



# UNION PACIFIC CORPORATION

February 2022



## 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, its results of operations, and potential impacts of the COVID-19 pandemic. 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 2020, which was filed with the SEC on February 4, 2022. 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.



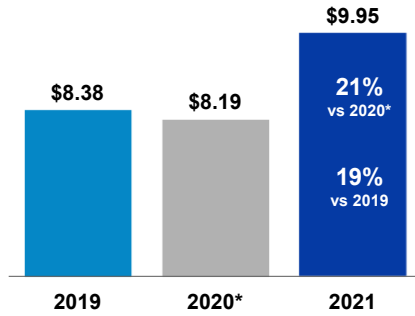
## CURRENT BUSINESS UPDATE AND OUTLOOK

February 2022

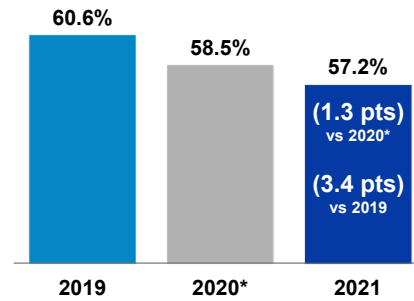


## 2021 Financial Results

### Earnings Per Share



### Operating Ratio



### Key Themes

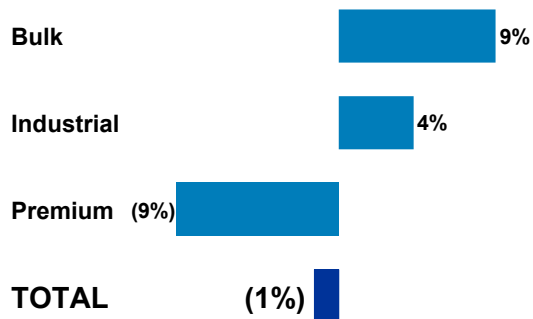


<sup>4</sup> \* 2020 results exclude Brazos non-cash impairment charge. See Union Pacific website under Investors for a reconciliation to GAAP.

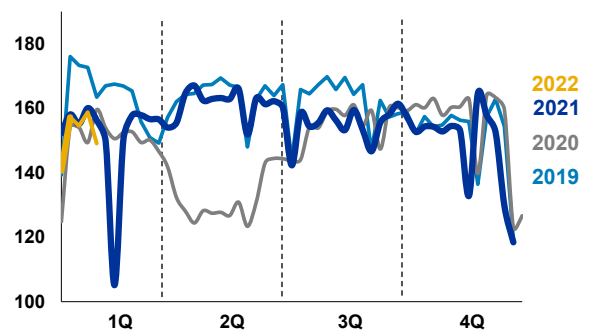


## First Quarter Volume To Date

### First Quarter Volume To Date\* (Year Over Year Change)



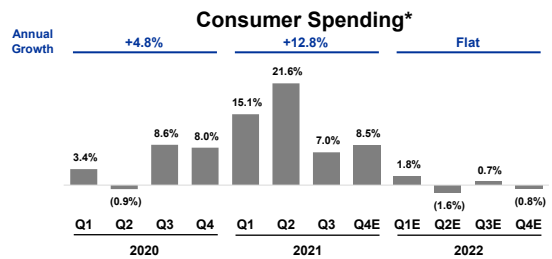
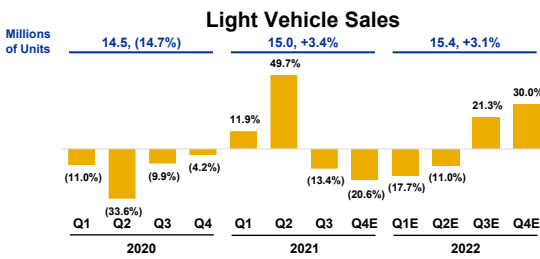
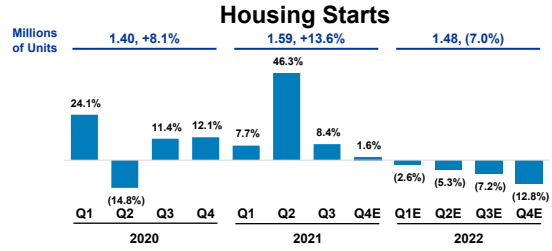
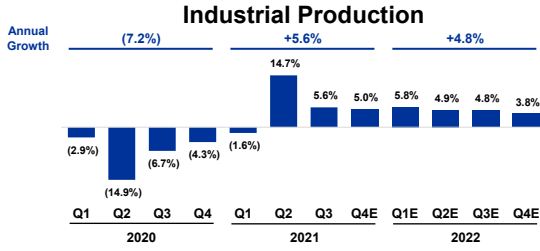
### 7-Day Weekly Carloadings (000s)



<sup>5</sup> \* Volume through February 4



# Economic Outlook



6 Source: IHS Markit U.S. Economic Outlook, January 2022

\* Durable and Nondurable Goods; excludes Services



# 2022 Volume Outlook

## Bulk



- + Fertilizer
- + Coal
- ? Grain and Grain Products

## Industrial



- + Industrial Production
- + Chemicals and Plastics
- Forest Products

## Premium



- + Auto Sales
- + Domestic Intermodal
- ? International Intermodal



## A Look Ahead to 2022

- 2021 Investor Day Three Year Guidance Remains Intact
- Full Year Volume Growth Exceeding Industrial Production
- Pricing Gains in Excess of Inflation Dollars
- Operating Ratio of ~55.5%
- Capital Spending of \$3.3 Billion
- Dividend Payout Target of 45% of Earnings
- Share Repurchases in Line with 2021



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## Industry Leading Financial Results

2022 – 2024

### Revenue Growth

Volume: Exceed Industrial Production,  
~3% CAGR  
Core Price Gains Above Inflation \$



### Profitability

~55.5% Operating Ratio Full Year 2022;  
Industry Leader  
Mid to High 60% Incremental Margins  
Low Double Digit EPS Growth CAGR



### Capital, Leverage, and Returns

Capital Investments <15% of Revenue  
Strong Investment Grade Credit Rating  
ROIC ~17%



### Cash to Shareholders

~100% Cash Conversion  
Share Repurchases \$18 - 19 Billion  
Dividend Payout Ratio 45%



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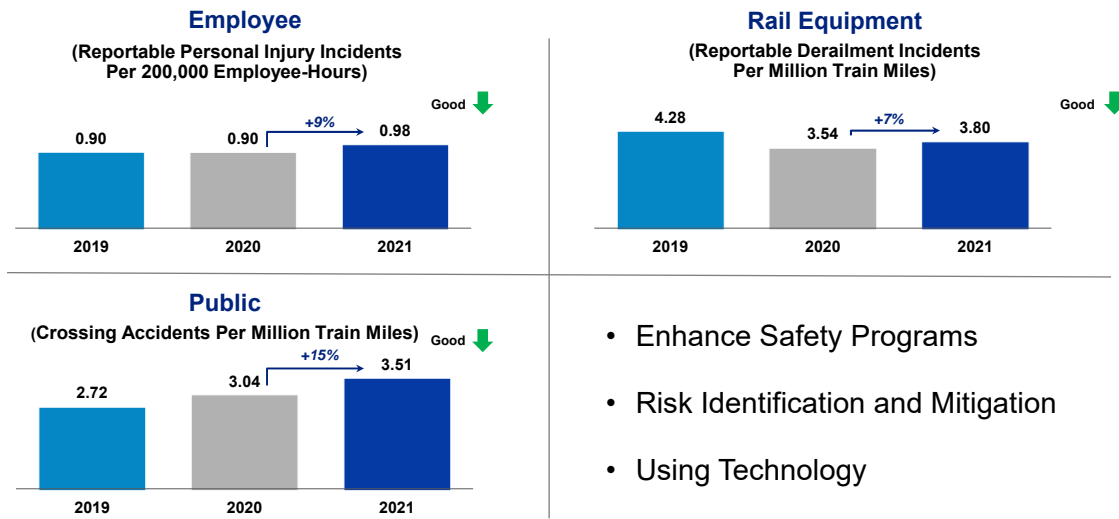




**SERVE – OPERATIONS OVERVIEW**  
February 2022

2021 RESULTS

## Safety – World Class Safety Performance Goal

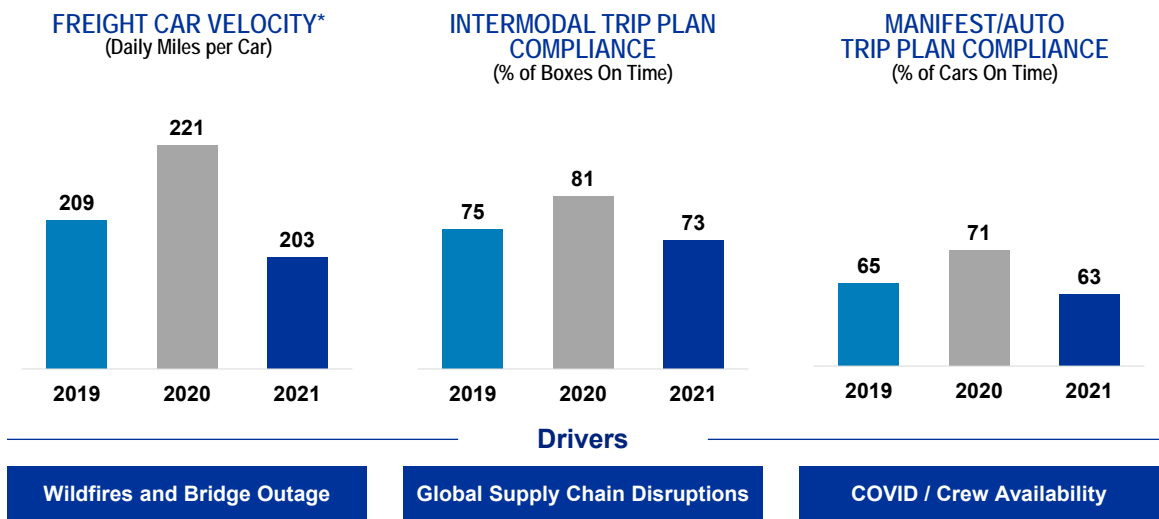


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2021 RESULTS

## Key Performance Metrics



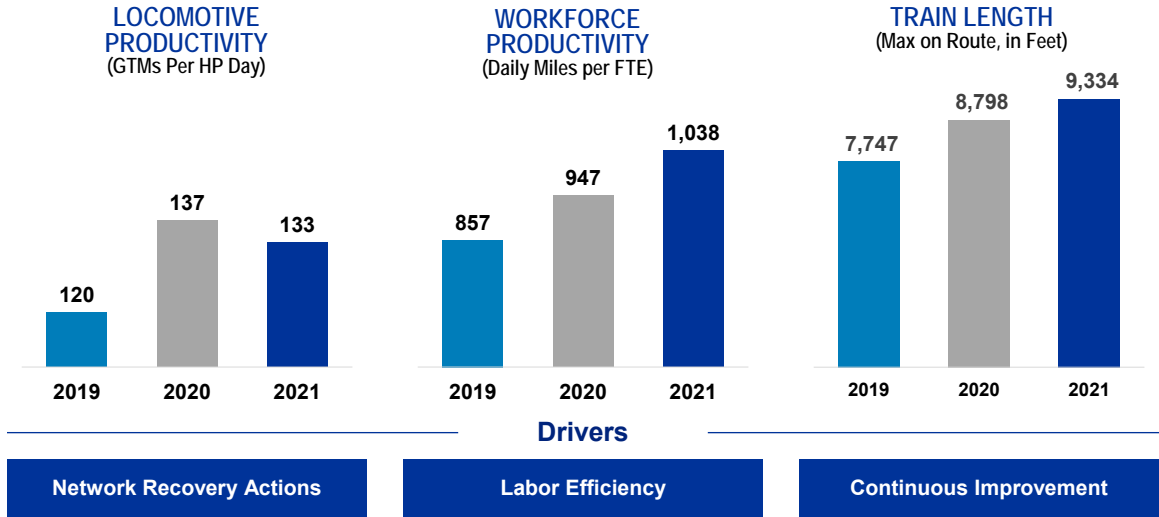
13 \*Prior years have been realigned to conform to the current year presentation.





2021 RESULTS

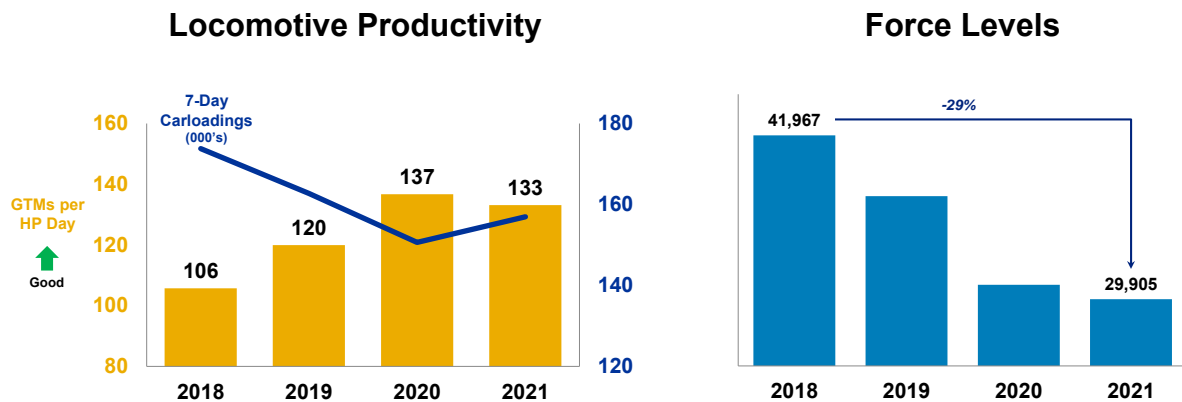
## Key Performance Metrics



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## Efficient Asset and Resource Utilization



*Driven by less units, increased train length and reduced dwell*

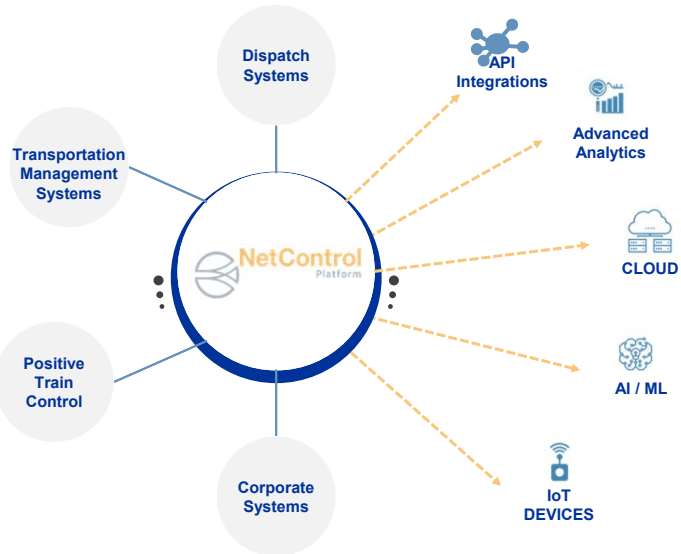
*Driven by asset utilization and process improvements*

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## Foundational Platform Enabling a Connected Future

- Connects Operational Systems
- Enables Smart Capabilities
- Provides Frictionless Integrations
- Delivers Ability to Evolve with Business



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## Terminal Planner & Precision Train Builder

- Optimizes Terminal Connections and Train Profiles
- Creates Terminal Capacity
- Enables More Efficient Operation
- Improves Customer Experience



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## Engineering Technology – Rail Sensor

Improving Reliability, Performance and Efficiency

Geometry Car



Boxcar



Locomotive



Semi Autonomous Track Inspections via:

- Geometry Car
- Boxcars
- Locomotives

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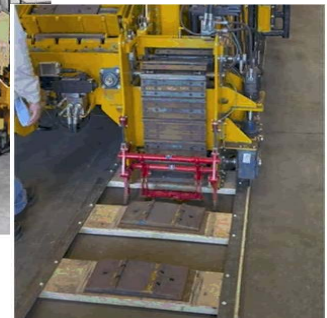
## Engineering Renewal Automation

Simplifying the Process and Reducing Touch Points

Wood Tie Unloading



Tie Plate Distribution Automation



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## Intermodal Excellence – Enhancing the Driver Experience

- Driver Maps
- Improving Ramp Signage
- UPGo
- Digital Tutorials
- New Gate Technology



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## GROW - BUSINESS TEAM REVIEW

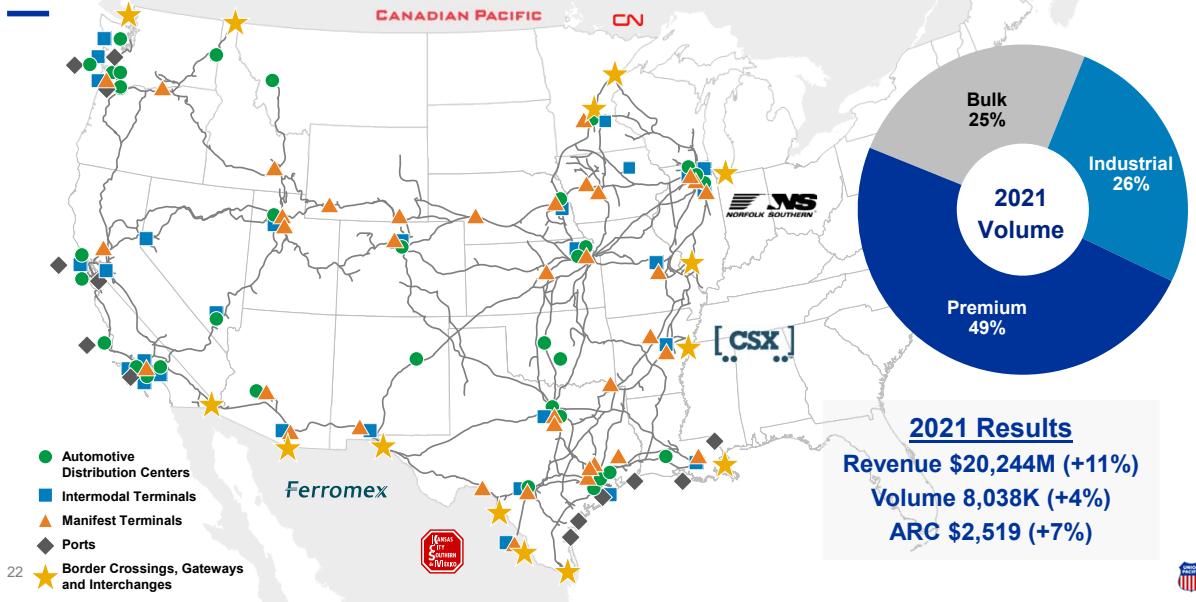
February 2022



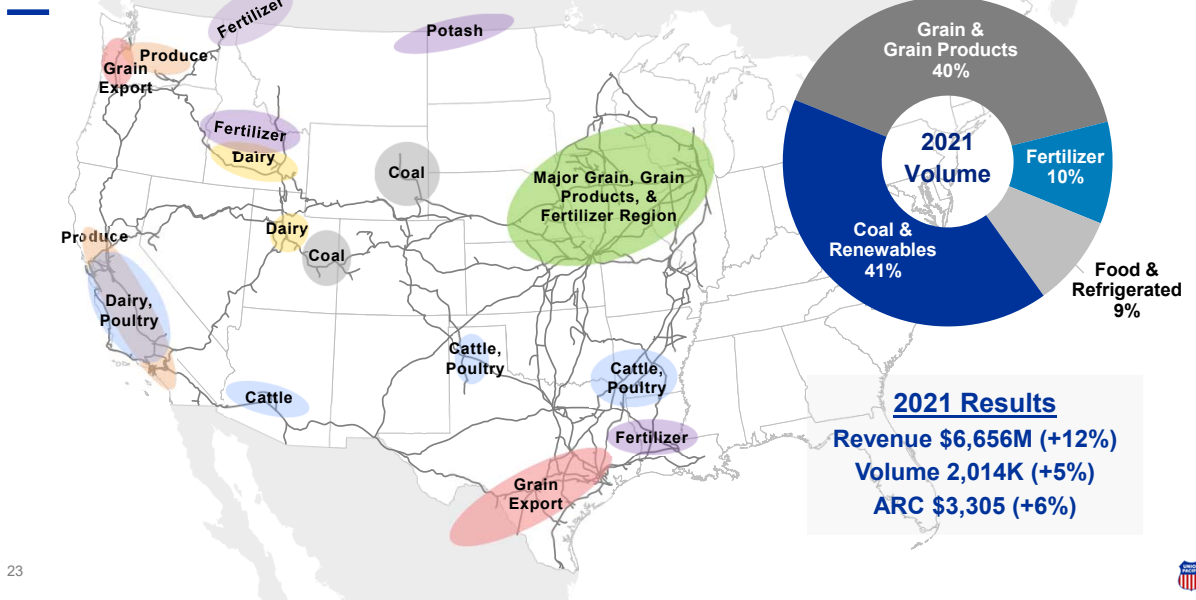
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# Premier North American Rail Franchise



# Bulk

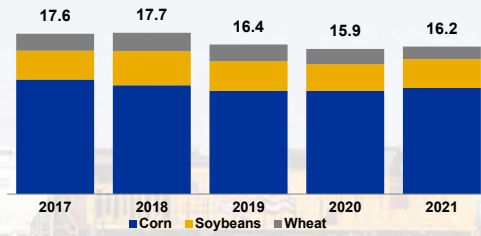


# Grain

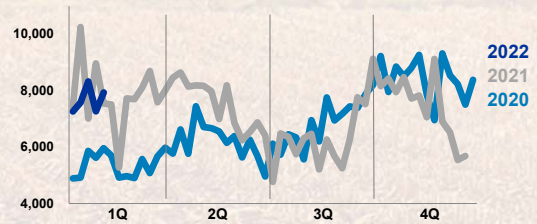
## Volume Drivers & Outlook

- **Feed demand:** Global protein consumption will increase driven by a growing population and higher standards of living
- **Exports:** Export demand is expected to decrease according to the USDA
- **UP network:** Advantages through efficient access from the Midwest to key domestic markets and export terminals

**U.S. Grain Stocks\***  
(Bushels in Billions)



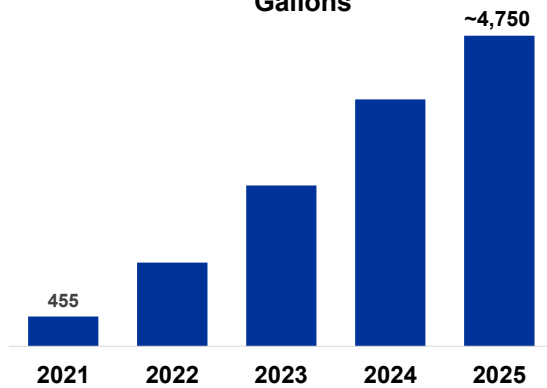
**UNP Weekly Grain Carloads\*\***  
(As reported to the AAR)



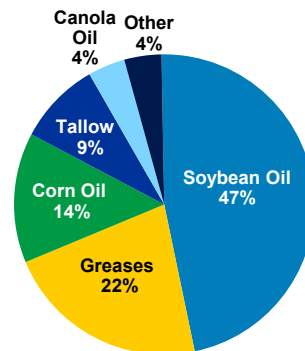
\*Source: Quarterly Grain Stocks Report Issued by USDA - December  
\*\*Through February 5, 2022

# Capitalize on ESG through Renewable Diesel

**Existing and Announced Renewable Diesel Production By Planned Production Gallons**



**Feedstock Inputs to Biomass Diesel Industry**

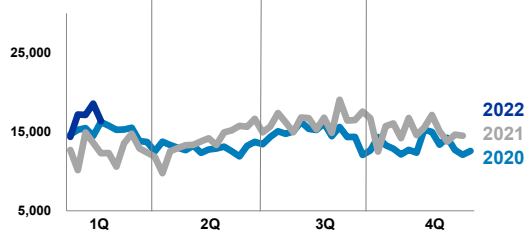


# Coal

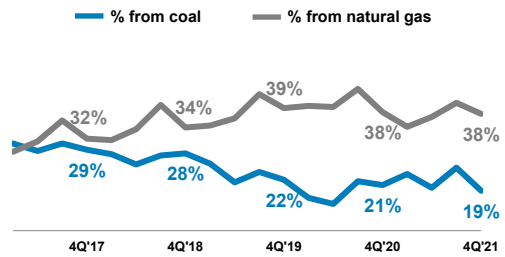
- Volume Drivers
  - Weather impacts demand
  - Natural gas prices
  - Coal inventory levels



**UNP Weekly Coal Carloads\***  
(As reported to the AAR)



**Electricity Generation Market Share\*\***



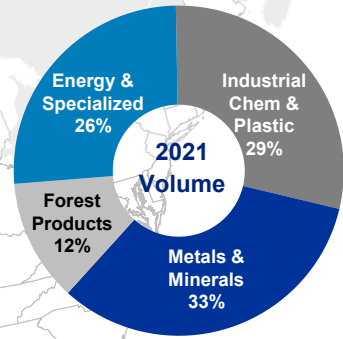
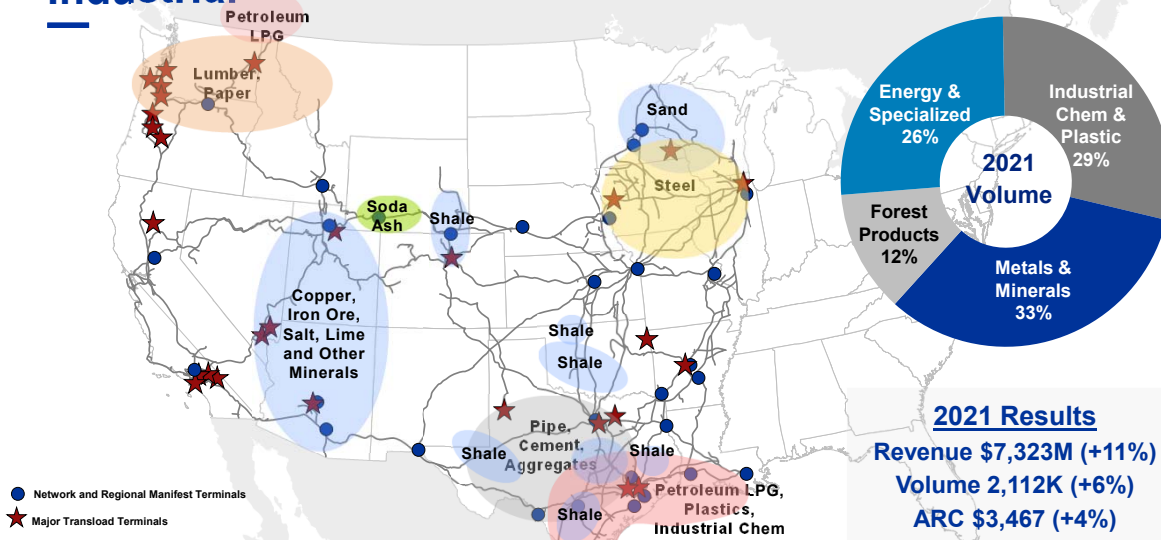
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\*Through February 5, 2022

\*\*Source: U.S. Energy Information Administration (EIA)



# Industrial

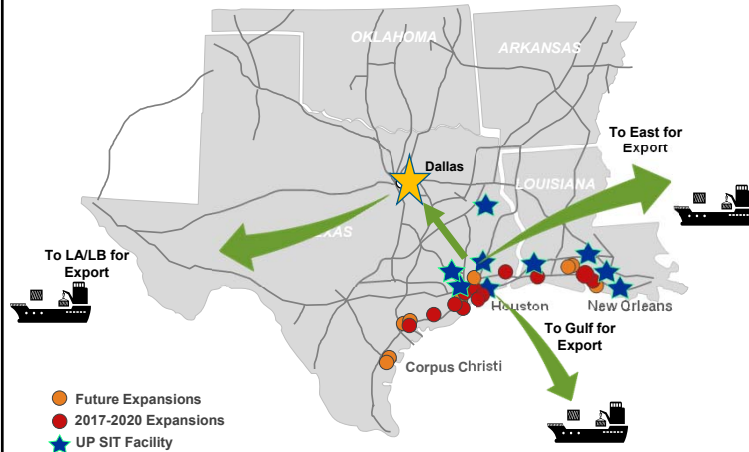


**2021 Results**  
 Revenue \$7,323M (+11%)  
 Volume 2,112K (+6%)  
 ARC \$3,467 (+4%)

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## Strong Franchise to Support Plastics Growth



- \$209 billion completed and planned petrochemical investment in Gulf\*
- Industry leader in plastics rail transportation
  - Comprehensive product offerings & service excellence
  - Expansive Storage in Transit (SIT)
  - Export Optionality
  - Dallas to Dock service solution for export plastics

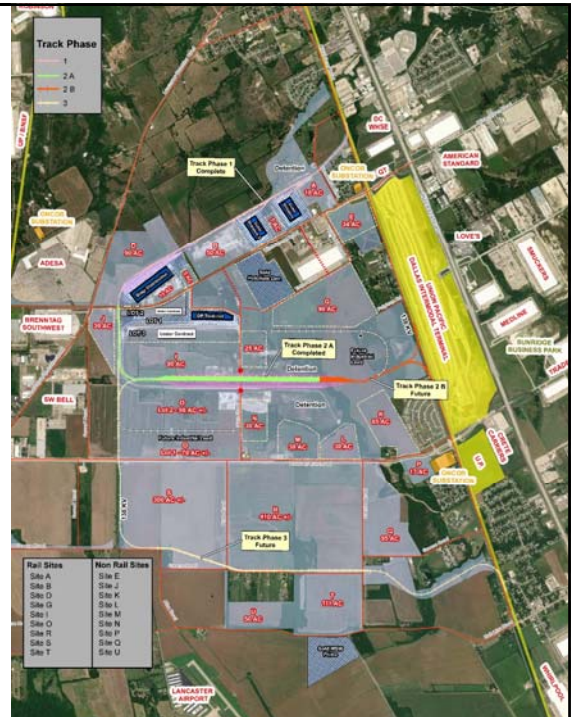
28 \*Source: American Chemistry Council, February 2021



## Prime Pointe Industrial Park

Hutchins, TX (12 miles south of Dallas)

- 3,000-acre site for premier rail service
- Close proximity to Interstates 45, 20, 30 and 35
- Adjacent to UP's Dallas Intermodal Terminal
- Rail-served sites for manufacturing and distribution along with refrigerated/cold storage
- Shovel ready sites increasing customers speed to market



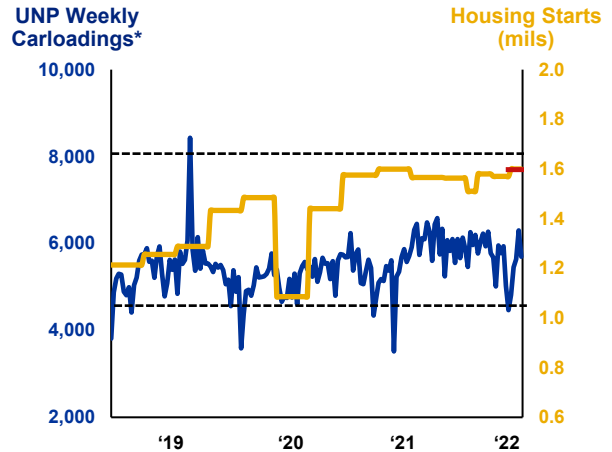
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## Housing Trends

- UP lumber, stone & glass business correlates with housing starts
- Housing also drives appliances, roofing, rebar, aggregates, and cement demand
- Housing related shipments represent ~5 % of current UP volumes

## Lumber, Stone & Glass

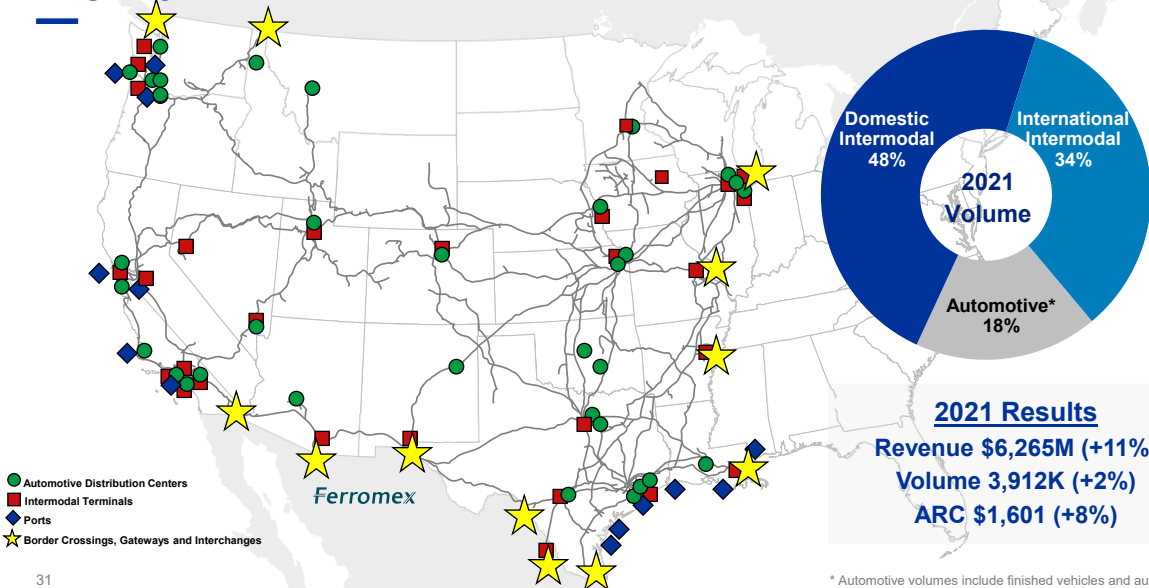


IHS Global Insight Forecast

\*Through February 5, 2022



## Premium



### 2021 Results

Revenue \$6,265M (+11%)

Volume 3,912K (+2%)

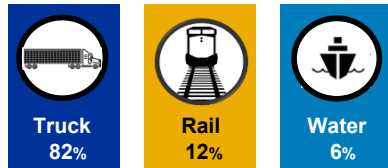
ARC \$1,601 (+8%)

\* Automotive volumes include finished vehicles and auto parts.

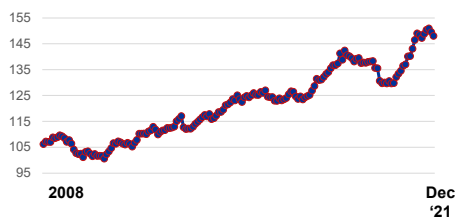


## Highway Conversion Growth Opportunities

Transportation Mode  
(By Tonnage)



Cass Truckload Linehaul Index



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Source: Cass Information Systems, Index uses January 2005 as its base month, U.S DOT Bureau of Transportation Statistics

- Highway conversion opportunities in all business groups
- High insurance costs
- Drug & alcohol testing
- Truck capacity
- Loup



## Global IV Grain Transload

- Union Pacific grain facility operated by JCT, 50/50 joint venture between Consolidated Grain and Barge and Gavilon Grain
- Competitive Joliet area transload with on site containerization
- Converting empty containers to loaded westbound exports from Chicago
- Aligns international service product to be more competitive
- First Loads – First Quarter 2022



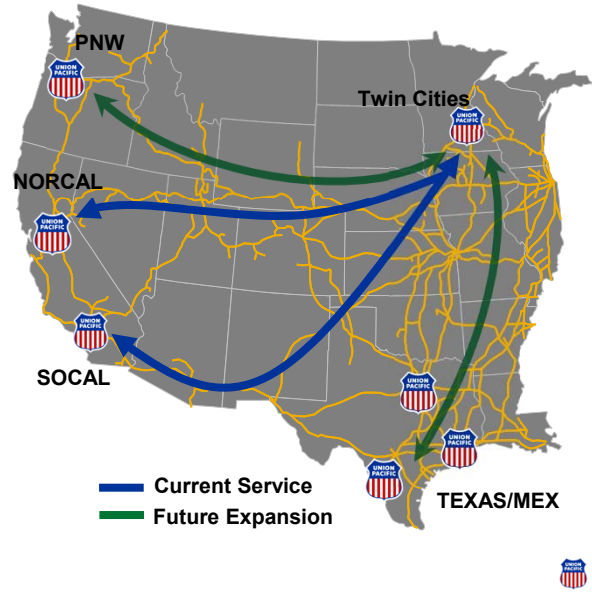
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## Twin Cities Intermodal Terminal

### Expanding Market Reach for Growth

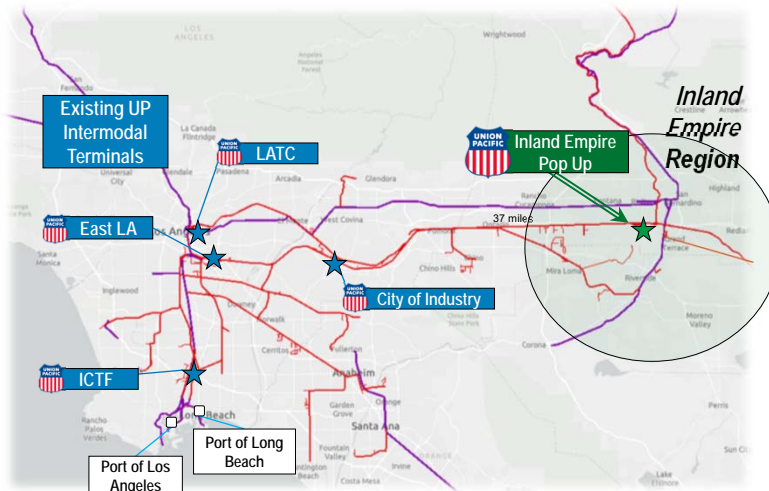
- Opened pop-up Twin Cities Intermodal Terminal in January 2021
- Located in heart of the Twin Cities metropolitan area
- Gives customers in the Twin Cities metro efficient access to Union Pacific's intermodal network
- Expansion expected to be completed at the end of 2022 for full intermodal terminal build capable of 100,000 annual lifts



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## Inland Empire Intermodal Terminal

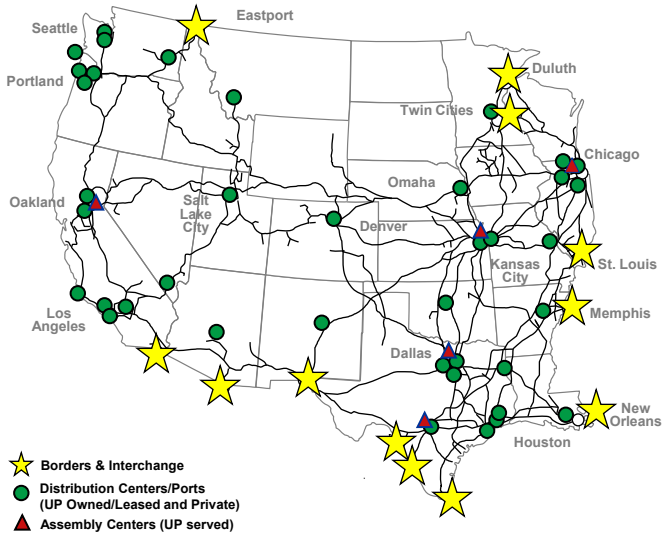
### Expanding Our Footprint to Capture New Markets



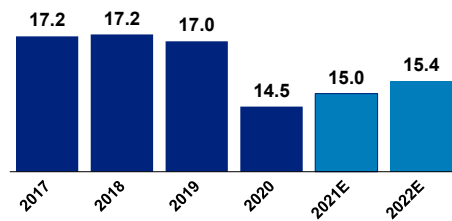
- Inland Empire is the fastest growth region in California
  - 2 million imports (in cargo capacity units) trucked annually to Inland Empire
  - Estimated ~15 million truckloads of long and short haul freight
- Increasing our footprint in 2022 and expanding in future years
- Initial service offering to/from Chicago
- Additional markets to be added throughout the full build

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# Finished Vehicles



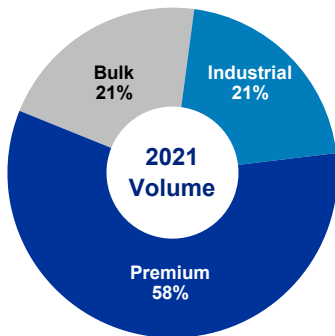
## U.S. Light Vehicle SAAR\*



\*Source: IHS Markit U.S. Economic Outlook, January 2022



# Mexico



## Commercial Focus – It's All About the Customer



Win with Lower  
Cost Structure



Working  
Collaboratively



Customer  
Centricity



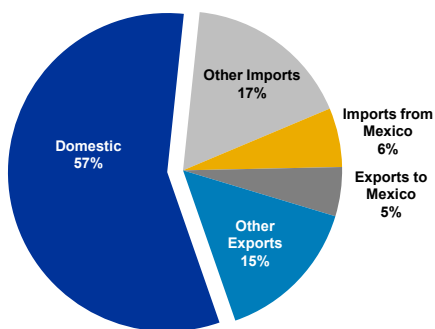
Expand our  
Network Reach

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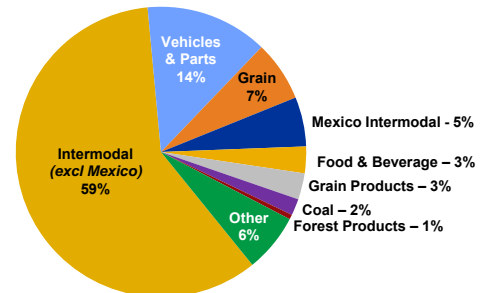


## International Trade

2021 Freight Volumes



International Volumes



Diverse Franchise  
Creates Opportunity

Off-Shoring/Near-Shoring  
of U.S. Manufacturing

Demand for  
Grain & Food

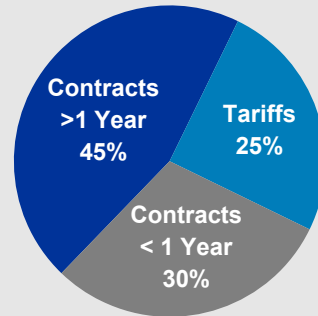
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## Pricing Fundamentals

- Lower cost structure from PSR allows UP to be more competitive in the market
- Balanced portfolio provides flexibility for repricing as value grows
- Pricing dollars in excess of inflation dollars

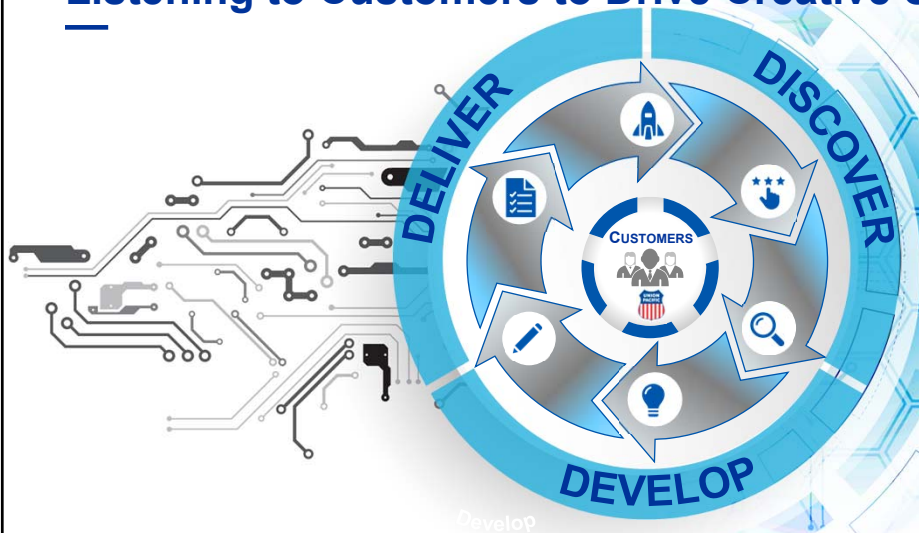
### Balanced Revenue Portfolio



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## Listening to Customers to Drive Creative Solutions



- Shifting culture to be more customer-centric
- Engaging Technology Team directly with customers
- Delivering enhancements faster and with more agility

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# Customer Obsession in Technology

## Designing from a Customer Perspective



**Customer Focused, Transparent and Streamlined work processes to deliver results faster**



### Product

Shifting from a project mindset to a customer-centric continuous delivery product organization



### Digitization

Customer experience, market intelligence, visibility & supply chain integration for growth



### Data Analytics

Create a modern data foundation to create insights and intelligent experiences that are focused on the customer



# Improving the Customer Experience Through APIs

- Developed approximately 50 integration services for customers based on their needs
- Real-time access to data between applications and devices
- Streamline and automate workflows
- Enables customer to take action on their shipments from their interfaces
- Expands visibility into the supply chain



### Shipment

Learn about your shipment(s) including their locations, events, product, status and ETA



### Location/Tracks

Display information about tracks at your facility



### Order In

Request rail car if you are an Order In customer



### Release

Identify rail cars to be released to/from an industry track



### Equipment

Display details and characteristics of specific equipment IDs



### Cases (Service Issues)

Retrieve case (service issue) status, details and responses



### Gate Reservation

Provides intermodal specific services, like create and view gate reservations



### Accounts/Contacts

Retrieve information associated with your business(s) and people



### UPGo - Intermodal

Provides intermodal driver services to expedite the intermodal terminal experience



## Loup – Providing Total Supply Chain Logistics



**Wholesale Intermodal**

Door-to-Door Service



**Retail Auto Parts**

Just-In-Time Performance



**Carload Traditional Rail**



**Carrier Relations**

Execution Capacity

**VALUE ADDED SERVICES**

**EQUIPMENT AND CAPACITY SOLUTIONS**

**INVENTORY MANAGEMENT**

**NETWORK OPTIMIZATION**

**VISIBILITY**

**MILITARY SERVICES**

**WAREHOUSING**

**TRANSLOADING**

**DRAYAGE SOURCING**

**CROSTOWN SERVICES**

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## Developing Rail Solutions for Customers to Grow



### Locating Customers on UP

- 25+ Focus Sites
- AccessUP – Streamlining customer track projects



### Partnering with Loup

- Investing in the Transload Network
- 15+ Railports

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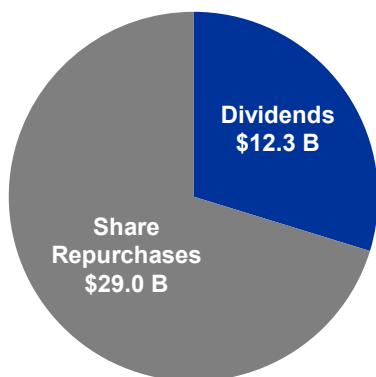
# WIN - FINANCIAL REVIEW

February 2022



## Rewarding Shareholders and Delivering Value

2017 – 2021



**\$41.3 Billion Returned to Shareholders**

**90%**  
Annual Dividend per  
Share Increase



**184 Mil  
Shares  
Repurchased**  
22% Reduction in Avg.  
Share Balance



**Returned 145% of Net  
Income\* to Shareholders**



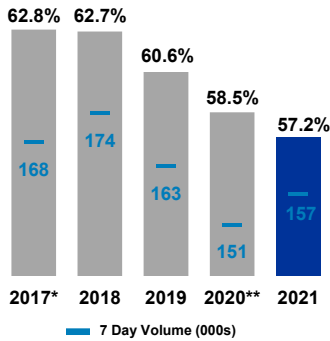
\* 2017 Net Income adjusted to exclude the impact of Corporate Tax Reform and 2020 Net Income adjusted to exclude the Brazos non-cash impairment charge. See Union Pacific website under Investors for a reconciliation to GAAP.



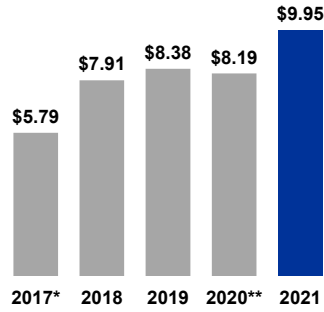
# Expanding Margins and Driving Returns



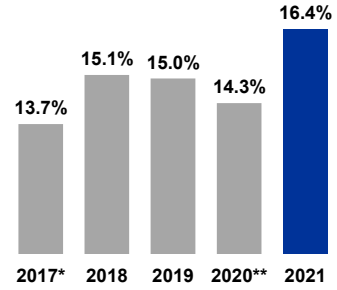
**Operating Ratio**  
(Percent)



**Earnings Per Share**



**ROIC\*\*\***

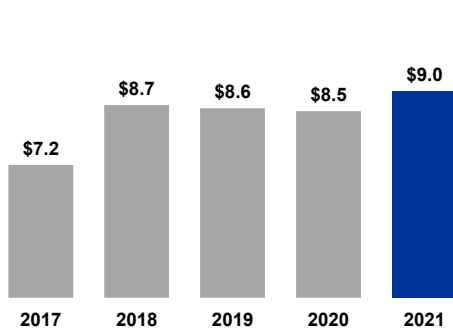


48 \* 2017 Adjusted to exclude the impact of Corporate Tax Reform.  
 \*\* 2020 Adjusted to exclude the Brazos non-cash impairment charge.  
 \*\*\* See Union Pacific website under Investors for a reconciliation to GAAP.

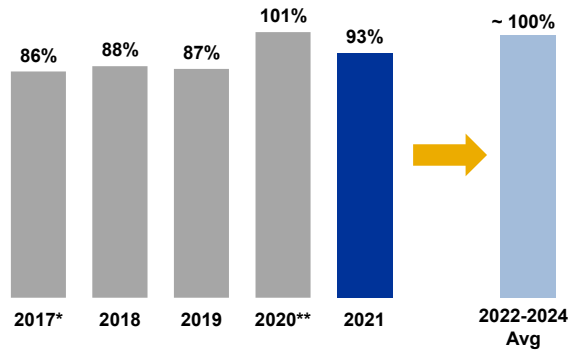


# Strong Cash Generation

**Cash From Ops**  
(\$ in Billions)



**Cash Flow Conversion\*\*\***

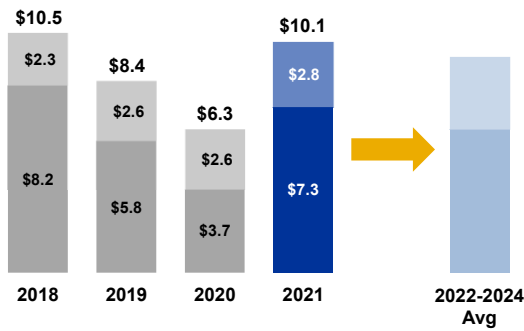


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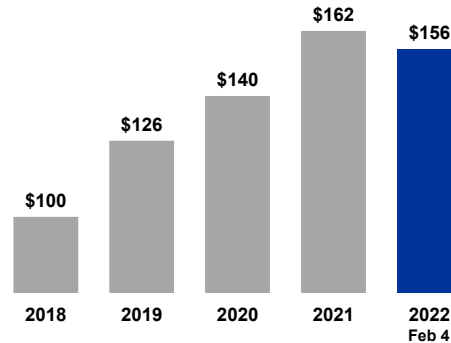
# Growing Shareholder Value

**Cash Returns to Shareholders**  
(\$ in Billions)



**Dividend Target Payout of 45% of Earnings**  
**\$18 - \$19B Share Repurchases 2022 - 2024**

**Market Cap**  
(\$ in Billions)

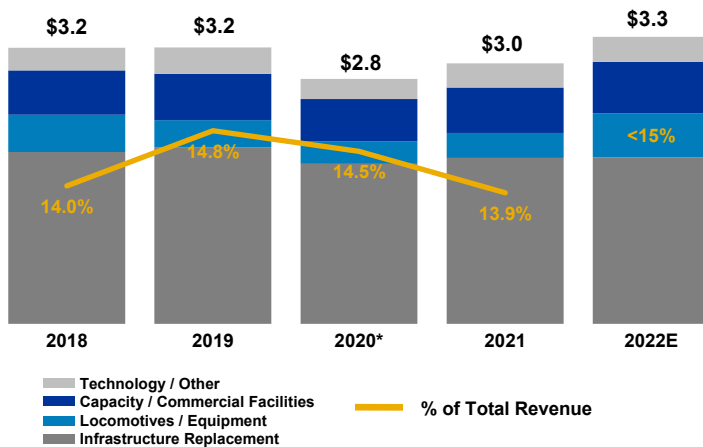


**~60% Growth in Market Cap Since 2018**



# Investing for Growth

**Capital Spending**  
(\$ in Billions)



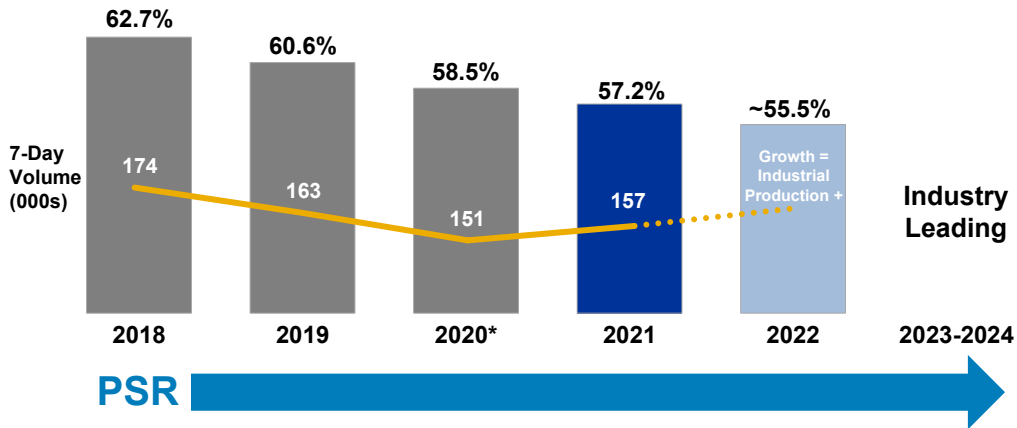
2022 Capital Plan	\$ Billions
<b>Infrastructure Replacement</b> Including Energy Management Systems	\$1.9
<b>Capacity / Commercial Facilities</b>	\$0.6
<b>Locomotives / Equipment</b>	\$0.5
<b>Technology / Other</b> Including Positive Train Control	\$0.3

- Return-focused capital program
- Productivity initiatives to offset inflation pressures

\* Excludes Brazos impairment. See Union Pacific website under Investors for a reconciliation to GAAP for Union Pacific's results.



## Clear Path to Industry Leading Operating Ratio

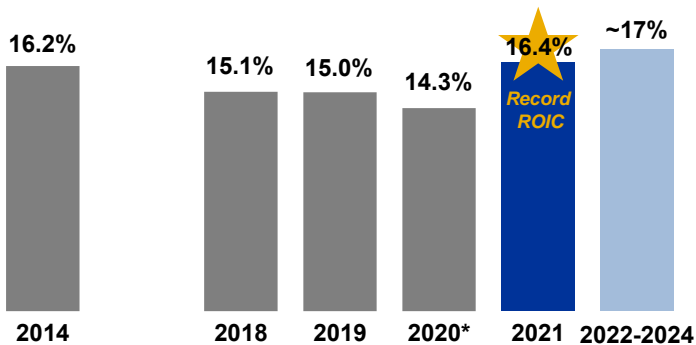


52

\* Excludes Brazos impairment. See Union Pacific website under Investors for a reconciliation to GAAP for Union Pacific's results.



## Growing Return on Invested Capital\*



**Maintaining Strong Investment Grade Credit Rating**

**Reduced Capital Intensity**

**Delivering Consistent Financial Performance**

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\* Excludes Brazos impairment. See Union Pacific website under Investors for a reconciliation to GAAP.





# TOGETHER - ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

February 2022



## ESG at Union Pacific



### ENVIRONMENTAL

- Net Zero by 2050
- 26% absolute reduction in Scope 1 and 2 GHG emissions by 2030
- Alternative fuel blend targets for 2025 and 2030
- Climate Action Plan published in 2021
- Planet Tracks sustainability business resource group

### SOCIAL

- 11% women by 2030
- 40% people of color representation by 2030
- Increasing YOY spend with diverse suppliers by 25%
- Investing in our communities through Community Ties

### GOVERNANCE

- Integrating ESG risk into ERM
- Conducting Climate Scenario Analysis in 2022
- TCFD, SASB, CDP reporting in 2022
- Evolution of ESG KPIs in executive compensation scorecard



# Championing Environmental Stewardship

## Climate Action Plan Supports UP Strategy



### SERVE

Improve operational efficiency and minimize fuel consumption

### GROW

Offer sustainable supply chain solutions

### WIN

Decarbonize our footprint and the environment

### TOGETHER

Engage our stakeholders and align interests



# Science-Based Targets



## Reduce absolute scope 1 and 2 GHG emissions from operations 26% by 2030 against a 2018 baseline



Includes locomotive well-to-wheel



Goal type: Absolute v. Intensity Goal

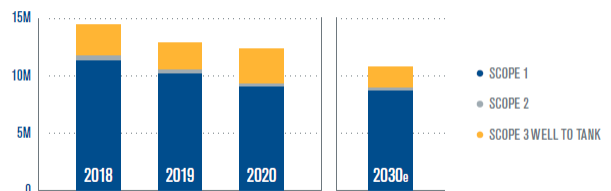


Target intensity: Well below 2° versus 1.5°



Re-evaluate in 2025

GHG EMISSIONS RELATED TO SBTi COMMITMENT - CO<sub>2</sub>e (METRIC TONS)\*



\*Restated data reflects an emissions factor change for Scope 3 fuel and recalculation for Scope 2 purchase electricity.

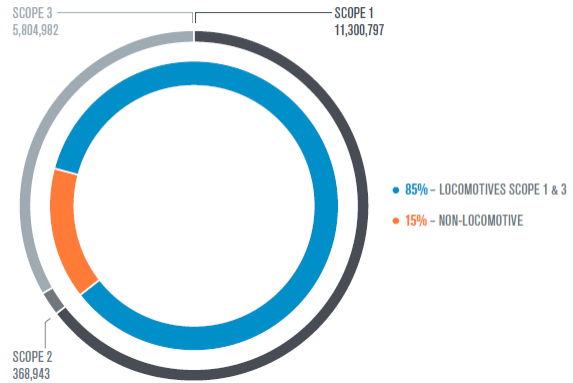


## Reducing Locomotive GHG Emissions



- Reduced fleet requirements allow us to retire less efficient locomotives
  - Modernizing existing fleet improves reliability
  - Increasing train length reduces fleet requirements
  - Rail cleaning technology improves tractive effort, requiring fewer locomotives
- Improving fuel consumption reduces GHG emissions
  - Energy Management Systems (EMS)
  - Idling Technology

2018 TOTAL CALCULATED GHG EMISSIONS BY SCOPE\*



## Adding Battery Electric Locomotives to UP Fleet



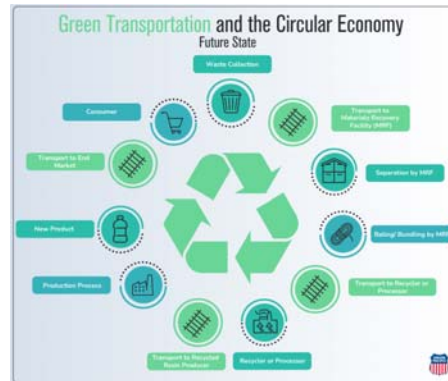
- Announced acquisition of 20 total battery-electric locomotives from Progress Rail and Wabtec
- Total investment expected to exceed \$100 million including locomotives and yard infrastructure
- Locomotives will be used in yard operations in California and Nebraska to test performance in warm and cold weather
- For every 10 battery-electric locomotives used, approximately 4,000 tons of carbon will be eliminated annually, the equivalent of removing 800 cars from the highway
- Locomotives will arrive in late 2023, with complete delivery expected by late 2024



## Sustainable Supply Chain Solutions



- Helping customers reduce Scope 3 GHG emissions
  - Moving freight by train versus truck **reduces GHG emissions by up to 75%**
  - **Avoided 22.9 million tons CO<sub>2</sub>e** in 2021
  - Carbon Emissions Calculator
    - Calculate GHG emissions savings
    - Sending emissions savings estimate to customers since 2013
- New market opportunities:
  - Electric vehicles and components
  - Low carbon fuels and feedstocks
  - Renewable energy markets
  - Recyclables



*"If just 10% of the freight shipped in the largest trucks went by rail instead, we would be removing 3,300,000 cars from the road."  
- President Joe Biden*

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## Moving Environmentally Responsible Products

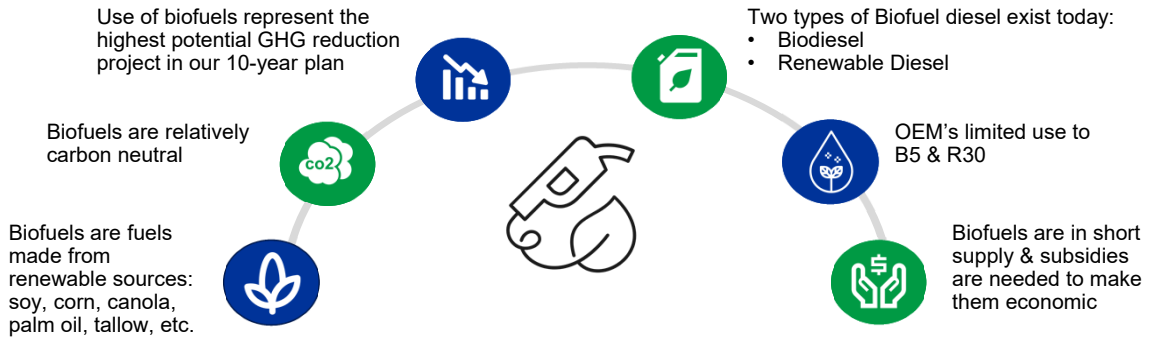


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# Biofuels are the Future



# Building a Sustainable Future 2030



## Investing in Our Workforce

Diversity & Inclusion  
Talent Attraction, Development, and Retention



## Driving Sustainable Solutions

Improved Customer Service  
Profitable and Responsible Growth

## Championing Environmental Stewardship

Sustainable Transportation for Our Customers



## Strengthening Our Communities

Investments Where We Work and Live



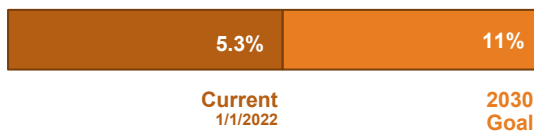
## Four Pillars of Diversity & Inclusion



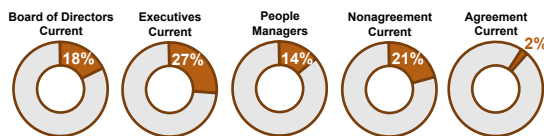
## Diversity & Inclusion



**Female = 100% Improvement**  
(Goal compared to 2019 at 5.5%)



**People of Color = 36% Improvement**  
(Goal compared to 2019 at 29.4%)



**WE ARE ONE**



## Expanding Educational Opportunities



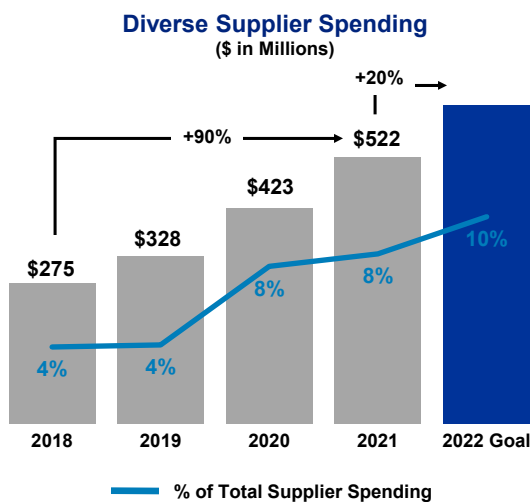
- Innovative partnership with the University of Nebraska at Omaha
- Reimburse employees 100% of tuition\* for classes to earn an undergraduate or graduate degree, or a certification program directly related to the employee's job



66 \*Up to a maximum of \$5,250 per calendar year



## Growing Diverse Supplier Spending



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# Strengthening Our Communities



**\$6.4M** Community Spaces

- 200** Community buildings constructed or enhanced.
- 1,600** Green spaces created or enhanced.
- 400** Public spaces cleaned.

**\$4.1M** Workforce Development

- 38,000** Trained in job skills. **9,800** Job placements.
- 1.1M** Hours of career-related classroom training provided.

**\$3.5M** Safety

- 112,000** Trained in safety procedures.
- 23,000** Hours of safety training.
- 4,300** Emergency services equipment procured.

**\$9.4M** Local Community Support

Corporate Sponsorships, Memberships and local needs grants.

**\$3.3M** Matching Gifts

GivePlus and Fund for Effective Government (FPEG)

