UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES
Non-GAAP Measures Reconciliation to GAAP

Free Cash Flow*

Millions, for the Six Months Ended June 30,	***2019***	*2018*
Cash provided by operating activities	**$ 3,900**	$ 4,033
Cash used in investing activities	**(1,610)**	(1,625)
Dividends paid	**(1,248)**	(1,125)
Free cash flow	**$ 1,042**	$ 1,283

* Free cash flow is defined as 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.

Adjusted Debt / Adjusted EBITDA*

Millions, Except Ratios for the Trailing Twelve Months Ended [a]	***Jun. 30, 2019***	*Dec. 31, 2018*	*Dec. 31, 2017*	*Dec. 31, 2016*	*Dec. 31, 2015*
Net income	**$ 6,108**	$ 5,966	$ 10,712	$ 4,233	$ 4,772
Less:					
Other income	**228**	94	245	221	196
Add:					
Income tax expense/(benefit)	**1,832**	1,775	(3,080)	2,533	2,884
Depreciation	**2,202**	2,191	2,105	2,038	2,012
Interest expense	**987**	870	719	698	622
EBITDA	**$ 10,901**	$ 10,708	$ 10,211	$ 9,281	$ 10,094
Interest on operating lease liabilities**	**76**	84	98	114	131
Adjusted EBITDA (a)	**$ 10,977**	$ 10,792	$ 10,309	$ 9,395	$ 10,225
Debt	**$ 25,252**	$ 22,391	$ 16,944	$ 15,007	$ 14,201
Operating lease liabilities***	**2,054**	2,271	2,140	2,435	2,726
Unfunded pension and OPEB, net of taxes of $108, $135, $238, $261, and $280	**359**	456	396	436	463
Adjusted debt (b)	**$ 27,665**	$ 25,118	$ 19,480	$ 17,878	$ 17,390
Adjusted debt / Adjusted EBITDA (b/a)	**2.5**	2.3	1.9	1.9	1.7

[a] The trailing twelve months income statement information ended June 30, 2019 is recalculated by taking the twelve months ended December 31, 2018, subtracting the six months ended June 30, 2018, and adding the six months ended June 30, 2019.

* Total debt plus operating lease liabilities 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 operating lease liabilities. Adjusted debt to adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, and interest on operating lease liabilities) is considered a non-GAAP financial measure by SEC Regulation G and Item 10 of SEC Regulation S-K and may not be defined and calculated by other companies in the same manner. We believe this measure is important to management and investors in evaluating the Company's ability to sustain given debt levels (including leases) with the cash generated from operations. In addition, a comparable measure is used by rating agencies when reviewing the Company's credit rating. Adjusted debt to Adjusted EBITDA should be considered in addition to, rather than as a substitute for, net income. The table above provides reconciliations from net income to adjusted debt to adjusted EBITDA. At both June 30, 2019 and December 31, 2018, the incremental borrowing rate on operating lease liabilities 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.

** 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 Standards 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 adoption, the present value of operating leases was used in this calculation.