



UNION PACIFIC CORPORATION

THIRD QUARTER 2023 EARNINGS

OCTOBER 19, 2023

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THIRD QUARTER 2023 EXECUTIVE SUMMARY

Jim Vena

Chief Executive Officer

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Third Quarter Highlights & Executive Summary

Highlights

- ▼ \$2.51 Earnings per Share
- ▼ \$2.2B Operating Income
- ▼ \$5.9B Operating Revenue
- ▼ 63.4% Operating Ratio
- ▲ Freight Car Velocity up 5%
- ▲ Locomotive Productivity up 4%

Executive Summary

- Aligning team with a strategy of safety, service, and operational excellence to drive growth
- Financial performance impacted by lower revenue and mismatch with expense; cost structure pressured by inflation and fuel prices
- Challenging volume environment driven by continued soft consumer facing markets
- Exiting quarter with momentum in service and efficiency metrics
- 2023 guidance remains pressured by challenging demand and cost environment

SAFETY + SERVICE & OPERATIONAL EXCELLENCE

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THIRD QUARTER 2023 FINANCIAL REVIEW

Jennifer Hamann

Executive Vice President & Chief Financial Officer

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Third Quarter Income Statement

	2023	2022	Variance
Operating Revenues	\$5,941	\$6,566	(10)
Operating Expenses	3,764	3,933	(4)
Operating Income	2,177	2,633	(17) %
Other Income	106	124	(15)
Interest Expense	(334)	(315)	6
Income Taxes	(421)	(547)	(23)
Net Income	\$1,528	\$1,895	(19) %
Weighted Average Diluted Shares	609.8	621.5	(2)
Diluted EPS	\$2.51	\$3.05	(18)
Operating Ratio	63.4%	59.9%	3.5 pts

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Freight Revenue Drivers:

- + Price/Mix 1.50%
- Fuel Surcharge (8.00%)
- Volume (2.75%)

Operating Expense Drivers:

- + Lower Fuel Prices
- + 2022 One-Time Labor Charge
- + Reduced Volume Related Costs
- Inflationary Pressure
- Increased Workforce Levels
- Higher Casualty Costs
- One-Time Write-offs



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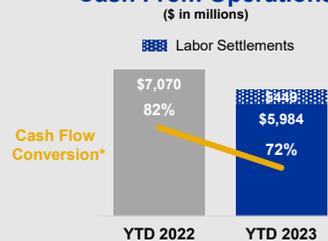
Cash Generation & Returns to Shareholders

Year to Date Results

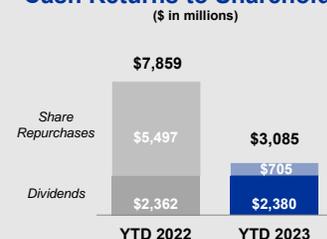
- **Generated \$6.0 Billion in Cash From Operations**
 - Decrease driven in part by \$449 million of payments related to labor union agreement settlements
- **Returned \$3.1 Billion to Shareholders**
- **Free Cash Flow* of \$954 Million**
- **Adjusted Debt / EBITDA* of 3.0x**
 - Slight increase versus 2022
 - "A" rated by Moody's, S&P and Fitch

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

Cash From Operations



Cash Returns to Shareholders

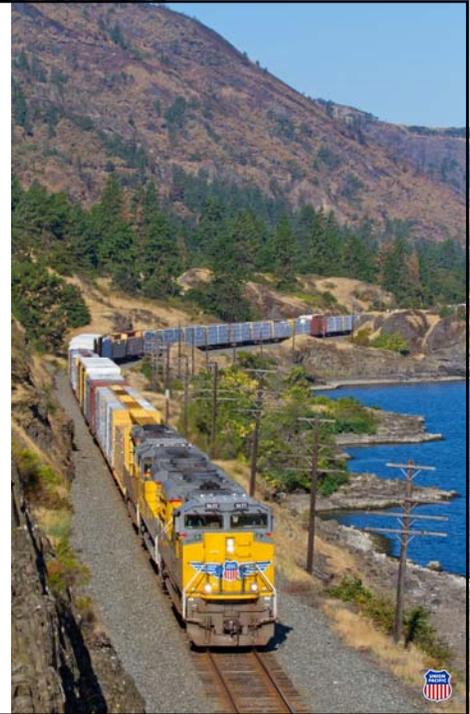


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2023 Full Year Outlook Remains Relatively Unchanged

- **Year to Date Softness in Consumer-Related Volumes Likely Drive Full Year Volumes Below Industrial Production**
- **Pricing Dollars in Excess of Inflation Dollars**
 - Elevated Cost Impact to Operating Ratio Not Fully Offset
- **2023 Capital Allocation:**
 - Updated Capital Plan of \$3.7 Billion
 - Maintain Dividend of \$1.30 per Quarter
 - No Further 2023 Share Repurchases Planned

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THIRD QUARTER 2023 MARKETING & SALES REVIEW

Kenny Rocker

Executive Vice President – Marketing & Sales

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Third Quarter Commodity Review

Commodity	Revenue	Volume	ARC	Quarterly Drivers
Bulk <small>vs. 3Q'22</small>	\$1,766 ▼ 10%	510K ▼ 4%	\$3,465 ▼ 6%	<ul style="list-style-type: none"> Tight Grain Supplies Ending 2022-2023 Crop Coal Pressures from Low Natural Gas Prices Reduced Import Beer Shipments
Industrial <small>vs. 3Q'22</small>	\$2,057 ▼ 6%	569K <i>Flat</i>	\$3,612 ▼ 6%	<ul style="list-style-type: none"> Weak Housing & Corrugated Box Demand Strong Rock Shipments Petroleum Products Business Development Wins
Premium <small>vs. 3Q'22</small>	\$1,722 ▼ 12%	973K ▼ 4%	\$1,769 ▼ 9%	<ul style="list-style-type: none"> Strong OEM Production & Business Development Wins Weak West Coast Imports Domestic Penetration Offset by Parcel

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Fourth Quarter 2023 Volume Outlook

Bulk	Industrial	Premium
		
<ul style="list-style-type: none"> ➖ Coal ↔ Grain ➕ Biofuel Feedstocks 	<ul style="list-style-type: none"> ➖ Industrial Production ➕ Petroleum ➕ Construction 	<ul style="list-style-type: none"> ↔ Domestic Intermodal ↔ International Intermodal ? Automotive

Current 2023 Full Year Industrial Production Forecast: 0.0%*

¹⁰ *Source: S&P Global Market Intelligence



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THIRD QUARTER 2023 OPERATIONS REVIEW

Eric Gehringer
Executive Vice President – Operations

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THIRD QUARTER 2023

Key Performance Metrics

Year to Date Reportable Personal Injury & Derailment Rates Improved

<p>Freight Car Velocity <small>(Daily Miles per Car)</small></p>	<p>Intermodal Trip Plan Compliance <small>(% of Boxes on Time)</small></p>	<p>Manifest/Auto Trip Plan Compliance <small>(% of Cars on Time)</small></p>
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Quarterly Drivers

Reduced Freight Car Dwell	Improved Line of Road Performance	Improved Resource Utilization
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12 Year-over-year change in metrics.




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THIRD QUARTER 2023

Key Efficiency Metrics

Locomotive
Productivity
(GTMs per HP Day)

129

▲ 4%

Workforce
Productivity
(Daily Car Miles per FTE)

985

▼ 6%

Train
Length
(Max on Route, in Feet)

9,537

▲ 1%

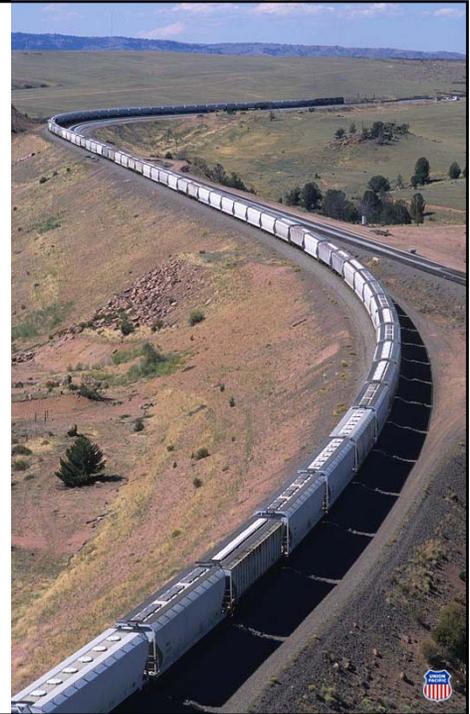
Quarterly Drivers

Right Sizing
Locomotive Fleet

Higher Workforce
Levels

Optimizing
Transportation Plan

13 Year-over-year change in metrics.



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THIRD QUARTER 2023 HOW WE WIN

Jim Vena

Chief Executive Officer

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HOW WE WIN SAFETY + SERVICE & OPERATIONAL EXCELLENCE

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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 and Israeli wars. 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

THANK YOU

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APPENDIX

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THIRD QUARTER 2023

Bulk

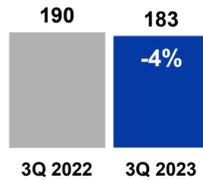
Revenue \$1,766 (-10%)

Volume 510K (-4%)

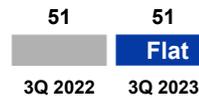
ARC \$3,465 (-6%)

Major Markets

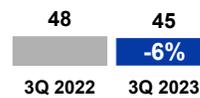
Grain & Grain Products



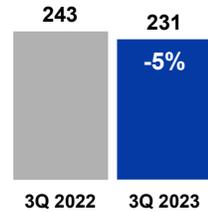
Fertilizer



Food & Refrigerated



Coal & Renewables



Quarterly Drivers

Tight Grain Supplies Ending 2022-2023 Crop

Coal Pressures from Low Natural Gas Prices

Reduced Import Beer Shipments

¹⁹ Volume in thousands of carloads.



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THIRD QUARTER 2023

Industrial

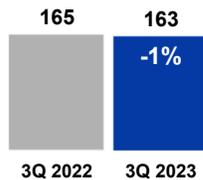
Revenue \$2,057 (-6%)

Volume 569K (Flat)

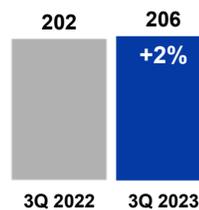
ARC \$3,612 (-6%)

Major Markets

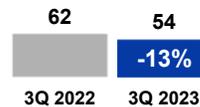
Industrial Chemicals & Plastics



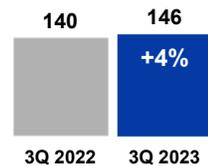
Metals & Minerals



Forest Products



Energy & Specialized



Quarterly Drivers

Weak Housing & Corrugated Box Demand

Strong Rock Shipments

Petroleum Products Business Development Wins

²⁰ Volume in thousands of carloads.



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THIRD QUARTER 2023

Premium

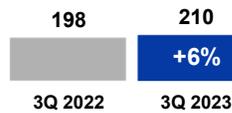
Revenue \$1,722 (-12%)

Volume 973K (-4%)

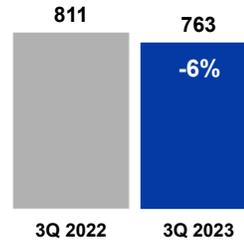
ARC \$1,769 (-9%)

Major Markets

Automotive



Intermodal



Quarterly Drivers

Strong OEM Production & Business Development Wins

Weak West Coast Imports

Domestic Penetration Offset by Parcel

²¹ Volume in thousands of carloads.



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Third Quarter Operating Ratio and EPS

Favorable / (Unfavorable)

	Operating Ratio	EPS
Third Quarter 2022	59.9%	\$3.05
2022 PEB Labor Accrual	1.7 pts	\$0.14
Fuel Price (net)	(1.7) pts	(\$0.34)
One-Time Write-offs	(0.5) pts	(\$0.04)
Core Results	(3.0) pts	(\$0.30)
Third Quarter 2023 Reported	63.4%	\$2.51

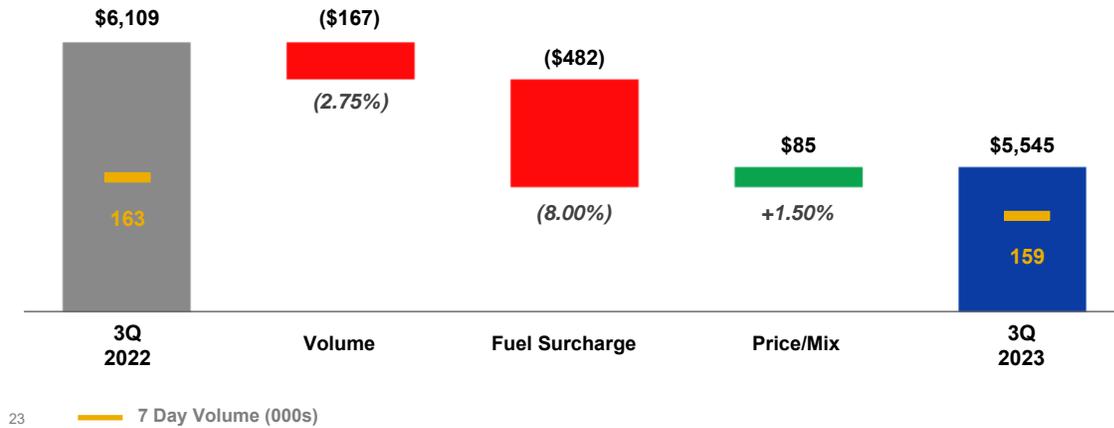
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Core Pricing Gains Offset by Reduced Fuel Surcharge, Lower Volumes, and Unfavorable Mix

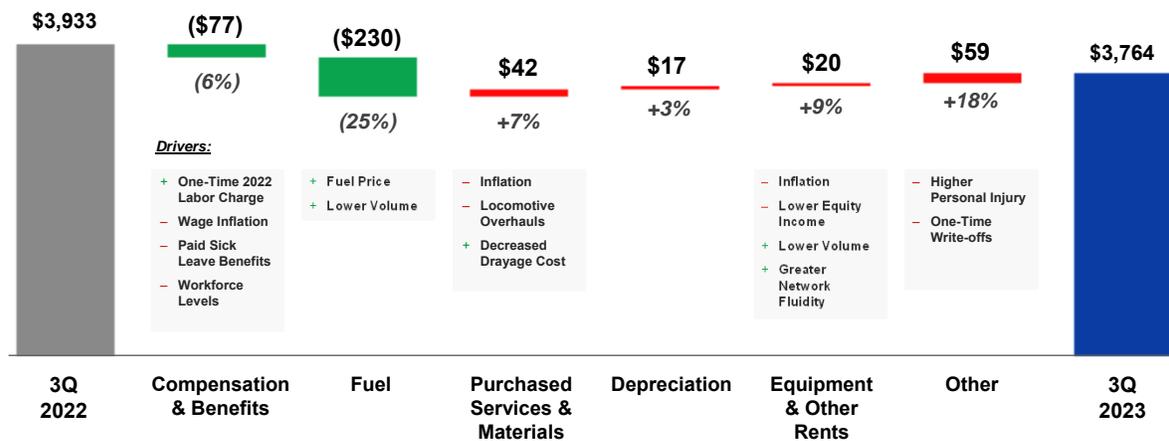
Freight Revenues \$ in Millions



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Lower Fuel Prices and Volume Reduce Expenses

Operating Expenses \$ in Millions



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