,013)	(556)
Net issuance of commercial paper	194	-	-	-
Debt exchange	-	-	(191)	-
Other financing activities, net	(48)	(46)	(41)	(26)
Cash used in financing activities	(5,222)	(4,146)	(4,246)	(3,063)
Net change in cash, cash equivalents and restricted cash	53	(2)	(114)	(195)
Cash, cash equivalents, and restricted cash at beginning of year	1,275	1,277	1,391	1,586
Cash and cash equivalents at end of year	\$ 1,328	\$ 1,275	\$ 1,277	\$ 1,391
Supplemental Cash Flow Information				
Non-cash investing and financing activities:				
Term loan renewals	\$ 250	\$ -	\$ -	\$ -
Capital investments accrued but not yet paid	205	366	223	100
Capital lease financings	12	19	-	13
Cash paid during the year for:				
Income taxes, net of refunds	\$ (1,205)	\$ (2,112)	\$ (1,347)	\$ (2,156)
Interest, net of amounts capitalized	(728)	(666)	(652)	(592)

Refer to the Union Pacific Corporation 2018 SEC Form 10-K for additional information.

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

Financial and Revenue Statistics	2018				
	<i>1st Qtr</i>	<i>2nd Qtr</i>	<i>3rd Qtr</i>	<i>4th Qtr</i>	<i>Full Year</i>
Operating revenues (millions)	\$ 5,475	\$ 5,672	\$ 5,928	\$ 5,757	\$ 22,832
Operating expenses (millions)	\$ 3,536	\$ 3,573	\$ 3,659	\$ 3,547	\$ 14,315
Operating ratio (%)	64.6	63.0	61.7	61.6	62.7
Compensation and benefits (millions)	\$ 1,273	\$ 1,241	\$ 1,262	\$ 1,280	\$ 5,056
Compensation and benefits/Operating revenue (%)	23.3	21.9	21.3	22.2	22.1
Freight revenue/Average employees (000)	122.7	126.3	131.3	129.2	512.8
Fuel expense (millions)	\$ 589	\$ 643	\$ 659	\$ 640	\$ 2,531
Average fuel price per gallon consumed [a]	\$ 2.13	\$ 2.30	\$ 2.38	\$ 2.33	\$ 2.29
Freight revenues (millions)	\$ 5,122	\$ 5,317	\$ 5,558	\$ 5,387	\$ 21,384
Average revenue per car	\$ 2,411	\$ 2,389	\$ 2,399	\$ 2,403	\$ 2,400
Freight revenue/Revenue ton-mile (cents)	\$ 4.38	\$ 4.51	\$ 4.52	\$ 4.64	\$ 4.51
Effective tax rate (%)	23.4	22.1	23.3	22.9	22.9
Operating Statistics					
Revenue carloads (thousands)	2,125	2,225	2,316	2,242	8,908
Revenue ton-miles (billions)	117	118	123	116	474
Gross ton-miles (billions)	227	231	240	231	929
Average train speed (miles per hour) [b]	24.8	24.7	24.0	24.4	24.5
Average system dwell (hours) [b]	33.0	29.5	29.3	26.7	29.6
Fuel consumed (millions of gallons)	267	270	266	265	1,068
Employees (average)	41,735	42,114	42,323	41,696	41,697
GTMs per employee (millions)	5.44	5.48	5.67	5.53	22.13

[a] Including taxes and transportation costs.

[b] As reported to the Association of American Railroads.

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

Financial and Revenue Statistics	2017				
	<i>1st Qtr</i>	<i>2nd Qtr</i>	<i>3rd Qtr</i>	<i>4th Qtr</i>	<i>Full Year</i>
Operating revenues (millions)	\$ 5,132	\$ 5,250	\$ 5,408	\$ 5,450	\$ 21,240
Operating expenses (millions)	\$ 3,344	\$ 3,252	\$ 3,335	\$ 3,203	\$ 13,134
Operating ratio (%)	65.2	61.9	61.7	58.8	61.8
Compensation and benefits (millions)	\$ 1,262	\$ 1,204	\$ 1,237	\$ 1,236	\$ 4,939
Compensation and benefits/Operating revenue (%)	24.6	22.9	22.9	22.7	23.3
Freight revenue/Average employees (000)	114.0	116.1	120.1	122.3	472.4
Fuel expense (millions)	\$ 460	\$ 434	\$ 450	\$ 547	\$ 1,891
Average fuel price per gallon consumed [a]	\$ 1.75	\$ 1.69	\$ 1.77	\$ 2.03	\$ 1.81
Freight revenues (millions)	\$ 4,794	\$ 4,906	\$ 5,050	\$ 5,087	\$ 19,837
Average revenue per car	\$ 2,297	\$ 2,287	\$ 2,307	\$ 2,348	\$ 2,310
Freight revenue/Revenue ton-mile (cents)	\$ 4.21	\$ 4.27	\$ 4.24	\$ 4.27	\$ 4.25
Effective tax rate (%)	36.5	37.5	39.8	(247.9)	(40.4)
Operating Statistics					
Revenue carloads (thousands)	2,088	2,145	2,188	2,167	8,588
Revenue ton-miles (billions)	114	115	119	119	467
Gross ton-miles (billions)	218	222	229	230	899
Average train speed (miles per hour) [b]	25.7	25.4	25.4	25.1	25.4
Average system dwell (hours) [b]	30.6	28.3	30.0	32.5	30.3
Fuel consumed (millions of gallons)	253	246	245	260	1,004
Employees (average)	42,069	42,256	42,056	41,589	41,992
GTMs per employee (millions)	5.18	5.25	5.44	5.52	21.40

[a] Including taxes and transportation costs.

[b] As reported to the Association of American Railroads.

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, not a substitute for, the reported GAAP results.

Free Cash Flow

Cash provided by operating activities less cash used in investing activities and dividends paid. Free cash flow 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 our financial performance and measures our ability to generate cash without additional external financing. Free cash flow should be considered in addition to, rather than as a substitute for, cash provided by operating activities.

Return on Invested Capital

Net income plus interest expense and interest on average present value of operating leases less taxes on interest divided by average equity plus average debt plus average present value of operating leases. ROIC 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 efficiency and effectiveness of the Company's long-term capital investments. In addition, we currently use ROIC as a performance criteria in determining certain elements of equity compensation for our executives. 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.

Net Return on Invested Capital

Net ROIC 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 efficiency and effectiveness of our long-term capital investments. We use Net ROIC to demonstrate year over year comparability for significant items. Net 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.

Adjusted Debt to EBITDA

Total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation divided by net income less other income plus income tax expense, depreciation, interest expense, and interest on present value of operating leases. Adjusted debt to adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, and interest on present value of operating leases) 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. At December 31, 2018, in transition to the adoption of the new lease accounting standard on January 1, 2019, the incremental borrowing rate on operating leases was 3.7%. At December 31, 2017, 2016, and 2015, operating leases were discounted using our effective interest rate on debt of 4.6%, 4.7%, and 4.8%, respectively.

Adjusted Financial Performance

Adjusted financial performance results exclude the impact of certain items identified as affecting comparability. We use adjusted operating income, adjusted income taxes, adjusted net income, adjusted diluted earnings per share ("EPS") and adjusted operating ratio, as applicable, among other measures, to evaluate our actual operating performance. We believe these non-GAAP measures provide relevant and useful information for management and investors because they clarify our actual operating performance by excluding certain significant items that are not considered indicative of future financial trends and allow investors to review performance in the same way as our management. 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, operating income, income taxes, net income, diluted EPS, and operating ratio, as indicators of operating performance.

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

Non-GAAP Measures Reconciliation to GAAP (unaudited)

Free Cash Flow

<i>Millions</i>	2018	2017	2016	2015
Cash provided by operating activities	\$ 8,686	\$ 7,230	\$ 7,525	\$ 7,344
Cash used in investing activities	(3,411)	(3,086)	(3,393)	(4,476)
Dividends paid	(2,299)	(1,982)	(1,879)	(2,344)
Free cash flow	\$ 2,976	\$ 2,162	\$ 2,253	\$ 524

Return on Average Common Shareholders' Equity

<i>Millions, Except Percentages</i>	2018	2017	2016	2015
Net income	\$ 5,966	\$ 10,712	\$ 4,233	\$ 4,772
Average equity	\$ 22,640	\$ 22,394	\$ 20,317	\$ 20,946
Return on average common shareholders' equity	26.4%	47.8%	20.8%	22.8%

Return on Invested Capital as Adjusted (ROIC)

<i>Millions, Except Percentages</i>	2018	2017	2016	2015
Net income	\$ 5,966	\$ 10,712	\$ 4,233	\$ 4,772
Interest expense	870	719	698	622
Interest on average present value of operating leases	82	105	121	135
Taxes on interest	(218)	(309)	(306)	(285)
Net operating profit after taxes as adjusted (a)	\$ 6,700	\$ 11,227	\$ 4,746	\$ 5,244
Average equity	\$ 22,640	\$ 22,394	\$ 20,317	\$ 20,946
Average debt	19,668	15,976	14,604	12,807
Average present value of operating leases	2,206	2,288	2,581	2,814
Average invested capital as adjusted (b)	\$ 44,514	\$ 40,658	\$ 37,502	\$ 36,567
Return on invested capital as adjusted (a/b)	15.1%	27.6%	12.7%	14.3%

Net Return on Invested Capital as Adjusted (Net ROIC)

	2018	2017	2016	2015
Return on invested capital as adjusted	15.1%	27.6%	12.7%	14.3%
Factors Affecting Comparability:				
Adjustments for Tax Cuts and Jobs Act [a]	N/A	(13.9)	N/A	N/A
Net Return on Invested Capital as Adjusted	15.1%	13.7%	12.7%	14.3%

[a] Adjustments remove the Tax Cuts and Jobs Act impact of \$5.9 billion and \$139 million from both 12/31/17 Net Income and 12/31/17 Shareholders' Equity.

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

Non-GAAP Measures Reconciliation to GAAP (unaudited)

Adjusted Debt / Adjusted EBITDA

<i>Millions, Except Ratios</i>	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Net income	\$ 5,966	\$ 10,712	\$ 4,233	\$ 4,772
Less:				
Other income	94	245	221	196
Add:				
Income tax expense/(benefit)	1,775	(3,080)	2,533	2,884
Depreciation	2,191	2,105	2,038	2,012
Interest expense	870	719	698	622
EBITDA	\$ 10,708	\$ 10,211	\$ 9,281	\$ 10,094
Interest on present value of operating leases	84	98	114	131
Adjusted EBITDA (a)	\$ 10,792	\$ 10,309	\$ 9,395	\$ 10,225
Debt	\$ 22,391	\$ 16,944	\$ 15,007	\$ 14,201
Net present value of operating leases	2,271	2,140	2,435	2,726
Unfunded pension and OPEB, net of taxes of \$135, \$238, \$261, and \$280	456	396	436	463
Adjusted debt (b)	\$ 25,118	\$ 19,480	\$ 17,878	\$ 17,390
Adjusted debt / Adjusted EBITDA (b/a)	2.3	1.9	1.9	1.7

2017 Financial Performance Adjusted for Tax Cuts and Jobs Act

<i>Millions, Except Per Share Amounts and Percentages For the Year Ended December 31, 2017</i>	<i>Operating Income</i>	<i>Income Taxes</i>	<i>Net Income</i>	<i>Diluted EPS</i>	<i>Operating Ratio</i>
Reported results* (GAAP)	\$ 8,106	\$ (3,080)	\$ 10,712	\$ 13.36	61.8 %
Factors Affecting Comparability:					
Adjustments for Tax Cuts and Jobs Act					
Equity-method affiliates	(212)	(73)	(139)	(0.17)	1.0 pts
Deferred taxes	-	5,935	(5,935)	(7.40)	-
Adjusted results (non-GAAP)	\$ 7,894	\$ 2,782	\$ 4,638	\$ 5.79	62.8 %

* Adjusted for the retrospective adoption of ASU 2017-07, which was effective January 1, 2018.

Cautionary Information

The 2018 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 2018 as filed on February 8, 2019 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 increasing shareholder returns and revenue; challenges and opportunities for each of the Company's commodity groups and its Mexico business; market drivers in 2019 and beyond; capital investments in 2019; 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 improvements and the Company's 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 Item 8 of the Annual Report.