



May 31, 2018

Financial Outlook

Rob Knight
EVP & Chief Financial Officer

Rob Knight Executive Vice President & Chief Financial Officer



Robert M. Knight, Jr. was named chief financial officer of Union Pacific Corporation in February 2004. In his position, he is responsible for all financial activities of both the corporation and Union Pacific Railroad.

Knight began his career with Union Pacific Corporation in 1980 and has held a variety of positions including serving as vice president and general manager – Energy; vice president and general manager – Automotive, and senior vice president – Finance.

In 2014, Knight was ranked No. 2 on the Wall Street Journal's list of the Top Performing CFO's in the S&P 500. He was named as No. 1 CFO in the Airfreight and Surface Transportation sector in the Institutional Investor 2014, 2015, 2016, 2017 and 2018 rankings. Knight is a member of the Grupo Ferrovuario Mexicano and TTX Company boards of directors.

Knight holds a bachelor's degree in business administration from Kansas State University, where he also played baseball, and a master's degree in business administration from Southern Illinois University.

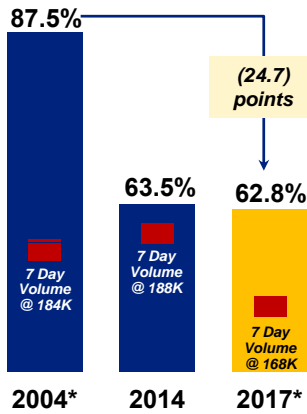


Financial Performance

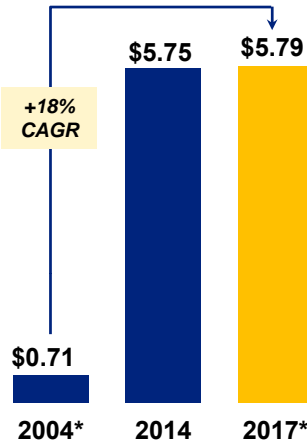
Expanding Margins and Driving Returns



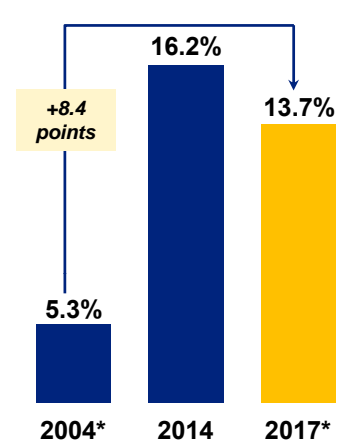
Operating Ratio



EPS



ROIC**



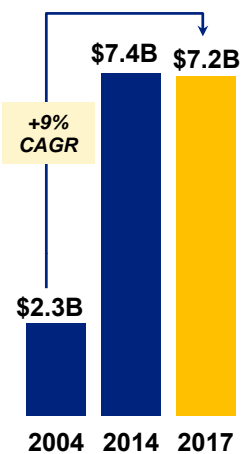
* 2004 adjusted for asbestos pre-tax charge of \$247.4 million. 2017 adjusted to exclude the impact of Corporate Tax Reform and to include the retrospective adoption of ASU 2017-07. ** See Union Pacific website under Investors for a reconciliation to GAAP.

Financial Performance

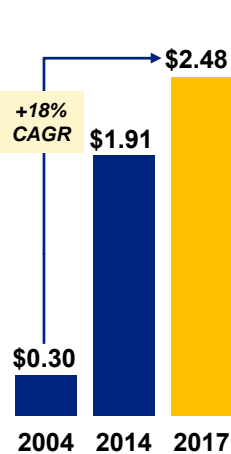
Growing Cash Flow and Shareholder Returns



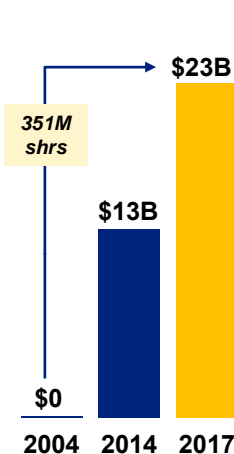
Cash from Ops



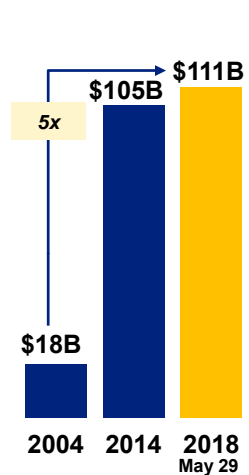
Dividends (Declared)



Share Repurchases (Cumulative)



Market Cap



2014 Investor Day Scorecard

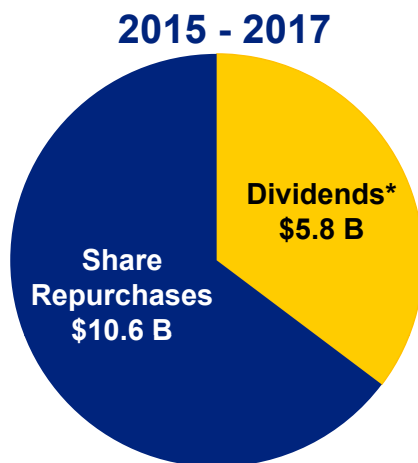


	2014 Guidance	Results	
Volume Growth	Balanced Improvement 60% +/- OR by 2019	Negative Volume	✗
Price		Price and Productivity	✓
Productivity		Operating Ratio	✗
Capital Structure (Adj. Debt / EBITDA)	1.5x+	1.9x	✓
Capital Expenditures (% of Revenue)	16% to 17%	15%	✓
Dividend Payout Ratio	30%	40% to 45%	✓
Share Repurchases	Opportunistic	2015 to 2017: \$10.6 Billion	✓

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What We Have Returned

\$ in Billions



- Increased Annual Dividend per Share 30%
- Repurchased 107 Million Shares Totaling \$10.6 Billion
- Returned 120% of Net Income to Shareholders

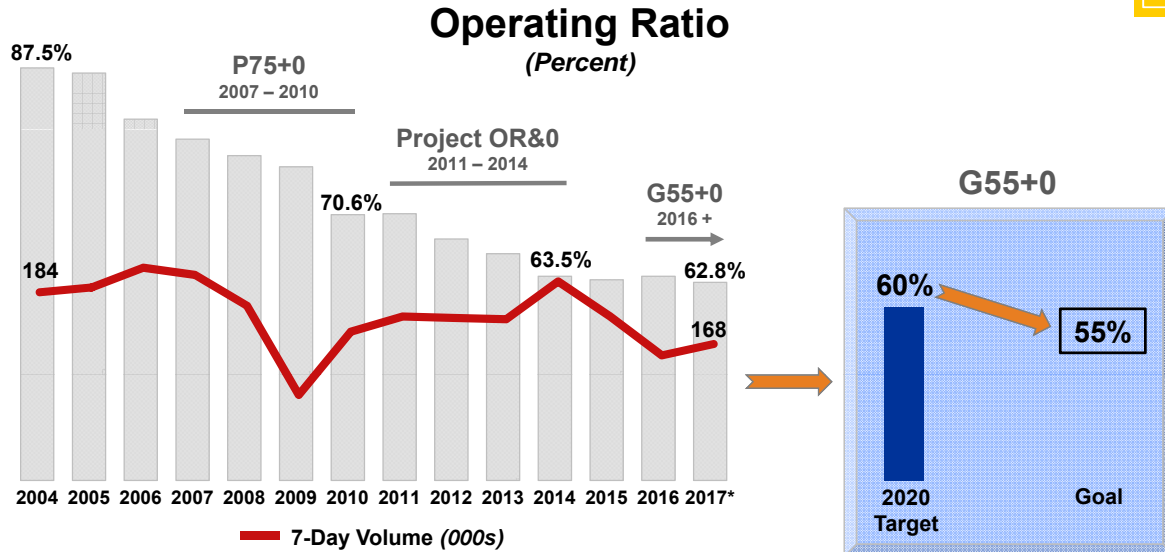
\$16.4 Billion Returned to Shareholders

* Excludes 4Q14 dividend payment of \$438 million made on Jan. 2, 2015

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Growing Margins



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



Drivers of Margin Improvement

	2015 - 2017	2018 - 2020+
Volume	(11%)	Positive Volume Growth
Price	\$1.3 B	Above Inflation
Productivity	\$1 B	Achieve Through Innovation & Efficiency Gains

60% Operating Ratio by 2020

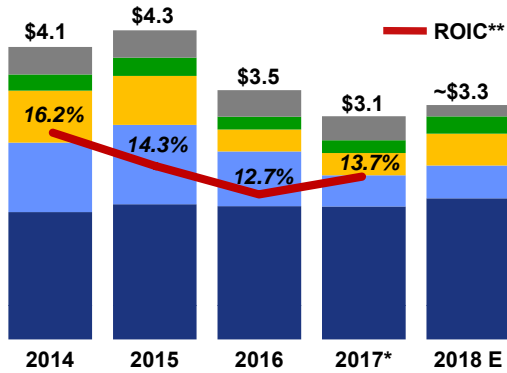
G55+0 Opportunities

Growing Earnings & Cash Flow

Capital Program



Capital Spending & Returns



- Positive Train Control
- Technology / Other
- Capacity / Commercial Facilities
- Locomotives / Equipment
- Infrastructure Replacement

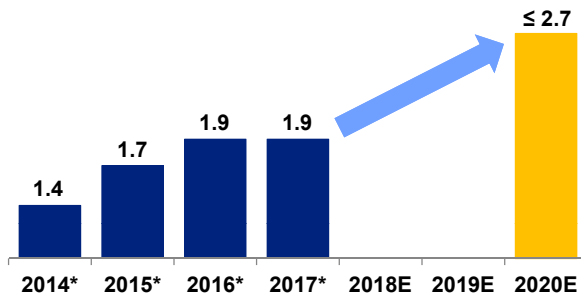
* Adjusted to exclude the impact of Corporate Tax Reform.
 ** See Union Pacific website under Investors for a reconciliation to GAAP.

- Return-Focused Capital Program
- Productivity Through G55+0 Initiatives
- Outlook: Capital ≤ 15% of Revenue

Capital Structure



Adjusted Debt / EBITDA



* at year-end

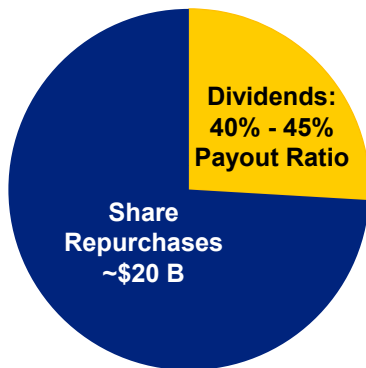
- Increased Leverage
 - Consistent Financial Performance
 - Tax Reform
 - Free Cash Flow Growth
- Target Debt / EBITDA ratio: up to 2.7x
- Maintain Strong Investment Grade Credit Rating
 - No Lower than Baa1 and BBB+
- Dependent on Economy and Achievement of Financial Goals

What This Means for Shareholders



Return ~\$20 Billion + Dividends to Shareholders

Cash to Shareholders
2018 to 2020



- ~\$20 Billion of Share Repurchases Over Next 3 Years
- Dividend Payout Ratio of 40% to 45%

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Growing Shareholder Value



KEY DRIVERS	2018 - 2020
Firm Economy Diverse Franchise Opportunities	Positive Volume Growth
Strong Value Proposition	Real Core Price \$ Above Inflation \$
Volume + Pricing + Productivity	60% Operating Ratio by 2020
Return-Focused Capital Program	CapEx ≤ 15% of Revenue
Increase Cash to Shareholders Increase Leverage Strong Credit Ratings	Share Repurchases: ~\$20 Billion over 3 years Dividend Payout Ratio: 40% to 45% Debt / EBITDA Ratio: ≤ 2.70 Baa1 and BBB+ or Better

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