



Union Pacific Corporation
2017 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. From 2008-2017, Union Pacific invested approximately \$34 billion in its network and operations to support America's transportation infrastructure. The railroad's diversified business mix includes Agricultural Products, Energy, Industrial and Premium. 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



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Key Metrics and Facts

Key Financial and Operating Metrics

	2017	2016	2015	2014	2013
Operating Revenue (millions)	\$21,240	\$19,941	\$21,813	\$23,988	\$21,963
Operating Income (millions)*	\$7,894	\$7,272	\$8,052	\$8,753	\$7,446
Operating Ratio*	62.8%	63.5%	63.1%	63.5%	66.1%
Operating Margin*	37.2%	36.5%	36.9%	36.5%	33.9%
Revenue Carloads (thousands)	8,588	8,442	9,062	9,625	9,022
Revenue Ton-Miles (millions)	466,721	440,139	485,035	549,629	514,272
Gross Ton-Miles (GTMs) (millions)	898,746	856,895	927,677	1,014,905	949,065
Fuel Consumed in Gallons (millions)	1,004	974	1,064	1,158	1,091
Average Fuel Price per Gallon Consumed	\$1.81	\$1.48	\$1.84	\$2.97	\$3.15
Employees (average)	41,992	42,919	47,457	47,201	46,445
GTMs (millions) per employee	21.40	19.97	19.55	21.50	20.43
Average Train Speed (miles per hour)	25.4	26.6	25.4	24.0	26.0
Average Terminal Dwell Time (hours)	30.3	28.1	29.3	30.3	27.1

2017 Facts (As of 12/31/2017)

2017 Track Miles

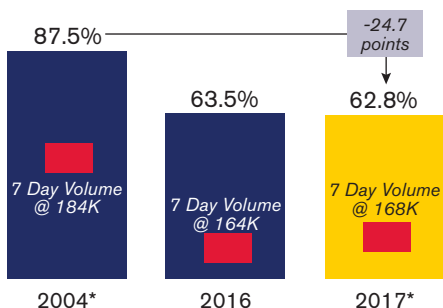
Route	32,122	Track Miles of Rail Replaced	746
Other Main Line	7,107	Track Miles of Rail Capacity Expansion	32
Passing Lines and Turnouts	3,255	Miles of Track Surfaced	11,418
Switching and Classification Yard Lines	<u>9,199</u>	Total New Ties Installed (thousands)	4,347
Total Miles	51,683		

Rail Equipment	Owned	Leased	Total	Avg. Age (years)
Locomotives				
Multiple Purpose	6,392	1,852	8,244	20.0
Switching	213	12	225	36.9
Other	<u>47</u>	<u>57</u>	<u>104</u>	<u>38.5</u>
Total Locomotives	6,652	1,921	8,573	N/A
Freight Cars				
Covered Hoppers	13,804	12,629	26,433	20.4
Open Hoppers	6,897	2,427	9,324	30.9
Gondolas	5,798	2,772	8,570	26.7
Boxcars	2,957	6,780	9,737	36.1
Refrigerated Cars	2,600	3,486	6,086	25.4
Flat Cars	2,533	1,147	3,680	32.4
Other	<u>8</u>	<u>353</u>	<u>361</u>	<u>29.9</u>
Total Freight Cars	34,597	29,594	64,191	N/A
Highway Revenue Equipment				
Containers	38,655	15,327	53,982	8.8
Chassis	<u>23,711</u>	<u>21,771</u>	<u>45,482</u>	<u>10.9</u>
Total Highway Revenue Equipment	62,366	37,098	99,464	N/A

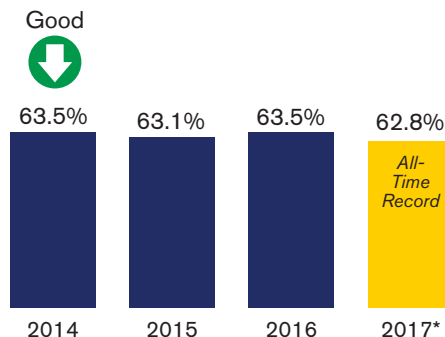
* 2017 adjusted to exclude the impact of Corporate Tax Reform and include the retrospective adoption of ASU 2017-07. See page 36 for a reconciliation to GAAP.

Financial Results

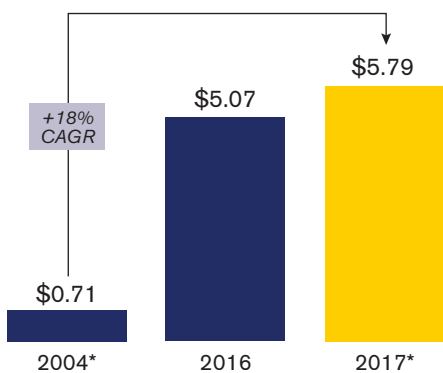
Operating Ratio



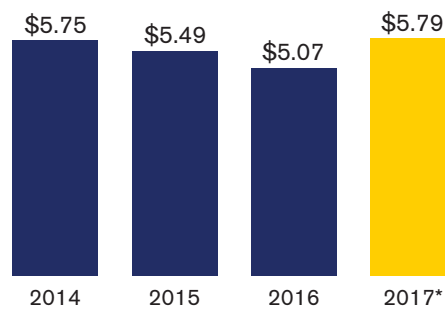
Operating Ratio



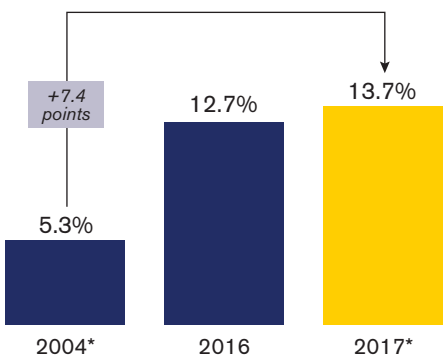
Earnings per Share



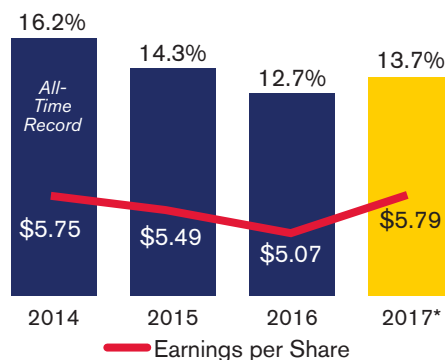
Earnings per Share



Return on Invested Capital



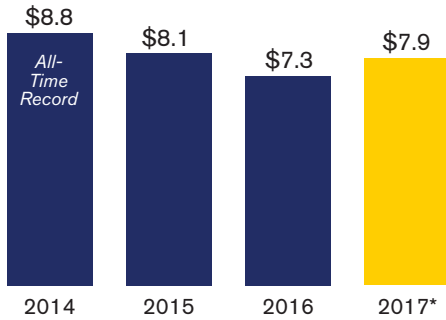
Return on Invested Capital



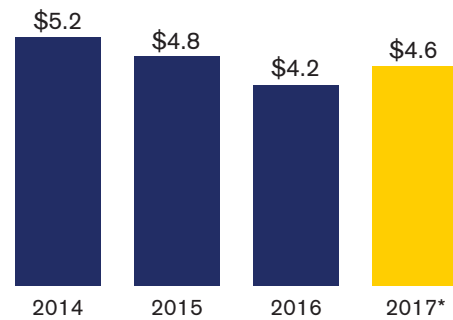
* 2004 adjusted for asbestos pre-tax charge of 247.4 million. 2017 adjusted to exclude the impact of Corporate Tax Reform and include the retrospective adoption of ASU 2017-07. See page 36 for a reconciliation to GAAP.

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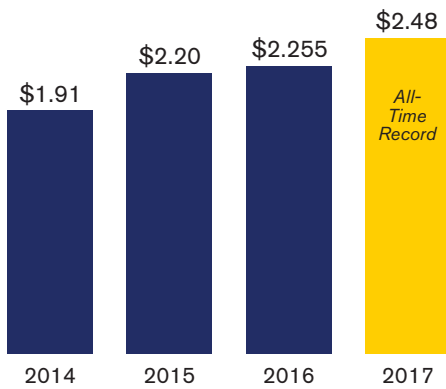
Operating Income
(billions)



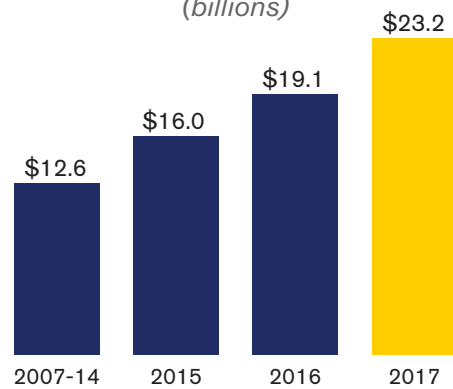
Net Income
(billions)



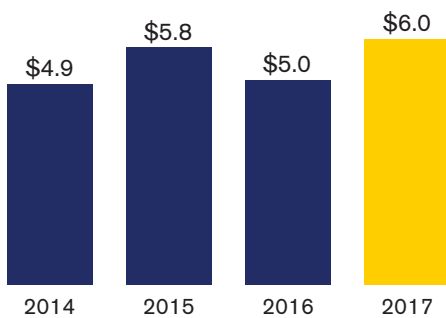
Declared Dividends per Share



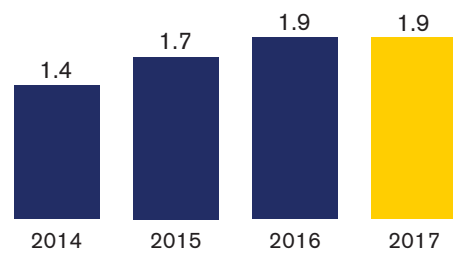
Cumulative Share Repurchases
(billions)



Cash Returned to Shareholders

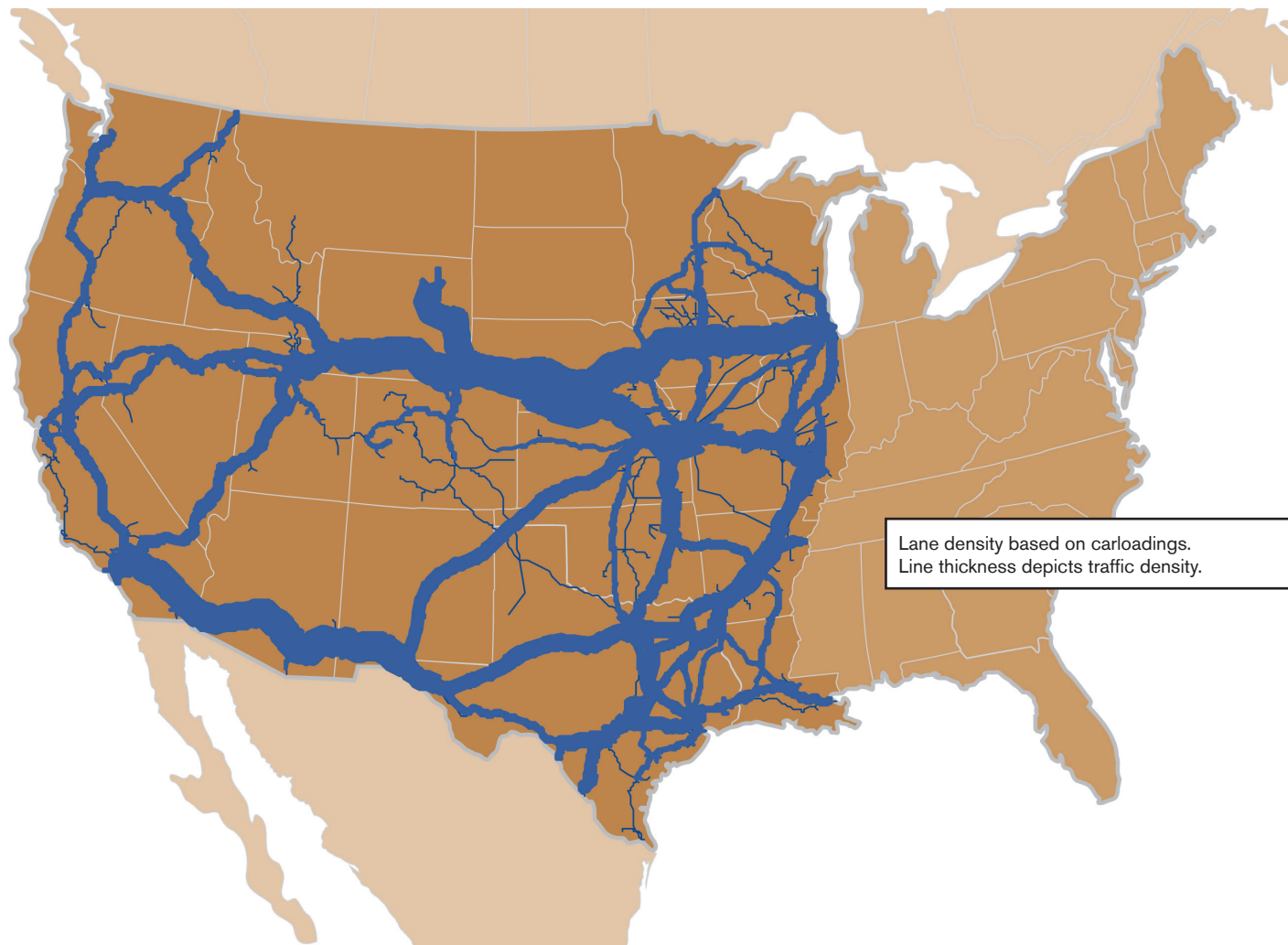


Adjusted Debt/EBITDA



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

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Track and Terminal Density

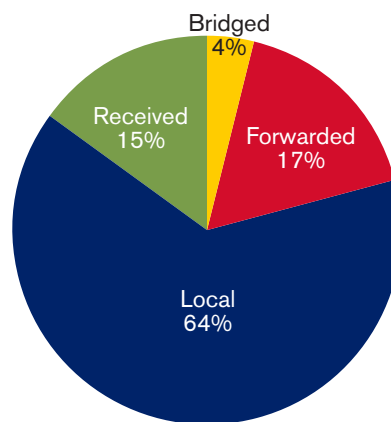
Major Classification Yards

- 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

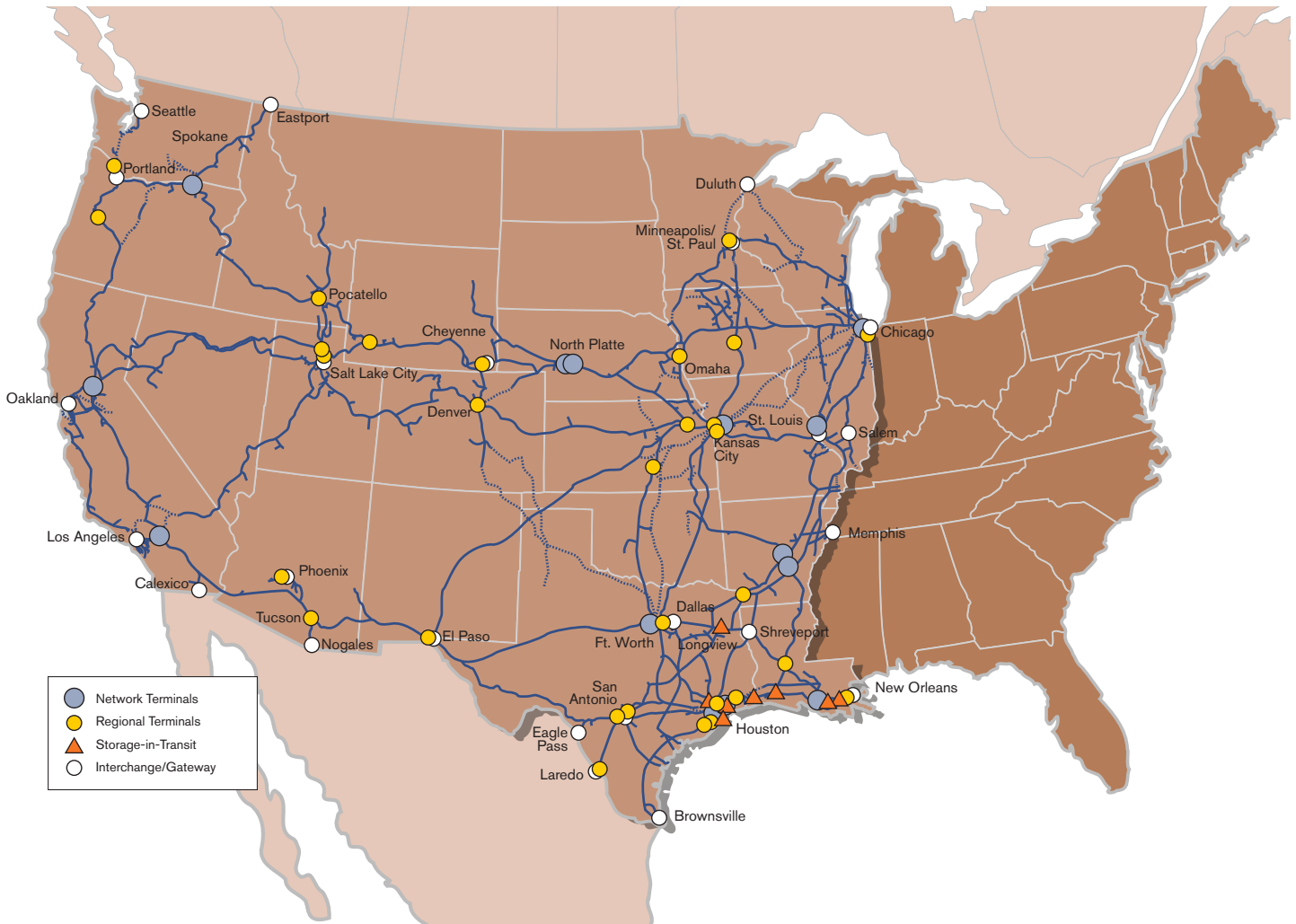
- Chicago (Global I), Illinois
- Chicago (Global II), Illinois
- City of Industry, California
- Dallas (DIT), Texas
- East Los Angeles, California
- Joliet (Global IV), Illinois
- Lathrop, California
- Los Angeles (ICTF), California
- Memphis (Marion), Tennessee
- Mesquite, Texas

Track Classification - 2017 Carloads



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

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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 2017, manifest traffic represented 27 percent of the Company's volume and 45 percent of freight revenue.

Freight Traffic - 2017 Carloads

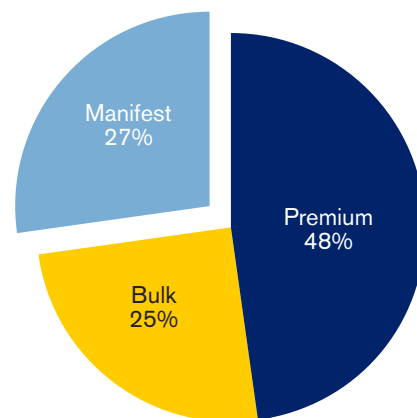
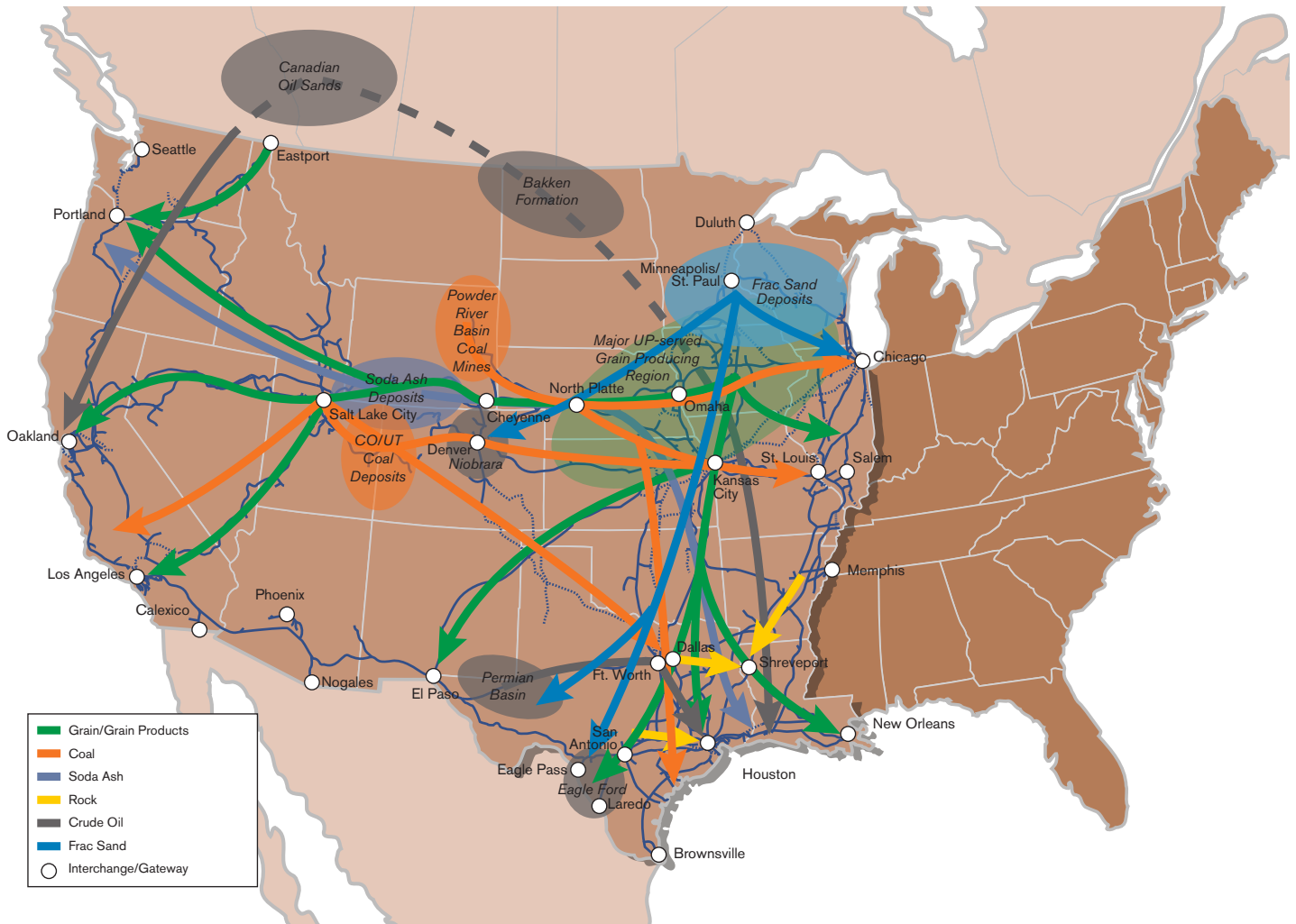


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Bulk Network

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. The majority of our frac sand unit trains currently move from the upper Midwest to the major shale producing regions. The Railroad designed its bulk network to handle high-volume, efficient, point-to-point moves. Operating this network represents a core competency and franchise strength for UP. In 2017, bulk traffic represented 25 percent of the Company's volume and 26 percent of freight revenue.

Freight Traffic - 2017 Carloads

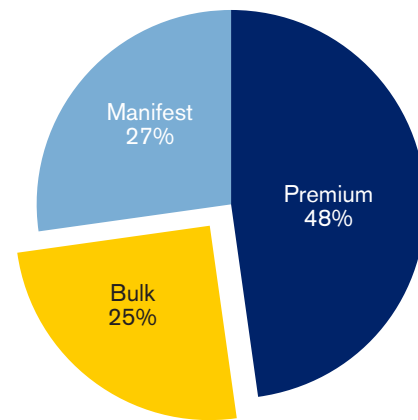


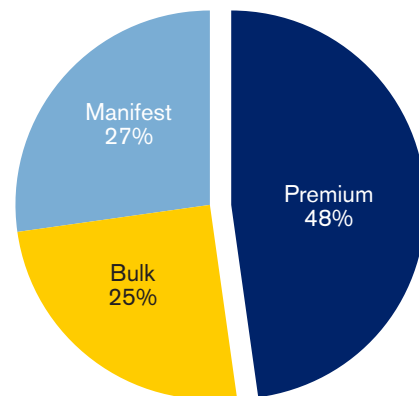
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Premium Network

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 2017, premium traffic represented 48 percent of the Company's volume and 29 percent of freight revenue.

Freight Traffic - 2017 Carloads



Marketing & Sales Review

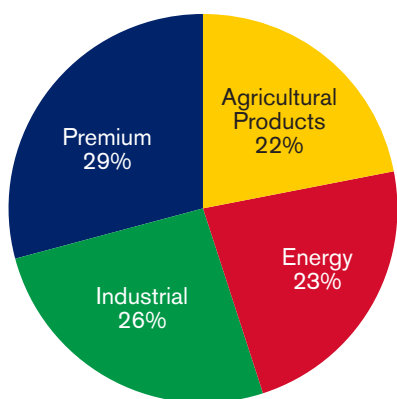
Union Pacific moves the goods American families and businesses use every day, including the food we eat, the cars we drive, the chemicals to clean our water and the steel to build our communities. We have roughly 10,000 customers and work to deliver their products in a safe, reliable, fuel-efficient 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 2017, nearly 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.



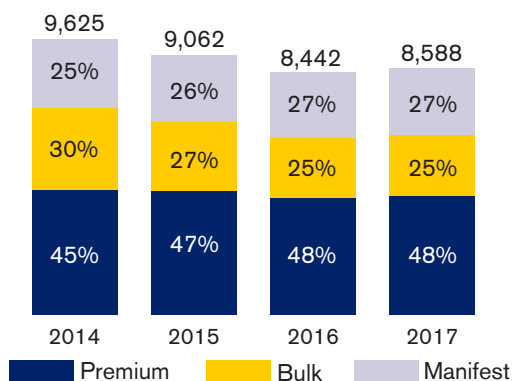
2017 Freight Revenue



Freight Revenue (millions)

	2017	2016	Percent Change vs. 2016
Agricultural Products	\$4,303	\$4,209	2%
Energy	4,498	3,715	21%
Industrial	5,204	4,964	5%
Premium	5,832	5,713	2%
Total	\$19,837	\$18,601	7%

Freight Traffic Trends (carloads in thousands)



2017 Carload Composition

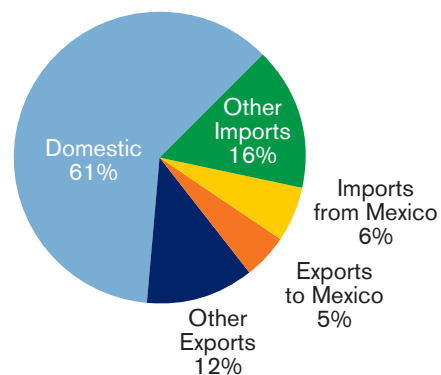


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Annual Summary by Quarter

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue per Car
1Q2016	\$4,502	104,663	2,044	\$2,202
2Q2016	4,430	102,875	2,048	2,163
3Q2016	4,837	117,483	2,204	2,195
4Q2016	4,832	115,118	2,146	2,251
FY2016	\$18,601	440,139	8,442	\$2,203
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
Pct Change vs. 2016	7%	6%	2%	5%

Agricultural Products

Approximately 65 percent of UP's Agricultural Products business moves on the Railroad's manifest network, allowing shippers of all sizes to benefit from efficient, value-added rail service. Unit trains, which transport a single commodity efficiently between producers and export terminals or domestic markets, comprise the remaining 35 percent of Agricultural Products shipments. Almost 60 percent of these unit trains operate within the confines of UP's shuttle program, which allows qualifying customers exclusive use of unit train sets for a pre-determined amount of time, providing guaranteed capacity in exchange for their commitment.

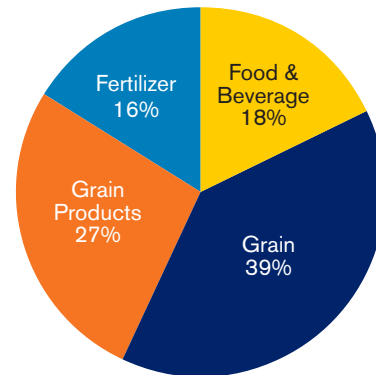
U.S. grain production is a principal volume driver within our Agricultural Products portfolio, with corn supply and demand having the largest impact as average corn yields are roughly three times that of soybeans or wheat. Global crop supply and commodity prices can also impact demand for U.S. grain as approximately 40 percent of UP's 2017 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.

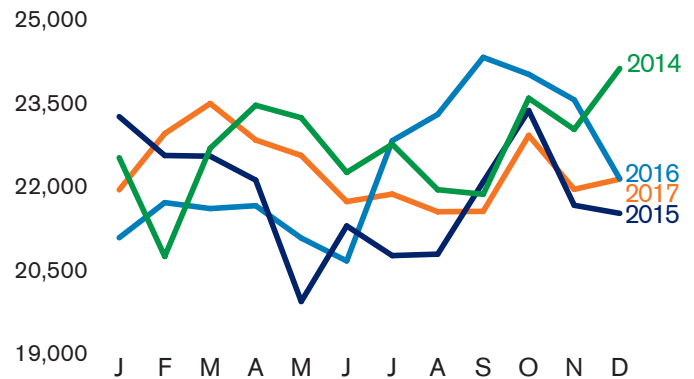
Fertilizer movements, which include shipments of nitrogen, phosphate, and potash, originate in the Gulf Coast region, the Western U.S., and Canada (through interline access) for delivery to major agricultural users in the Midwest and Western U.S., as well as abroad.

UP has the ability to serve Canadian and Mexican markets through interchange agreements with other railroads. In 2017, approximately 60 percent of Agricultural Products shipments to and from Mexico consisted of 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.

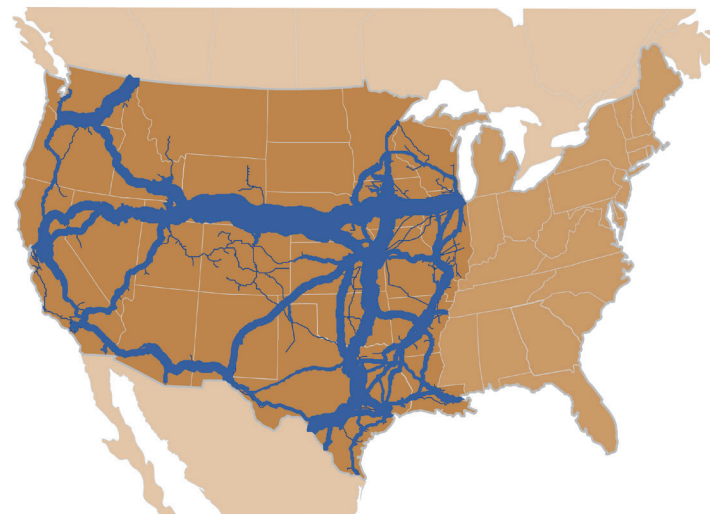
2017 Carloads



7-Day Volume (carloads)



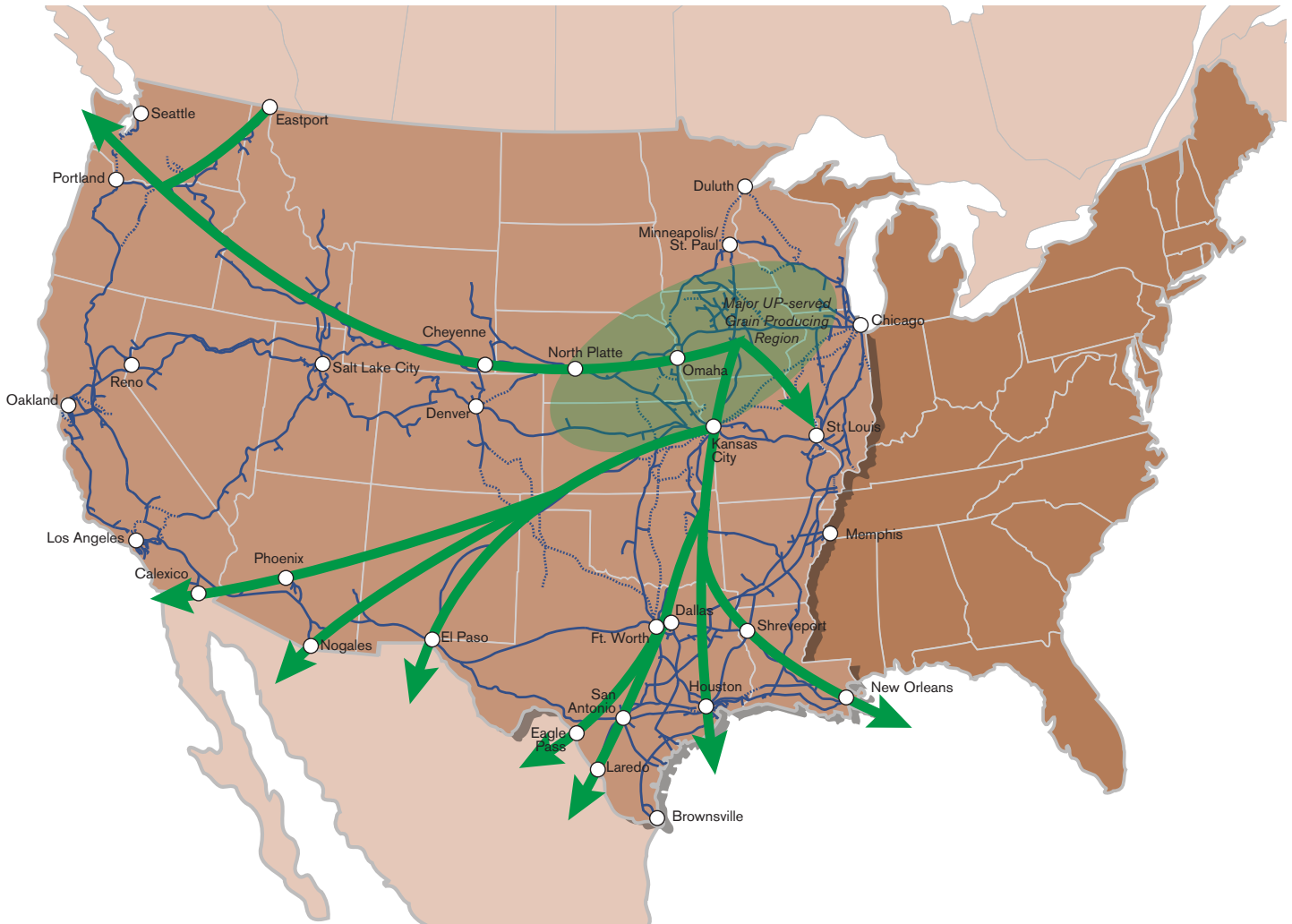
Lane Density Map



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

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Export Grain Flows



Annual Summary by Quarter - Agricultural Products

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue per Car
1Q2016	\$1,039	25,194	277	\$3,753
2Q2016	982	24,015	274	3,589
3Q2016	1,082	26,743	303	3,561
4Q2016	1,106	26,810	297	3,730
FY2016	\$4,209	102,762	1,151	\$ 3,657
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
Pct Change vs. 2016	2%	(2%)	(1%)	3%

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 total carloads in 2017. This reliable, low-cost, low-sulfur, sub-bituminous coal is attractive to utilities in the competitive electricity generation market.

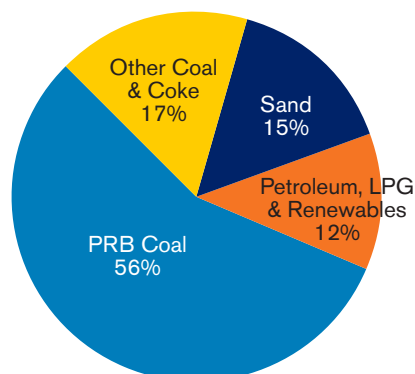
Coal produced in the Uinta Basin region of Colorado and Utah is the second largest source of UP coal volume, representing 12 percent of 2017 carloads. This mostly sub-surface coal has a relatively high BTU (British Thermal Unit) and low sulfur content.

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 less than 10 percent of 2017 coal carloads were exported.

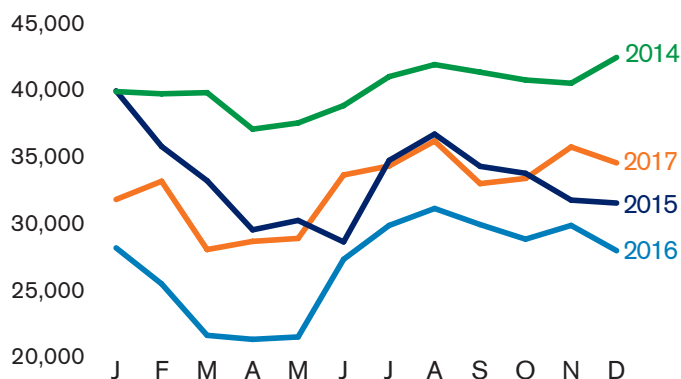
Oil and gas drilling generates demand for hydraulic fracturing sand, or frac-sand. White sand, generally sourced from the Minnesota and Wisconsin region, comprised approximately 80 percent of UP's 2017 frac-sand shipments, with the remaining 20 percent consisting of regional sand.

The Company's petroleum and LPG shipments are primarily impacted by refinery utilization rates and the use of asphalt for road programs, while renewable shipments consist primarily of biomass exports and wind turbine components.

2017 Carloads



7-Day Volume
(carloads)



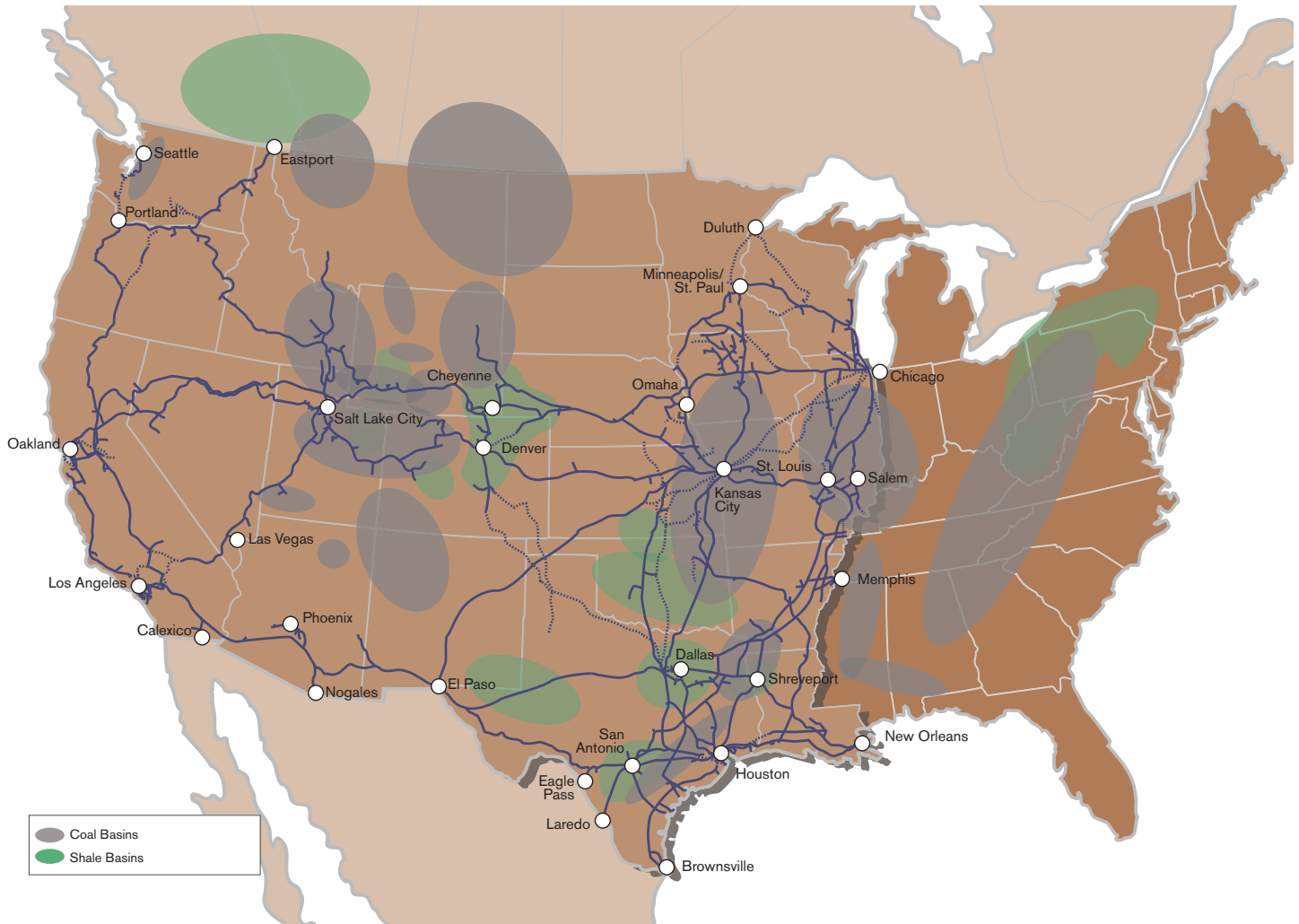
Lane Density Map



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

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Coal and Shale Basins



Annual Summary by Quarter - Energy

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue per Car
1Q2016	\$848	32,205	349	\$2,426
2Q2016	793	30,502	328	2,420
3Q2016	1,043	41,967	428	2,441
4Q2016	1,031	40,756	405	2,544
FY2016	\$3,715	145,430	1,510	\$2,461
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
Pct Change vs. 2016	21%	19%	11%	9%

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, as well as for appliances. 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.

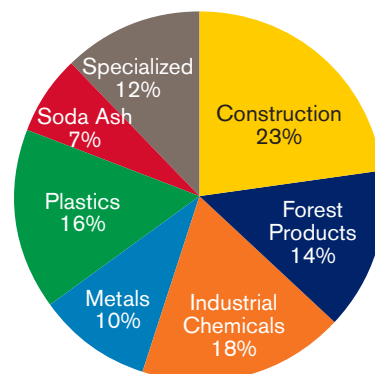
The industrial chemicals market consists of a vast number of chemical compounds that support the manufacturing of more complex chemicals. The largest segment of industrial chemicals is chlor-alkali, which is utilized in numerous industries including construction, automotive, plastics, glass, oil and gas, food processing, and water treatment.

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.

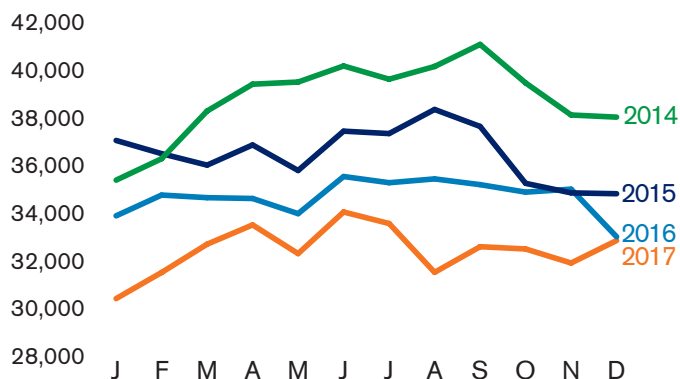
Oil and gas drilling generates demand for raw steel, finished pipe, stone, and drilling fluid commodities. Global commodity demand drives shipments of ores and concentrates for export and domestic production. In addition, the Railroad provides safe and efficient transportation for governmental entities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

2017 Carloads



7-Day Volume
(carloads)



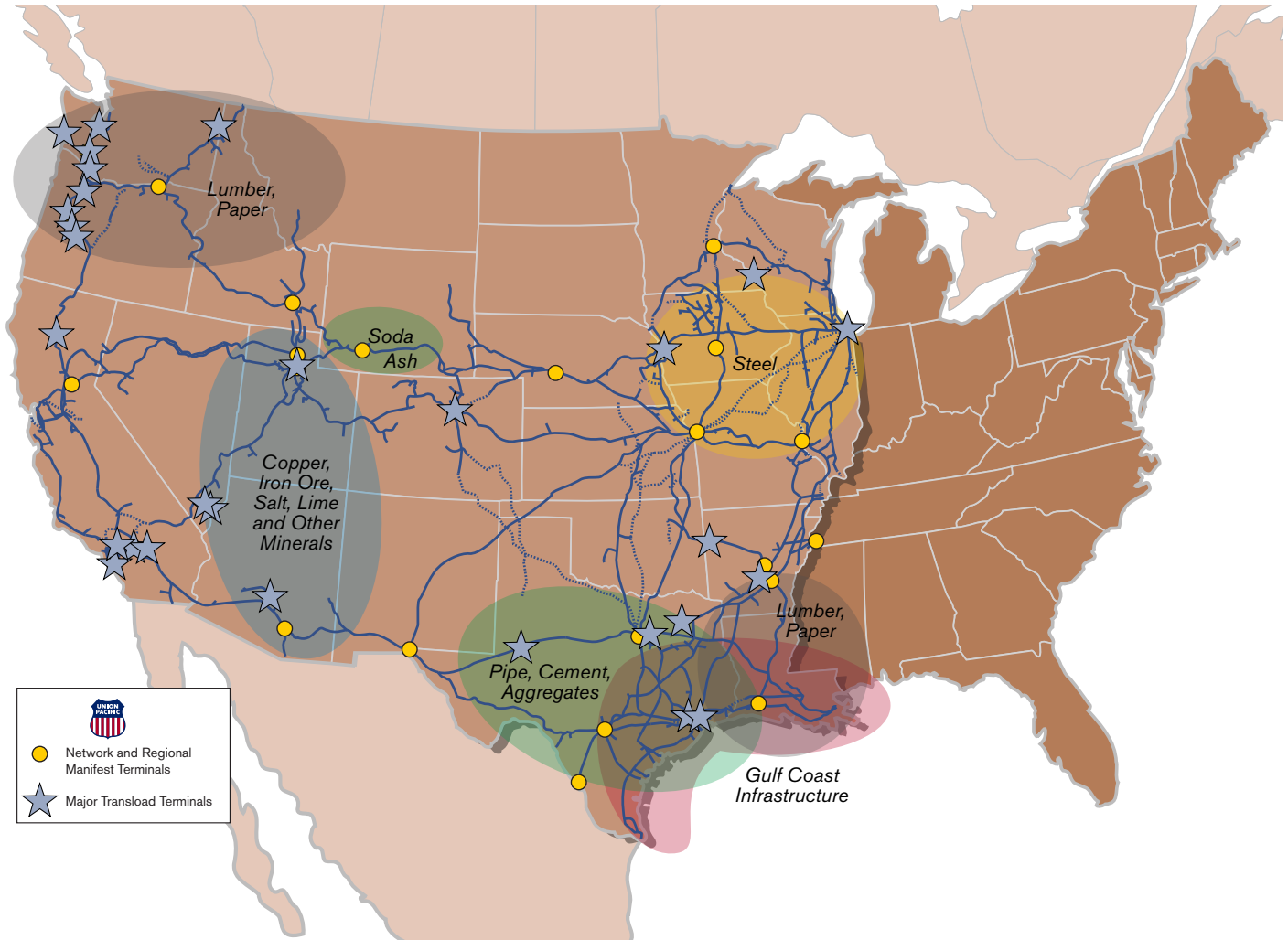
Lane Density Map



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

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Key Industrial Markets



Annual Summary by Quarter - Industrial

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue per Car
1Q2016	\$1,226	23,978	413	\$2,969
2Q2016	1,258	24,608	420	2,993
3Q2016	1,271	24,826	425	2,995
4Q2016	1,209	23,289	398	3,029
FY2016	\$4,964	96,701	1,656	\$2,996
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
Pct Change vs. 2016	5%	1%	(0%)	5%

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.

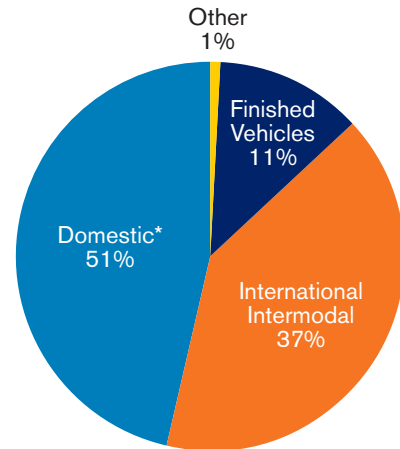
Domestic business includes container and trailer traffic picked up and delivered within North America for intermodal marketing companies (primarily shipper agents and logistics companies), as well as truckload carriers. Automotive parts for vehicle manufacturers, and less-than-truckload and package carriers with time-sensitive business requirements are also an important part of domestic shipments. Domestic shipments 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 2017. 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.

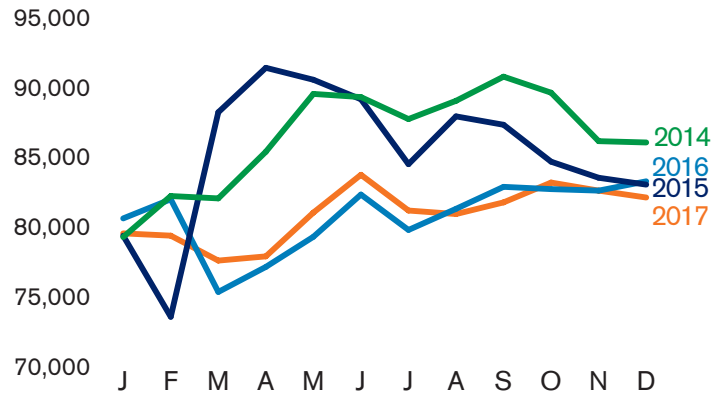
During 2017, just over 15 percent of UP's premium volume crossed one of the six major Mexico gateways.

2017 Carloads



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

7-Day Volume (carloads)



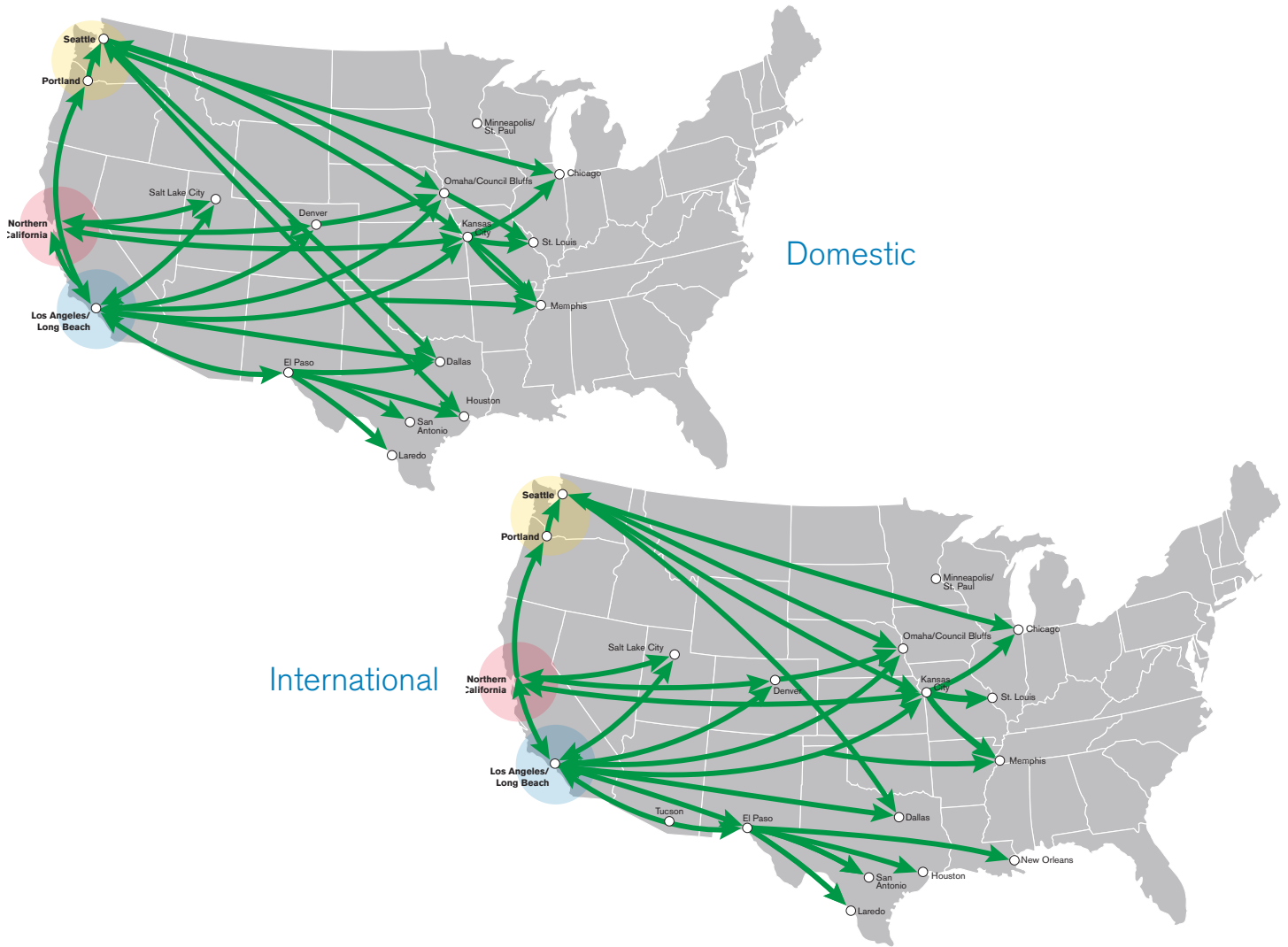
Lane Density Map



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

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Intermodal Markets Served by Region



Annual Summary by Quarter - Premium

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue per Car
1Q2016	\$1,389	23,286	1,005	\$1,382
2Q2016	1,397	23,750	1,026	1,362
3Q2016	1,441	23,947	1,048	1,374
4Q2016	1,486	24,263	1,046	1,421
FY2016	\$5,713	95,246	4,125	\$1,385
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
Pct Change vs. 2016	2%	0%	(0%)	2%

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 2017 volume.

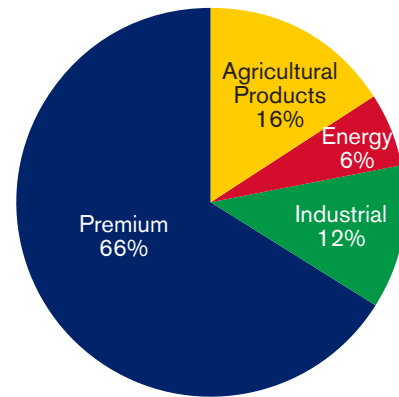
While UP does not physically operate within Mexico, the Company is able to interchange traffic at the border, working primarily in cooperation with the two largest Mexican railroads, Kansas City Southern de Mexico (KCSM) and Ferrocarril Mexicano (Ferromex or FXE). This enables UP to capture opportunities 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 2017, 54 percent of UP shipments to and from Mexico were interchanged with FXE, with the remaining 46 percent interchanged with KCSM. Union Pacific also retains a 26 percent minority ownership interest in FXE.

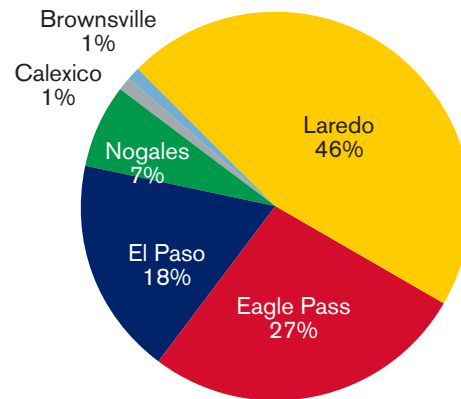
Northbound shipments, which account for just over one-half of UP's overall cross-border traffic with Mexico, have grown during the past ten years alongside increased Mexican manufacturing. Automotive, beer and food products, and intermodal shipments represent more than 90 percent of northbound moves.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

Across UP's four business groups, freight revenue associated with cross-border shipments generated over \$2.2 billion in 2017, up 2% when compared with 2016. Premium carloads represented the largest share of UP's Mexico revenue and volume during the year.

2017 Carloads

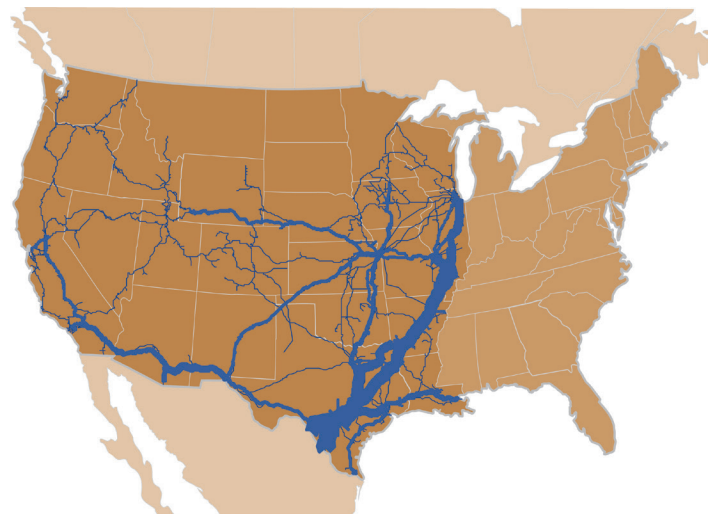


Percent of 2017 UP Carloads at Border Crossings



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, Ariz. 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.

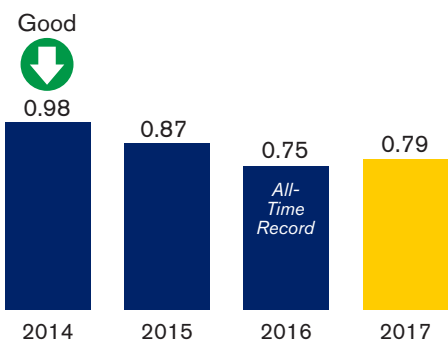
Loup Passport - A door-to-door intermodal freight transportation solution for customers throughout Mexico, backed by one of the industry's largest intermodal container fleet and Loup's (a Union Pacific subsidiary company) extensive drayage network. Shipments clear customs at the border and are serviced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



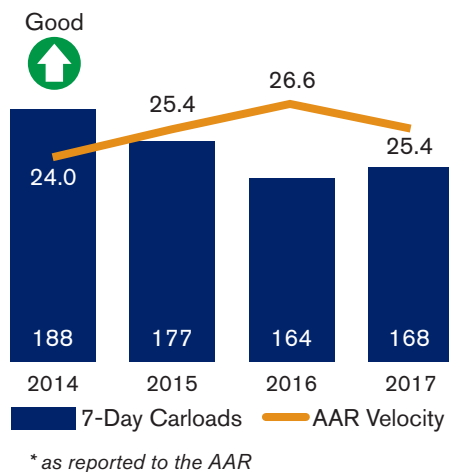
Operations Review

Employee Safety

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

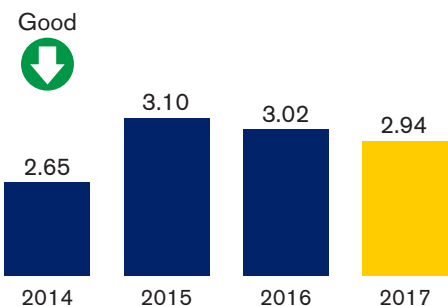


Service and Volume*

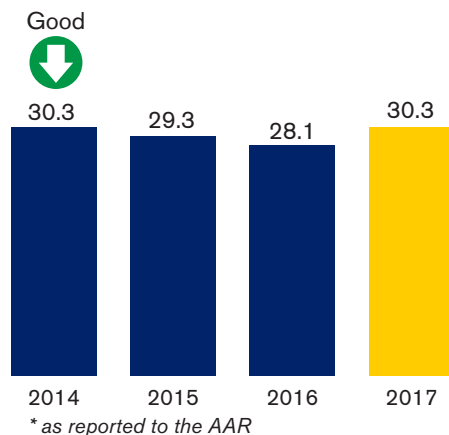


Rail Equipment Safety

(Reportable Rail Equipment Incidents per Million Train Miles*)

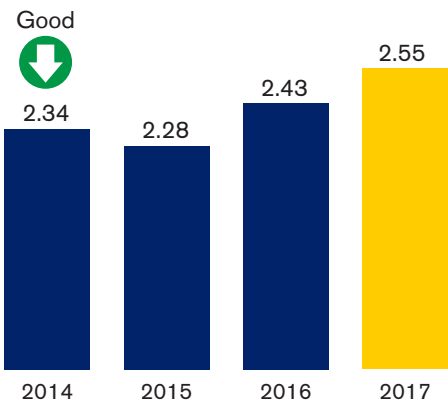


Terminal Dwell*



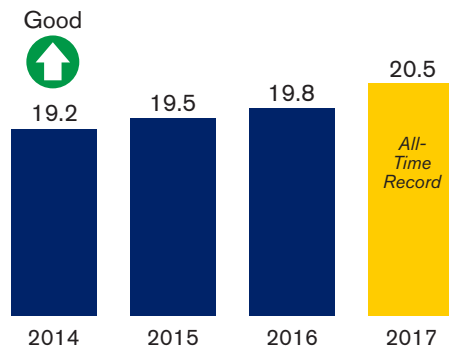
Public Safety

(Crossing Accidents per Million Train Miles)

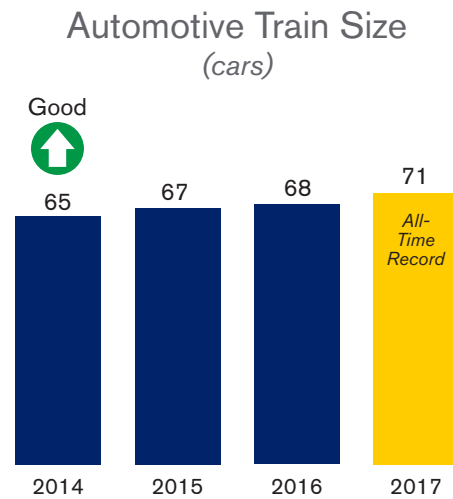
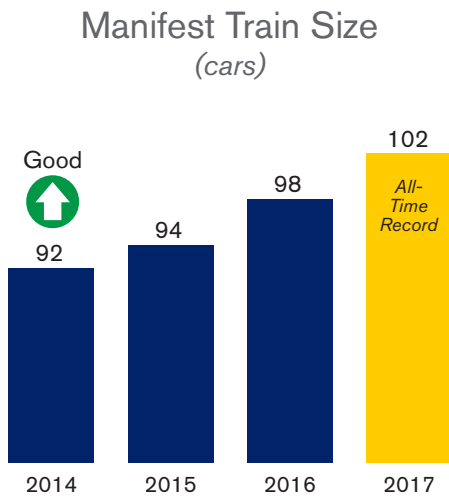
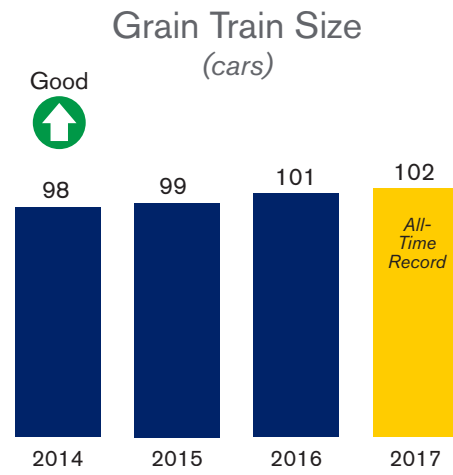
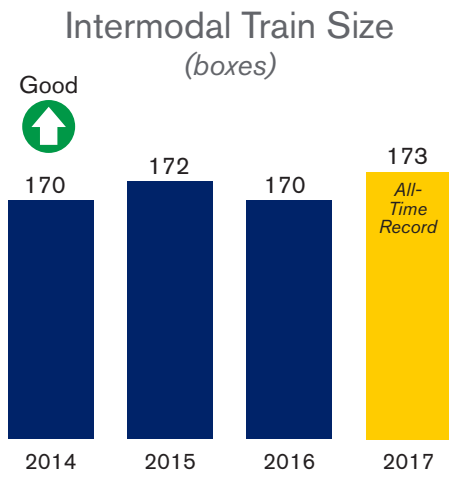


Terminal Productivity

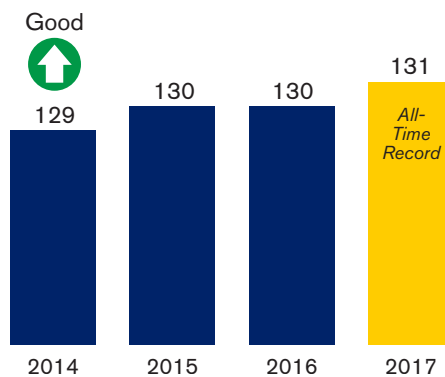
(Cars Switched per Employee Day)



Operations Review

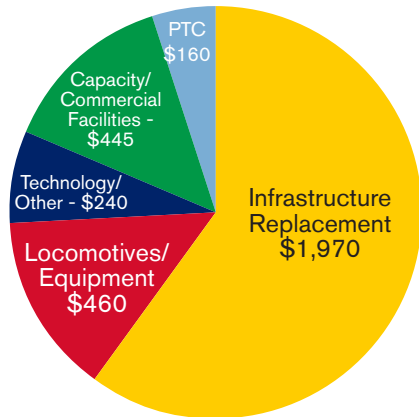


Coal Train Size (cars)

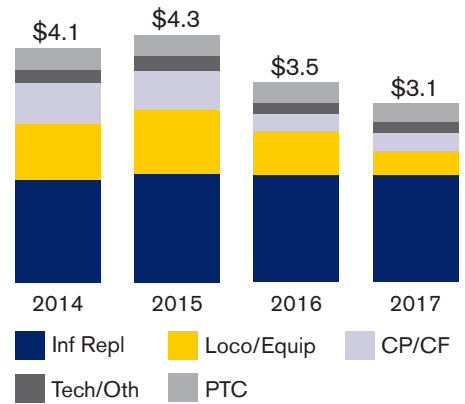


Capital Investments

2018 Capital Plan: ~\$3.3 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>	2017 [a]	2016	2015	2014
For the Year Ended December 31				
Operating revenues [b]	\$ 21,240	\$ 19,941	\$ 21,813	\$ 23,988
Operating income	8,106	7,272	8,052	8,753
Net income	10,712	4,233	4,772	5,180
Earnings per share - basic [c]	13.42	5.09	5.51	5.77
Earnings per share - diluted [c]	13.36	5.07	5.49	5.75
Dividends declared per share [c]	2.48	2.255	2.20	1.91
Cash provided by operating activities	7,230	7,525	7,344	7,385
Cash used in investing activities	(3,086)	(3,393)	(4,476)	(4,249)
Cash used in financing activities	(4,146)	(4,246)	(3,063)	(2,982)
Cash used for common share repurchases	(4,013)	(3,105)	(3,465)	(3,225)
At December 31				
Total assets	\$ 57,806	\$ 55,718	\$ 54,600	\$ 52,372
Long-term obligations [d]	29,011	32,146	30,692	27,419
Debt due after one year	16,144	14,249	13,607	10,952
Common shareholders' equity	24,856	19,932	20,702	21,189
Additional Data				
Freight revenues [b]	\$ 19,837	\$ 18,601	\$ 20,397	\$ 22,560
Revenue carloads (units) (000)	8,588	8,442	9,062	9,625
Operating ratio (%) [e]	61.8	63.5	63.1	63.5
Average employees (000)	42.0	42.9	47.5	47.2
Financial Ratios (%)				
Debt to capital [f]	40.5	43.0	40.7	35.0
Return on average common shareholders' equity [g]	47.8	20.8	22.8	24.4

[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 \$966 million, \$560 million, \$1.3 billion, and \$2.8 billion, for 2017, 2016, 2015, and 2014, respectively, which partially offsets increased operating expenses for fuel. See 2017 SEC Form 10-K for more information.

[c] Earnings per share and dividends declared per share are retroactively adjusted to reflect the June 6, 2014 stock split.

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

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

[f] Debt to capital is determined as follows: total debt divided by total debt plus common shareholders' equity.

[g] 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	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					
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					
Operating Ratio as previously reported in Form 10-K*	65.2%	61.9%	61.7%	58.8%	61.8%
Effective Tax Rate	36.5%	37.5%	39.8%	(247.9%)	(40.4%)

* Effective January 1, 2018, the Company adopted ASU 2017-07 on a retrospective basis, which allows only service costs to be recorded within compensation and benefits expense, and the other components of net periodic pension and other postretirement benefit (OPEB) costs to be recorded in other income/(expense). Prior to adoption, both service costs and net benefit costs were recorded within compensation and benefits expense.

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

<i>Millions, Except Per Share Amounts and Percentages</i>	2016				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
Operating Revenues					
Freight revenues	\$ 4,502	\$ 4,430	\$ 4,837	\$ 4,832	\$ 18,601
Other revenues	327	340	337	336	1,340
Total operating revenues	4,829	4,770	5,174	5,168	19,941
Operating Expenses					
Compensation and benefits	1,213	1,160	1,191	1,186	4,750
Purchased services and materials	569	570	566	553	2,258
Depreciation	502	504	512	520	2,038
Fuel	320	346	392	431	1,489
Equipment and other rents	289	286	282	280	1,137
Other	249	244	271	233	997
Total operating expenses	3,142	3,110	3,214	3,203	12,669
Operating Income					
Other income	46	77	29	40	192
Interest expense	(167)	(173)	(184)	(174)	(698)
Income before income taxes	1,566	1,564	1,805	1,831	6,766
Income taxes	(587)	(585)	(674)	(687)	(2,533)
Net Income	\$ 979	\$ 979	\$ 1,131	\$ 1,144	\$ 4,233
Share and Per Share					
Earnings per share - basic	\$ 1.16	\$ 1.17	\$ 1.36	\$ 1.40	\$ 5.09
Earnings per share - diluted	\$ 1.16	\$ 1.17	\$ 1.36	\$ 1.39	\$ 5.07
Weighted average number of shares - basic	844.0	837.4	829.0	819.2	832.4
Weighted average number of shares - diluted	846.7	840.1	832.2	822.7	835.4
Dividends declared per share	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.605	\$ 2.255
Operating Ratio					
Effective Tax Rate	65.1%	65.2%	62.1%	62.0%	63.5%
	37.5%	37.4%	37.3%	37.5%	37.4%

Refer to the Union Pacific Corporation 2017 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>	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,275	\$ 1,277
Short-term investments	90	60
Accounts receivable, net	1,493	1,258
Materials and supplies	749	717
Other current assets	399	284
Total current assets	4,006	3,596
Investments	1,809	1,457
Properties:		
Land	5,258	5,220
Road	50,837	49,037
Equipment	12,877	12,840
Technology and other	1,841	1,961
Accumulated depreciation	(19,208)	(18,669)
Net properties	51,605	50,389
Other assets	386	276
Total assets	\$ 57,806	\$ 55,718
Liabilities and Common Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,013	\$ 955
Debt due within one year	800	758
Income and other taxes payable	547	472
Accrued wages and vacation	384	387
Interest payable	220	212
Accrued casualty costs	194	185
Equipment rents payable	110	101
Other	671	570
Total current liabilities	3,939	3,640
Debt due after one year	16,144	14,249
Deferred income taxes	10,936	15,996
Other long-term liabilities	1,931	1,901
Commitments and contingencies		
Total liabilities	32,950	35,786
Common shareholders' equity:		
Common shares, \$2.50 par value, 1,400,000,000 authorized; 1,111,371,304 and 1,110,986,415 issued; 780,917,756 and 815,824,413 outstanding, respectively	2,778	2,777
Paid-in-surplus	4,476	4,421
Retained earnings	41,317	32,587
Treasury stock	(22,574)	(18,581)
Accumulated other comprehensive loss	(1,141)	(1,272)
Total common shareholders' equity	24,856	19,932
Total liabilities and common shareholders' equity	\$ 57,806	\$ 55,718

Refer to the Union Pacific Corporation 2017 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>	2017	2016	2015	2014
Operating Activities				
Net income	\$ 10,712	\$ 4,233	\$ 4,772	\$ 5,180
Adjustments to reconcile net income to cash provided by operating activities:				
Depreciation	2,105	2,038	2,012	1,904
Deferred and other income taxes	(5,067)	831	765	895
Net gain on non-operating asset dispositions	(111)	(94)	(144)	(69)
Other operating activities, net	(282)	(228)	116	(216)
Changes in current assets and liabilities:				
Accounts receivable, net	(235)	98	255	(197)
Materials and supplies	(32)	19	(24)	(59)
Other current assets	9	22	(47)	(35)
Accounts payable and other current liabilities	182	232	(276)	295
Income and other taxes	(51)	374	(85)	(313)
Cash provided by operating activities	7,230	7,525	7,344	7,385
Investing Activities				
Capital Investments	(3,238)	(3,505)	(4,650)	(4,346)
Proceeds from asset sales	168	129	251	138
Purchases of short-term investments	(120)	(580)	-	-
Maturities of short-term investments	90	520	-	-
Other investing activities, net	14	43	(77)	(41)
Cash used in investing activities	(3,086)	(3,393)	(4,476)	(4,249)
Financing Activities				
Common share repurchases	(4,013)	(3,105)	(3,465)	(3,225)
Debt issued	2,735	1,983	3,328	2,588
Dividends paid	(1,982)	(1,879)	(2,344)	(1,632)
Debt repaid	(840)	(1,013)	(556)	(710)
Debt exchange	-	(191)	-	-
Other financing activities, net	(46)	(41)	(26)	(3)
Cash used in financing activities	(4,146)	(4,246)	(3,063)	(2,982)
Net change in cash and cash equivalents	(2)	(114)	(195)	154
Cash and cash equivalents at beginning of year	1,277	1,391	1,586	1,432
Cash and cash equivalents at end of year	\$ 1,275	\$ 1,277	\$ 1,391	\$ 1,586
Supplemental Cash Flow Information				
Non-cash investing and financing activities:				
Capital investments accrued but not yet paid	\$ 366	\$ 223	\$ 100	\$ 174
Capital lease financings	19	-	13	-
Cash dividends declared but not yet paid	-	-	-	438
Cash paid during the year for:				
Income taxes, net of refunds	\$ (2,112)	\$ (1,347)	\$ (2,156)	\$ (2,492)
Interest, net of amounts capitalized	(666)	(652)	(592)	(554)

Refer to the Union Pacific Corporation 2017 SEC Form 10-K for additional information.

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)
Debt to capital (%) [b]	43.3	44.6	46.8	40.5	40.5
Adjusted debt to capital (%) [c]	47.4	48.5	50.4	43.9	43.9
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) [d]	25.7	25.4	25.4	25.1	25.4
Average system dwell (hours) [d]	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] Debt to capital is computed as follows: total debt divided by total debt plus equity.

[c] Adjusted debt to capital is determined as follows: total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation divided by total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation plus equity.

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

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

Financial and Revenue Statistics	2016				
	<i>1st Qtr</i>	<i>2nd Qtr</i>	<i>3rd Qtr</i>	<i>4th Qtr</i>	<i>Full Year</i>
Operating revenues (millions)	\$ 4,829	\$ 4,770	\$ 5,174	\$ 5,168	\$ 19,941
Operating expenses (millions)	\$ 3,142	\$ 3,110	\$ 3,214	\$ 3,203	\$ 12,669
Operating ratio (%)	65.1	65.2	62.1	62.0	63.5
Compensation and benefits (millions)	\$ 1,213	\$ 1,160	\$ 1,191	\$ 1,186	\$ 4,750
Compensation and benefits/Operating revenue (%)	25.1	24.3	23.0	22.9	23.8
Freight revenue/Average employees (000)	103.1	102.9	113.1	114.5	433.4
Fuel expense (millions)	\$ 320	\$ 346	\$ 392	\$ 431	\$ 1,489
Average fuel price per gallon consumed [a]	\$ 1.25	\$ 1.45	\$ 1.57	\$ 1.65	\$ 1.48
Freight revenues (millions)	\$ 4,502	\$ 4,430	\$ 4,837	\$ 4,832	\$ 18,601
Average revenue per car	\$ 2,202	\$ 2,163	\$ 2,195	\$ 2,251	\$ 2,203
Freight revenue/Revenue ton-mile (cents)	\$ 4.29	\$ 4.30	\$ 4.13	\$ 4.20	\$ 4.23
Effective tax rate (%)	37.5	37.4	37.3	37.5	37.4
Debt to capital (%) [b]	42.6	42.6	43.5	43.0	43.0
Adjusted debt to capital (%) [c]	47.1	47.1	47.7	47.3	47.3
Operating Statistics					
Revenue carloads (thousands)	2,044	2,048	2,204	2,146	8,442
Revenue ton-miles (billions)	105	103	117	115	440
Gross ton-miles (billions)	205	203	225	224	857
Average train speed (miles per hour) [d]	27.3	26.6	26.0	26.5	26.6
Average system dwell (hours) [d]	28.6	27.1	28.0	29.0	28.1
Fuel consumed (millions of gallons)	247	232	242	253	974
Employees (average)	43,655	43,053	42,756	42,214	42,919
GTMs per employee (millions)	4.71	4.71	5.25	5.30	19.97

[a] Including taxes and transportation costs.

[b] Debt to capital is computed as follows: total debt divided by total debt plus equity.

[c] Adjusted debt to capital is determined as follows: total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation divided by total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation plus equity.

[d] 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.

Adjusted Debt to Capital

Total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation divided by total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation plus equity. Operating leases were discounted using 4.6%, 4.7%, 4.8%, and 5.3% at December 31, 2017, 2016, 2015, and 2014, respectively. The discount rate reflects our effective interest rate. Adjusted debt to capital 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 total amount of leverage in our capital structure including off-balance sheet lease obligations.

Adjusted Debt to EBITDA

Total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation divided by operating income plus depreciation plus interest on present value of operating leases. Operating leases were discounted using 4.6%, 4.7%, 4.8%, and 5.3% at December 31, 2017, 2016, 2015, and 2014, respectively. Adjusted debt to adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) 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 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>	2017	2016	2015	2014
Cash provided by operating activities	\$ 7,230	\$ 7,525	\$ 7,344	\$ 7,385
Cash used in investing activities	(3,086)	(3,393)	(4,476)	(4,249)
Dividends paid	(1,982)	(1,879)	(2,344)	(1,632)
Free cash flow	\$ 2,162	\$ 2,253	\$ 524	\$ 1,504

Return on Invested Capital as Adjusted (ROIC)

<i>Millions, Except Percentages</i>	2017	2016	2015	2014
Net income	\$ 10,712	\$ 4,233	\$ 4,772	\$ 5,180
Interest expense	719	698	622	561
Interest on average present value of operating leases	105	121	135	158
Taxes on interest	(309)	(306)	(285)	(273)
Net operating profit after taxes as adjusted (a)	\$ 11,227	\$ 4,746	\$ 5,244	\$ 5,626
Average equity	\$ 22,394	\$ 20,317	\$ 20,946	\$ 21,207
Average debt	15,976	14,604	12,807	10,469
Average present value of operating leases	2,288	2,581	2,814	2,980
Average invested capital as adjusted (b)	\$ 40,658	\$ 37,502	\$ 36,567	\$ 34,656
Return on invested capital as adjusted (a/b)	27.6%	12.7%	14.3%	16.2%

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES*Non-GAAP Measures Reconciliation to GAAP (unaudited)***Adjusted Debt to Capital, Reconciliation to GAAP**

<i>Millions, Except Percentages</i>	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Debt	\$ 16,944	\$ 15,007	\$ 14,201	\$ 11,413
Net present value of operating leases	2,140	2,435	2,726	2,902
Unfunded pension and OPEB, net of taxes of \$238, \$261, \$280, and \$319	396	436	463	523
Adjusted debt (a)	19,480	17,878	17,390	14,838
Equity	24,856	19,932	20,702	21,189
Adjusted capital (b)	\$ 44,336	\$ 37,810	\$ 38,092	\$ 36,027
Adjusted debt to capital (a/b)	43.9%	47.3%	45.7%	41.2%

Adjusted Debt / Adjusted EBITDA

<i>Millions, Except Ratios</i>	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Operating income	\$ 8,061	\$ 7,272	\$ 8,052	\$ 8,753
Depreciation	2,105	2,038	2,012	1,904
EBITDA	\$ 10,166	\$ 9,310	\$ 10,064	\$ 10,657
Interest on present value of operating leases	98	114	131	154
Adjusted EBITDA (a)	\$ 10,264	\$ 9,424	\$ 10,195	\$ 10,811
Debt	\$ 16,944	\$ 15,007	\$ 14,201	\$ 11,413
Net present value of operating leases	2,140	2,435	2,726	2,902
Unfunded pension and OPEB, net of taxes of \$238, \$261, \$280, and \$319	396	436	463	523
Adjusted debt (b)	\$ 19,480	\$ 17,878	\$ 17,390	\$ 14,838
Adjusted debt / Adjusted EBITDA (b/a)	1.9	1.9	1.7	1.4

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES*Non-GAAP Measures Reconciliation to GAAP (unaudited)***Financial Performance***

<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 before ASU 2017-07* (GAAP)	\$ 8,061	\$ (3,080)	\$ 10,712	\$ 13.36	62.0 %
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)	\$ 7,849	\$ 2,782	\$ 4,638	\$ 5.79	63.0 %
Impact of ASU 2017-07	45	-	-	-	(0.2)
Adjusted results after ASU 2017-07 (non-GAAP)	\$ 7,894	\$ 2,782	\$ 4,638	\$ 5.79	62.8 %

- * Effective January 1, 2018, the Company adopted ASU 2017-07 on a retrospective basis, which allows only service costs to be recorded within compensation and benefits expense, and the other components of net periodic pension and other postretirement benefit (OPEB) costs to be recorded in other income/(expense). Prior to adoption, both service costs and net benefit costs were recorded within compensation and benefits expense.

Cautionary Information

The 2017 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 2017 as filed on February 9, 2018 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 2018 and beyond; capital investments in 2018; 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.