



BUILDING AMERICA®

# 2021 Investor Factbook





# Facts & Figures

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

*Please refer to the disclaimer regarding Cautionary Information on page 32.*

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

## ABOUT UNION PACIFIC

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

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# Network Map



# Key Metrics and Facts

## Key Financial and Operating Metrics

	2021	2020**	2019	2018	2017*
Operating Revenue (millions)	\$21,804	\$19,533	\$21,708	\$22,832	\$21,240
Operating Income (millions)	\$9,338	\$8,112	\$8,554	\$8,517	\$7,894
Operating Ratio	57.2%	58.5%	60.6%	62.7%	62.8%
Revenue Carloads (thousands)	8,038	7,753	8,346	8,908	8,588
Revenue Ton-Miles (millions)	411,273	384,976	423,433	473,957	466,721
Gross Ton-Miles (GTMs) (millions)	817,919	771,765	846,616	928,587	898,746
Fuel Consumed in Gallons (millions)	888	849	953	1,068	1,004
Average Fuel Price per Gallon Consumed	\$2.23	\$1.50	\$2.13	\$2.29	\$1.81
Employees (average)	29,905	30,960	37,483	41,967	41,992

## 2021 Facts (as of 12/31/2021)

Track Miles			
Route	32,452	Track Miles of Rail Replaced	502
Other Main Line	7,093	Track Miles of Rail Capacity Expansion	70
Passing Lines and Turnouts	3,412	Miles of Track Surfaced	10,441
<u>Switching and Classification Yard Lines</u>	<u>8,887</u>	New Ties Installed (thousands)	4,058
<b>Total Miles</b>	<b>51,844</b>		

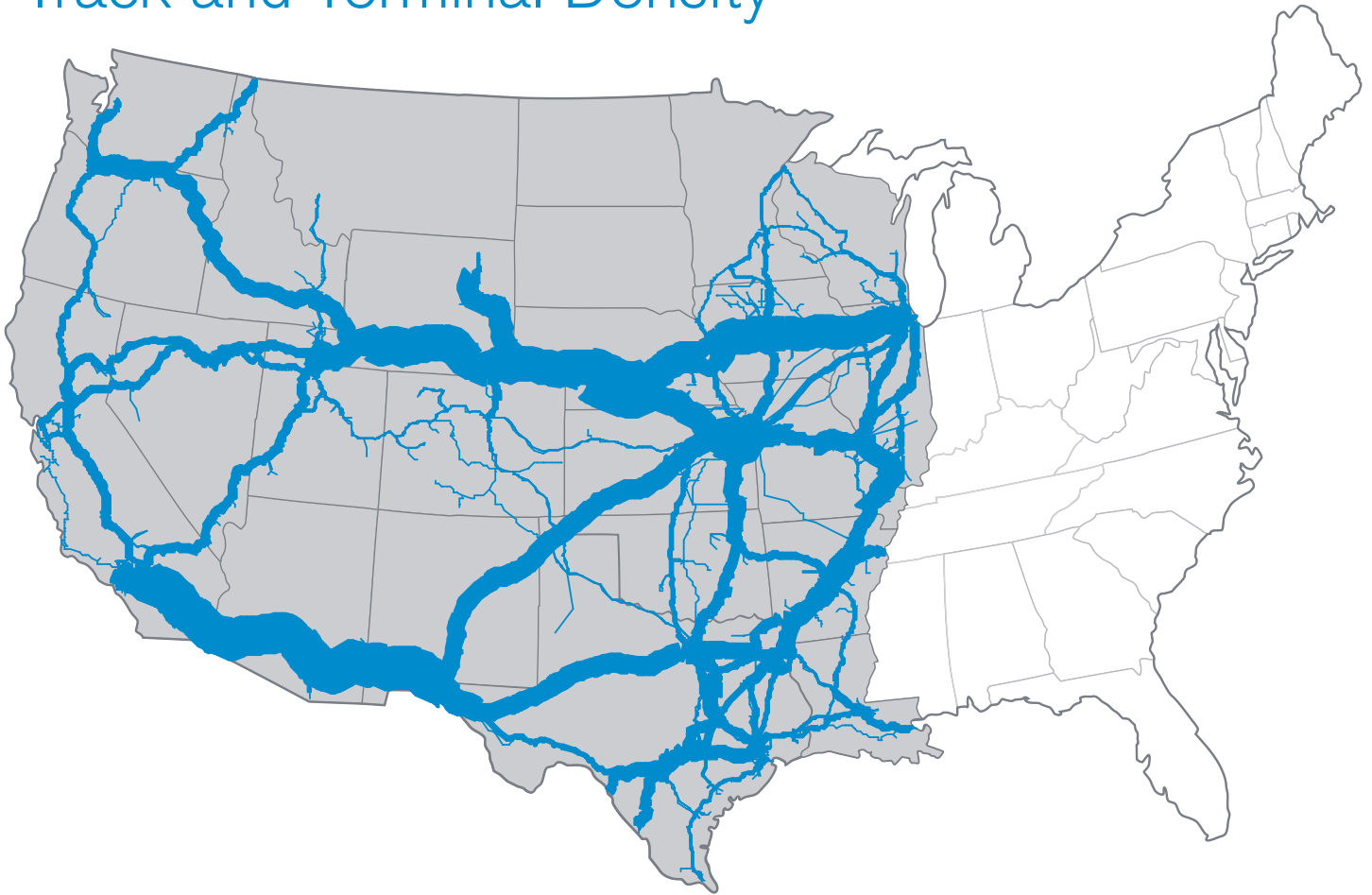
Rail Equipment	Owned	Leased	Total	Avg. Age (years)
<b>Locomotives</b>				
Multiple Purpose	6,204	1,038	7,242	22.5
Switching	158	–	158	41.4
Other	<u>15</u>	<u>61</u>	<u>76</u>	41.3
<b>Total Locomotives</b>	<b>6,377</b>	<b>1,099</b>	<b>7,476</b>	<b>N/A</b>
<b>Freight Cars</b>				
Covered Hoppers	12,992	7,996	20,988	22.4
Open Hoppers	5,108	817	5,925	34.8
Gondolas	5,468	2,671	8,139	28.8
Boxcars	2,210	6,604	8,814	40.6
Refrigerated Cars	1,974	2,081	4,055	22.6
Flat Cars	2,260	1,139	3,399	32.3
Other	–	<u>263</u>	<u>263</u>	33.2
<b>Total Freight Cars</b>	<b>30,012</b>	<b>21,571</b>	<b>51,583</b>	<b>N/A</b>
<b>Highway Revenue Equipment</b>				
Containers	48,962	1,856	50,818	10.5
Chassis	<u>29,875</u>	<u>14,148</u>	<u>44,023</u>	12.6
<b>Total Highway Revenue Equipment</b>	<b>78,837</b>	<b>16,004</b>	<b>94,841</b>	<b>N/A</b>

\* 2017 adjusted to exclude the impact of Corporate Tax Reform and include the retrospective adoption of ASU 2017-07.

\*\* 2020 adjusted to exclude Brazos non-cash impairment change.

See page 31 for a reconciliation to GAAP.

# Track and Terminal Density



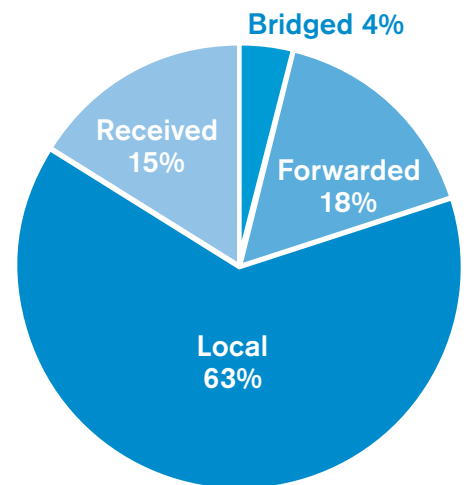
## MAJOR CLASSIFICATION YARDS

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

## MAJOR INTERMODAL TERMINALS

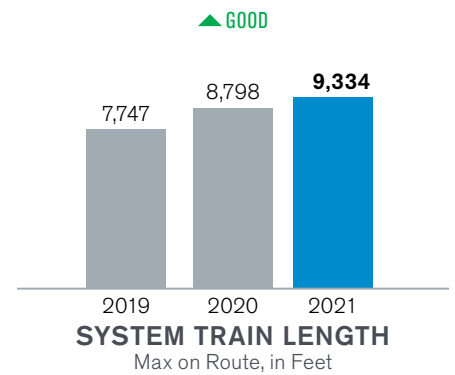
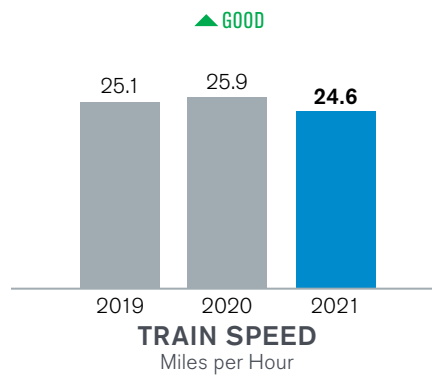
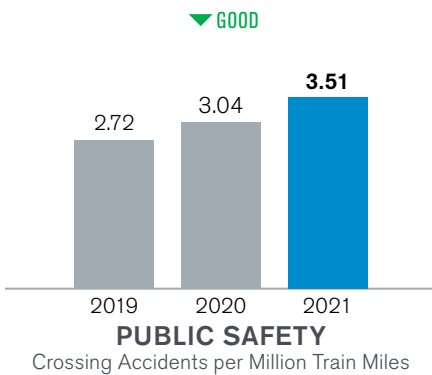
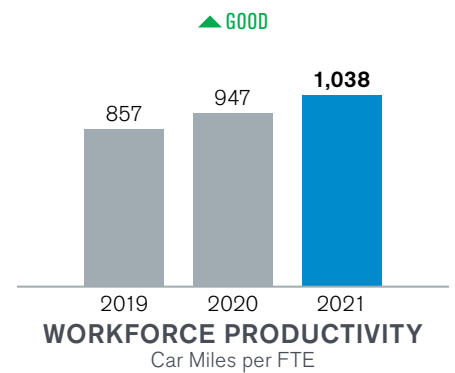
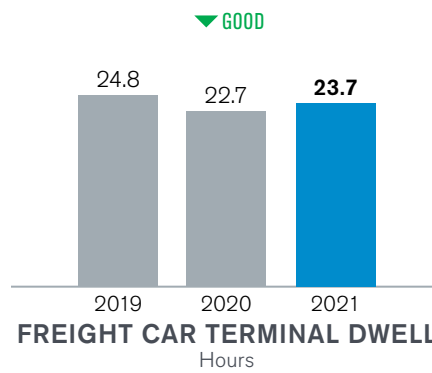
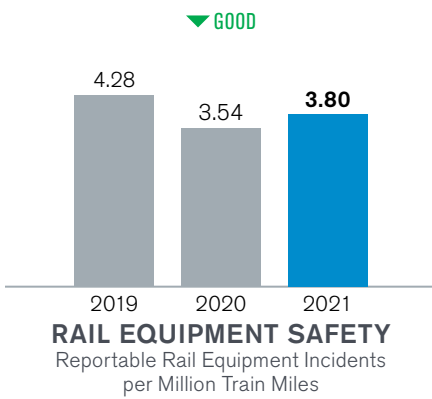
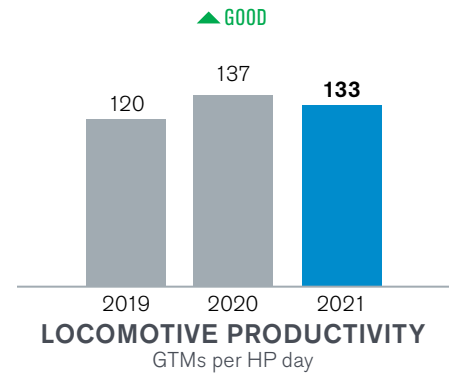
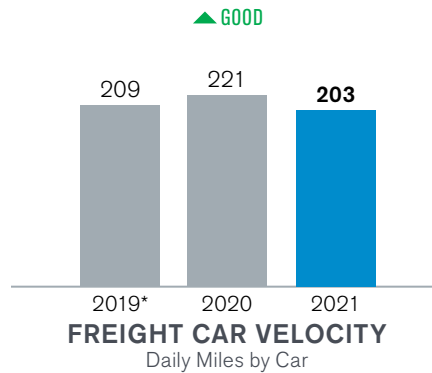
- Joliet (Global 4), Illinois
- Global II (Chicago), Illinois
- East Los Angeles, California
- Lathrop, California
- LATC (Los Angeles), California
- Mesquite, Texas
- City of Industry, California
- ICTF (Los Angeles), California

## TRAFFIC CLASSIFICATION – 2021 CARLOADS

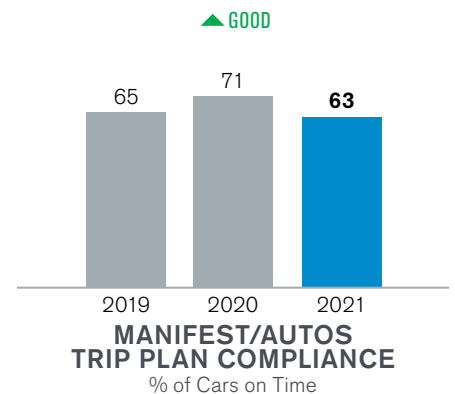
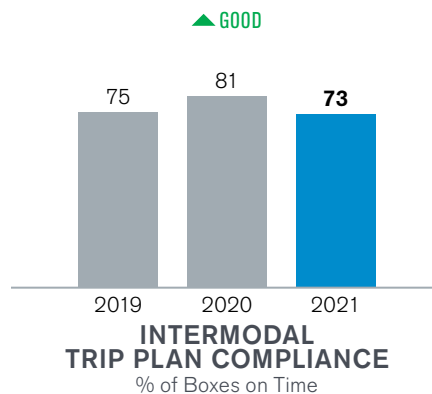


- Local:** UP Origin + UP Destination
- Forwarded:** UP Origin + Other Destination
- Received:** Other Origin + UP Destination
- Bridged:** Other Origin + UP Intermediate + Other Destination

# Safety Results and Key Performance Indicators

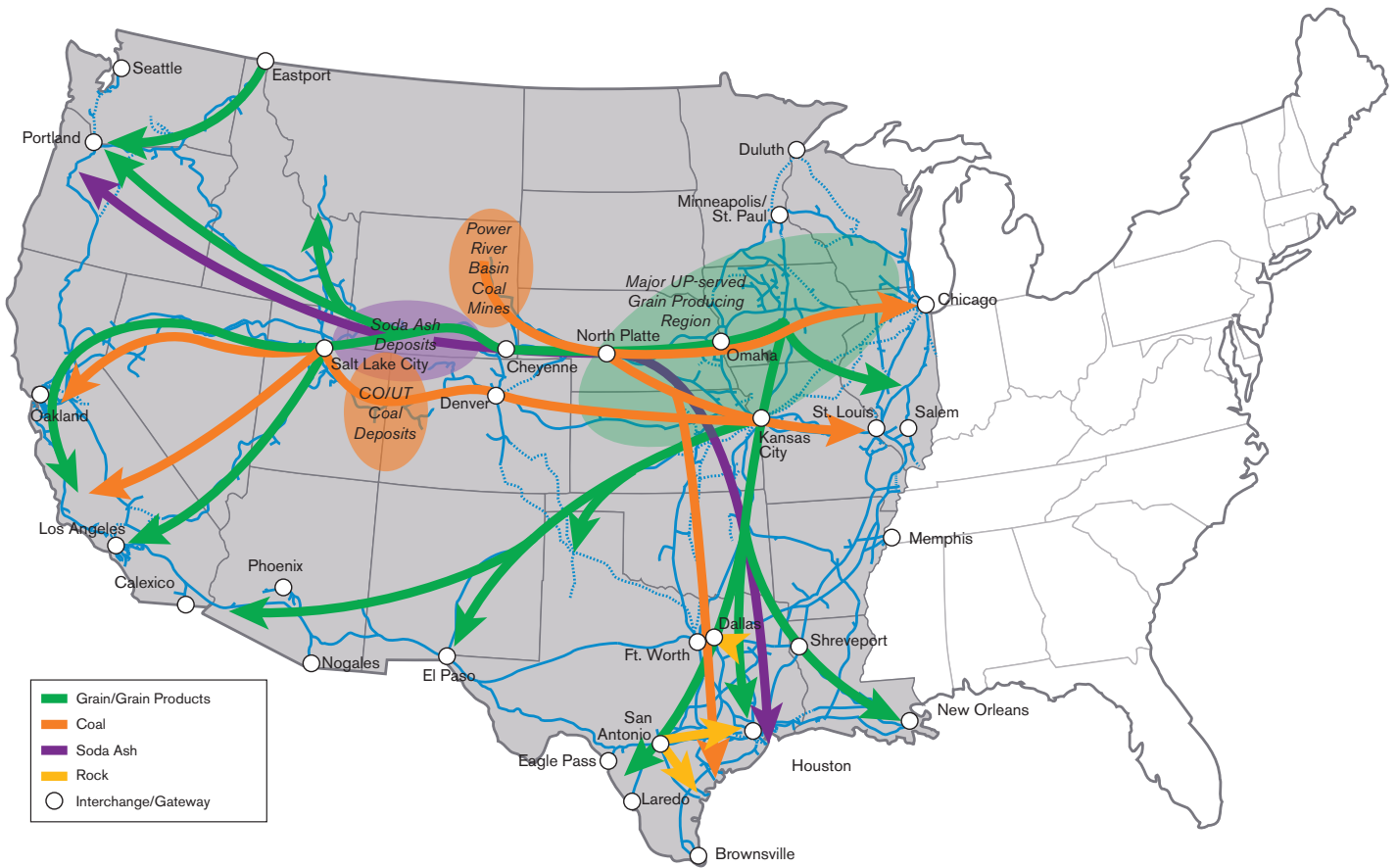


For a discussion on current year operating results, please reference the [2021 10-K report](#).



\* Prior years have been recast to conform to the current year presentation.

# Unit Train Network



Unit train traffic primarily consists of grain, ethanol, coal, rock, and soda ash shipped on trains transporting a single commodity from one origin to one destination. 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). Most of UP's coal traffic originates from the Powder River Basin (PRB) of northeastern Wyoming and the Uinta Basin of Colorado and Utah. 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 2021, unit train traffic represented 21 percent of the UP's volume and 19 percent of freight revenue.

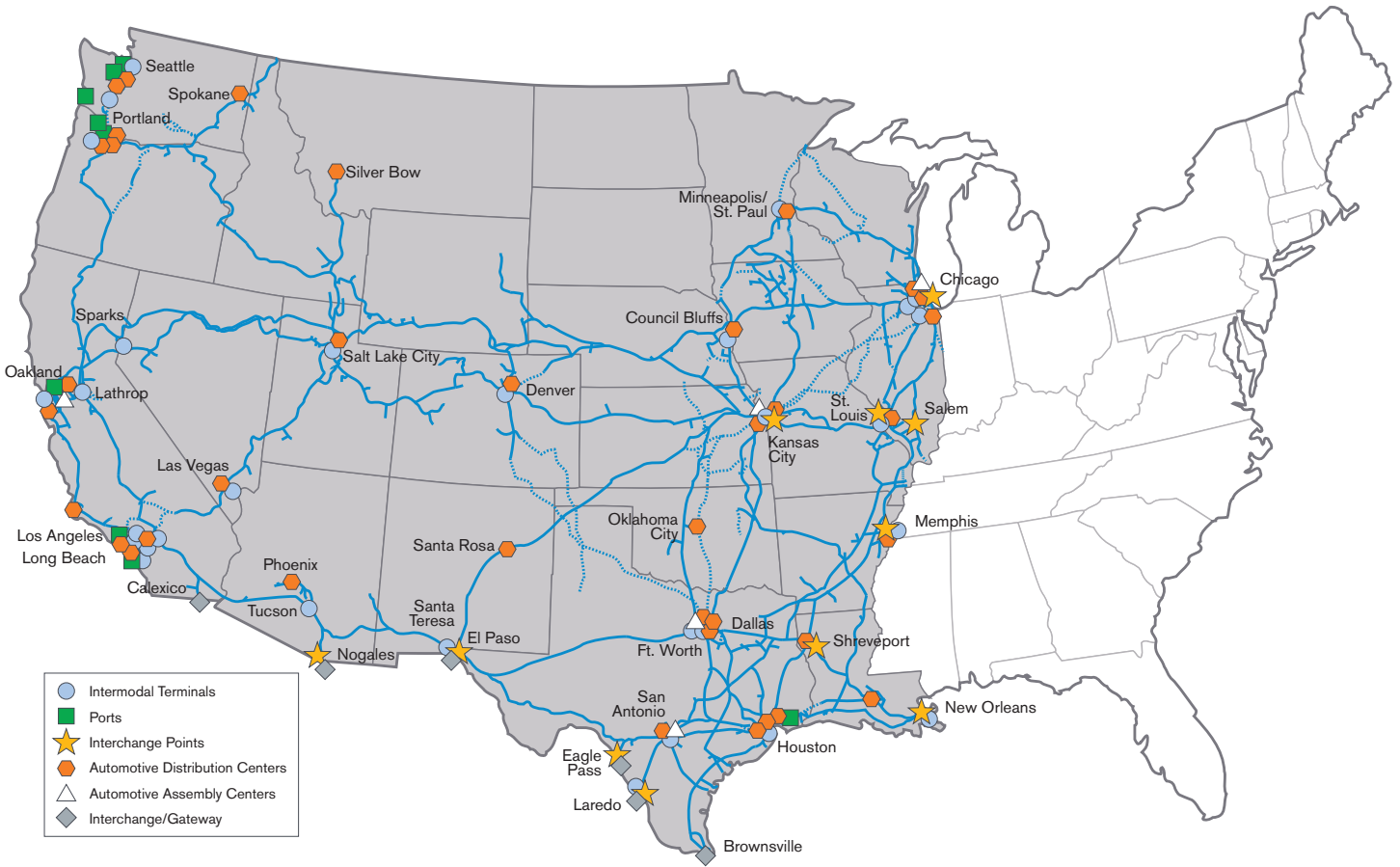
# Manifest Network



Manifest traffic includes individual carload or less-than-train-load business, involving commodities such as industrial chemicals, plastics, lumber, fertilizer, petroleum products, steel, cement, paper, food and biofuels, all transported across UP's network from thousands of locations. UP's extensive manifest infrastructure includes terminal locations throughout its system and storage-in-transit facilities in the Gulf Coast region, which allow our chemical customers to store their products at our facilities prior to final delivery. UP's manifest network serves customers in virtually every segment of the economy. In 2021, manifest traffic represented 34 percent of the UP's volume and 55 percent of freight revenue.



# Premium Network



UP's premium business includes the transportation of finished vehicles, auto parts, intermodal containers and trailers. UP is the largest automotive carrier west of the Mississippi River. UP's extensive franchise serves vehicle assembly plants and connects to West Coast ports and the Port of Houston to accommodate import and export shipments. UP's unique network can directly access all six major U.S. / Mexico rail gateways, providing expedited handling of growing cross-border automotive traffic. Intermodal and automotive import traffic benefits from excellent service in competitive long-haul routes connecting the West Coast ports to Eastern gateways, particularly along the Sunset Corridor from Los Angeles to El Paso. Additionally, time-sensitive domestic intermodal shippers benefit from the ramp-to-ramp and door-to-door service UP provides across its network. In 2021, premium traffic represented 45 percent of the UP's volume and 26 percent of freight revenue.

# Marketing and Sales Review

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

UP directly serves many of the fastest growing cities in the United States and connects the country's global supply chain at all major West Coast and Gulf Coast ports to Canada, Mexico and the country's eastern gateways. In 2021, approximately 40 percent of our freight originated or terminated outside of the U.S.

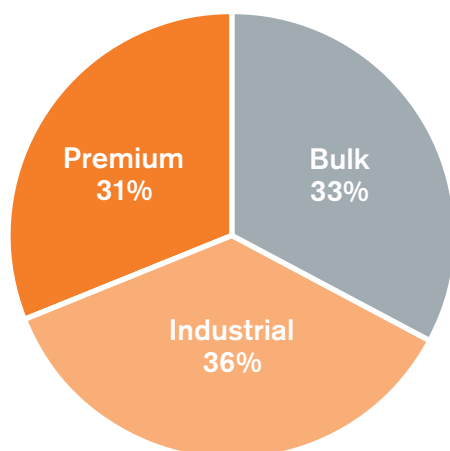
## Annual Summary by Quarter

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue Per Car
1Q 2020	4,880	99,683	1,940	2,516
2Q 2020	3,972	85,914	1,718	2,312
3Q 2020	4,596	97,913	2,044	2,248
4Q 2020	4,803	101,466	2,051	2,341
<b>Full Year 2020</b>	<b>\$18,251</b>	<b>384,976</b>	<b>7,753</b>	<b>\$2,354</b>
1Q 2021	4,649	97,364	1,927	2,413
2Q 2021	5,132	104,755	2,095	2,449
3Q 2021	5,166	104,314	2,044	2,528
4Q 2021	5,297	104,840	1,972	2,686
<b>Full Year 2021</b>	<b>\$20,244</b>	<b>411,273</b>	<b>8,038</b>	<b>\$2,519</b>
<b>Pct Change vs 2020</b>	<b>11%</b>	<b>7%</b>	<b>4%</b>	<b>7%</b>

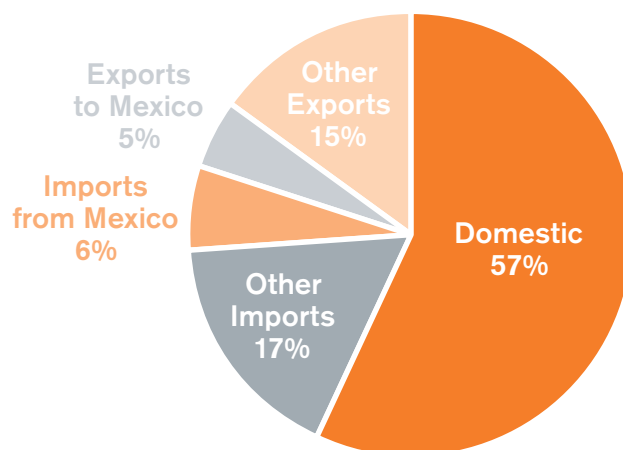
## 2021 FREIGHT REVENUE (MILLIONS)

	2021	2020	Chg
Bulk	\$6,656	\$5,960	12%
Industrial	7,323	6,622	11%
Premium	6,265	5,669	11%
<b>Total</b>	<b>\$20,244</b>	<b>\$18,251</b>	<b>11%</b>

## 2021 FREIGHT REVENUE



## 2021 CARLOAD COMPOSITION



# Bulk

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

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

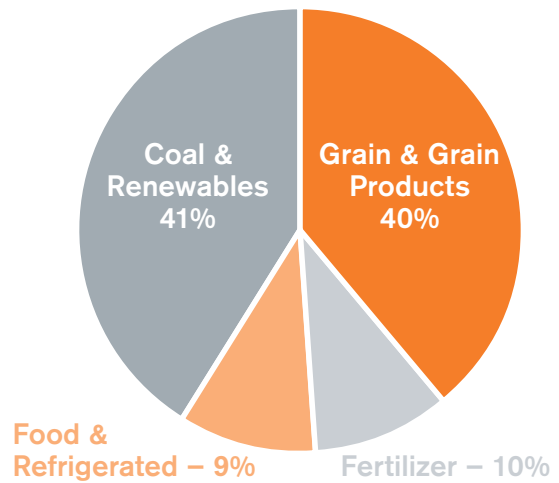
Fertilizer movements originate in the Gulf Coast region, Midwest, western U.S., and Canada (through interline access) for delivery to major agricultural users in those areas as well as abroad.

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

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

For a discussion on the current year Bulk results, please reference the [2021 10-K report](#).

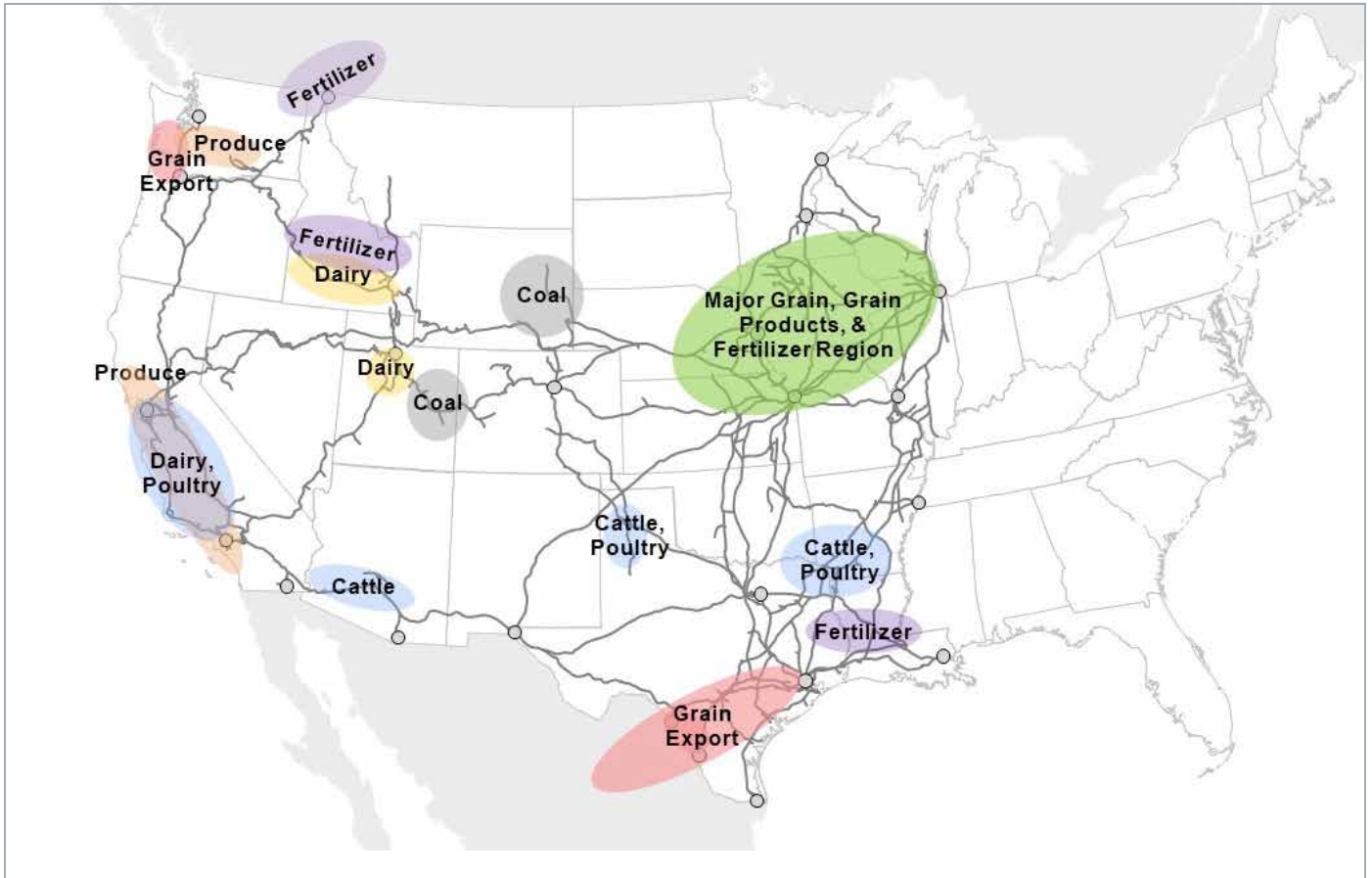
**2021 CARLOAD COMPOSITION**



**LANE DENSITY MAP**



# Key Bulk Markets



## Annual Summary by Quarter

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue Per Car
1Q 2020	1,534	43,666	477	3,219
2Q 2020	1,386	41,298	447	3,099
3Q 2020	1,478	45,955	498	2,964
4Q 2020	1,562	47,313	498	3,139
<b>Full Year 2020</b>	<b>\$5,960</b>	<b>178,232</b>	<b>1,920</b>	<b>\$3,104</b>
1Q 2021	1,512	45,377	466	3,246
2Q 2021	1,648	48,716	504	3,266
3Q 2021	1,687	49,588	520	3,244
4Q 2021	1,809	52,287	524	3,457
<b>Full Year 2021</b>	<b>\$6,656</b>	<b>195,968</b>	<b>2,014</b>	<b>\$3,305</b>
<b>Pct Change vs 2020</b>	<b>12%</b>	<b>10%</b>	<b>5%</b>	<b>6%</b>

# Industrial

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

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

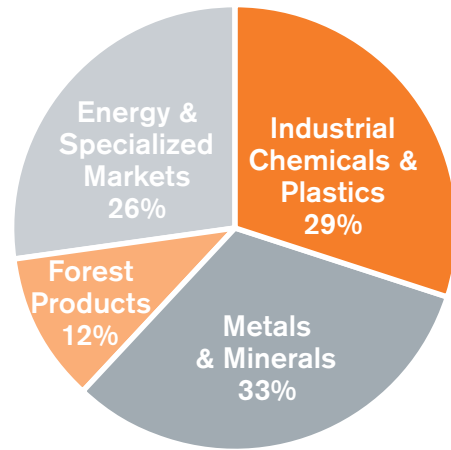
The industrial chemicals market consists of a vast number of chemical compounds that support the manufacturing of more complex chemicals. Plastics shipments support automotive, housing, and the durable and disposable consumer goods markets. UP is an important link in the plastics supply chain through its ownership and operation of rail storage-in-transit (SIT) facilities. Plastics customers utilize these SIT yards for intermediate storage of plastic resins.

Forest product shipments include lumber and paper commodities. Lumber 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. Paper shipments primarily support packaging needs.

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

For a discussion on the current year Industrial results, please reference the [2021 10-K report](#).

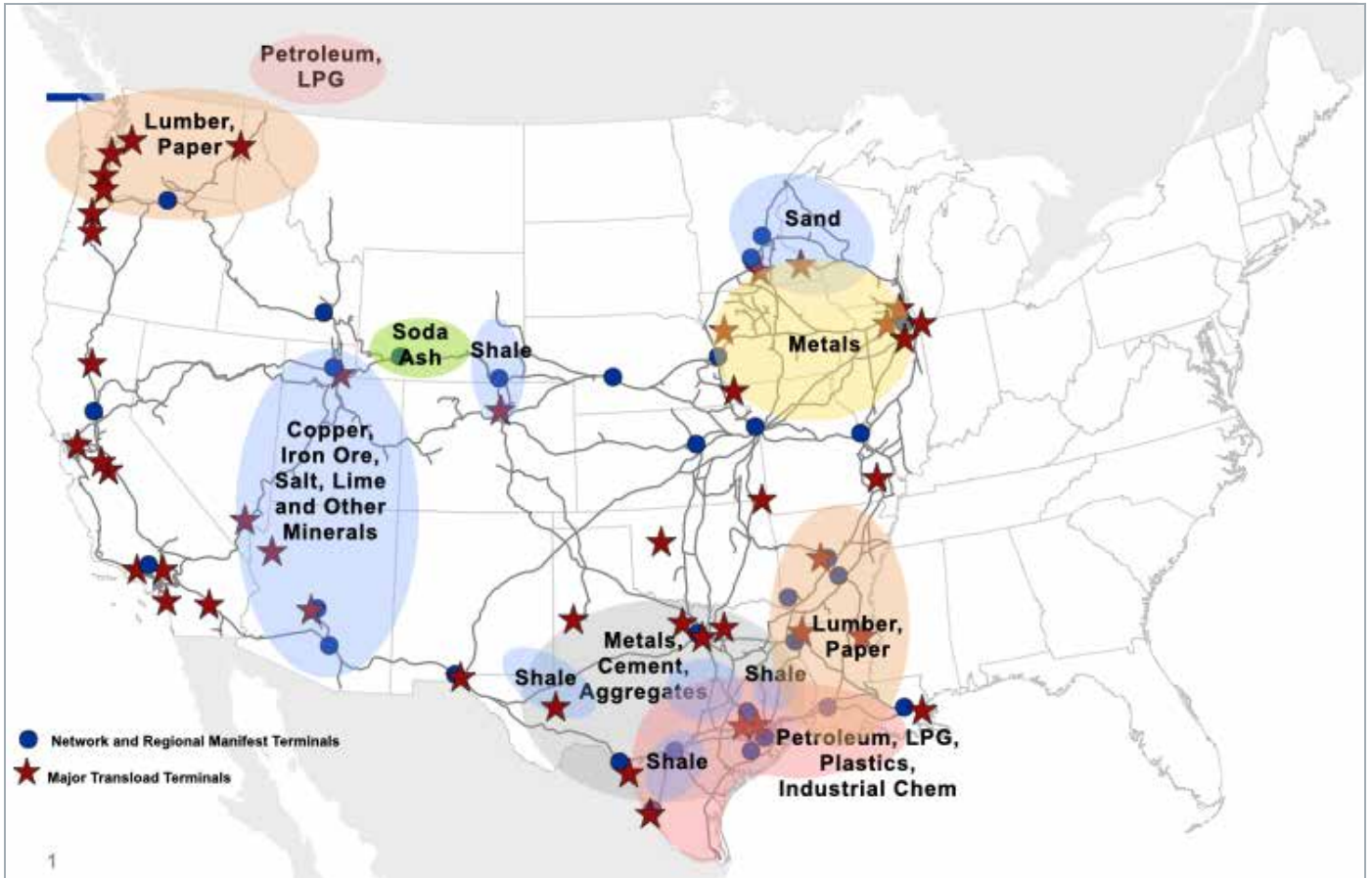
**2021 CARLOAD COMPOSITION**



**LANE DENSITY MAP**



# Key Industrial Markets



## Annual Summary by Quarter

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue Per Car
1Q 2020	1,894	33,794	546	3,469
2Q 2020	1,500	25,362	468	3,201
3Q 2020	1,567	27,593	480	3,271
4Q 2020	1,661	29,962	498	3,331
<b>Full Year 2020</b>	<b>\$6,622</b>	<b>116,711</b>	<b>1,992</b>	<b>\$3,324</b>
1Q 2021	1,656	29,839	485	3,417
2Q 2021	1,859	32,392	540	3,442
3Q 2021	1,911	32,829	549	3,482
4Q 2021	1,897	31,746	538	3,522
<b>Full Year 2021</b>	<b>\$7,323</b>	<b>126,806</b>	<b>2,112</b>	<b>\$3,467</b>
<b>Pct Change vs 2020</b>	<b>11%</b>	<b>9%</b>	<b>6%</b>	<b>4%</b>

# Premium

Premium includes finished automobiles, automotive parts, and merchandise in intermodal containers, both domestic and international.

UP is the largest automotive carrier west of the Mississippi River, operating or accessing 38 vehicle distribution centers while also serving five vehicle assembly plants. UP's network uniquely connects to West Coast ports, all six major Mexico gateways, and the Port of Houston to accommodate import and export shipments. In addition to transporting finished vehicles, UP provides expedited handling of automotive parts in both boxcars and intermodal containers destined for Mexico, the U.S., and Canada.

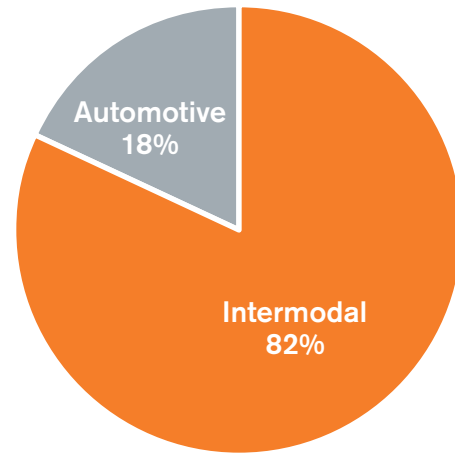
UP's intermodal franchise includes two segments: international and domestic. International business consists of import and export traffic moving in 20 or 40-foot shipping containers, that mainly pass through West Coast ports, destined for one of the Company's many inland intermodal terminals. UP's international intermodal customers include a variety of ocean carriers (vessel-operating common carriers or VOCCs).

Domestic business includes containers and trailers transported within North America on behalf of intermodal marketing companies, primarily shipper agents and logistics companies, as well as truckload carriers. Less-than-truckload and parcel carriers with time-sensitive business requirements are an important part of domestic intermodal. Domestic shipments predominately move in 53-foot containers within the U.S., Canada and Mexico. U.S. import volume transloaded from shipping containers at the ports is classified as domestic intermodal.

UP'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.

For a discussion on the current year Premium results, please reference the [2021 10-K report](#).

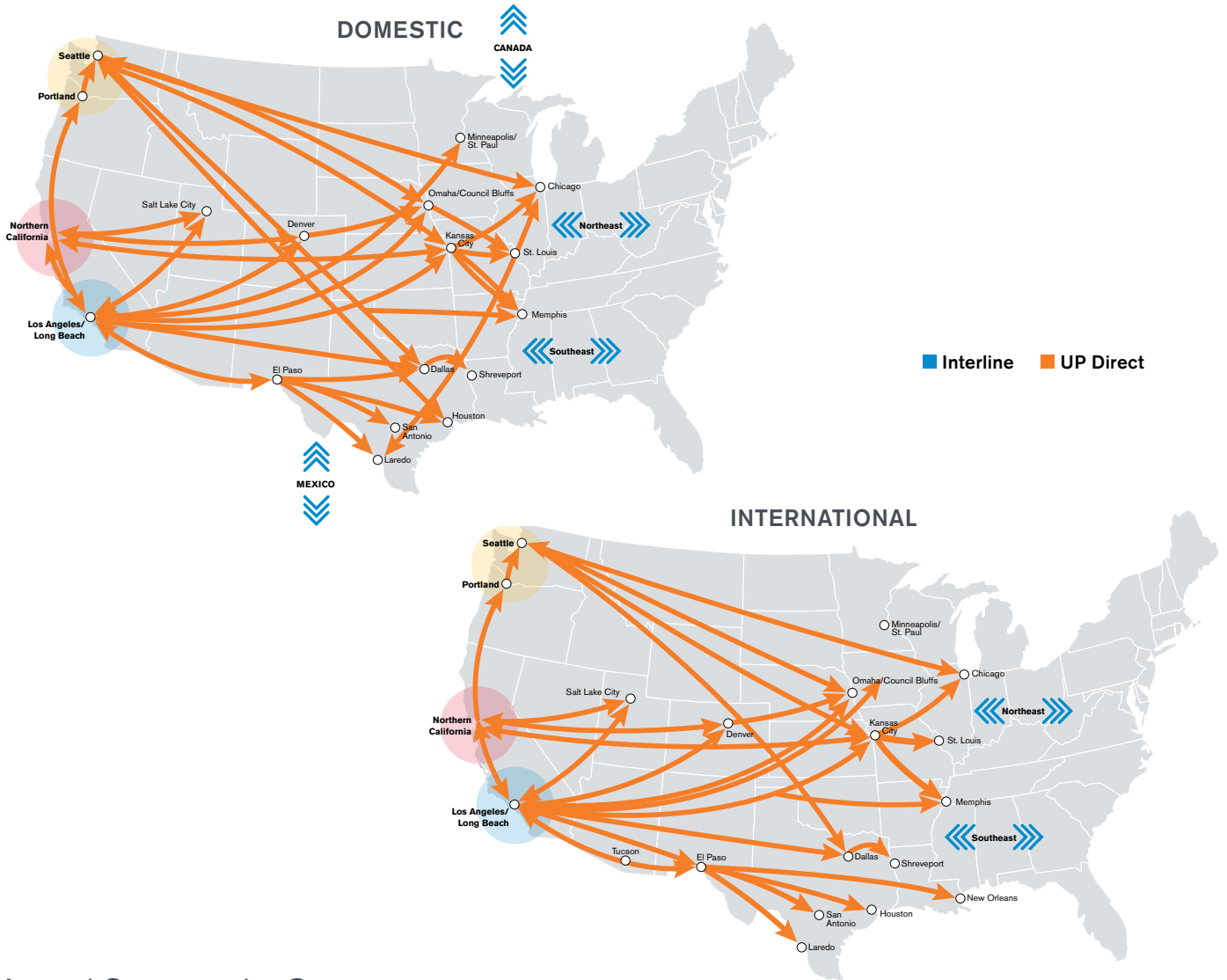
**2021 CARLOAD COMPOSITION**



**LANE DENSITY MAP**



# Key Premium Markets



## Annual Summary by Quarter

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue Per Car
1Q 2020	1,452	22,223	917	1,583
2Q 2020	1,086	19,254	803	1,354
3Q 2020	1,551	24,365	1,066	1,454
4Q 2020	1,580	24,191	1,055	1,497
<b>Full Year 2020</b>	<b>\$5,669</b>	<b>90,033</b>	<b>3,841</b>	<b>\$1,476</b>
1Q 2021	1,481	22,148	976	1,517
2Q 2021	1,625	23,647	1,051	1,547
3Q 2021	1,568	21,897	975	1,608
4Q 2021	1,591	20,807	910	1,748
<b>Full Year 2021</b>	<b>\$6,265</b>	<b>88,499</b>	<b>3,912</b>	<b>\$1,601</b>
<b>Pct Change vs 2020</b>	<b>11%</b>	<b>(2%)</b>	<b>2%</b>	<b>8%</b>



# Mexico

UP's unique franchise has the industry's best access to Mexico as the Company is the only railroad that serves all six major rail gateways between the U.S. and Mexico. Cross-border traffic with Mexico comprised approximately 10 percent of UP's total 2021 volume.

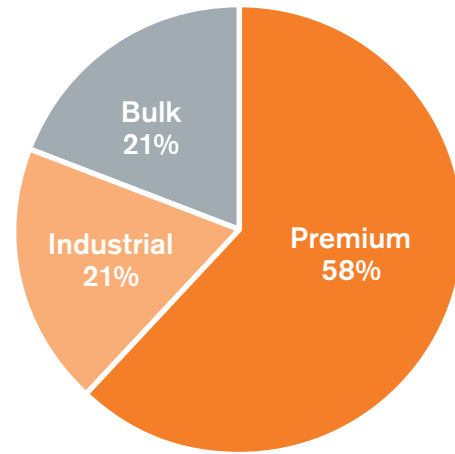
While UP does not physically operate within Mexico, UP is able to interchange traffic at the border, working primarily in cooperation with the two largest Mexican railroads, Kansas City Southern de Mexico (KCSM) and Ferrocarril Mexicano (Ferromex or FXE). This enables UP to capture opportunities created 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.

UP maintains a 26 percent minority ownership interest in FXE. In 2021, 57 percent of UP shipments to and from Mexico were interchanged with FXE, with the remaining 43 percent interchanged with KCSM.

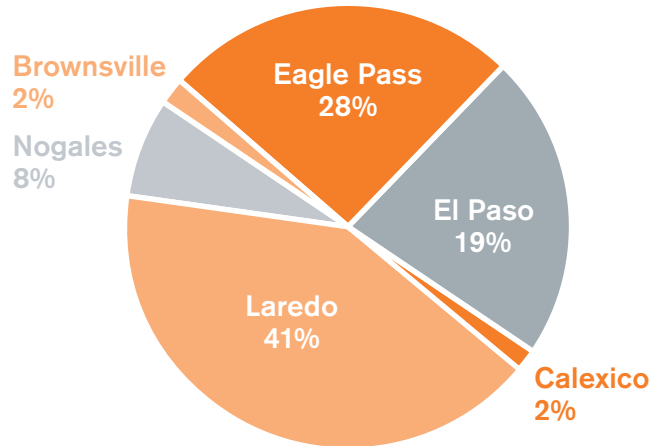
Northbound shipments, which account for just over one-half of UP's overall cross-border traffic with Mexico, have grown during the past ten years alongside increased Mexican manufacturing. Automotive, beer and beverages, and intermodal shipments represent approximately 90 percent of northbound moves.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

For a discussion on the current year Mexico results, please reference the [2021 10-K report](#).

**2021 CARLOAD COMPOSITION**



**PERCENT OF 2021 UP CARLOADS AT BORDER CROSSINGS\***



**LANE DENSITY MAP**



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

# Mexico Intermodal

## Three Ways In and Out of Mexico

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

### Mexico Direct

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

### Border Direct

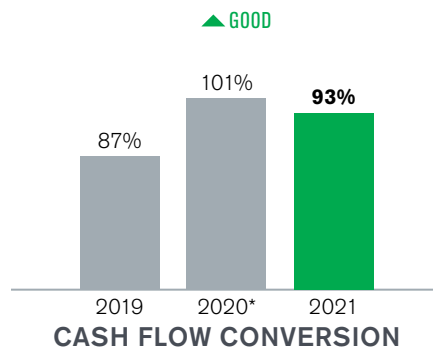
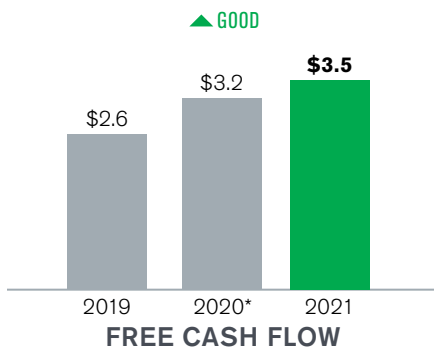
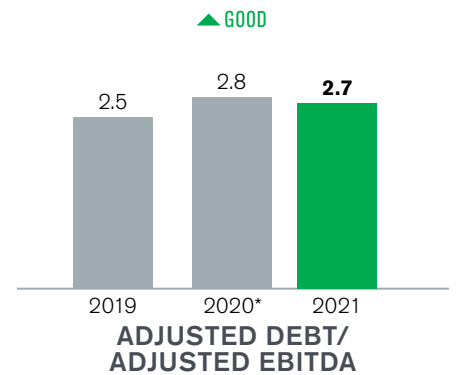
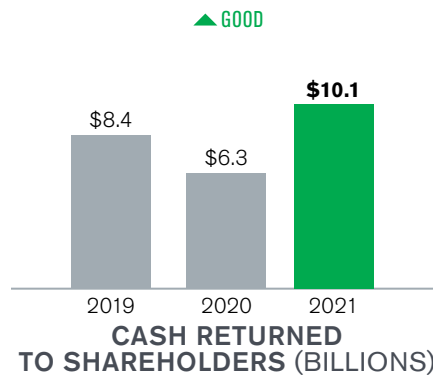
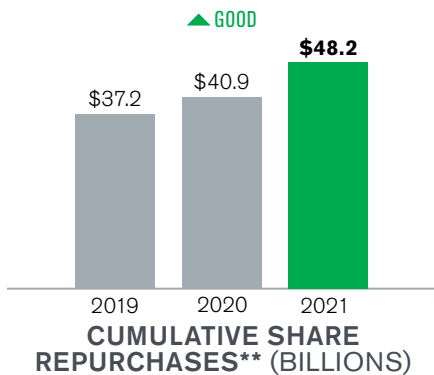
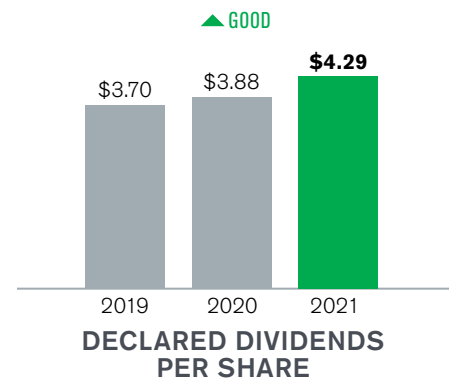
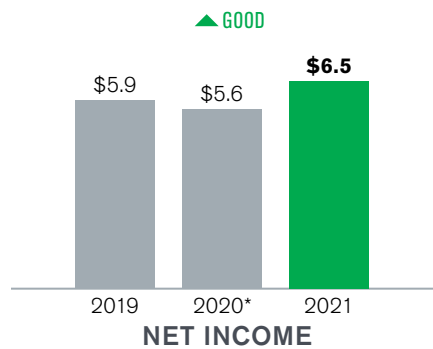
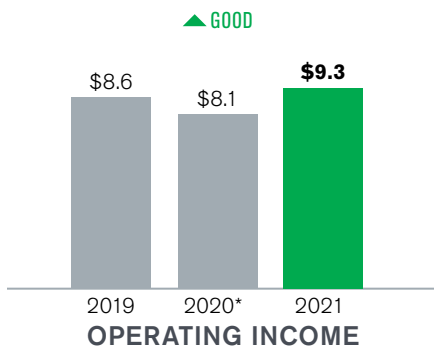
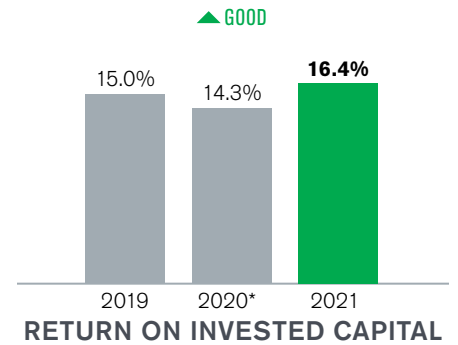
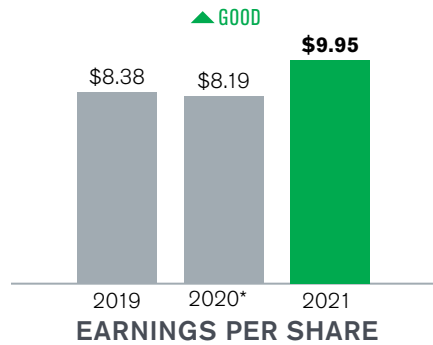
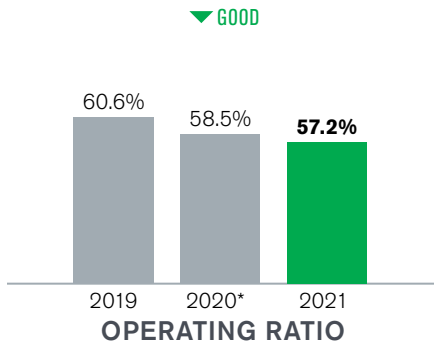
Service to and from the U.S. / Mexico border. Union Pacific's intermodal network provides expanded access to markets across North America, utilizing four Union Pacific border gateways: El Paso, Laredo and Rio Valley, Texas, and Tucson, Arizona. Intermodal Marketing Companies (IMCs) monitor the customs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

### 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 Logistic Company's (a Union Pacific Railroad subsidiary) 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.



# Financial Results



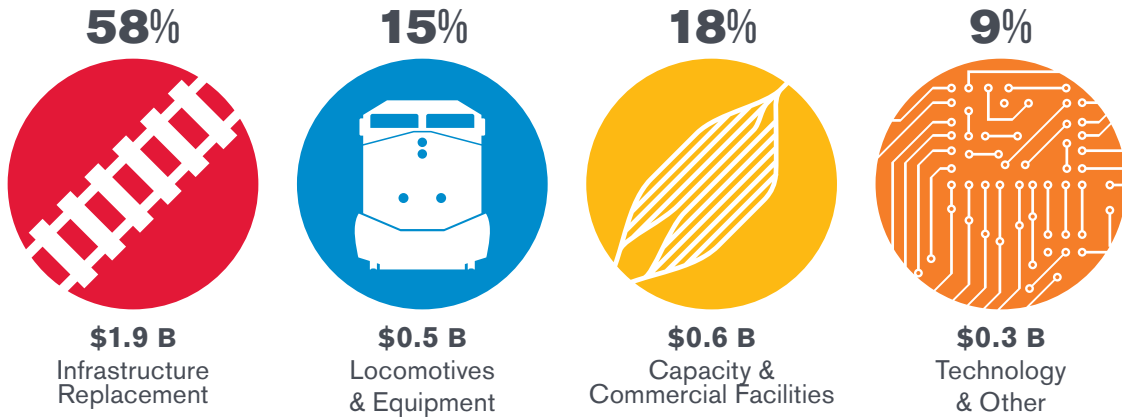
\* 2020 adjusted to exclude Brazos non-cash impairment change.

\*\* Cumulative shares repurchased starting in 2007.

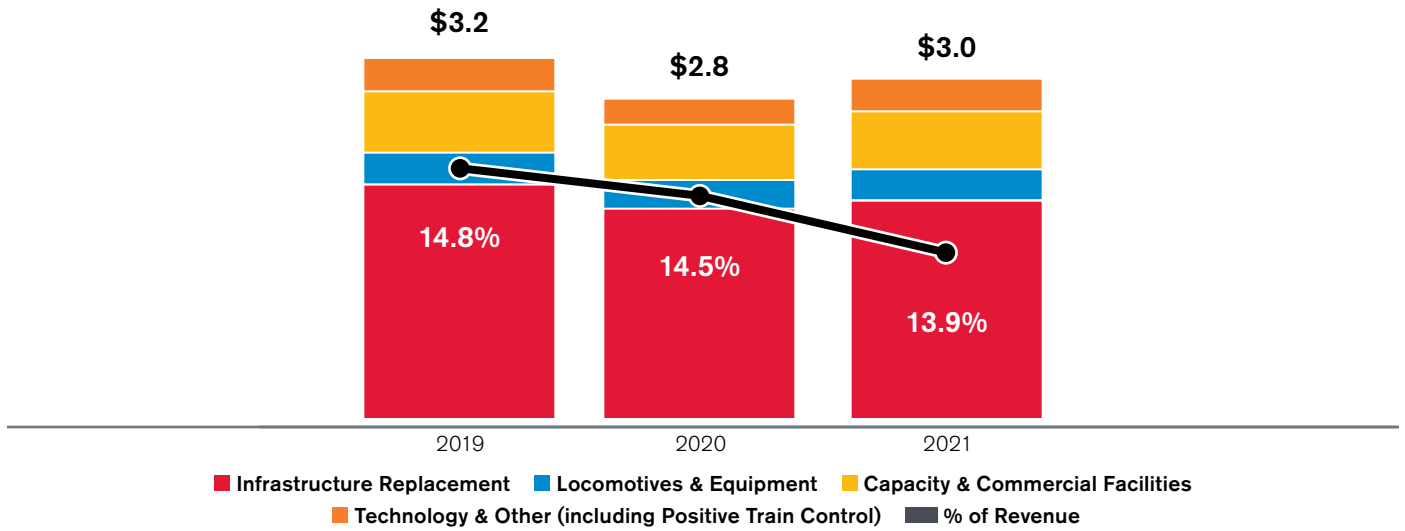
See page 31 for a reconciliation to GAAP.

# Capital Investments

~\$3.3 BILLION 2022 CAPITAL PLAN



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>	2021	2020[a]	2019	2018	2017[b]
<b>For the Year Ended December 31</b>					
Operating revenues [c]	\$21,804	\$ 19,533	\$21,708	\$22,832	\$ 21,240
Operating income	9,338	7,834	8,554	8,517	8,106
Net income	6,523	5,349	5,919	5,966	10,712
Earnings per share - basic	9.98	7.90	8.41	7.95	13.42
Earnings per share - diluted	9.95	7.88	8.38	7.91	13.36
Dividends declared per share	4.29	3.88	3.70	3.06	2.48
Cash provided by operating activities	9,032	8,540	8,609	8,686	7,230
Cash used in investing activities	(2,709)	(2,676)	(3,435)	(3,411)	(3,086)
Cash used in financing activities	(7,158)	(4,902)	(5,646)	(5,222)	(4,146)
Cash used for share repurchase programs	(7,291)	(3,705)	(5,804)	(8,225)	(4,013)
<b>At December 31</b>					
Total assets	\$63,525	\$ 62,398	\$61,673	\$59,147	\$ 57,806
Long-term obligations [d]	43,620	41,267	39,194	34,098	29,011
Debt due after one year	27,563	25,660	23,943	20,925	16,144
Common shareholders' equity	14,161	16,958	18,128	20,423	24,856
<b>Additional Data</b>					
Freight revenues [c]	\$20,244	\$ 18,251	\$20,243	\$21,384	\$ 19,837
Revenue carloads (units) (000)	8,038	7,753	8,346	8,908	8,588
Operating ratio (%) [e]	57.2	59.9	60.6	62.7	61.8
Average employees (000)	29.9	31.0	37.5	42.0	42.0
<b>Financial Ratios (%)</b>					
Return on average common shareholders' equity [f]	41.9	30.5	30.7	26.4	47.8

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

[b] 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.

[c] Includes fuel surcharge revenue of \$1.7 billion, \$967 million, \$1.6 billion, \$1.7 billion, and \$966 million for 2021, 2020, 2019, 2018, and 2017, respectively, which partially offsets increased operating expenses for fuel. See our 2021 SEC Form 10-K for more information.

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

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

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

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

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

Refer to the Union Pacific Corporation 2021 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>	<b>2020</b>				
	<b>1st Qtr</b>	<b>2nd Qtr</b>	<b>3rd Qtr</b>	<b>4th Qtr</b>	<b>Full Year</b>
<b>Operating Revenues</b>					
Freight revenues	\$ 4,880	\$ 3,972	\$ 4,596	\$ 4,803	\$ 18,251
Other revenues	349	272	323	338	1,282
<b>Total operating revenues</b>	<b>5,229</b>	<b>4,244</b>	<b>4,919</b>	<b>5,141</b>	<b>19,533</b>
<b>Operating Expenses</b>					
Compensation and benefits	1,059	905	1,008	1,021	3,993
Depreciation	547	551	555	557	2,210
Purchased services and materials	521	441	508	492	1,962
Fuel	434	247	301	332	1,314
Equipment and other rents	227	211	217	220	875
Other	298	235	299	513	1,345
<b>Total operating expenses</b>	<b>3,086</b>	<b>2,590</b>	<b>2,888</b>	<b>3,135</b>	<b>11,699</b>
<b>Operating Income</b>	<b>2,143</b>	<b>1,654</b>	<b>2,031</b>	<b>2,006</b>	<b>7,834</b>
Other income, net	53	131	37	66	287
Interest expense	(278)	(289)	(295)	(279)	(1,141)
Income before income taxes	1,918	1,496	1,773	1,793	6,980
Income taxes	(444)	(364)	(410)	(413)	(1,631)
<b>Net Income</b>	<b>\$ 1,474</b>	<b>\$ 1,132</b>	<b>\$ 1,363</b>	<b>\$ 1,380</b>	<b>\$ 5,349</b>
<b>Share and Per Share</b>					
Earnings per share - basic	\$ 2.15	\$ 1.67	\$ 2.02	\$ 2.05	\$ 7.90
Earnings per share - diluted	\$ 2.15	\$ 1.67	\$ 2.01	\$ 2.05	\$ 7.88
Weighted average number of shares - basic	684.3	677.7	675.0	672.2	677.3
Weighted average number of shares - diluted	686.2	679.2	676.8	674.1	679.1
Dividends declared per share	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 3.88
<b>Operating Ratio</b>	<b>59.0%</b>	<b>61.0%</b>	<b>58.7%</b>	<b>61.0%</b>	<b>59.9%</b>
<b>Effective Tax Rate</b>	<b>23.1%</b>	<b>24.3%</b>	<b>23.1%</b>	<b>23.0%</b>	<b>23.4%</b>

Refer to the Union Pacific Corporation 2020 SEC Form 10-K for additional information, including audited financial statements and related footnotes.

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

<i>Millions, Except Share and Per Share Amounts as of December 31,</i>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 960	\$ 1,799
Short-term investments	46	60
Accounts receivable, net	1,722	1,505
Materials and supplies	621	638
Other current assets	202	212
<b>Total current assets</b>	<b>3,551</b>	<b>4,214</b>
Investments	2,241	2,164
Properties:		
Land	5,339	5,246
Road	57,007	55,627
Equipment	12,759	12,600
Technology and other	2,170	1,947
Accumulated depreciation	(22,404)	(21,259)
<b>Properties, net</b>	<b>54,871</b>	<b>54,161</b>
Operating lease assets	1,787	1,610
Other assets	1,075	249
<b>Total assets</b>	<b>\$ 63,525</b>	<b>\$ 62,398</b>
<b>Liabilities and Common Shareholders' Equity</b>		
Current liabilities:		
Debt due within one year	\$ 2,166	\$ 1,069
Income and other taxes payable	823	635
Accounts payable	752	612
Accrued wages and vacation	352	340
Interest payable	330	326
Current operating lease liabilities	330	321
Accrued casualty costs	187	177
Equipment rents payable	98	101
Other	706	592
<b>Total current liabilities</b>	<b>5,744</b>	<b>4,173</b>
Debt due after one year	27,563	25,660
Operating lease liabilities	1,429	1,283
Deferred income taxes	12,675	12,247
Other long-term liabilities	1,953	2,077
<b>Total liabilities</b>	<b>49,364</b>	<b>45,440</b>
Common shareholders' equity:		
Common shares, \$2.50 par value, 1,400,000,000 authorized; 1,112,440,400 and 1,112,227,784 issued; 638,841,656 and 671,351,360 outstanding, respectively	2,781	2,781
Paid-in-surplus	4,979	4,864
Retained earnings	55,049	51,326
Treasury stock	(47,734)	(40,420)
Accumulated other comprehensive loss	(914)	(1,593)
<b>Total common shareholders' equity</b>	<b>14,161</b>	<b>16,958</b>
<b>Total liabilities and common shareholders' equity</b>	<b>\$ 63,525</b>	<b>\$ 62,398</b>

Refer to the Union Pacific Corporation 2021 SEC Form 10-K for additional information.



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

Millions, for the Years Ended December 31,	2021	2020	2019	2018	2017
<b>Operating Activities</b>					
Net income	\$ 6,523	\$ 5,349	\$ 5,919	\$ 5,966	\$10,712
Adjustments to reconcile net income to cash provided by operating activities:					
Depreciation	2,208	2,210	2,216	2,191	2,105
Deferred and other income taxes	154	340	566	338	(5,067)
Gain on non-operating asset dispositions	(98)	(115)	(20)	(30)	(111)
Other operating activities, net	42	490	98	347	(282)
Changes in current assets and liabilities:					
Accounts receivable, net	(217)	90	160	(262)	(235)
Materials and supplies	17	113	(9)	7	(32)
Other current assets	31	(34)	87	(24)	9
Accounts payable and other current liabilities	184	(73)	(179)	(125)	182
Income and other taxes	188	170	(229)	278	(51)
Cash provided by operating activities	9,032	8,540	8,609	8,686	7,230
<b>Investing Activities</b>					
Capital Investments	(2,936)	(2,927)	(3,453)	(3,437)	(3,238)
Proceeds from asset sales	178	149	74	63	168
Maturities of short-term investments	94	141	130	90	90
Purchases of short-term investments	(70)	(136)	(115)	(90)	(120)
Other investing activities, net	25	97	(71)	(37)	14
Cash used in investing activities	(2,709)	(2,676)	(3,435)	(3,411)	(3,086)
<b>Financing Activities</b>					
Share repurchase programs	(7,291)	(3,705)	(5,804)	(8,225)	(4,013)
Debt issued	4,201	4,004	3,986	6,892	2,735
Dividends paid	(2,800)	(2,626)	(2,598)	(2,299)	(1,982)
Debt repaid	(1,299)	(2,053)	(817)	(1,736)	(840)
Net issued/(paid) of commercial paper	325	(127)	(6)	194	-
Debt exchange	(270)	(328)	(387)	-	-
Other financing activities, net	(24)	(67)	(20)	(48)	(46)
Cash used in financing activities	(7,158)	(4,902)	(5,646)	(5,222)	(4,146)
<b>Net Change in Cash, Cash Equivalents, and Restricted Cash</b>	<b>(835)</b>	<b>962</b>	<b>(472)</b>	<b>53</b>	<b>(2)</b>
Cash, cash equivalents, and restricted cash at beginning of year	1,818	856	1,328	1,275	1,277
Cash, cash equivalents, and restricted cash at end of year	\$ 983	\$ 1,818	\$ 856	\$ 1,328	\$ 1,275
<b>Supplemental Cash Flow Information</b>					
Non-cash investing and financing activities:					
Term loan renewals	\$ 100	\$ 250	\$ 250	\$ 250	\$ -
Capital investments accrued but not yet paid	263	166	224	205	366
Locomotives sold for material credits	-	-	18	-	-
Finance lease financings	-	-	-	12	19
Cash paid during the year for:					
Income taxes, net of refunds	\$(1,658)	\$(1,214)	\$(1,382)	\$(1,205)	\$(2,112)
Interest, net of amounts capitalized	(1,087)	(1,050)	(1,033)	(728)	(666)

Refer to the Union Pacific Corporation 2021 SEC Form 10-K for additional information

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

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

[a] Including taxes and transportation costs.

[b] As reported to the Surface Transportation Board.

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

Financial and Revenue Statistics	2020				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
Operating revenues (millions)	\$ 5,229	\$ 4,244	\$ 4,919	\$ 5,141	\$19,533
Operating expenses (millions)	\$ 3,086	\$ 2,590	\$ 2,888	\$ 3,135	\$11,699
Operating ratio (%)	59.0	61.0	58.7	61.0	59.9
Compensation and benefits (millions)	\$ 1,059	\$ 905	\$ 1,008	\$ 1,021	\$ 3,993
Compensation and benefits/Operating revenue (%)	20.3	21.3	20.5	19.9	20.4
Freight revenue/Average employees (000)	144.1	132.1	152.4	161.4	589.5
Fuel expense (millions)	\$ 434	\$ 247	\$ 301	\$ 332	\$ 1,314
Average fuel price per gallon consumed [a]	\$ 1.87	\$ 1.26	\$ 1.36	\$ 1.45	\$ 1.50
Freight revenues (millions)	\$ 4,880	\$ 3,972	\$ 4,596	\$ 4,803	\$18,251
Average revenue per car	\$ 2,516	\$ 2,312	\$ 2,248	\$ 2,341	\$ 2,354
Freight revenue/Revenue ton-mile (cents)	\$ 4.89	\$ 4.62	\$ 4.69	\$ 4.73	\$ 4.74
Effective tax rate (%)	23.1	24.3	23.1	23.0	23.4
<b>Operating Statistics</b>					
Revenue carloads (thousands)	1,940	1,718	2,044	2,051	7,753
Revenue ton-miles (billions)	99.7	85.9	97.9	101.5	385.0
Gross ton-miles (billions)	201.3	170.6	197.0	202.9	771.8
Freight car velocity (daily miles per car) [b]	211	227	223	223	221
Average train speed (miles per hour) [c]	25.4	26.9	25.3	26.1	25.9
Average terminal dwell time (hours) [c]	23.8	21.6	22.8	22.4	22.7
Locomotive productivity (GTMs per horsepower day)	131	136	138	142	137
Train length (feet)	8,396	8,664	8,984	9,154	8,798
Intermodal car trip plan compliance (%)	85	82	77	83	81
Manifest/Automotive car trip plan compliance (%)	64	76	72	74	71
Fuel consumed (millions of gallons)	225	189	213	222	849
Workforce productivity (car miles per employee)	894	868	998	1,032	947
Total employees (average)	33,872	30,059	30,155	29,753	30,960
GTMs per employee (millions)	5.94	5.68	6.53	6.82	24.93

[a] Including taxes and transportation costs.

[b] Prior periods have been recast to conform to the current year presentation which reflects minor refinements.

[c] As reported to the Surface Transportation Board.

## Non-GAAP Definitions

The following are non-GAAP financial measures under SEC Regulation G and Item 10 of SEC Regulation S-K and may not be defined and calculated by other companies in the same manner. We believe these measures provide an alternative presentation of the results that more accurately reflect ongoing Company operations. These should be considered in addition to, rather than as substitutes for, the reported GAAP results.

### Free Cash Flow and Cash Flow Conversion Rate

Free cash flow is cash provided by operating activities less cash used in investing activities and dividends paid. Cash flow conversion rate is cash provided by operating activities less cash used for capital investments as a ratio of net income. Free cash flow, cash flow conversion rate, and comparable cash flow conversion rate are considered non-GAAP financial measures by SEC Regulation G and Item 10 of SEC Regulation S-K and may not be defined and calculated by other companies in the same manner. We believe free cash flow, cash flow conversion rate, and comparable cash flow conversion rate are important to management and investors in evaluating our financial performance and measures our ability to generate cash without additional external financing. Free cash flow, cash flow conversion rate, and comparable cash flow conversion rate should be considered in addition to, rather than as a substitute for, cash provided by operating activities.

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

ROIC and comparable ROIC are considered non-GAAP financial measures by SEC Regulation G and Item 10 of SEC Regulation S-K and may not be defined and calculated by other companies in the same manner. We believe these measures are important to management and investors in evaluating the efficiency and effectiveness of our long-term capital investments. In addition, we currently use ROIC as a performance criterion in determining certain elements of equity compensation for our executives. ROIC and comparable ROIC should be considered in addition to, rather than as a substitute for, other information provided in accordance with GAAP. The most comparable GAAP measure is return on average common shareholders' equity. At December 31, 2021, 2020, 2019, and 2018, the incremental borrowing rate on operating leases was 3.2%, 3.7%, 3.7%, and 3.7%, respectively. At December 31, 2017, our operating leases were discounted using our effective interest rate on debt of 4.6%.

### Adjusted Debt / Adjusted EBITDA

Total debt plus operating lease liabilities plus after-tax unfunded pension and other post retirement benefit obligations divided by net income plus income tax expense, depreciation, amortization, interest expense, and adjustments for other income and interest on operating lease liabilities. Adjusted debt to adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, and adjustments for other income and interest on operating lease liabilities) and comparable adjusted debt to adjusted EBITDA are considered non-GAAP financial measures by SEC Regulation G and Item 10 of SEC Regulation S-K and may not be defined and calculated by other companies in the same manner. We believe these measures are important to management and investors in evaluating the Company's ability to sustain given debt levels (including leases) with the cash generated from operations. In addition, a comparable measure is used by rating agencies when reviewing the Company's credit rating. Adjusted debt to adjusted EBITDA and comparable adjusted debt to adjusted EBITDA should be considered in addition to, rather than as a substitute for, net income. At December 31, 2021, 2020, 2019, and 2018, the incremental borrowing rate on operating leases was 3.2%, 3.7%, 3.7%, and 3.7%, respectively. At December 31, 2017, our operating leases were discounted using our effective interest rate on debt of 4.6%.

**UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES**

Non-GAAP Measures Reconciliation to GAAP (unaudited)

**Free Cash Flow**

Millions	2021	2020	2019	2018	2017
Cash provided by operating activities	\$ 9,032	\$ 8,540	\$ 8,609	\$ 8,686	\$ 7,230
Cash used in investing activities	(2,709)	(2,676)	(3,435)	(3,411)	(3,086)
Dividends paid	(2,800)	(2,626)	(2,598)	(2,299)	(1,982)
Free cash flow	\$ 3,523	\$ 3,238	\$ 2,576	\$ 2,976	\$ 2,162

**Cash Flow Conversion Rate**

Millions, Except Percentages	2021	2020	2019	2018	2017
Cash provided by operating activities	\$ 9,032	\$ 8,540	\$ 8,609	\$ 8,686	\$ 7,230
Cash used in capital investing	(2,936)	(2,927)	(3,453)	(3,437)	(3,238)
Total (a)	\$ 6,096	\$ 5,613	\$ 5,156	\$ 5,249	\$ 3,992
Net Income (b)	6,523	5,349	5,919	5,966	10,712
Cash flow conversion rate (a/b)	93%	105%	87%	88%	37%

**Comparable Cash Flow Conversion Rate**

	2021	2020	2019	2018	2017
Cash flow conversion rate	93%	105%	87%	88%	37%
Factors Affecting Comparability:					
Adjustments for Tax Cuts and Jobs Act [a]	N/A	N/A	N/A	N/A	49
Brazos yard impairment [b]	N/A	(4)	N/A	N/A	N/A
Comparable cash flow conversion rate	93%	101%	87%	88%	86%

[a] Adjustments remove the impact of \$5.9 billion and \$139 million from net income for the year ended December 31, 2017.

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


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

<i>Millions, Except Percentages</i>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Net income	\$ 6,523	\$ 5,349	\$ 5,919	\$ 5,966	\$10,712
Average equity	\$15,560	\$17,543	\$19,276	\$22,640	\$22,394
Return on average common shareholders' equity	41.9%	30.5%	30.7%	26.4%	47.8%

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

<i>Millions, Except Percentages</i>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Net income	\$ 6,523	\$ 5,349	\$ 5,919	\$ 5,966	\$10,712
Interest expense	1,157	1,141	1,050	870	719
Interest on average operating lease liabilities	54	64	76	82	105
Taxes on interest	(280)	(282)	(266)	(218)	(309)
Net operating profit after taxes as adjusted (a)	\$ 7,454	\$ 6,272	\$ 6,779	\$ 6,700	\$11,227
Average equity	\$15,560	\$17,543	\$19,276	\$22,640	\$22,394
Average debt	28,229	25,965	23,796	19,668	15,976
Average operating lease liabilities	1,682	1,719	2,052	2,206	2,288
Average invested capital as adjusted (b)	\$45,471	\$45,227	\$45,124	\$44,514	\$40,658
Return on invested capital as adjusted (a/b)	16.4%	13.9%	15.0%	15.1%	27.6%

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

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Return on invested capital as adjusted	16.4%	13.9%	15.0%	15.1%	27.6%
Factors Affecting Comparability:					
Adjustments for Tax Cuts and Jobs Act [a]	N/A	N/A	N/A	N/A	(13.9)
Brazos yard impairment [b]	N/A	0.4	N/A	N/A	N/A
Comparable return on invested capital as adjusted	16.4%	14.3%	15.0%	15.1%	13.7%

[a] Adjustments remove the impact of \$5.9 billion and \$139 million from both net income for the year ended and shareholders' equity as of December 31, 2017.

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

**UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES**

Non-GAAP Measures Reconciliation to GAAP (unaudited)

**Adjusted Debt / Adjusted EBITDA**

Millions, Except Ratios For the Twelve Months Ended	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Net income	\$ 6,523	\$ 5,349	\$ 5,919	\$ 5,966	\$10,712
Add:					
Income tax expense/(benefit)	1,955	1,631	1,828	1,775	(3,080)
Depreciation	2,208	2,210	2,216	2,191	2,105
Interest expense	1,157	1,141	1,050	870	719
EBITDA	\$11,843	\$10,331	\$11,013	\$10,802	\$10,456
Adjustments:					
Other income, net	(297)	(287)	(243)	(94)	(245)
Interest on operating lease liabilities*	56	59	68	84	98
Adjusted EBITDA (a)	\$11,602	\$10,103	\$10,838	\$10,792	\$10,309
Debt	\$29,729	\$26,729	\$25,200	\$22,391	\$16,944
Operating lease liabilities**	1,759	1,604	1,833	2,271	2,140
Unfunded/(funded) pension and other postretirement benefits, net of tax cost/(benefit) of (\$21), \$195, \$124, \$135, and \$238	(72)	637	400	456	396
Adjusted debt (b)	\$31,416	\$28,970	\$27,433	\$25,118	\$19,480
Adjusted debt / Adjusted EBITDA (b/a)	2.7	2.9	2.5	2.3	1.9

**Comparable Adjusted Debt / Adjusted EBITDA**

For the Twelve Months Ended	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Adjusted debt / Adjusted EBITDA	2.7	2.9	2.5	2.3	1.9
Factors Affecting Comparability:					
Brazos yard impairment [a]	N/A	(0.1)	N/A	N/A	N/A
Comparable Adjusted Debt / Adjusted EBITDA	2.7	2.8	2.5	2.3	1.9

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

\* Represents the hypothetical interest expense we would incur (using the incremental borrowing rate) if the property under our operating leases were owned or accounted for as finance leases.

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

**UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES**

Non-GAAP Measures Reconciliation to GAAP (unaudited)

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

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

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

**2017 Financial Performance Adjusted for Tax Cuts and Jobs Act [b]**

<i>Millions, Except Per Share Amounts and Percentages</i>	<i>Reported results (GAAP)</i>	<i>Equity-method affiliates*</i>	<i>Deferred taxes*</i>	<i>Adjusted results (non-GAAP)</i>
<i>For the Year Ended December 31, 2017</i>				
Operating income	\$ 8,106	\$ (212)	\$ -	\$ 7,894
Income taxes	(3,080)	(73)	5,935	2,782
Net income	\$10,712	\$ (139)	\$ (5,935)	\$ 4,638
Diluted EPS	\$ 13.36	\$ (0.17)	\$ (7.40)	\$ 5.79
Operating ratio	61.8%	1.0pts	-	62.8%
<i>As of December 31, 2017</i>				
Shareholders' Equity	\$24,856	\$ (139)	\$ (5,935)	\$18,782

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

[b] The above table reconcile our results for year ended December 31, 2017, and as of December 31, 2017, to adjusted results that exclude the impact of certain items identified as affecting comparability. We use adjusted operating income, adjusted income taxes, adjusted net income, adjusted diluted EPS, adjusted operating ratio and adjusted shareholders' equity, as applicable, among other measures, to evaluate our actual operating performance. We believe these non-GAAP 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, operating ratio, and shareholders' equity as indicators of operating performance.



## Cautionary Information

Our 2021 Investor Factbook 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](#).

This report includes statements and information regarding future expectations or results of the Company that are not historical facts. These statements and information are, or will be forward looking as defined by federal securities laws. Forward-looking statements and information can be identified by use of forward-looking terminology (and derivations thereof), such as “believes,” “expects,” “may,” “should,” “will,” “would,” “intends,” “plans,” “estimates,” “anticipates,” “projects” and other words or phrases of similar intent. Forward-looking statements and information generally include the following: the Company's expectations or forecasts with respect to general economic conditions in the United States and the world; the Company's financial and operational performance; increases of the Company's earnings; demand for the Company's rail service; improving customer service; enhancing profitability; volume and revenue growth; efficiency improvements and increasing returns; and improving asset utilization. Statements also include the effectiveness or growth of new and newer services; management of network volumes; increasing shareholder value; total amount of capital investments; completion and effectiveness of capacity expansion and other capital investments, and other investments in infrastructure improvements; returns on capital investments; improvements regarding safety of our operations and equipment; improving efficiencies in fuel consumption; preserving the environment and communities where the Company operates; and effectiveness of plans, programs and initiatives to reduce costs and other efficiency improvements. Forward-looking statements and information 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 statements and information are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. Forward-looking statements and information reflect the good faith consideration by management of currently available information and may be based on underlying assumptions believed to be reasonable under the circumstances. However, such information and assumptions (and, therefore, such forward-looking statements and information) are or may be subject to variables or unknown or unforeseeable events or circumstances over which management has little or no influence or control.

The risk factors in Item 1A of the Company's [Annual Form 10-K](#), filed Feb. 4, 2022, could affect our future results and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements

and information. This report should be read in consideration of these risk factors. To the extent circumstances require or the Company deems it otherwise necessary, the Company will update or amend these risk factors in subsequent Annual Reports, periodic reports on Form 10-Q or current reports on Form 8-K.

Forward-looking statements speak only as of the date the statement was made. We assume no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect thereto or with respect to other forward-looking statements.



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