UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

Non-GAAP Measures Reconciliation to GAAP

Free Cash Flow*

Millions,	***Year-to-Date***	
for the Periods Ended March 31,	***2013***	*2012*
Cash provided by operating activities	**$ 1,524**	$ 1,404
Cash used in investing activities	**(800)**	(830)
Dividends paid	**(323)**	(289)
Free cash flow	**$ 401**	$ 285

* Free cash flow is defined as cash provided by operating activities, less cash used in investing activities and dividends paid. Free cash flow is a non-GAAP measure 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 that it is important to management and investors in evaluating our financial performance and measures our ability to generate cash without incurring additional financing. Free cash flow should be considered in addition to, rather than as a substitute for, cash provided by operating activities.

Debt to Capital*

Millions, Except Percentages	***Mar. 31, 2013***	*Dec. 31, 2012*
Debt (a)	**$ 9,861**	$ 8,997
Equity	**20,144**	19,877
Capital (b)	**$ 30,005**	$ 28,874
Debt to capital (a/b)	**32.9%**	31.2%

* Total debt divided by total debt plus equity. Management believes this is an important measure in evaluating our balance sheet strength and is important in managing our credit ratios and financing relationships.

Adjusted Debt to Capital*

Millions, Except Percentages	***Mar. 31, 2013***	*Dec. 31, 2012*
Debt	**$ 9,861**	$ 8,997
Net present value of operating leases	**3,044**	3,096
Unfunded pension and OPEB	**662**	679
Adjusted debt (a)	**13,567**	12,772
Equity	**20,144**	19,877
Adjusted capital (b)	**$ 33,711**	$ 32,649
Adjusted debt to capital (a/b)	**40.2%**	39.1%

* 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 5.6% and 6.0% at March 31, 2013 and December 31, 2012, respectively. The discount rate reflects our effective interest rate. Adjusted debt to capital is a non-GAAP financial measure 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 this is an important measure to management and investors in evaluating the total amount of leverage in our capital structure including off-balance sheet obligations.