



SECOND QUARTER 2023 EARNINGS RELEASE

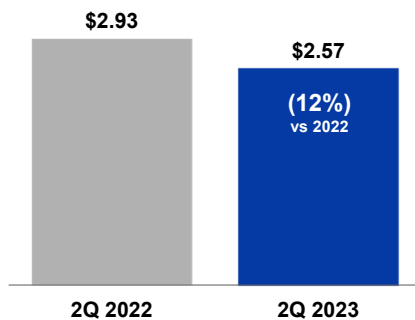
Lance Fritz, Chairman, President, & CEO

July 26, 2023

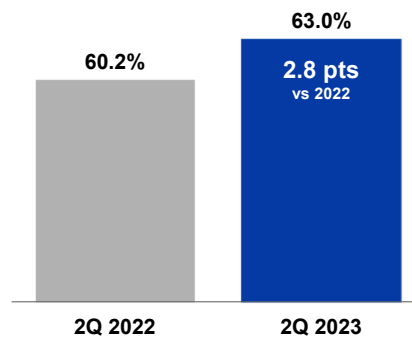


Second Quarter 2023 Results

Earnings Per Share



Operating Ratio



Key Themes

Soft Demand Environment

Inflationary Pressures

One-Time Ratification Bonus





SECOND QUARTER 2023 MARKETING & SALES REVIEW

Kenny Rocker

Executive Vice President – Marketing & Sales



SECOND QUARTER 2023

Bulk

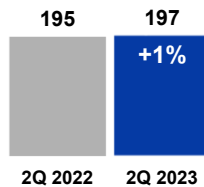
Revenue \$1,757 (-3%)

Volume 492K (-1%)

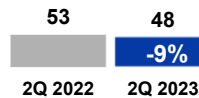
ARC \$3,568 (-2%)

Major Markets

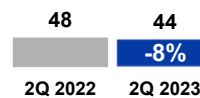
Grain &
Grain Products



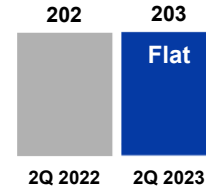
Fertilizer



Food &
Refrigerated



Coal &
Renewables



Quarterly Drivers

Reduced Export
Potash Shipments

Weaker Beverage Imports

Low Natural Gas Prices
Decreasing Coal Demand

4 Volume in thousands of carloads.



SECOND QUARTER 2023

Industrial

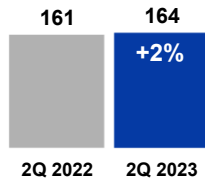
Revenue \$2,086 (Flat)

Volume 573K (+1%)

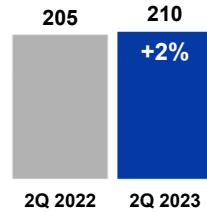
ARC \$3,646 (-1%)

Major Markets

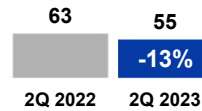
Industrial Chemicals & Plastics



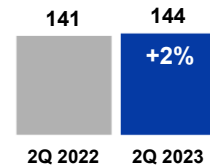
Metals & Minerals



Forest Products



Energy & Specialized



Quarterly Drivers

Strong Rock Shipments

Weak Housing and Corrugated Box Demand

LPG & Petroleum Products Business Development Wins

⁵ Volume in thousands of carloads.



SECOND QUARTER 2023

Premium

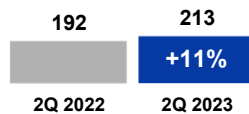
Revenue \$1,726 (-11%)

Volume 962K (-4%)

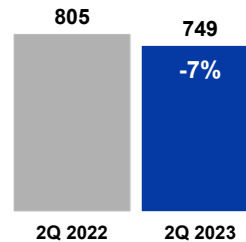
ARC \$1,794 (-8%)

Major Markets

Automotive



Intermodal



Quarterly Drivers

Continued Autos Inventory Restocking

High Retail Inventory & Increased Truck Capacity

Weak US West Coast Imports

⁶ Volume in thousands of carloads.



Second Half 2023 Volume Outlook

Bulk



- ↔ Coal
- ↔ Grain
- + Biofuels

Industrial



- Industrial Production
- Forest Products
- ↔ Metals
- + Construction

Premium



- Domestic Intermodal
- ↔ International Intermodal
- + Automotive

Current 2023 Full Year Industrial Production Forecast: +0.1%

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SECOND QUARTER 2023 OPERATIONS REVIEW

Eric Gehringer

Executive Vice President – Operating



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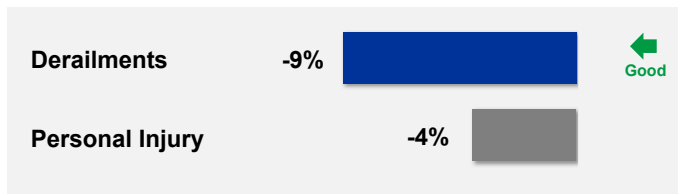


Continued Safety Performance Improvement

- Safety of employees, customers and communities we serve is our top priority
- Rail is safest way to move freight over land
- Technology is further enabling our safety efforts

Safety Performance

(First Half 2023 vs. First Half 2022)



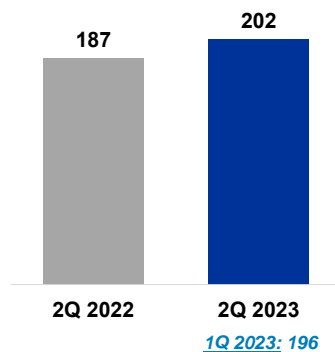
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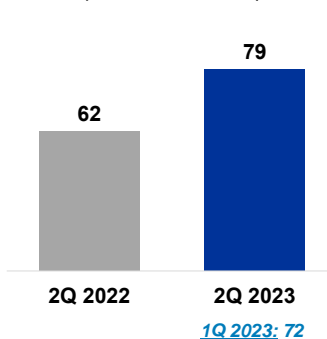
SECOND QUARTER 2023

Key Performance Metrics

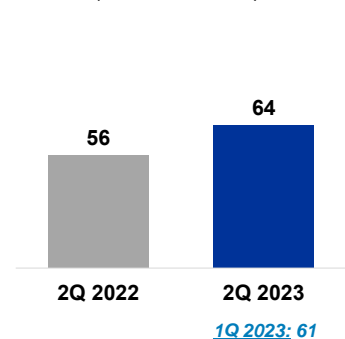
FREIGHT CAR VELOCITY (Daily Miles per Car)



INTERMODAL TRIP PLAN COMPLIANCE (% of Boxes On Time)



MANIFEST/AUTO TRIP PLAN COMPLIANCE (% of Cars On Time)



Quarterly Drivers

Better Crew Supply

Improved Intermodal Ramp Execution

More Fluid Network

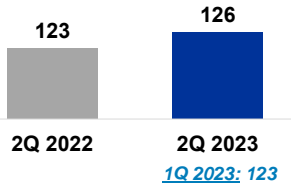
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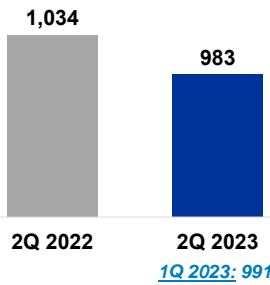
SECOND QUARTER 2023

Key Efficiency Metrics

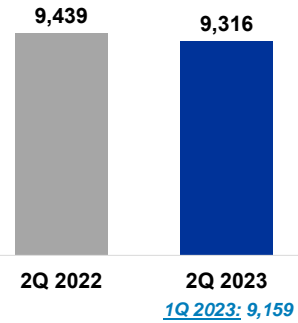
**LOCOMOTIVE
PRODUCTIVITY**
(GTM's Per HP Day)



**WORKFORCE
PRODUCTIVITY**
(Daily Miles per FTE)



TRAIN LENGTH
(Max on Route, in Feet)



Quarterly Drivers

Right Sizing Locomotive Fleet

Larger Training Pipeline

Lower Intermodal Volumes

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Historic Agreements Drive Engagement and Productivity

1) Paid Sick Leave

- Employees receive more paid time off to take care of themselves and their families
- Improves attractiveness of jobs

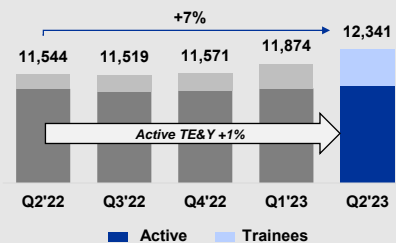
2) SMART-TD Crew Consist

- Provides expedited path for brakemen to become conductors and engineers
- Offsets short-term hiring demands and redeploys brakemen

3) Train, Engine, & Yard (TE&Y) Work-Rest

- Enhances employee quality of life with more predictable schedules
- More predictable, available workforce increases efficiency while supporting consistent and reliable service

Train, Engine, & Yard FTEs*



Estimated Impact When Fully Implemented

Agreement	FTEs*
Paid Sick Leave	↑
SMART TD Crew Consist	↓
TE&Y Work-Rest	↑
Total FTE Net Increase	400 - 600

*Full Time Equivalent

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SECOND QUARTER 2023 FINANCIAL REVIEW

Jennifer Hamann
Executive Vice President & Chief Financial Officer



Second Quarter Operating Ratio and EPS

Favorable / (Unfavorable)

	Operating Ratio	EPS
Second Quarter 2022	60.2%	\$2.93
2023 Brakeperson Buyout Payment	(1.1) pts	(\$0.09)
Fuel Price (net)	2.0 pts	\$0.04
Core Results	(3.7) pts	(\$0.24)
2023 Nebraska State Income Tax Benefit	N/A	\$0.12
2022 Real Estate Gain & Lower Tax Rate	N/A	(\$0.19)
Second Quarter 2023	63.0%	\$2.57



Second Quarter Income Statement

	2023	2022	2023 vs. 2022	
Operating Revenues	\$5,963	\$6,269	(5)	%
Operating Expenses	3,759	3,774	-	
Operating Income	2,204	2,495	(12)	
Other Income	93	163	(43)	
Interest Expense	(339)	(316)	7	
Income Taxes	(389)	(507)	(23)	
Net Income	\$1,569	\$1,835	(14)	%
Weighted Average Diluted Shares	609.5	626.8	(3)	
Diluted EPS	\$2.57	\$2.93	(12)	
Operating Ratio	63.0%	60.2%	2.8	pts

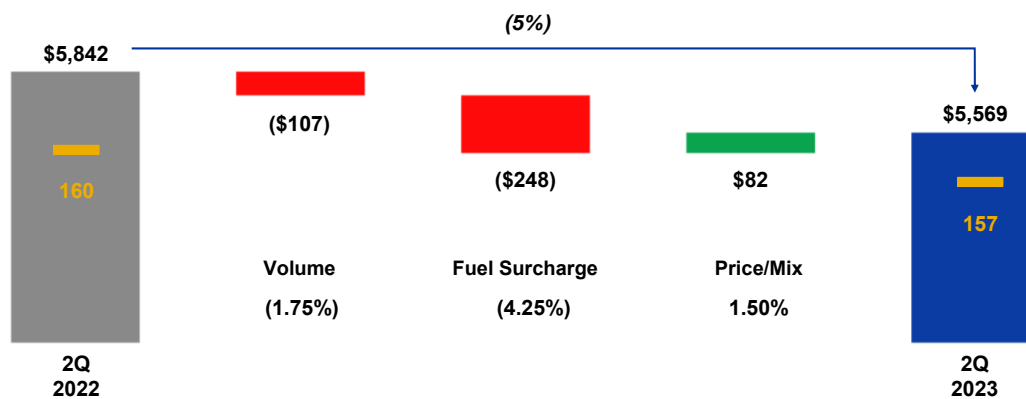
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\$ in Millions, except EPS



Impact of Core Pricing Gains Offset by Reduced Fuel Surcharge, Lower Volumes, and Unfavorable Mix

Freight Revenues \$ in Millions



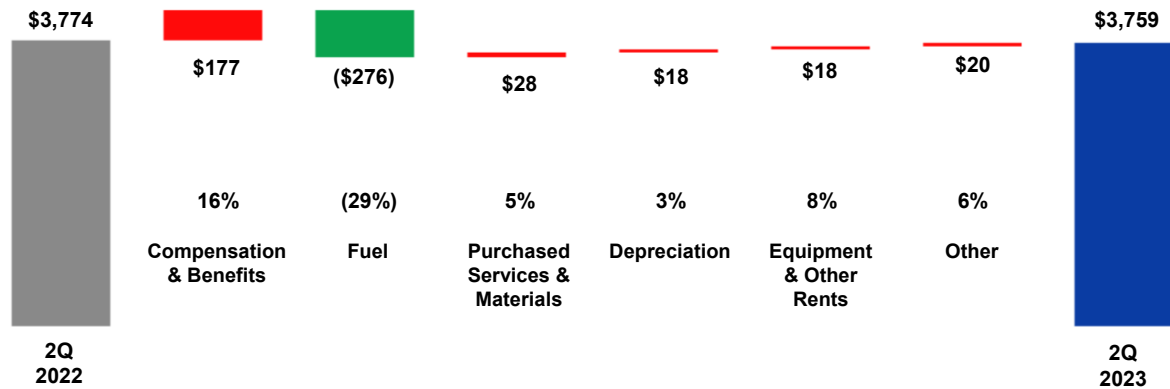
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7 Day Volume (000s)



Inflation & Labor Increases Offset by Declining Fuel Prices

Operating Expenses \$ in Millions



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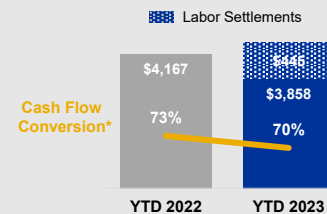
Cash Generation & Returns to Shareholders

Year to Date Results

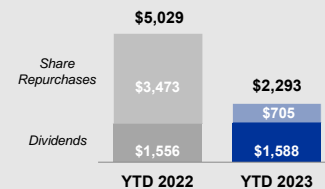
- **Generated \$3.9 Billion in Cash From Operations**
 - Decrease driven by \$445 million of payments related to labor union agreement settlements
- **Returned \$2.3 Billion to Shareholders**
 - \$1.6 Billion in Dividends
 - \$0.7 Billion in Share Repurchases
 - Repurchased 3.5 million shares
- **Adjusted Debt / EBITDA* of 2.9x**
 - Flat versus 2022
 - “A” rated by Moody’s, S&P and Fitch

18 *See Union Pacific website under Investors for a reconciliation to GAAP.

Cash From Operations (\$ in millions)



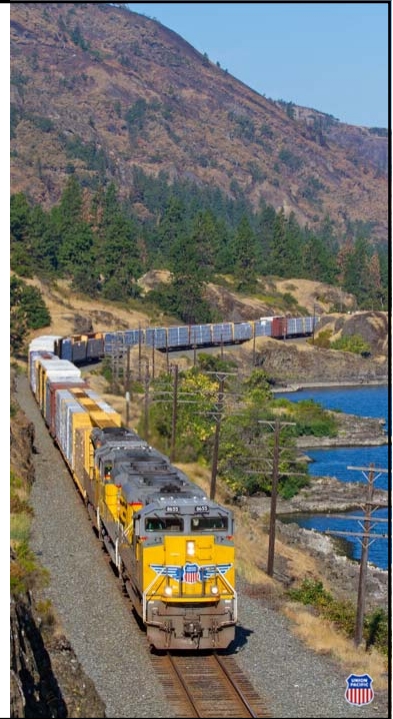
Cash Returns to Shareholders (\$ in millions)



2023 Outlook Pressured by Challenging Demand and Cost Environment

- Consumer-Related Volumes Likely Drive Full Year Volume Expectations Below Industrial Production
- Pricing Dollars in Excess of Inflation Dollars
- Forecasting \$50 to \$70 million in Labor Expense from New Agreements in Second Half of 2023
- **2023 Capital Allocation:**
 - Capital Plan of \$3.6 Billion
 - Maintain Dividend of \$1.30 per Quarter
 - No Further 2023 Share Repurchases Planned

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SECOND QUARTER 2023

Lance Fritz
Chairman, President & CEO



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2023 Success Drivers

**Safety &
Service
Reliability**

**Rebuild &
Engage**



**Right Business,
Right Price**

**Invest Wisely;
Drive Efficiency**

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Cautionary Information

This presentation and related materials contain 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 economic conditions and demand levels, its ability to improve network performance (including those in response to increased traffic), its results of operations, and potential impacts of public health crises, including pandemics, epidemics or the outbreak of other contagious diseases, such as coronavirus and its variants (COVID), and the Russia-Ukraine conflict. These statements are, or will be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of 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 Company's Annual Report on Form 10-K for 2022, which was filed with the SEC on February 10, 2023. 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.

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QUESTION & ANSWER SESSION

