

Union Pacific Corporation
2016 INVESTOR FACT BOOK



BUILDING AMERICA



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Investor Inquiries

Union Pacific's investor relations are coordinated through the Corporate Treasurer. Requests for meetings and general information should be directed to: (402) 544-4227 or (877) 547-7261 or investor.relations@up.com

Website Information

To receive new information as it becomes available, we invite you to regularly visit 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 Railroad is the principal operating company of Union Pacific Corporation (NYSE: UNP). One of America's most recognized companies, Union Pacific Railroad connects 23 states in the western two-thirds of the country by rail, providing a critical link in the global supply chain. From 2007-2016, Union Pacific invested approximately \$34 billion in its network and operations to support America's transportation infrastructure. The railroad's diversified business mix includes Agricultural Products, Automotive, Chemicals, Coal, Industrial Products and Intermodal. Union Pacific serves many of the fastest-growing U.S. population centers, operates from all major West Coast and Gulf Coast ports to eastern gateways, connects with Canada's rail systems and is the only railroad serving all six major Mexico gateways. Union Pacific provides value to its roughly 10,000 customers by delivering products in a safe, reliable, fuel-efficient and environmentally responsible manner.

BUILDING AMERICA®



Network Map



Key Metrics and Facts

Key Financial and Operating Metrics

	2016	2015	2014	2013
Operating Revenue (millions)	19,941	21,813	23,988	21,963
Operating Income (millions)	7,272	8,052	8,753	7,446
Operating Ratio	63.5%	63.1%	63.5%	66.1%
Operating Margin	36.5%	36.9%	36.5%	33.9%
Revenue Carloads (thousands)	8,442	9,062	9,625	9,022
Revenue Ton-Miles (millions)	440,139	485,035	549,629	514,272
Gross Ton-Miles (GTMs) (millions)	856,895	927,677	1,014,905	949,065
Fuel Consumed in Gallons (millions)	974	1,064	1,158	1,091
Average Fuel Price per Gallon Consumed	\$1.48	\$1.84	\$2.97	\$3.15
Employees (average)	42,919	47,457	47,201	46,445
GTMs (millions) per employee	19.97	19.55	21.50	20.43
Average Train Speed (miles per hour)	26.6	25.4	24.0	26.0
Average Terminal Dwell Time (hours)	28.1	29.3	30.3	27.1

2016 Facts (As of 12/31/2016)

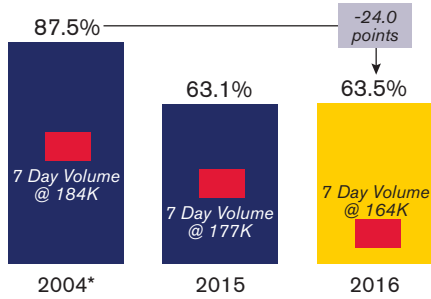
2016 Track Miles

Route	32,070	Track Miles of Rail Replaced	818
Other Main Line	7,070	Track Miles of Rail Capacity Expansion	87
Passing Lines and Turnouts	3,245	Miles of Track Surfaced	12,174
Switching and Classification Yard Lines	<u>9,115</u>		
Total Miles	51,500	Total New Ties Installed (thousands)	4,664

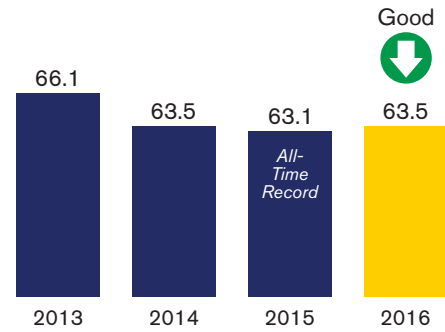
Rail Equipment	Owned	Leased	Total	Avg. Age (years)
Locomotives				
Multiple Purpose	6,247	1,958	8,205	19.2
Switching	214	12	226	34.5
Other	<u>51</u>	<u>57</u>	<u>108</u>	<u>37.5</u>
Total Locomotives	6,512	2,027	8,539	N/A
Freight Cars				
Covered Hoppers	13,382	13,736	27,118	20.6
Open Hoppers	7,183	2,624	9,807	30.1
Gondolas	6,007	2,778	8,785	25.8
Boxcars	3,007	6,740	9,747	35.0
Refrigerated Cars	2,657	3,485	6,142	24.4
Flat Cars	2,596	1,384	3,980	30.4
Other	<u>1</u>	<u>351</u>	<u>352</u>	<u>21.1</u>
Total Freight Cars	34,833	31,098	65,931	N/A
Highway Revenue Equipment				
Containers	33,574	21,631	55,205	8.4
Chassis	<u>22,071</u>	<u>23,509</u>	<u>45,580</u>	<u>10.3</u>
Total Highway Revenue Equipment	55,645	45,140	100,785	N/A

Financial Results

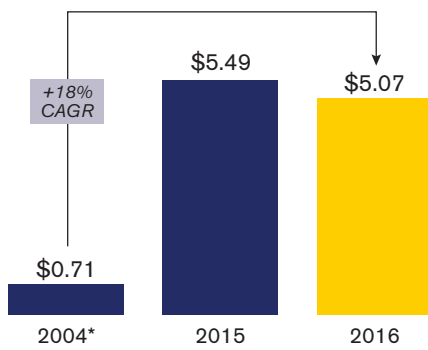
Operating Ratio



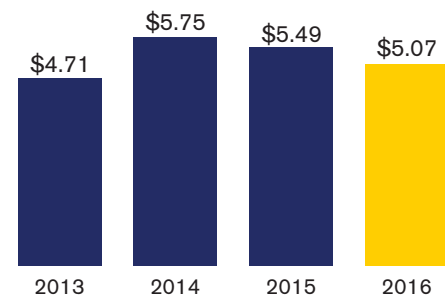
Operating Ratio (percent)



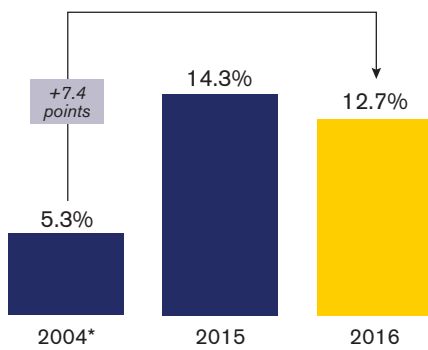
Earnings per Share



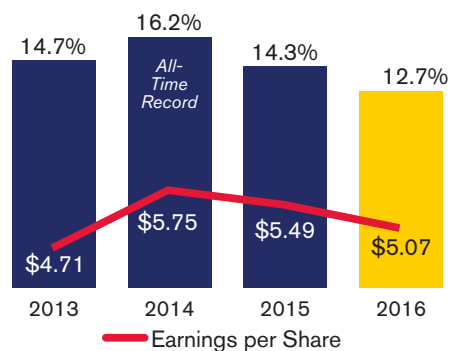
Earnings per Share



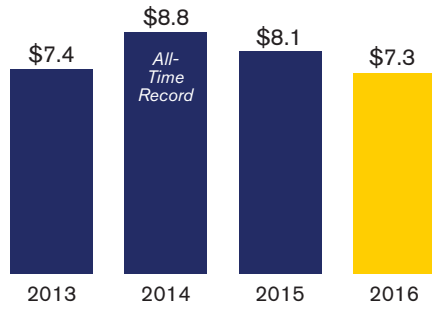
Return on Invested Capital



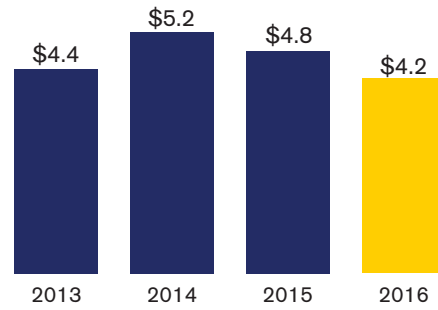
Return on Invested Capital



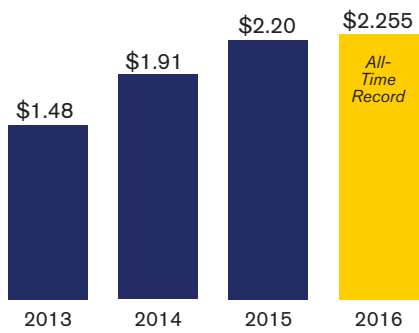
Operating Income *(billions)*



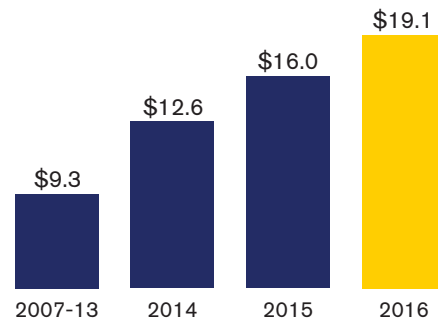
Net Income *(billions)*



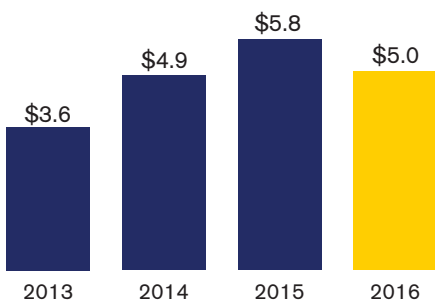
Declared Dividends per Share



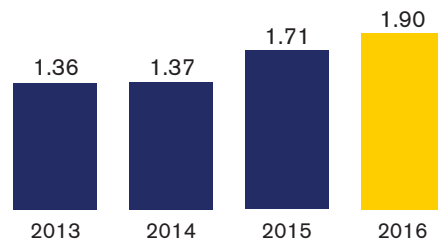
Cumulative Share Repurchases *(billions)*

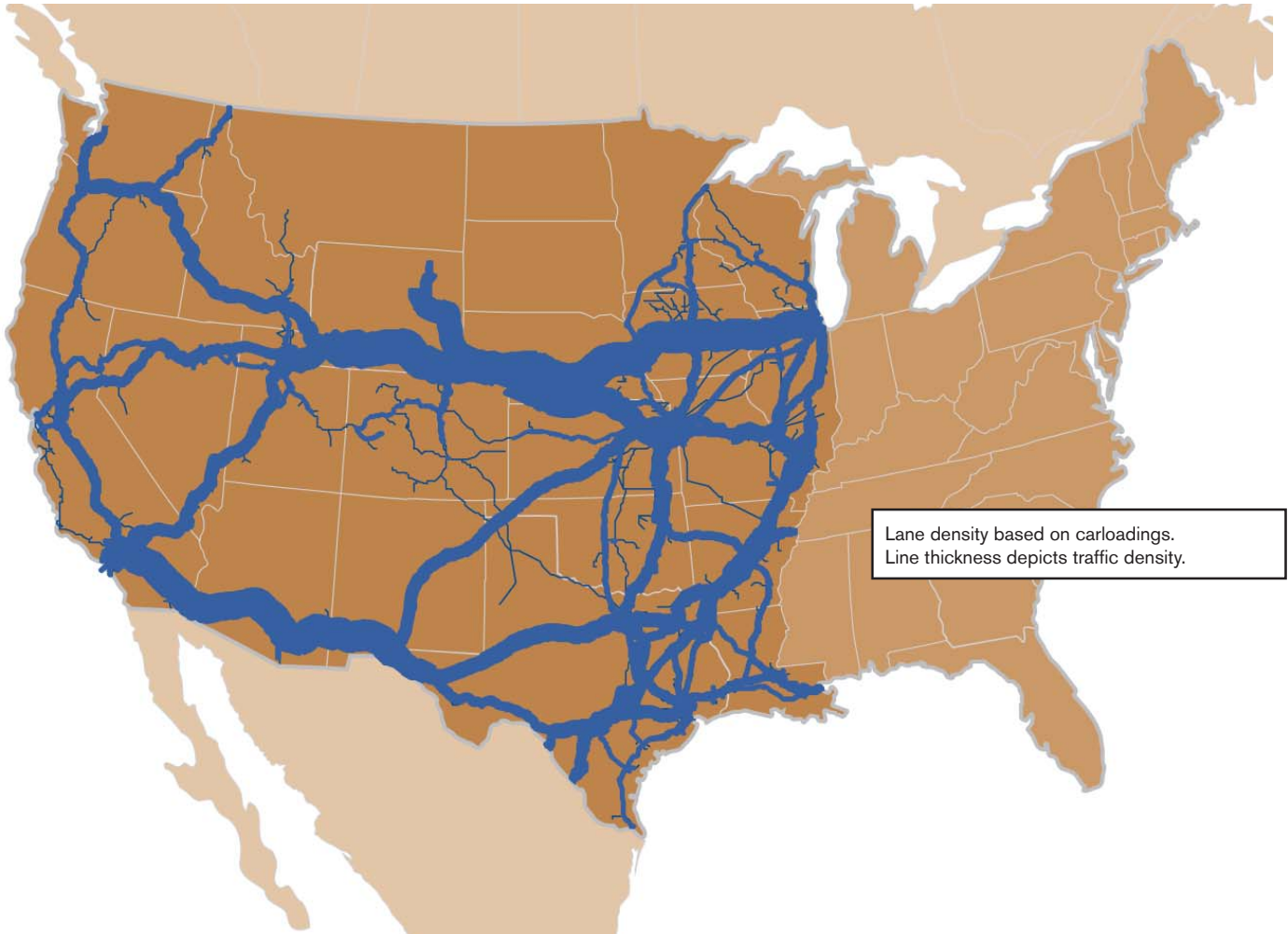


Cash Returned to Shareholders



Adjusted Debt/EBITDA





Track and Terminal Density

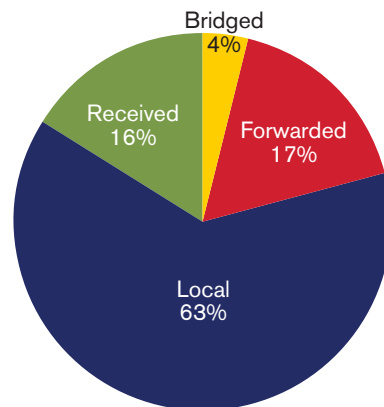
Major Classification Yards

North Platte, Nebraska
 North Little Rock, Arkansas
 Englewood (Houston), Texas
 Fort Worth, Texas
 Livonia, Louisiana
 Proviso (Chicago), Illinois
 Roseville, California
 West Colton, California
 Pine Bluff, Arkansas
 Neff (Kansas City), Missouri

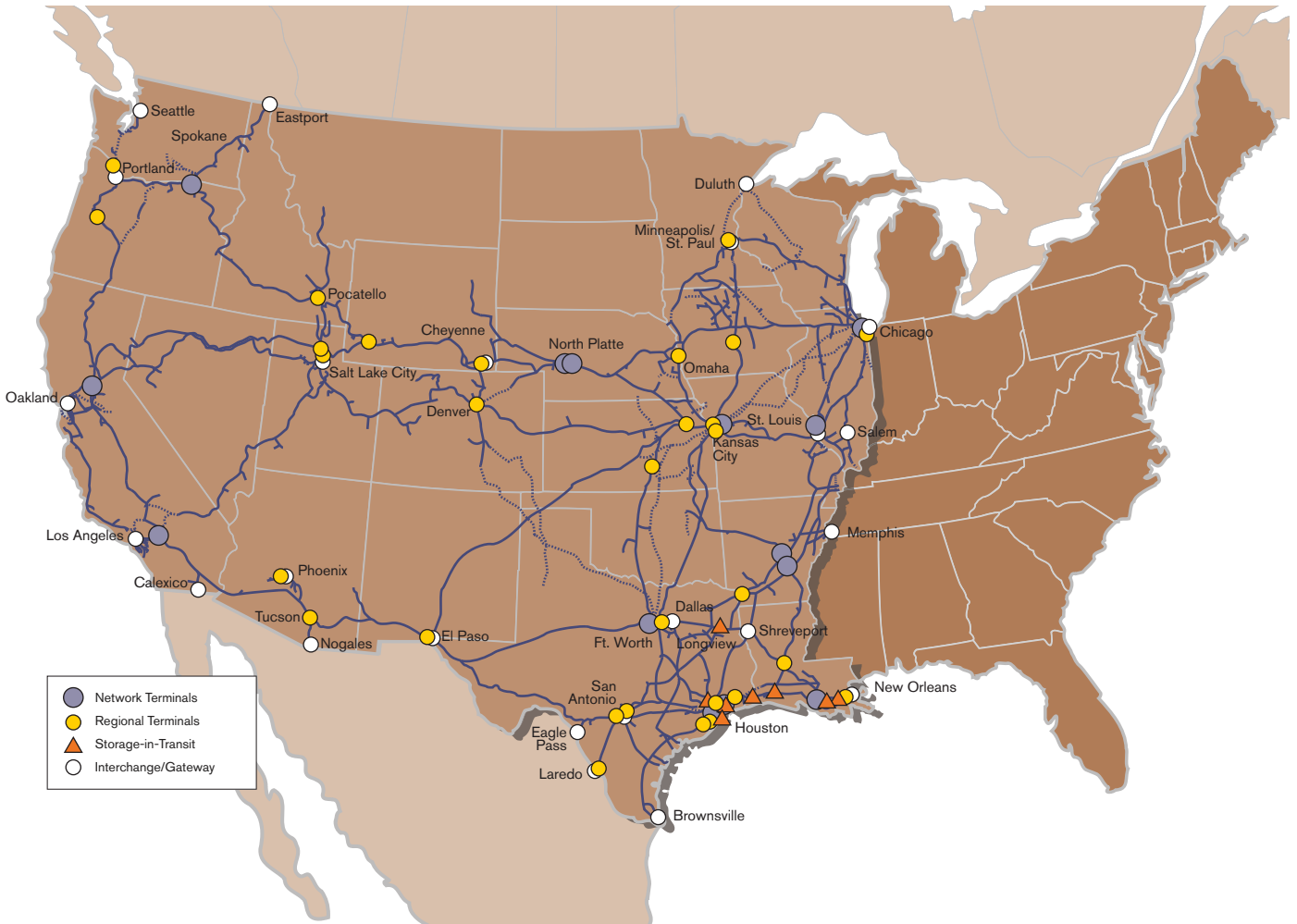
Major Intermodal Terminals

Joliet (Global 4), Illinois
 East Los Angeles, California
 ICTF (Los Angeles), California
 Global I (Chicago), Illinois
 DIT (Dallas), Texas
 Mesquite, Texas
 City of Industry, California
 Global II (Chicago), Illinois
 Marion (Memphis), Tennessee
 Lathrop, California

Track Classification - 2016 Carloads



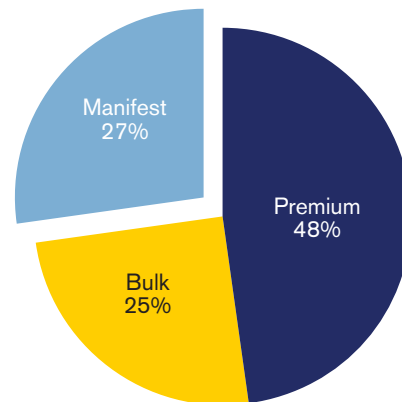
Local = UP Origin + UP Destination
 Forwarded = UP Origin + Other Destination
 Received = Other Origin + UP Destination
 Bridged = Other Origin + UP Intermediate + Other Destination

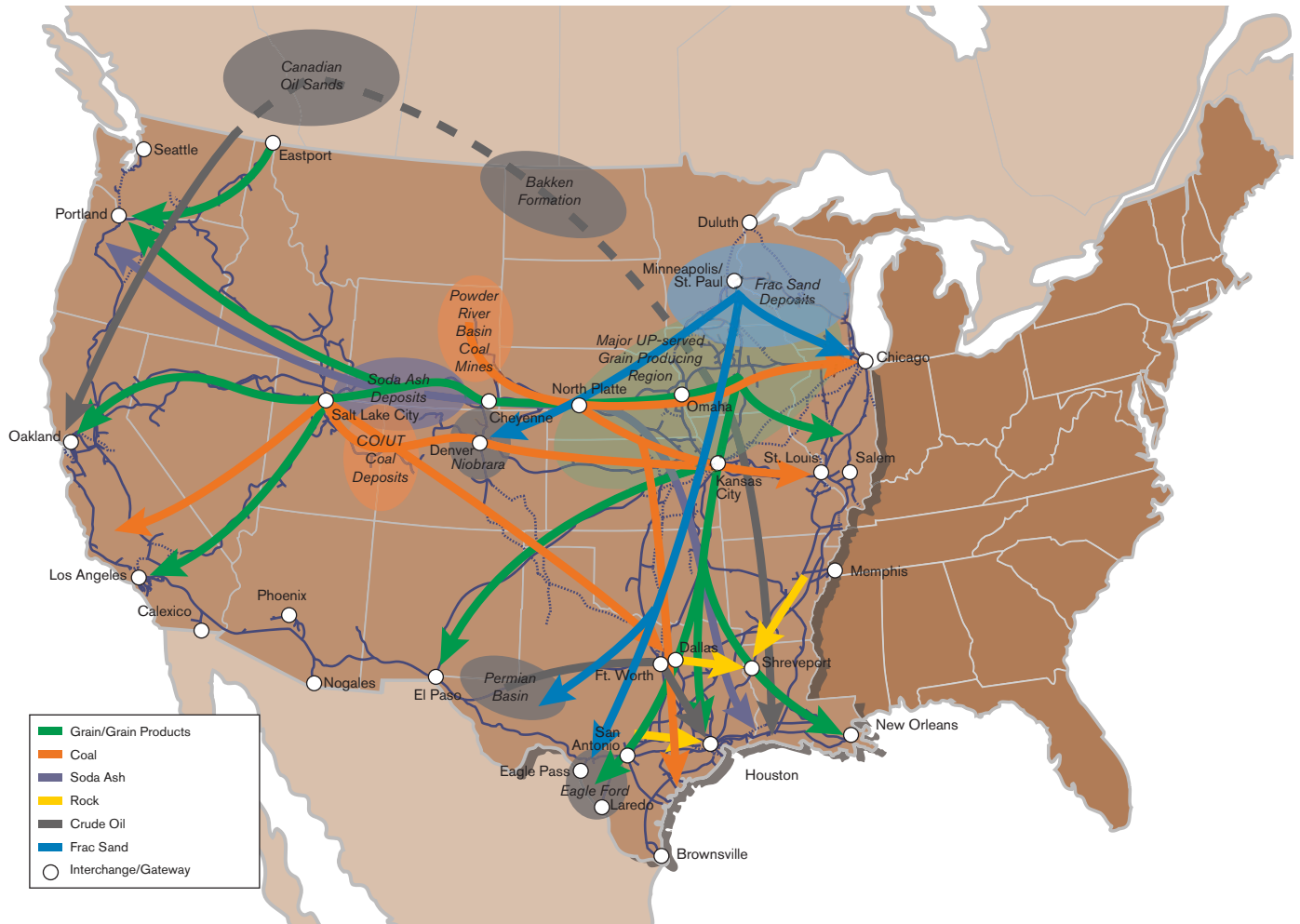


Manifest Network

Manifest traffic includes individual carload or less-than-trainload business, involving commodities such as lumber, steel, paper, frac sand, food, and chemicals, all transported from thousands of locations across Union Pacific's network. The Railroad'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. This unique aspect of UP's franchise serves customers in virtually every segment of the economy. In 2016, manifest traffic represented 27 percent of the Company's volume and 45 percent of freight revenue.

Freight Traffic - 2016 Carloads

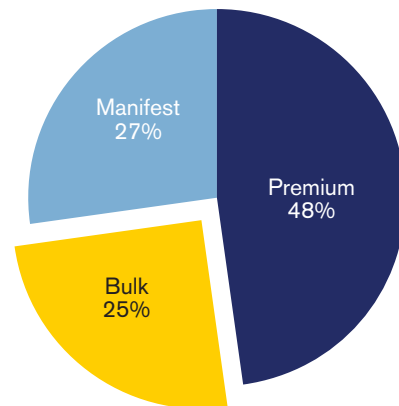




Bulk Network

Bulk traffic primarily consists of coal, grain, soda ash, rock, crude oil, and frac sand shipped in unit trains - trains transporting a single commodity from one origin to one destination. Most of UP's coal traffic originates from the Powder River Basin (PRB) of northeastern Wyoming and the Uinta Basin of Colorado and Utah. 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). 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. The majority of our frac sand unit trains currently move from the upper Midwest to the major shale producing regions. The Railroad designed its bulk network to handle high-volume, efficient, point-to-point moves. Operating this network represents a core competency and franchise strength for UP. In 2016, bulk traffic represented 25 percent of the Company's volume and 25 percent of freight revenue.

Freight Traffic - 2016 Carloads

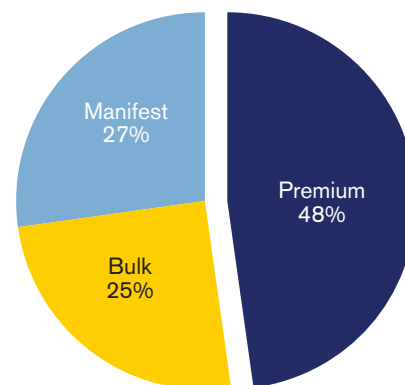




Premium Network

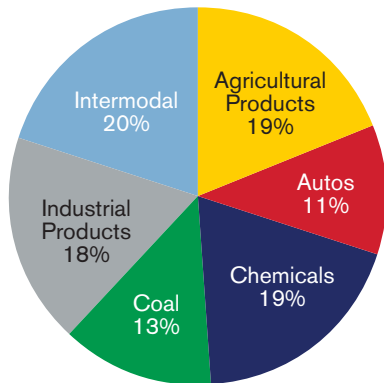
Union Pacific's premium business includes the transportation of finished vehicles, auto parts, intermodal containers and trailers. UP is the largest automotive carrier west of the Mississippi River. The Railroad's extensive franchise serves vehicle assembly plants and connects to West Coast ports and the Port of Houston to accommodate import and export shipments. UP's unique network can directly access all six 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 2016, premium traffic represented 48 percent of the Company's volume and 30 percent of freight revenue.

Freight Traffic - 2016 Carloads



Marketing & Sales Review

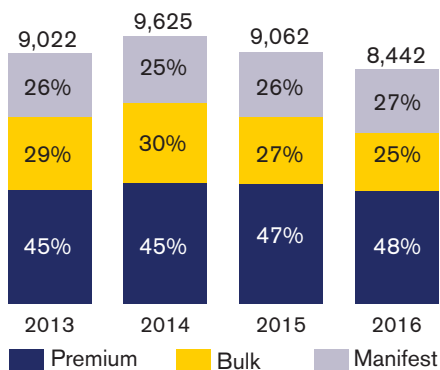
2016 Freight Revenue



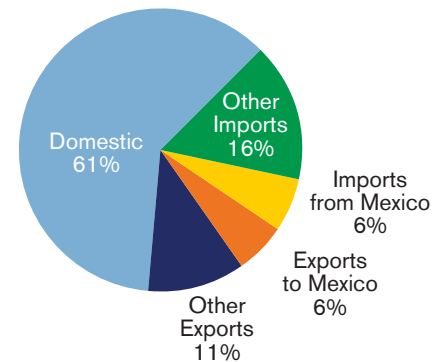
Freight Revenue
(millions)

	2016	2015	Percent Change vs. 2015
Agricultural Products	\$3,625	\$3,581	1%
Autos	2,000	2,154	(7)%
Chemicals	3,474	3,543	(2)%
Coal	2,440	3,237	(25)%
Industrial Products	3,348	3,808	(12)%
Intermodal	3,714	4,074	(9)%
Total	\$18,601	\$20,397	(9)%

Freight Traffic Trends
(carloads in thousands)



2016 Carload Composition



Annual Summary by Quarter

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue per Car
1Q2015	\$5,251	126,410	2,231	\$2,354
2Q2015	5,068	116,259	2,289	2,213
3Q2015	5,215	125,648	2,339	2,229
4Q2015	4,863	116,718	2,203	2,208
FY2015	\$20,397	485,035	9,062	\$2,251
1Q2016	\$4,502	104,663	2,044	\$2,202
2Q2016	4,430	102,875	2,048	2,163
3Q2016	4,837	117,483	2,204	2,195
4Q2016	4,832	115,118	2,146	2,251
FY2016	\$18,601	440,139	8,442	\$2,203
Pct Change vs. 2015	(9%)	(9%)	(7%)	(2%)

Agricultural Products

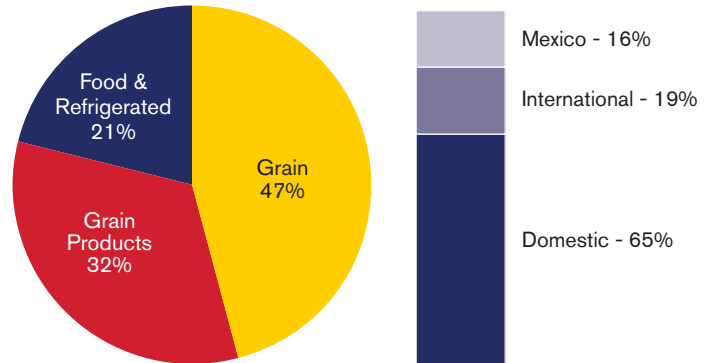
Approximately 60 percent of UP's Agricultural Products business moves on the Railroad's manifest network, allowing shippers of all sizes to benefit from efficient, value-added rail service. Unit trains, which transport a single commodity efficiently between producers and export terminals or domestic markets, comprise the remaining 40 percent of Agricultural Products shipments. Almost 80 percent of these unit trains operate within the confines of UP's shuttle program, which allows qualifying customers exclusive use of unit train sets for a pre-determined amount of time, providing guaranteed capacity in exchange for their commitment.

U.S. grain production is a principal volume driver within our Agricultural Products portfolio, with corn supply and demand having the largest impact as average corn yields are roughly three times that of soybeans or wheat. Grain production and its impact on domestic commodity prices also has a secondary impact on many commodities within grain products, including ethanol, soybean meal, soybean oil, distiller's dried grains with solubles (DDGs), and biodiesel.

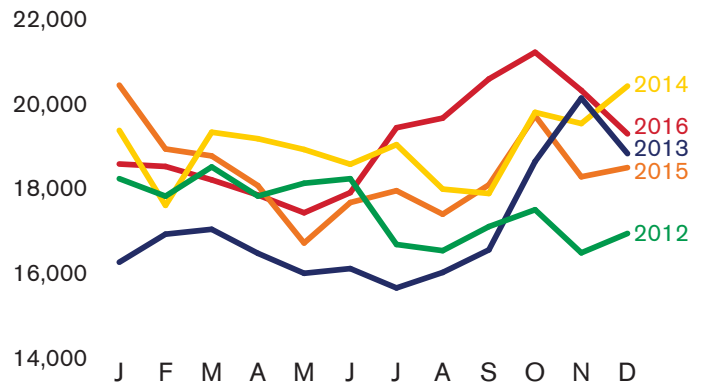
Union Pacific's unique franchise, coupled with the ownership of more than 80 percent of the rail-owned refrigerated boxcar fleet in North America, creates a competitive advantage in the shipment of perishables. We also offer door-to-door service in collaboration with our subsidiary, Union Pacific Distribution Services (UPDS), to help extend UP's reach beyond our physical network and to serve customers with smaller volume requirements.

UP has the ability to serve Canadian and Mexican markets through interchange agreements with other railroads. In 2016, 60 percent of Agricultural Products shipments to and from Mexico consisted of southbound moves. This traffic mix primarily consisted of soybeans, corn, soybean meal, DDGs, wheat, and rice. Shipments of beer accounted for most of the northbound agricultural shipments from Mexico.

2016 Carloads



7-Day Volume
(carloads)

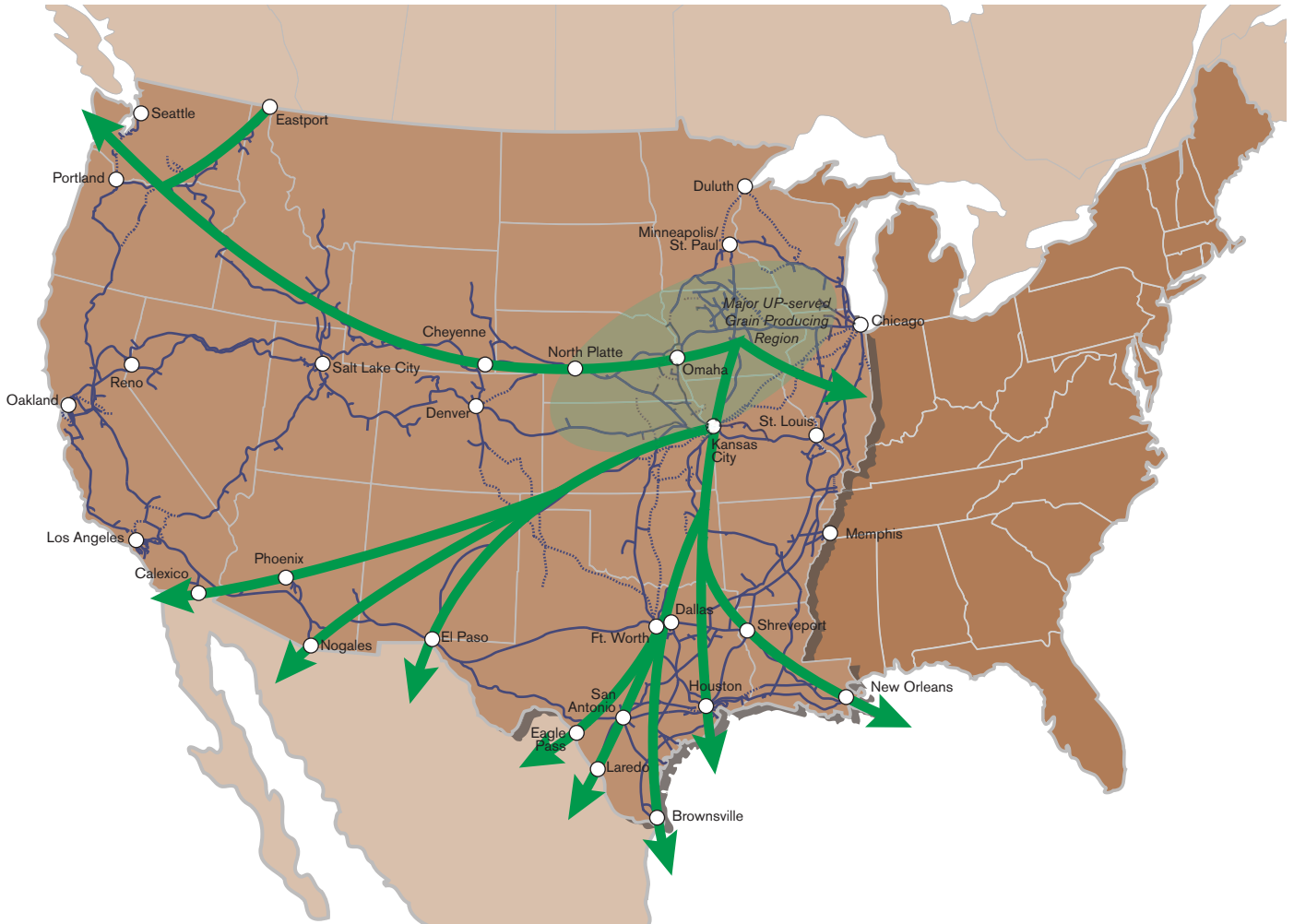


Lane Density Map



Lane density based on carloadings. Line thickness depicts traffic density.

Export Grain Flows



Annual Summary by Quarter - Agricultural Products

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue per Car
1Q2015	\$939	22,982	245	\$3,838
2Q2015	867	21,281	225	3,844
3Q2015	880	22,095	232	3,793
4Q2015	895	22,695	239	3,745
FY2015	\$3,581	89,053	941	\$3,805
1Q2016	\$882	22,291	235	\$3,749
2Q2016	845	21,565	229	3,692
3Q2016	937	24,235	258	3,637
4Q2016	961	24,153	258	3,732
FY2016	\$3,625	92,244	980	\$3,702
Pct Change vs. 2015	1%	4%	4%	(3%)

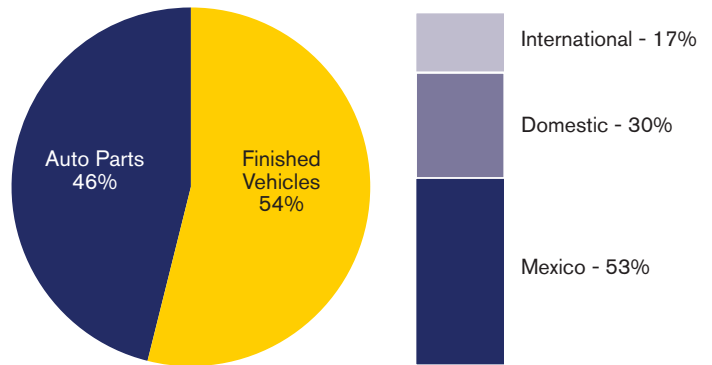
Automotive

Union Pacific is the largest automotive carrier west of the Mississippi River, handling more than 65 percent of Western U.S. rail automotive carload shipments in 2016. The Railroad's extensive franchise operates or has access to over 40 vehicle distribution centers, directly serves five vehicle assembly plants, and connects to West Coast ports, all six major Mexico gateways, and the Port of Houston to accommodate both import and export shipments.

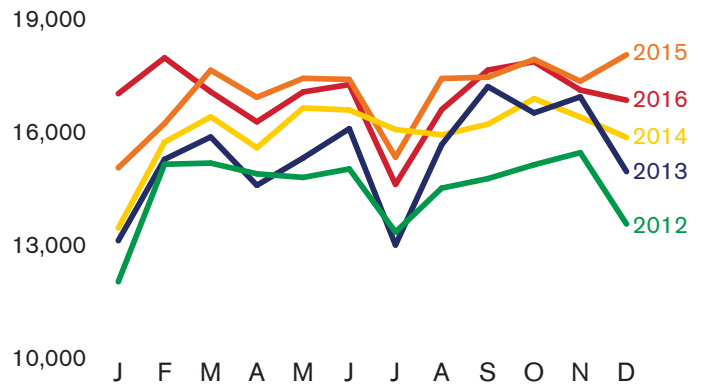
During 2016, just over two-thirds of UP's automotive volume crossed an international border, driven primarily by traffic to and from Mexico, which represented more than half of overall automotive volumes. This included shipments of finished vehicles as well as parts and materials moving in intermodal or boxcar / flatcar service.

The Company's subsidiaries also enhance UP's competitive positioning within the automotive sector. These subsidiaries, ShipCarsNow (SCN) and Union Pacific Distribution Services, offer supply chain logistic services for major automotive manufacturers. Additionally, SCN continues to make inroads into the used car remarketing area by providing multi-modal transportation services for automotive finance companies and rental car firms. Both subsidiaries are marketed jointly with UP's rail services and assist manufacturers in meeting customers' changing inventory needs while providing continued growth opportunities and extending UP's reach to non-rail served customers.

2016 Carloads



7-Day Volume
(carloads)

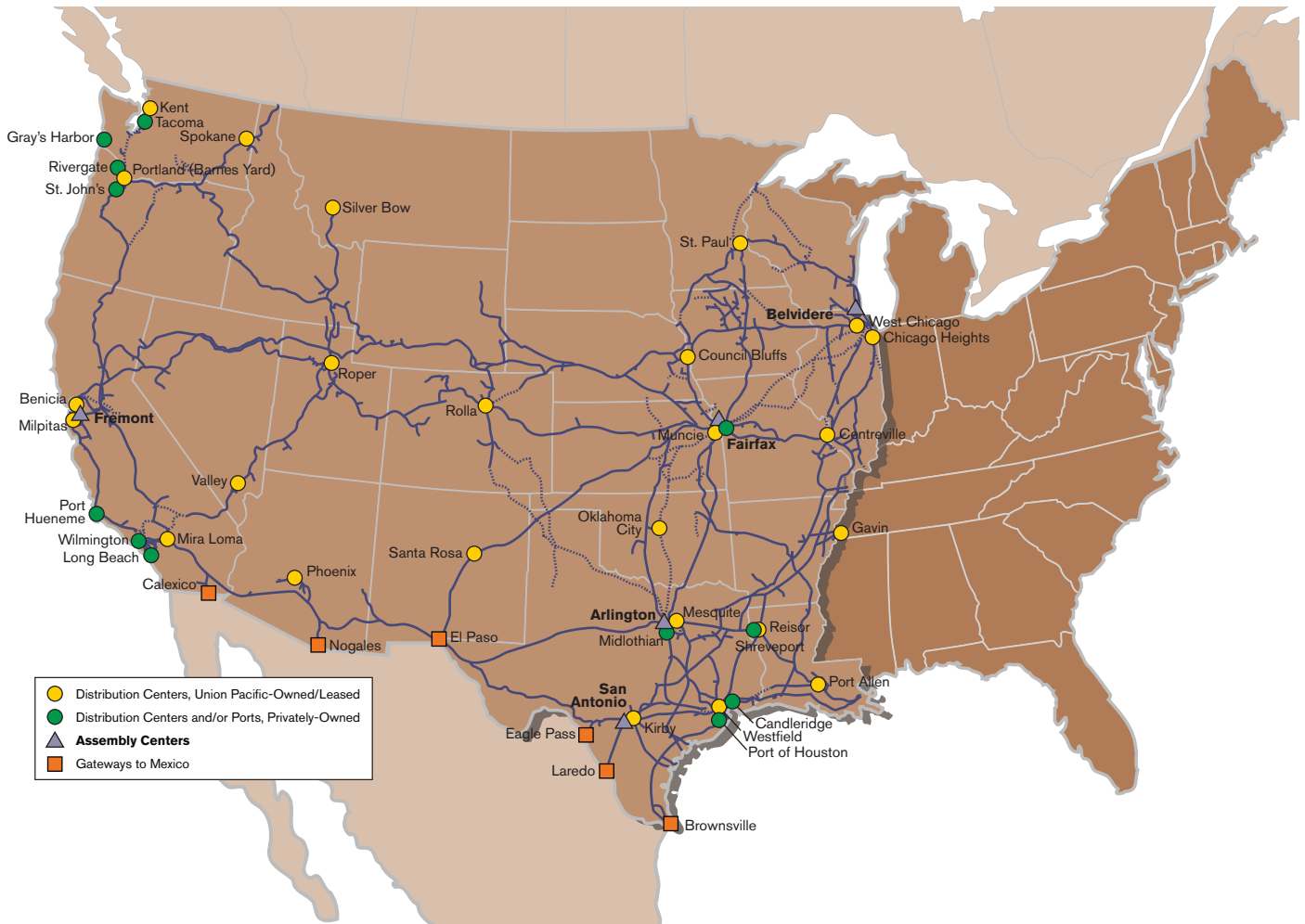


Lane Density Map



Lane density based on carloadings. Line thickness depicts traffic density.

Automotive Facilities and Assembly Centers



Annual Summary by Quarter - Automotive

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue per Car
1Q2015	\$516	4,293	202	\$2,553
2Q2015	560	4,749	222	2,528
3Q2015	529	4,446	214	2,469
4Q2015	549	4,704	225	2,447
FY2015	\$2,154	18,193	863	\$2,498
1Q2016	\$510	4,578	217	\$2,350
2Q2016	488	4,528	217	2,247
3Q2016	485	4,381	210	2,310
4Q2016	517	4,705	219	2,362
FY2016	\$2,000	18,192	863	\$2,317
Pct Change vs. 2015	(7%)	0%	0%	(7%)

Chemicals

The Railroad's unique franchise serves the chemical producing areas along the Gulf Coast, where roughly 58 percent of the Company's Chemical business originates, terminates, or traverses through.

The Company's Chemical shipments are grouped into six different categories: industrial chemicals, plastics, fertilizer, petroleum and liquid petroleum gases (LPG), crude oil, and soda ash.

The industrial chemicals market consists of a vast number of chemical compounds that support the manufacturing of more complex chemicals. The largest segment of industrial chemicals is chlor-alkali, which is utilized in numerous industries including construction, automotive, plastics, glass, oil and gas, food processing, and water treatment.

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. With UP having more SIT capacity than any other railroad, the Company has a distinct competitive advantage in the shipment of plastic resins.

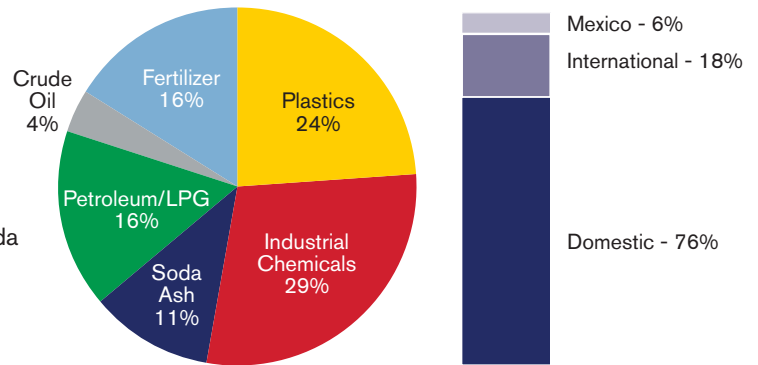
Fertilizer movements, which include shipments of nitrogen, phosphate, and potash, originate in the Gulf Coast region, the Western U.S., and Canada (through interline access) for delivery to major agricultural users in the Midwest and Western U.S., as well as abroad.

The Company's petroleum and LPG shipments are primarily impacted by refinery utilization rates and the use of asphalt for road programs.

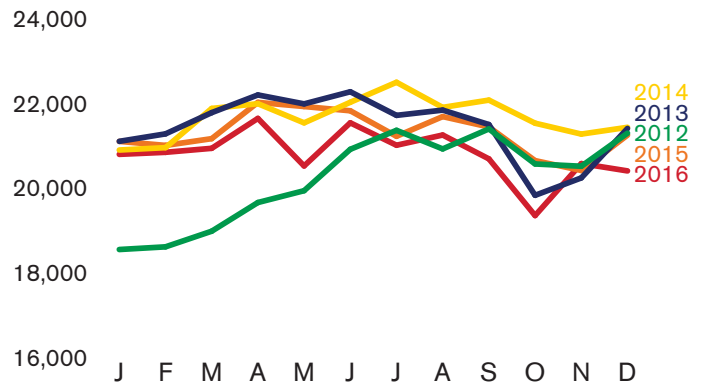
A majority of UP's crude oil shipments are transported from shale formations or taken in interchange and destined primarily for the Gulf Coast.

Soda ash shipments originate in southwestern Wyoming and California, and are destined for chemical and glass producing markets in North America and abroad. UP directly serves the world's largest natural soda ash reserve and production region at Green River, Wyoming.

2016 Carloads



7-Day Volume
(carloads)

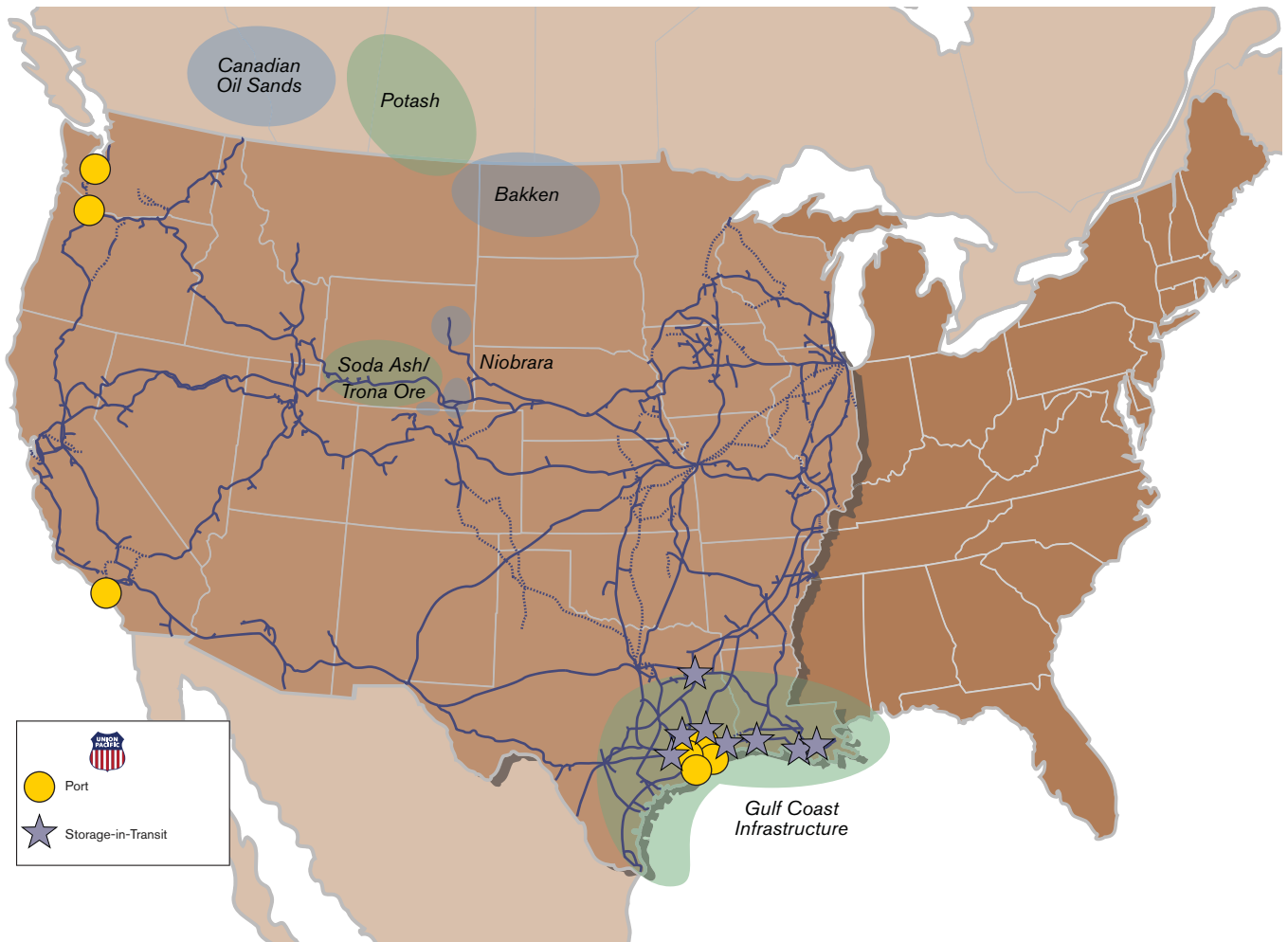


Lane Density Map



Lane density based on carloadings. Line thickness depicts traffic density.

Key Chemicals Markets



Annual Summary by Quarter - Chemicals

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue per Car
1Q2015	\$897	18,209	267	\$3,362
2Q2015	905	18,676	283	3,197
3Q2015	882	17,697	278	3,165
4Q2015	859	17,124	270	3,188
FY2015	\$3,543	71,707	1,098	\$3,227
1Q2016	\$878	17,272	268	\$3,272
2Q2016	864	16,841	275	3,146
3Q2016	875	16,719	274	3,201
4Q2016	857	16,132	257	3,323
FY2016	\$3,474	66,964	1,074	\$3,234
Pct Change vs. 2015	(2%)	(7%)	(2%)	0%

Coal

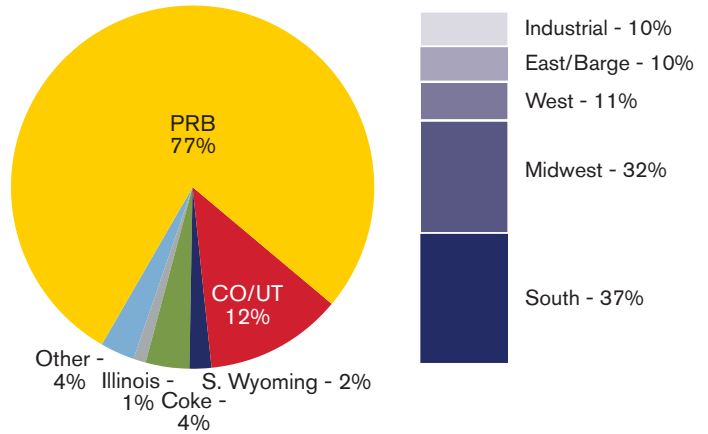
Coal traffic originating in the Powder River Basin (PRB) area of Wyoming is the largest segment of UP's Coal business, comprising 78 percent of total carloads in 2016. This reliable, low-cost, low-sulfur, sub-bituminous coal is attractive to utilities in the competitive electricity generation market.

Coal produced in the Uinta Basin region of Colorado and Utah is the second largest source of UP coal volume, representing 12 percent of 2016 carloads. This mostly sub-surface coal has a relatively high BTU (British Thermal Unit) and low sulfur content.

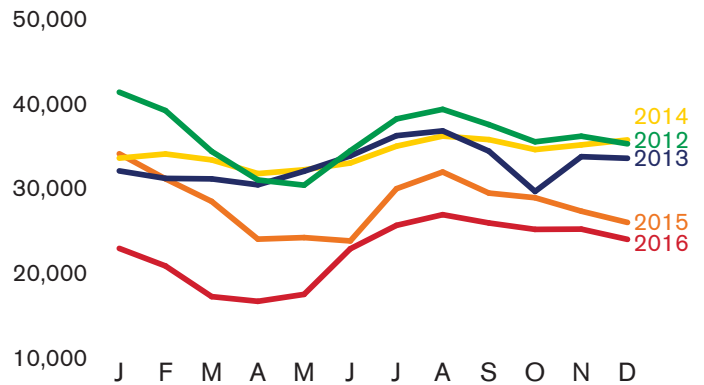
The remaining traffic consists of coal forwarded to UP from other carriers, as well as shipments originating from southern Wyoming's Hanna Basin and the Illinois Basin, along with petroleum coke originating from oil refineries throughout the country. Almost all of the coal UP transports is thermal coal.

Petroleum coke is a residual of the oil refining process. It is a source of high sulfur fuel for electricity generation and is utilized by industrial customers in the production of aluminum, steel, and cement.

2016 Carloads



7-Day Volume
(carloads)



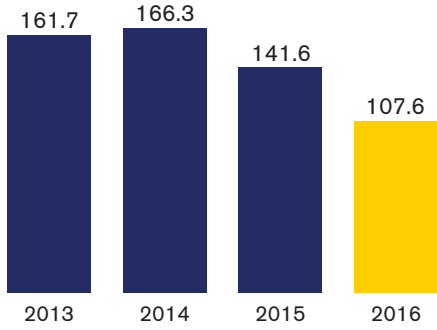
Lane Density Map



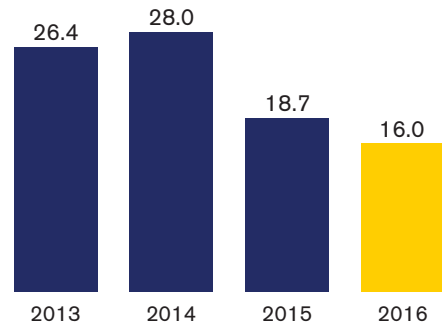
Lane density based on carloadings. Line thickness depicts traffic density.



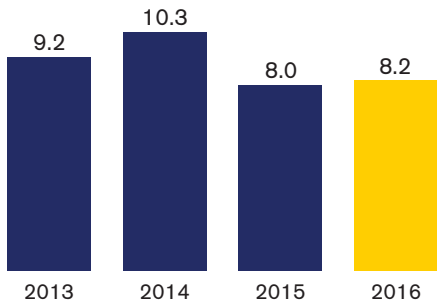
PRB Coal Tonnage
(millions)



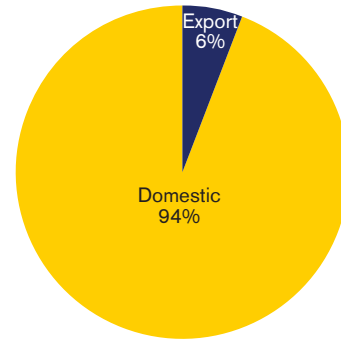
CO/UT Coal Tonnage
(millions)



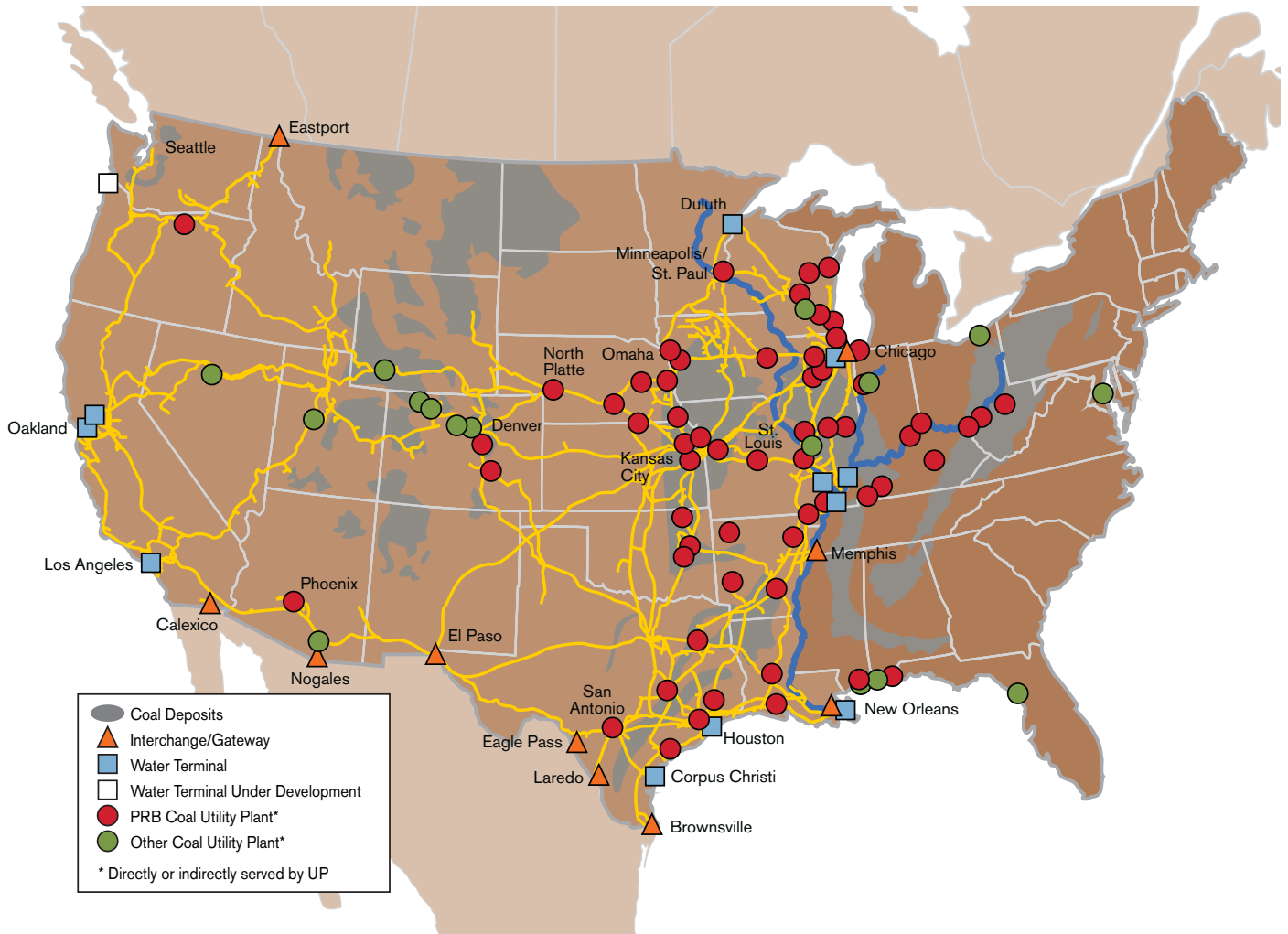
Other Coal Tonnage
(millions)



2016 Coal Carloads



Key Coal Markets



Annual Summary by Quarter - Coal

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue per Car
1Q2015	\$915	41,710	399	\$2,293
2Q2015	679	31,233	309	2,197
3Q2015	898	42,215	398	2,259
4Q2015	745	35,953	353	2,107
FY2015	\$3,237	151,110	1,459	\$2,218
1Q2016	\$519	24,773	262	\$1,985
2Q2016	494	23,811	243	2,026
3Q2016	728	35,030	341	2,134
4Q2016	699	33,487	320	2,183
FY2016	\$2,440	117,101	1,166	\$2,092
Pct Change vs. 2015	(25%)	(23%)	(20%)	(6%)

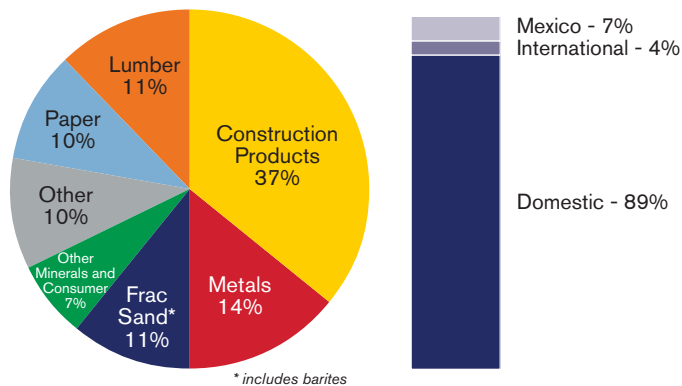
Industrial Products

Union Pacific's Industrial Products business is categorized into six major groupings: construction products, minerals (including frac sand), metals, lumber, paper, and other specialty products (primarily waste and government shipments).

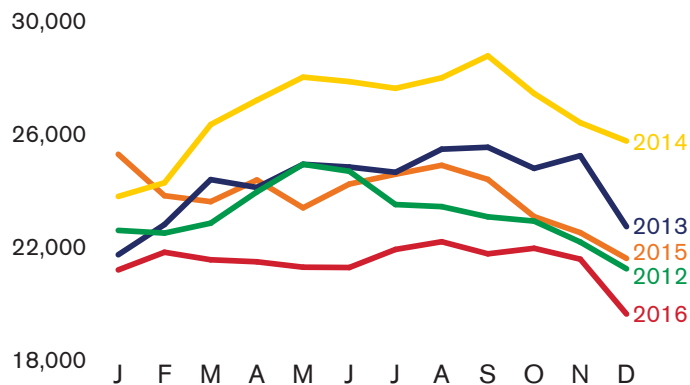
Commercial, residential, and governmental infrastructure investments drive shipments of steel, aggregates, cement, and wood products. Industrial and light manufacturing plants receive steel, non-ferrous materials, minerals, and other raw materials. Consumer spending drives demand for paper and packaging commodities, as well as for appliances. Lumber shipments originate primarily in the PNW or Western Canada and move throughout the U.S. for use in new home construction, repairs, and remodeling.

Oil and gas drilling generates demand for raw steel, finished pipe, frac sand, stone, and drilling fluid commodities. Global commodity demand drives shipments of ores and concentrates for export and domestic production. In addition, the Railroad provides safe and efficient transportation for governmental entities and waste management companies.

2016 Carloads



7-Day Volume
(carloads)

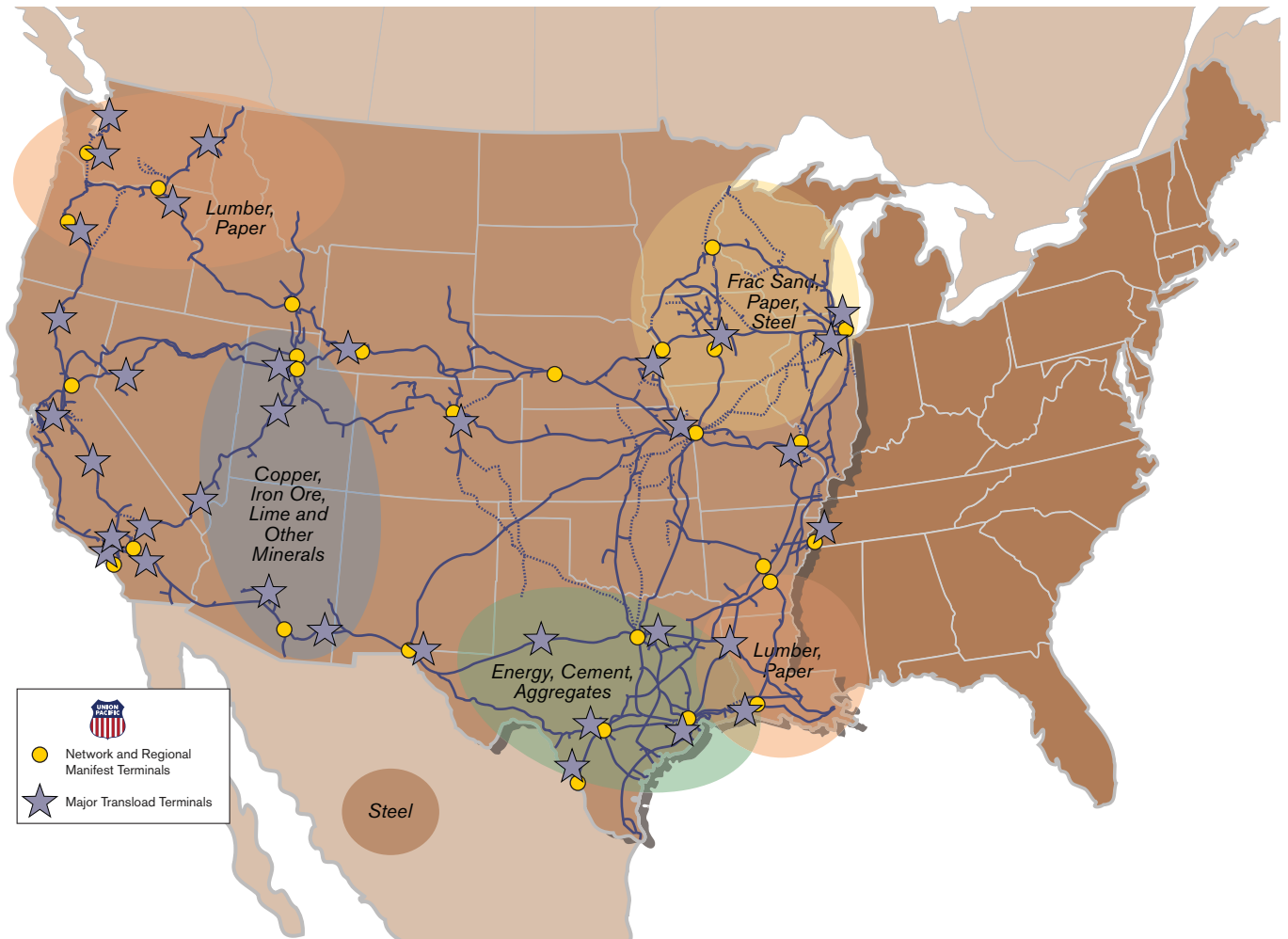


Lane Density Map



Lane density based on carloadings. Line thickness depicts traffic density.

Key Industrial Products Markets



Annual Summary by Quarter - Industrial Products

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue per Car
1Q2015	\$1,017	20,168	306	\$3,325
2Q2015	970	19,334	308	3,144
3Q2015	979	19,280	319	3,073
4Q2015	842	17,120	280	3,004
FY2015	\$3,808	75,902	1,213	\$3,139
1Q2016	\$834	17,041	274	\$3,041
2Q2016	830	16,904	275	3,025
3Q2016	855	17,552	283	3,019
4Q2016	829	17,082	265	3,123
FY2016	\$3,348	68,579	1,097	\$3,051
Pct Change vs. 2015	(12%)	(10%)	(10%)	(3%)

Intermodal

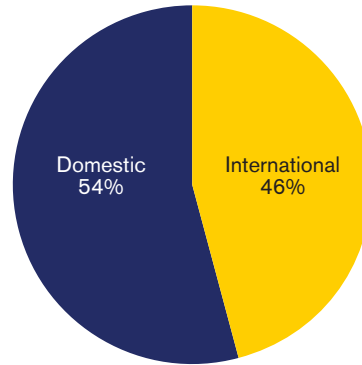
Union Pacific's Intermodal franchise includes two segments: international and domestic. International business consists of import and export container traffic that mainly passes through West Coast ports served by UP's extensive terminal network. Domestic business includes container and trailer traffic picked up and delivered within North America for intermodal marketing companies (primarily shipper agents and logistics companies), as well as truckload carriers. Less-than-truckload and package carriers with time-sensitive business requirements are also an important part of domestic shipments.

International traffic primarily moves in 20 or 40-foot shipping containers through ports on the West Coast. Domestic shipments move in 53-foot containers or trailers to and from points within the U.S., Canada, and Mexico. U.S. import volume transloaded into domestic containers at the ports is classified as domestic.

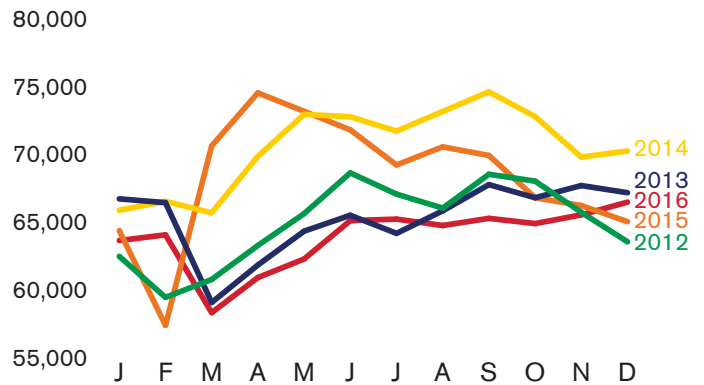
Overall, intermodal utilizes just over half of the route miles of the Union Pacific network, routing freight between 33 UP-owned or operated intermodal terminals, as well as customer-operated, on-dock rail facilities.

In addition to an extensive network reach, UP also offers the largest dedicated container fleet for domestic customers, including the EMP and UMAX service offerings. EMP is a domestic interline container service offered by Union Pacific and Norfolk Southern, along with various agent railroads. UMAX is a domestic interline container service offered in conjunction with CSX. Both EMP and UMAX each have a fleet of more than 40,000 containers.

2016 Carloads



7-Day Volume
 (carloads)

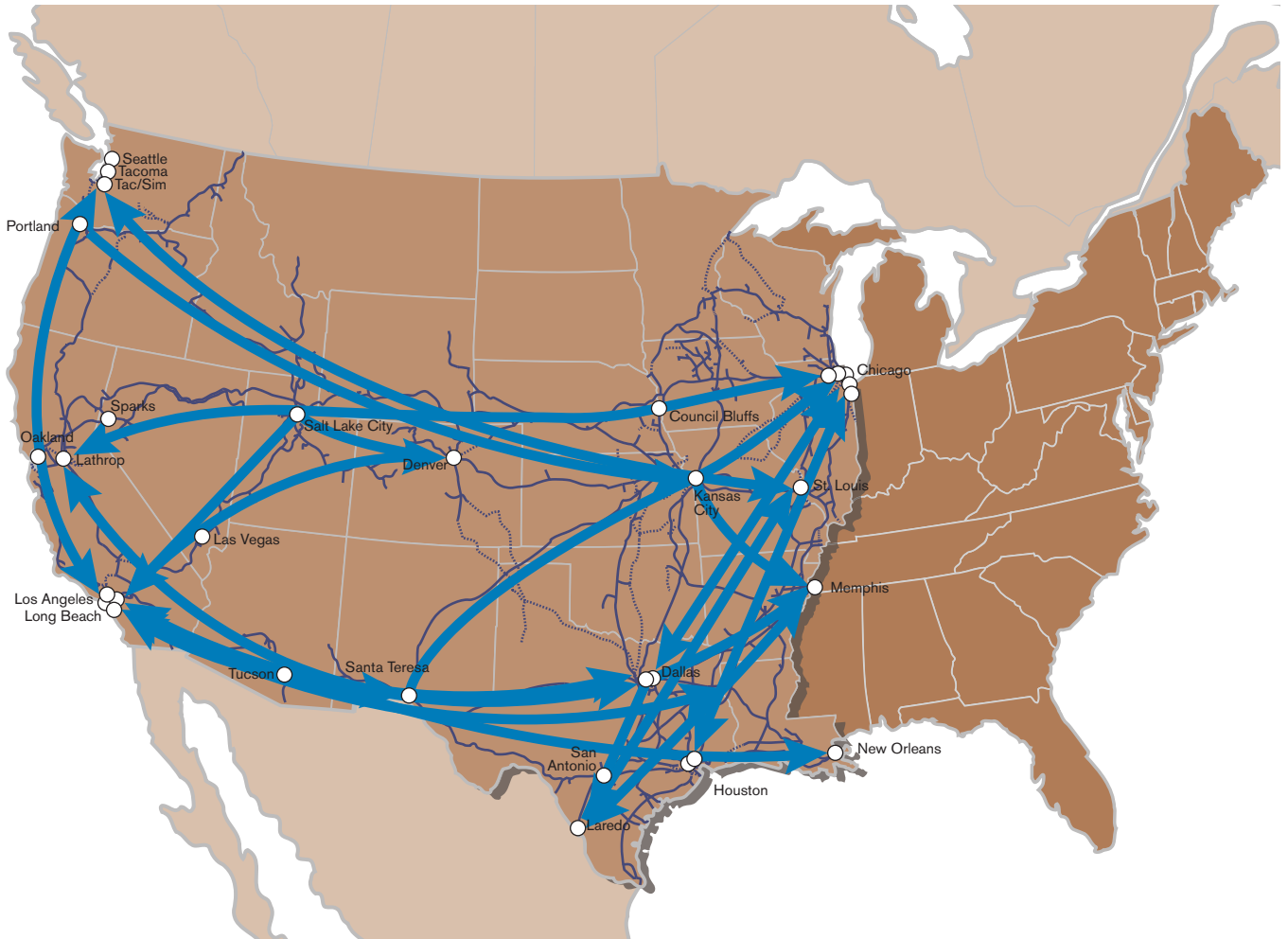


Lane Density Map



Lane density based on carloadings. Line thickness depicts traffic density.

Intermodal Terminals and Traffic Flows



Annual Summary by Quarter - Intermodal

	Freight Revenue (millions)	Revenue Ton Miles (millions)	Revenue Carloads (thousands)	Average Revenue per Car
1Q2015	\$967	19,048	812	\$1,191
2Q2015	1,087	20,986	942	1,154
3Q2015	1,047	19,915	898	1,166
4Q2015	973	19,122	836	1,165
FY2015	\$4,074	79,070	3,488	\$1,168
1Q2016	\$879	18,708	788	\$1,116
2Q2016	909	19,226	809	1,124
3Q2016	957	19,566	838	1,141
4Q2016	969	19,559	827	1,172
FY2016	\$3,714	77,059	3,262	\$1,138
Pct Change vs. 2015	(9%)	(3%)	(6%)	(3%)

Mexico

Union Pacific'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 12 percent of UP's total 2016 volume.

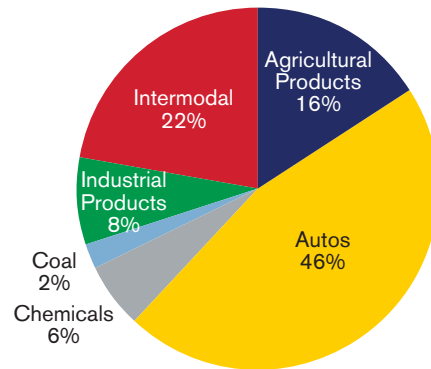
While UP does not physically operate within Mexico, the Company is able to interchange traffic at the border, working primarily in cooperation with the two largest Mexican railroads, Kansas City Southern de Mexico (KCSM) and Ferrocarril Mexicano (Ferromex or FXE). This enables UP to capture opportunities created by the North American Free Trade Agreement (NAFTA) and by Mexico's enhanced competitive position in today's global economic landscape.

In 2016, 54 percent of UP shipments to and from Mexico were interchanged with FXE, with the remaining 46 percent interchanged with KCSM. Union Pacific also retains a 26 percent minority ownership interest in FXE.

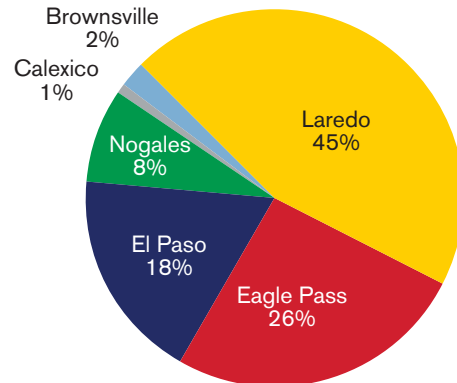
Northbound shipments, which account for just over one-half of UP's overall cross-border traffic with Mexico, have grown during the past ten years alongside increased Mexican manufacturing. Automotive, beer and food products, and intermodal shipments represent more than 90 percent of northbound moves.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

Across UP's six business groups, freight revenue associated with cross-border shipments generated just over \$2.2 billion in 2016, flat when compared with 2015. Automotive represented the largest share of UP's Mexico revenue and volume during the year.

2016 Carloads



Percent of 2016 UP Carloads at Border Crossings



Graphs include steel-wheel and rubber tire traffic.

Lane Density Map



Lane density based on carloadings. Line thickness depicts traffic density.

Mexico Intermodal – Three Ways In and Out of Mexico

Border Service - Service to and from the U.S. / Mexico border. EMP and UMAX programs provide expanded access to markets across North America, utilizing four Union Pacific border gateways: El Paso, Laredo and Rio Valley, Texas, and Tucson, Ariz. 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.

Streamline Passport - A door-to-door intermodal freight transportation solution for customers throughout Mexico, backed by the industry's largest intermodal container fleet and Streamline's (a Union Pacific subsidiary company) extensive drayage network. Streamline Passport 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, Ariz., with drayage in and out of Mexico.

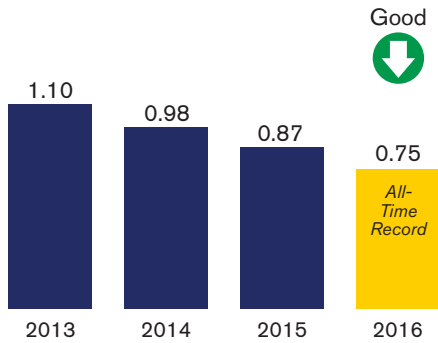
Mexico Direct - An all-rail, seamless option, offering intermodal service between the U.S. and Canada, and major Mexican markets. With Mexico Direct, shipments do not stop at the border for customs clearance. Instead, they travel in-bond, clearing customs at interior Mexican origins and destinations. 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.



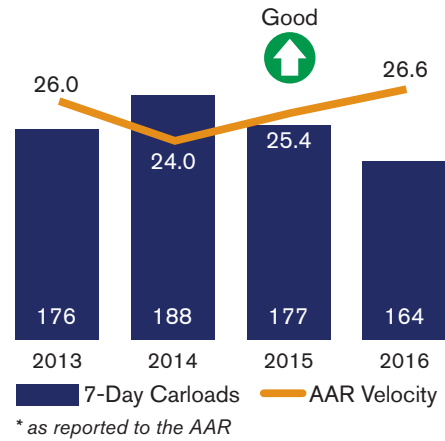
Operations Review

Employee Safety

(Reportable Personal Injury Incidents per 200,000 Employee-Hours)

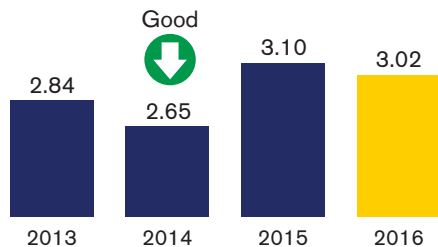


Service and Volume*



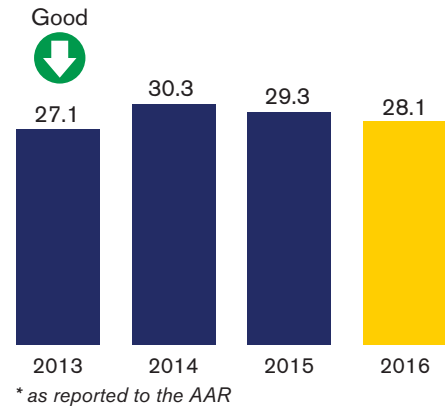
Rail Equipment Safety

(Reportable Rail Equipment Incidents per Million Train Miles*)



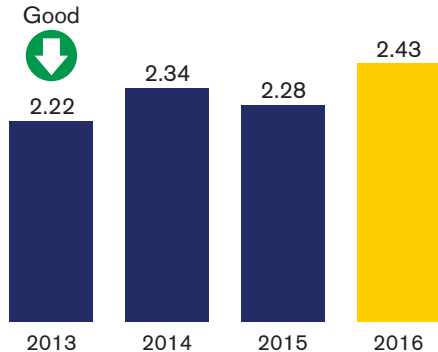
* Starting in August 2016, crossing collisions were excluded from rail equipment incidents per FRA methodology. Prior periods have been adjusted to reflect the change.

Terminal Dwell*



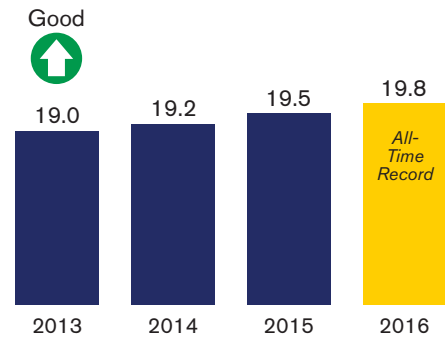
Public Safety

(Crossing Accidents per Million Train Miles)



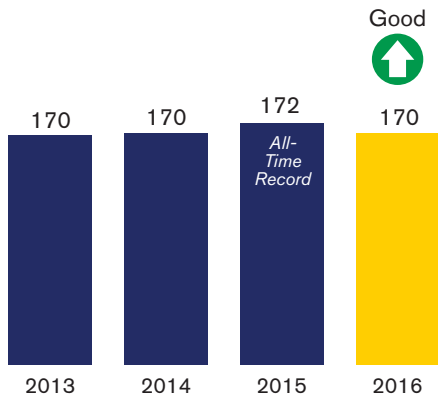
Terminal Productivity

(Cars Switched per Employee Day)

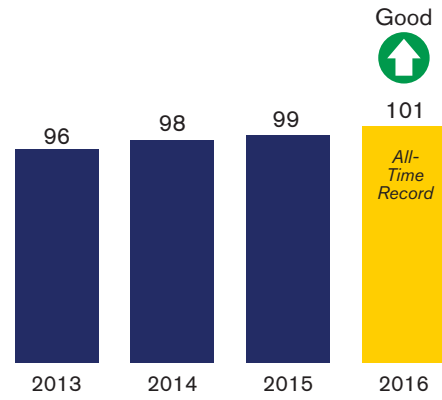


Operations Review

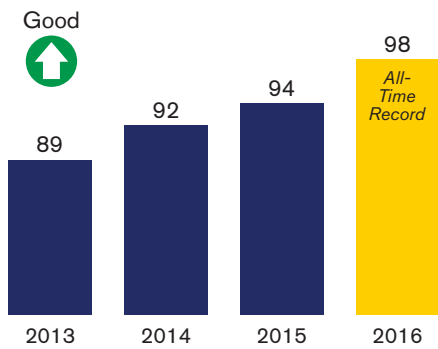
Intermodal Train Size
(boxes)



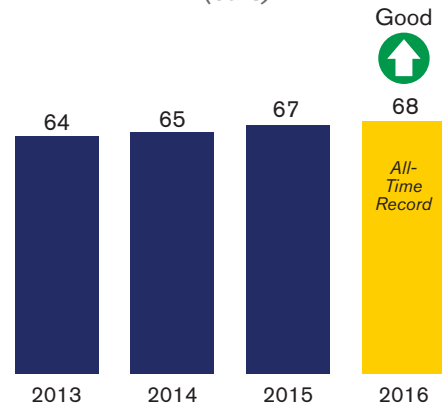
Grain Train Size
(cars)



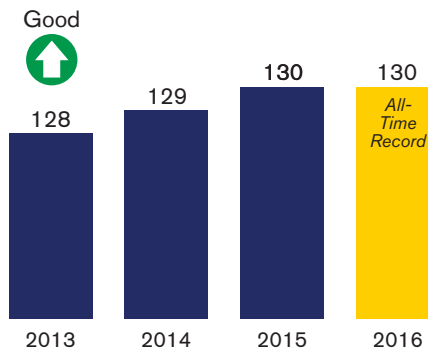
Manifest Train Size
(cars)



Automotive Train Size
(cars)

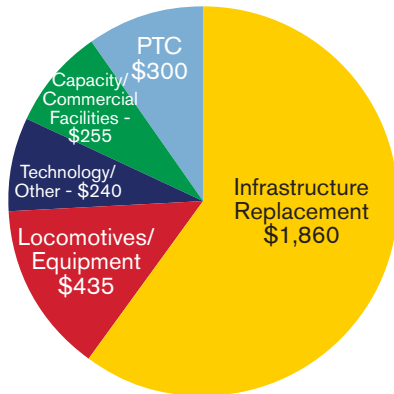


Coal Train Size
(cars)

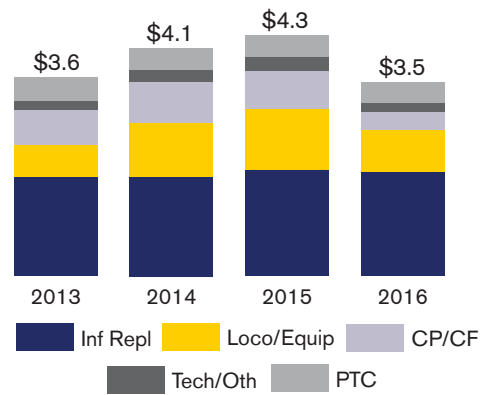


Capital Investments

2017 Capital Plan: ~\$3.1 Billion*
 (millions)



Capital Program* & Returns
 (billions)



* includes cash capital, leases and other non-cash capital.



SELECTED FINANCIAL DATA (unaudited)
Union Pacific Corporation and Subsidiary Companies

<i>Millions, Except per Share Amounts, Carloads, Employee Statistics, and Ratios</i>	2016	2015	2014	2013
For the Year Ended December 31				
Operating revenues [a]	\$ 19,941	\$ 21,813	\$ 23,988	\$ 21,963
Operating income	7,272	8,052	8,753	7,446
Net income	4,233	4,772	5,180	4,388
Earnings per share - basic [b]	5.09	5.51	5.77	4.74
Earnings per share - diluted [b]	5.07	5.49	5.75	4.71
Dividends declared per share [b]	2.255	2.20	1.91	1.48
Cash provided by operating activities	7,525	7,344	7,385	6,823
Cash used in investing activities	(3,393)	(4,476)	(4,249)	(3,405)
Cash used in financing activities	(4,246)	(3,063)	(2,982)	(3,049)
Cash used for common share repurchases	(3,105)	(3,465)	(3,225)	(2,218)
At December 31				
Total assets	\$ 55,718	\$ 54,600	\$ 52,372	\$ 49,410
Long-term obligations [c]	32,146	30,692	27,419	24,395
Debt due after one year	14,249	13,607	10,952	8,820
Common shareholders' equity	19,932	20,702	21,189	21,225
Additional Data				
Freight revenues [a]	\$ 18,601	\$ 20,397	\$ 22,560	\$ 20,684
Revenue carloads (units) (000)	8,442	9,062	9,625	9,022
Operating ratio (%) [d]	63.5	63.1	63.5	66.1
Average employees (000)	42.9	47.5	47.2	46.4
Financial Ratios (%)				
Debt to capital [e]	43.0	40.7	35.0	31.0
Return on average common shareholders' equity [f]	20.8	22.8	24.4	21.4

[a] Includes fuel surcharge revenue of \$560 million, \$1.3 billion, \$2.8 billion, and \$2.6 billion for 2016, 2015, 2014, and 2013, respectively, which partially offsets increased operating expenses for fuel. See 2016 SEC Form 10-K for more information.

[b] Earnings per share and dividends declared per share are retroactively adjusted to reflect the June 6, 2014 stock split.

[c] Long-term obligations is determined as follows: total liabilities less current liabilities.

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

[e] Debt to capital is determined as follows: total debt divided by total debt plus common shareholders' equity.

[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>	2016				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
Operating Revenues					
Freight revenues	\$ 4,502	\$ 4,430	\$ 4,837	\$ 4,832	\$ 18,601
Other revenues	327	340	337	336	1,340
Total operating revenues	4,829	4,770	5,174	5,168	19,941
Operating Expenses					
Compensation and benefits	1,213	1,160	1,191	1,186	4,750
Purchased services and materials	569	570	566	553	2,258
Depreciation	502	504	512	520	2,038
Fuel	320	346	392	431	1,489
Equipment and other rents	289	286	282	280	1,137
Other	249	244	271	233	997
Total operating expenses	3,142	3,110	3,214	3,203	12,669
Operating Income					
Other income	46	77	29	40	192
Interest expense	(167)	(173)	(184)	(174)	(698)
Income before income taxes	1,566	1,564	1,805	1,831	6,766
Income taxes	(587)	(585)	(674)	(687)	(2,533)
Net Income	\$ 979	\$ 979	\$ 1,131	\$ 1,144	\$ 4,233
Share and Per Share					
Earnings per share - basic	\$ 1.16	\$ 1.17	\$ 1.36	\$ 1.40	\$ 5.09
Earnings per share - diluted	\$ 1.16	\$ 1.17	\$ 1.36	\$ 1.39	\$ 5.07
Weighted average number of shares - basic	844.0	837.4	829.0	819.2	832.4
Weighted average number of shares - diluted	846.7	840.1	832.2	822.7	835.4
Dividends declared per share	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.605	\$ 2.255
Operating Ratio					
Effective Tax Rate	65.1%	65.2%	62.1%	62.0%	63.5%
	37.5%	37.4%	37.3%	37.5%	37.4%

Refer to the Union Pacific Corporation 2016 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>	2015				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
Operating Revenues					
Freight revenues	\$ 5,251	\$ 5,068	\$ 5,215	\$ 4,863	\$ 20,397
Other revenues	363	361	347	345	1,416
Total operating revenues	5,614	5,429	5,562	5,208	21,813
Operating Expenses					
Compensation and benefits	1,369	1,305	1,267	1,220	5,161
Purchased services and materials	643	600	589	589	2,421
Depreciation	491	497	507	517	2,012
Fuel	564	541	484	424	2,013
Equipment and other rents	311	312	302	305	1,230
Other	259	225	205	235	924
Total operating expenses	3,637	3,480	3,354	3,290	13,761
Operating Income	1,977	1,949	2,208	1,918	8,052
Other income	26	142	30	28	226
Interest expense	(148)	(153)	(157)	(164)	(622)
Income before income taxes	1,855	1,938	2,081	1,782	7,656
Income taxes	(704)	(734)	(781)	(665)	(2,884)
Net Income	\$ 1,151	\$ 1,204	\$ 1,300	\$ 1,117	\$ 4,772
Share and Per Share					
Earnings per share - basic	\$ 1.31	\$ 1.38	\$ 1.51	\$ 1.31	\$ 5.51
Earnings per share - diluted	\$ 1.30	\$ 1.38	\$ 1.50	\$ 1.31	\$ 5.49
Weighted average number of shares - basic	879.3	872.2	862.9	850.6	866.2
Weighted average number of shares - diluted	882.8	875.2	865.8	853.7	869.4
Dividends declared per share	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.55	\$ 2.20
Operating Ratio	64.8%	64.1%	60.3%	63.2%	63.1%
Effective Tax Rate	38.0%	37.9%	37.5%	37.3%	37.7%

Refer to the Union Pacific Corporation 2016 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>	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,277	\$ 1,391
Short-term investments	60	-
Accounts receivable, net	1,258	1,356
Materials and supplies	717	736
Other current assets	284	647
Total current assets	3,596	4,130
Investments	1,457	1,410
Properties:		
Land	5,220	5,195
Road	49,037	47,073
Equipment	12,840	12,127
Technology and other	1,961	2,169
Accumulated depreciation	(18,669)	(17,698)
Net properties	50,389	48,866
Other assets	276	194
Total assets	\$ 55,718	\$ 54,600
Liabilities and Common Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 955	\$ 743
Debt due within one year	758	594
Income and other taxes payable	472	434
Accrued wages and vacation	387	391
Interest payable	212	208
Accrued casualty costs	185	181
Equipment rents payable	101	105
Other	570	550
Total current liabilities	3,640	3,206
Debt due after one year	14,249	13,607
Deferred income taxes	15,996	15,241
Other long-term liabilities	1,901	1,844
Commitments and contingencies		
Total liabilities	35,786	33,898
Common shareholders' equity:		
Common shares, \$2.50 par value, 1,400,000,000 authorized; 1,110,986,415 and 1,110,426,354 issued; 815,824,413 and 849,211,436 outstanding, respectively	2,777	2,776
Paid-in-surplus	4,421	4,417
Retained earnings	32,587	30,233
Treasury stock	(18,581)	(15,529)
Accumulated other comprehensive loss	(1,272)	(1,195)
Total common shareholders' equity	19,932	20,702
Total liabilities and common shareholders' equity	\$ 55,718	\$ 54,600

Refer to the Union Pacific Corporation 2016 SEC Form 10-K for additional information.

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

<i>Millions, for the Years Ended December 31,</i>	2016	2015	2014	2013
Operating Activities				
Net income	\$ 4,233	\$ 4,772	\$ 5,180	\$ 4,388
Adjustments to reconcile net income to cash provided by operating activities:				
Depreciation	2,038	2,012	1,904	1,777
Deferred and other income taxes	831	765	895	723
Net gain on non-operating asset dispositions	(94)	(144)	(69)	(32)
Other operating activities, net	(228)	116	(216)	(194)
Changes in current assets and liabilities:				
Accounts receivable, net	98	255	(197)	(83)
Materials and supplies	19	(24)	(59)	7
Other current assets	22	(47)	(35)	1
Accounts payable and other current liabilities	232	(276)	295	40
Income and other taxes	374	(85)	(313)	196
Cash provided by operating activities	7,525	7,344	7,385	6,823
Investing Activities				
Capital Investments	(3,505)	(4,650)	(4,346)	(3,496)
Purchases of short-term investments	(580)	-	-	-
Maturities of short-term investments	520	-	-	-
Proceeds from asset sales	129	251	138	98
Other investing activities, net	43	(77)	(41)	(7)
Cash used in investing activities	(3,393)	(4,476)	(4,249)	(3,405)
Financing Activities				
Common share repurchases	(3,105)	(3,465)	(3,225)	(2,218)
Debt issued	1,983	3,328	2,588	1,443
Dividends paid	(1,879)	(2,344)	(1,632)	(1,333)
Debt repaid	(1,013)	(556)	(710)	(640)
Debt exchange	(191)	-	-	(289)
Other financing activities, net	(41)	(26)	(3)	(12)
Cash used in financing activities	(4,246)	(3,063)	(2,982)	(3,049)
Net change in cash and cash equivalents	(114)	(195)	154	369
Cash and cash equivalents at beginning of year	1,391	1,586	1,432	1,063
Cash and cash equivalents at end of year	\$ 1,277	\$ 1,391	\$ 1,586	\$ 1,432
Supplemental Cash Flow Information				
Non-cash investing and financing activities:				
Capital investments accrued but not yet paid	\$ 223	\$ 100	\$ 174	\$ 133
Capital lease financings	-	13	-	39
Cash dividends declared but not yet paid	-	-	438	356
Cash paid during the year for:				
Income taxes, net of refunds	\$ (1,347)	\$ (2,156)	\$ (2,492)	\$ (1,656)
Interest, net of amounts capitalized	(652)	(592)	(554)	(528)

Refer to the Union Pacific Corporation 2016 SEC Form 10-K for additional information.

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

Financial and Revenue Statistics	2016				
	<i>1st Qtr</i>	<i>2nd Qtr</i>	<i>3rd Qtr</i>	<i>4th Qtr</i>	<i>Full Year</i>
Operating revenues (millions)	\$ 4,829	\$ 4,770	\$ 5,174	\$ 5,168	\$ 19,941
Operating expenses (millions)	\$ 3,142	\$ 3,110	\$ 3,214	\$ 3,203	\$ 12,669
Operating ratio (%)	65.1	65.2	62.1	62.0	63.5
Compensation and benefits (millions)	\$ 1,213	\$ 1,160	\$ 1,191	\$ 1,186	\$ 4,750
Compensation and benefits/Operating revenue (%)	25.1	24.3	23.0	22.9	23.8
Freight revenue/Average employees (000)	103.1	102.9	113.1	114.5	433.4
Fuel expense (millions)	\$ 320	\$ 346	\$ 392	\$ 431	\$ 1,489
Average fuel price per gallon consumed [a]	\$ 1.25	\$ 1.45	\$ 1.57	\$ 1.65	\$ 1.48
Freight revenues (millions)	\$ 4,502	\$ 4,430	\$ 4,837	\$ 4,832	\$ 18,601
Average revenue per car	\$ 2,202	\$ 2,163	\$ 2,195	\$ 2,251	\$ 2,203
Freight revenue/Revenue ton-mile (cents)	\$ 4.29	\$ 4.30	\$ 4.13	\$ 4.20	\$ 4.23
Effective tax rate (%)	37.5	37.4	37.3	37.5	37.4
Debt to capital (%) [b]	42.6	42.6	43.5	43.0	43.0
Adjusted debt to capital (%) [c]	47.1	47.1	47.7	47.3	47.3
Operating Statistics					
Revenue carloads (thousands)	2,044	2,048	2,204	2,146	8,442
Revenue ton-miles (billions)	105	103	117	115	440
Gross ton-miles (billions)	205	203	225	224	857
Average train speed (miles per hour) [d]	27.3	26.6	26.0	26.5	26.6
Average system dwell (hours) [d]	28.6	27.1	28.0	29.0	28.1
Fuel consumed (millions of gallons)	247	232	242	253	974
Employees (average)	43,655	43,053	42,756	42,214	42,919
GTMs per employee (millions)	4.71	4.71	5.25	5.30	19.97

[a] Including taxes and transportation costs.

[b] Debt to capital is computed as follows: total debt divided by total debt plus equity.

[c] Adjusted debt to capital is determined as follows: total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation divided by total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation plus equity.

[d] As reported to the Association of American Railroads.

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

Financial and Revenue Statistics	2015				
	<i>1st Qtr</i>	<i>2nd Qtr</i>	<i>3rd Qtr</i>	<i>4th Qtr</i>	<i>Full Year</i>
Operating revenues (millions)	\$ 5,614	\$ 5,429	\$ 5,562	\$ 5,208	\$ 21,813
Operating expenses (millions)	\$ 3,637	\$ 3,480	\$ 3,354	\$ 3,290	\$ 13,761
Operating ratio (%)	64.8	64.1	60.3	63.2	63.1
Compensation and benefits (millions)	\$ 1,369	\$ 1,305	\$ 1,267	\$ 1,220	\$ 5,161
Compensation and benefits/Operating revenue (%)	24.4	24.0	22.8	23.4	23.7
Freight revenue/Average employees (000)	107.5	103.4	109.8	109.3	429.8
Fuel expense (millions)	\$ 564	\$ 541	\$ 484	\$ 424	\$ 2,013
Average fuel price per gallon consumed [a]	\$ 1.95	\$ 1.99	\$ 1.81	\$ 1.61	\$ 1.84
Freight revenues (millions)	\$ 5,251	\$ 5,068	\$ 5,215	\$ 4,863	\$ 20,397
Average revenue per car	\$ 2,354	\$ 2,213	\$ 2,229	\$ 2,208	\$ 2,251
Freight revenue/Revenue ton-mile (cents)	\$ 4.17	\$ 4.37	\$ 4.14	\$ 4.16	\$ 4.21
Effective tax rate (%)	38.0	37.9	37.5	37.3	37.7
Debt to capital (%) [b]	36.9	38.9	39.3	40.7	40.7
Adjusted debt to capital (%) [c]	42.6	44.2	44.5	45.7	45.7
Operating Statistics					
Revenue carloads (thousands)	2,231	2,289	2,339	2,203	9,062
Revenue ton-miles (billions)	126	116	126	117	485
Gross ton-miles (billions)	237	228	238	225	928
Average train speed (miles per hour) [d]	24.6	24.6	25.6	27.0	25.4
Average system dwell (hours) [d]	30.6	28.4	28.7	29.4	29.3
Fuel consumed (millions of gallons)	282	264	261	257	1,064
Employees (average)	48,830	48,992	47,515	44,490	47,457
GTMs per employee (millions)	4.86	4.65	5.01	5.05	19.55

[a] Including taxes and transportation costs.

[b] Debt to capital is computed as follows: total debt divided by total debt plus equity.

[c] Adjusted debt to capital is determined as follows: total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation divided by total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation plus equity.

[d] As reported to the Association of American Railroads.

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, not a substitute for, the reported GAAP results.

Free Cash Flow

Cash provided by operating activities less cash used in investing activities and dividends paid. Free cash flow is considered a non-GAAP financial measure 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 this measure is important to management and investors in evaluating our financial performance and measures our ability to generate cash without additional external financing. Free cash flow should be considered in addition to, rather than as a substitute for, cash provided by operating activities.

Return on Invested Capital

Net income plus interest expense and interest on average present value of operating leases less taxes on interest divided by average equity plus average debt plus average present value of operating leases. ROIC is considered a non-GAAP financial measure 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 this measure is important to management and investors in evaluating the efficiency and effectiveness of the Company's long-term capital investments, and we currently use ROIC as a performance criteria in determining certain elements of equity compensation for our executives. 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.

Adjusted Debt to Capital

Total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation divided by total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation plus equity. Operating leases were discounted using 4.7%, 4.8%, 5.3%, and 5.7% at December 31, 2016, 2015, 2014, and 2013, respectively. The discount rate reflects our effective interest rate. Adjusted debt to capital is considered a non-GAAP financial measure 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 this measure is important to management and investors in evaluating the total amount of leverage in our capital structure including off-balance sheet lease obligations.

Adjusted Debt to EBITDA

Total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation divided by operating income plus depreciation plus interest on present value of operating leases. Operating leases were discounted using 4.7%, 4.8%, 5.3%, and 5.7% at December 31, 2016, 2015, 2014, and 2013, respectively. Adjusted debt to adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) is considered a non-GAAP financial measure 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 this measure is 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.

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES*Non-GAAP Measures Reconciliation to GAAP (unaudited)***Free Cash Flow**

<i>Millions</i>	2016	2015	2014	2013
Cash provided by operating activities	\$ 7,525	\$ 7,344	\$ 7,385	\$ 6,823
Cash used in investing activities	(3,393)	(4,476)	(4,249)	(3,405)
Dividends paid	(1,879)	(2,344)	(1,632)	(1,333)
Free cash flow	\$ 2,253	\$ 524	\$ 1,504	\$ 2,085

Return on Invested Capital as Adjusted (ROIC)

<i>Millions, Except Percentages</i>	2016	2015	2014	2013
Net income	\$ 4,233	\$ 4,772	\$ 5,180	\$ 4,388
Interest expense	698	622	561	526
Interest on average present value of operating leases	121	135	158	175
Taxes on interest	(306)	(285)	(273)	(264)
Net operating profit after taxes as adjusted (a)	\$ 4,746	\$ 5,244	\$ 5,626	\$ 4,825
Average equity	\$ 20,317	\$ 20,946	\$ 21,207	\$ 20,551
Average debt	14,604	12,807	10,469	9,237
Average present value of operating leases	2,581	2,814	2,980	3,077
Average invested capital as adjusted (b)	\$ 37,502	\$ 36,567	\$ 34,656	\$ 32,865
Return on invested capital as adjusted (a/b)	12.7%	14.3%	16.2%	14.7%

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

Non-GAAP Measures Reconciliation to GAAP (unaudited)

Adjusted Debt to Capital, Reconciliation to GAAP

<i>Millions, Except Percentages</i>	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Debt	\$ 15,007	\$ 14,201	\$ 11,413	\$ 9,524
Net present value of operating leases	2,435	2,726	2,902	3,057
Unfunded pension and OPEB, net of taxes of \$261 and \$280	436	463	523	170
Adjusted debt (a)	17,878	17,390	14,838	12,751
Equity	19,932	20,702	21,189	21,225
Adjusted capital (b)	\$ 37,810	\$ 38,092	\$ 36,027	\$ 33,976
Adjusted debt to capital (a/b)	47.3%	45.7%	41.2%	37.5%

Adjusted Debt / Adjusted EBITDA

<i>Millions, Except Ratios</i>	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Operating income	\$ 7,272	\$ 8,052	\$ 8,753	\$ 7,446
Depreciation	2,038	2,012	1,904	1,777
EBITDA	\$ 9,310	\$ 10,064	\$ 10,657	\$ 9,223
Interest on present value of operating leases	114	131	154	174
Adjusted EBITDA (a)	\$ 9,424	\$ 10,195	\$ 10,811	\$ 9,397
Debt	\$ 15,007	\$ 14,201	\$ 11,413	\$ 9,524
Net present value of operating leases	2,435	2,726	2,902	3,057
Unfunded pension and OPEB, net of taxes of \$261 and \$280	436	463	523	170
Adjusted debt (b)	\$ 17,878	\$ 17,390	\$ 14,838	\$ 12,751
Adjusted debt / Adjusted EBITDA (b/a)	1.9	1.7	1.4	1.4

Cautionary Information

The 2016 Investor “Fact Book” provides additional explanatory information regarding Union Pacific that may not be available, included or directly derived from information in the Company’s Annual Report as filed with the SEC. The information provided is supplemental in nature and is not, and should not be considered or deemed to be better than that available in the Company’s publicly available reports filed with the SEC. Additionally, some of the information in the Fact Book is derived from the Company’s audited financial statements, but the Fact Book and its contents have not been, and should not be considered, audited.

This document includes 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 increasing shareholder returns and revenue; challenges and opportunities for each of the Company’s commodity groups and its Mexico business; market drivers in 2016 and beyond; capital investments in 2016; and future growth of capital investments. These statements are, or will be, forward-looking statements as defined by the Securities Act of 1933 and 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 2016, which was filed with the SEC on February 3, 2017. 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.

The Company’s financial statements are included solely as a convenience. The financial statements should be read in conjunction with the notes to the Financial Statements and Supplementary Data in Item 8 of the Company’s 2016 Annual Report on Form 10-K.