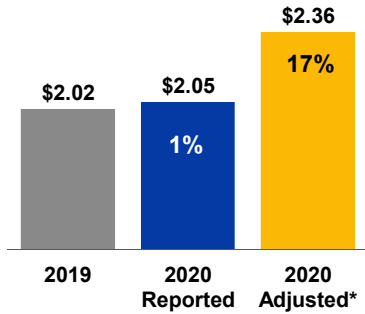


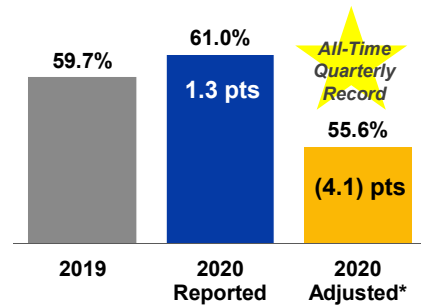


## Fourth Quarter 2020 Results

Earnings Per Share



Operating Ratio



2 \* 2020 Adjusted excludes Brazos non-cash impairment charge. See Union Pacific website under Investors for a reconciliation to GAAP.



# FOURTH QUARTER 2020 OPERATIONS REVIEW

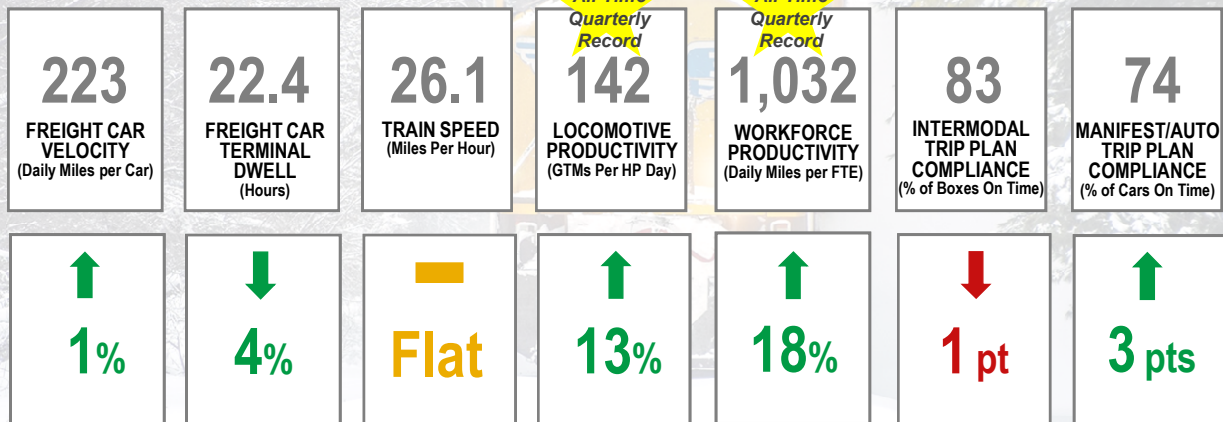
Eric Gehringer

Executive Vice President – Operating



## Key Performance Metrics

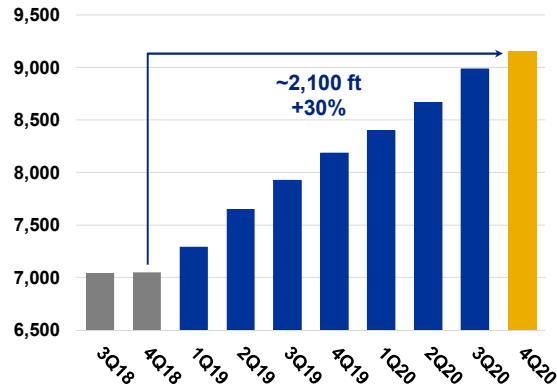
Fourth Quarter 2020 vs. Fourth Quarter 2019



## Network Changes

- Driving Record Train Length
  - Completed Thirty-Six 15,000 Foot Sidings
  - Evolving Transportation Plan
- Network Changes
  - Englewood Bowl Tracks
  - Intermodal Service to “Pop Up” Intermodal Ramp in Twin Cities

**Train Length**  
(Max on Route, in Feet)

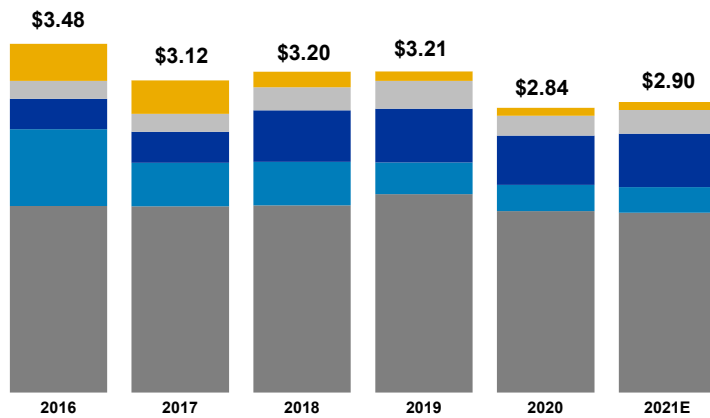


5



## Strengthening the Franchise

2021 Capital Plan ~\$2.9 Billion



| 2021 Capital Plan                | \$ Millions |
|----------------------------------|-------------|
| Infrastructure Replacement       | \$1,795     |
| Locomotives / Equipment          | \$255       |
| Capacity / Commercial Facilities | \$535       |
| Technology / Other               | \$235       |
| PTC / Energy Management Systems  | \$80        |

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

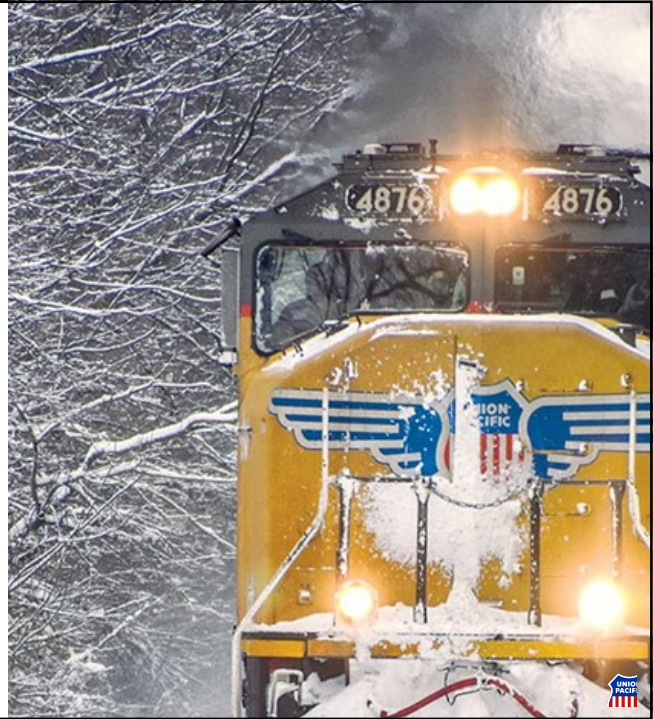
6 Pending UP Board of Directors final approval.



## Operating Outlook

- Safety First
- Focus on Asset Utilization and Terminal Efficiency
- Drive Productivity Initiatives
- Deliver a Highly Consistent and Reliable Service Product

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## FOURTH QUARTER 2020 MARKETING & SALES REVIEW

Kenny Rocker

Executive Vice President – Marketing & Sales

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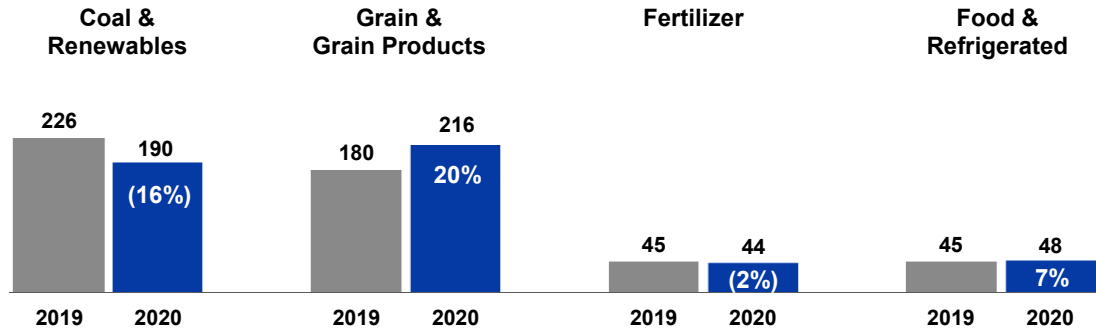


## Bulk

Revenue \$1,562M (+1%)

Volume 498K (Flat)

ARC \$3,139 (+1%)



### Quarterly Drivers

Continued Coal Challenges

Strong Export Grain

Increased Beverage Shipments

<sup>9</sup> Volume in thousands of carloads.

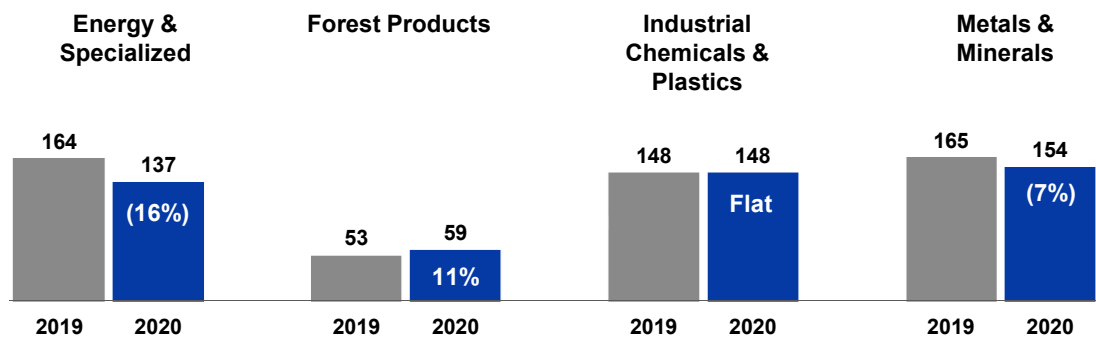


## Industrial

Revenue \$1,661M (-7%)

Volume 498K (-6%)

ARC \$3,331 (-2%)



### Quarterly Drivers

Energy Market Challenges

Reduced Stone & Gravel Shipments

Strong Housing Starts

<sup>10</sup> Volume in thousands of carloads.



# Premium

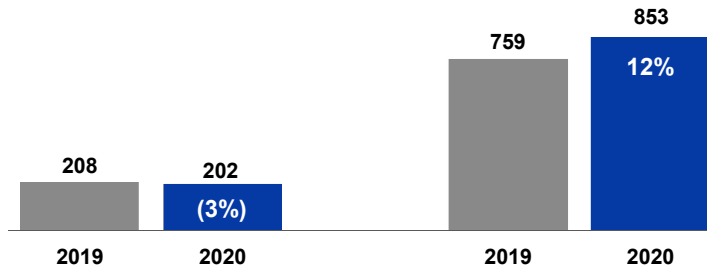
Revenue \$1,580M (+5%)

Volume 1,055K (+9%)

ARC \$1,497 (-4%)

## Automotive

## Intermodal



### Quarterly Drivers

Automotive Manufacturing Recovery & Restocking

Strong Retail Spending & Inventory Restocking

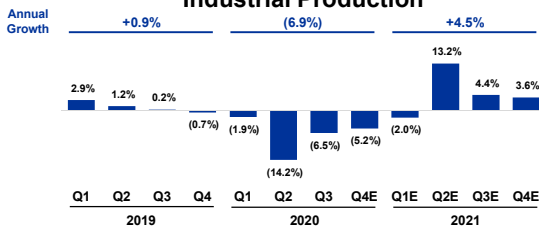
E-Commerce Strength

11 Volume in thousands of carloads.

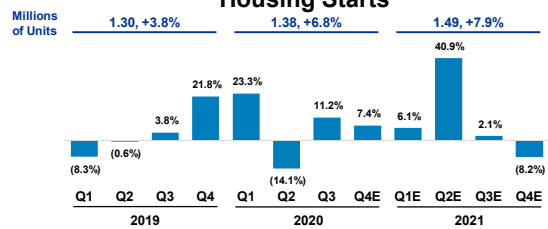


# Economic Outlook

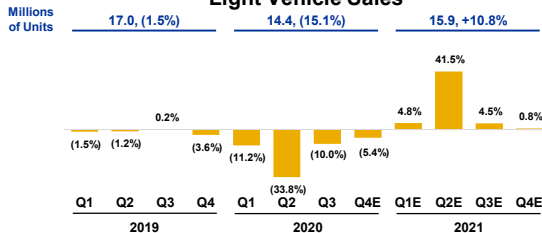
## Industrial Production



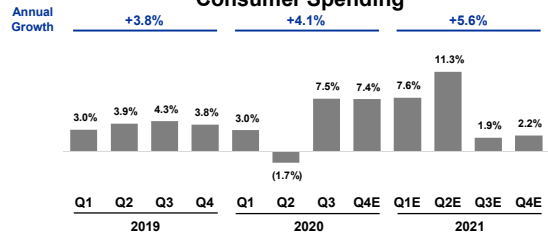
## Housing Starts



## Light Vehicle Sales



## Consumer Spending\*



12 Source: IHS Markit U.S. Economic Outlook, January 2021

\* Durable and Nondurable Goods; excludes Services



## 2021 Volume Outlook

### Bulk



- Coal
- + Grain
- + Biofuels

### Industrial



- Energy Markets
- + Industrial Production
- + Plastics

### Premium



- + Auto Sales
- + Domestic Intermodal
- + Network Expansion



## FOURTH QUARTER 2020 FINANCIAL REVIEW

Jennifer Hamann

Executive Vice President & Chief Financial Officer



## Fourth Quarter Adjusted Income Statement

\$ in Millions (except EPS)

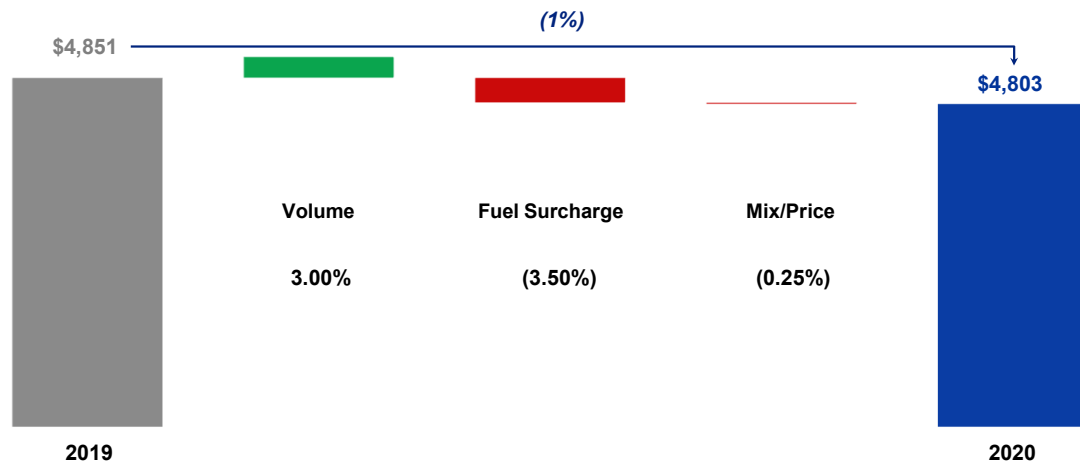
|                                 | 2020<br>Reported | 2020<br>Adjusted* | 2019    | Variance<br>To 2020<br>Adjusted |     |
|---------------------------------|------------------|-------------------|---------|---------------------------------|-----|
| Operating Revenues              | \$5,141          | \$5,141           | \$5,212 | (1)                             | %   |
| Operating Expenses              | 3,135            | 2,857             | 3,112   | (8)                             |     |
| Operating Income                | 2,006            | 2,284             | 2,100   | 9                               |     |
| Other Income                    | 66               | 66                | 56      | 18                              |     |
| Interest Expense                | (279)            | (279)             | (278)   | 0                               |     |
| Income Taxes                    | (413)            | (482)             | (475)   | 1                               |     |
| Net Income                      | \$1,380          | \$1,589           | \$1,403 | 13                              | %   |
| Weighted Average Diluted Shares | 674.1            | 674.1             | 694.9   | (3)                             |     |
| Diluted EPS                     | \$2.05           | \$2.36            | \$2.02  | 17                              |     |
| Operating Ratio                 | 61.0%            | 55.6%             | 59.7%   | 4.1                             | pts |

15 \* 2020 Adjusted excludes Brazos non-cash impairment charge. See Union Pacific website under Investors for a reconciliation to GAAP.



## Fourth Quarter Freight Revenue

\$ in Millions



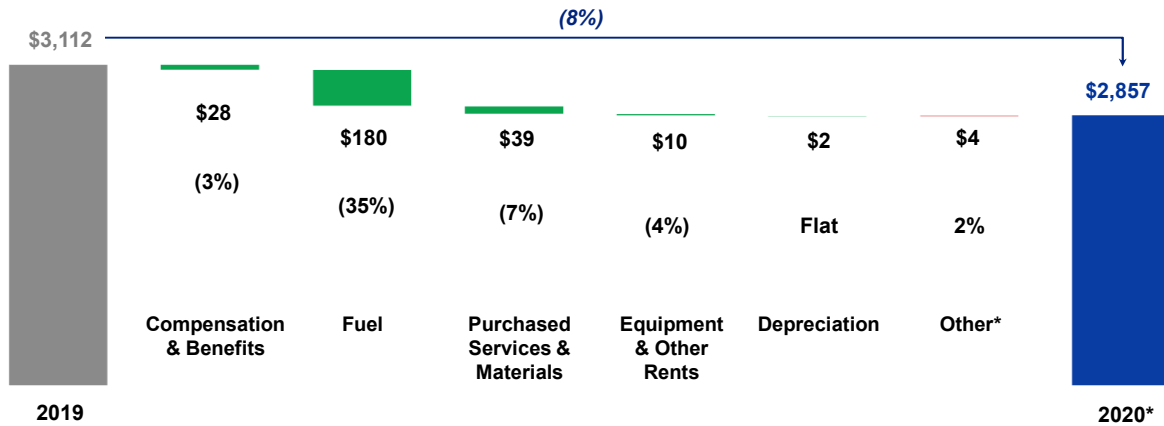
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## Fourth Quarter Adjusted Operating Expenses

\$ in Millions

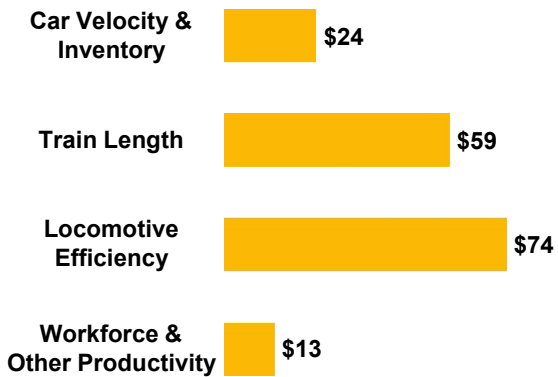


17 \* 2020 Adjusted excludes Brazos non-cash impairment charge. See Union Pacific website under Investors for a reconciliation to GAAP.



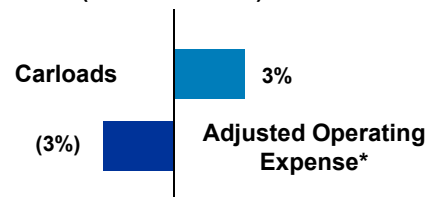
## Productivity Results

Net Productivity of \$170 Million

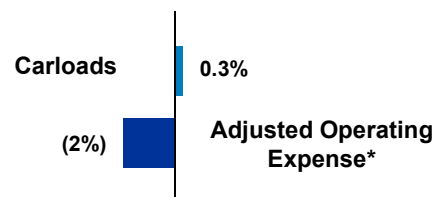


## Volume Variability

4Q 2020 vs. 4Q 2019  
(Year over Year)



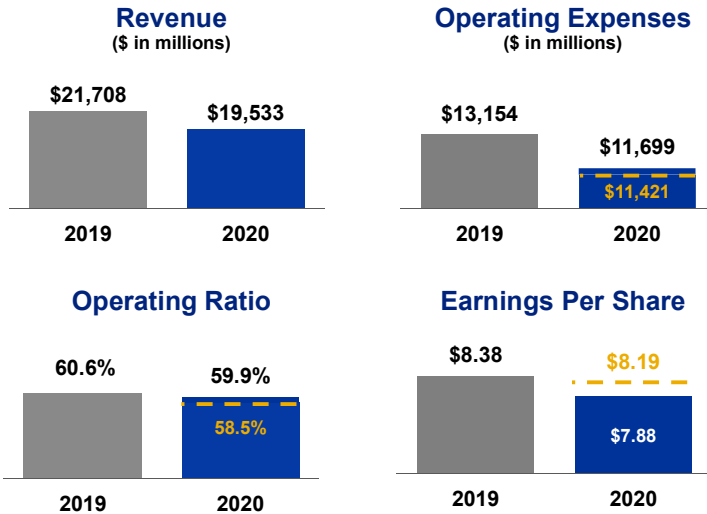
4Q 2020 vs. 3Q 2020  
(Sequential)



18 \* 2020 Adjusted excludes Brazos non-cash impairment charge. See Union Pacific website under Investors for a reconciliation to GAAP.



## Full Year Results



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--- 2020 Adjusted excludes Brazos non-cash impairment charge. See Union Pacific website under Investors for a reconciliation to GAAP.



### 2020 Highlights

- Total Revenue of \$19.5 Billion, Down 10% on 7% Less Volume
- Adjusted Operating Income Down 5% to \$8.1 Billion
- Adjusted Net Income of \$5.6 Billion

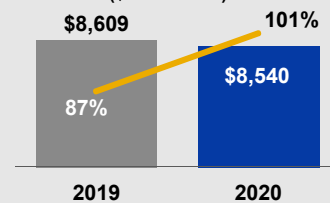
## Cash Generation & Shareholder Returns

### Full Year Results

- Cash from Operations Down 1% as Adjusted Net Income Down 6%
- Comparable Cash Flow Conversion Rate Equal to 101% of Adjusted Net Income\*
- Maintained Dividend During Economic Downturn - \$2.6 Billion
- Repurchased 22 Million Shares - \$749 Million in Fourth Quarter

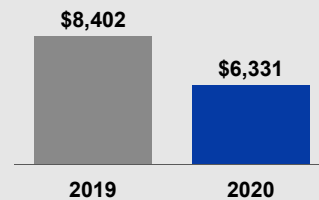
### Cash From Operations vs. Cash Conversion

(\$ in millions)



### Cash to Shareholders

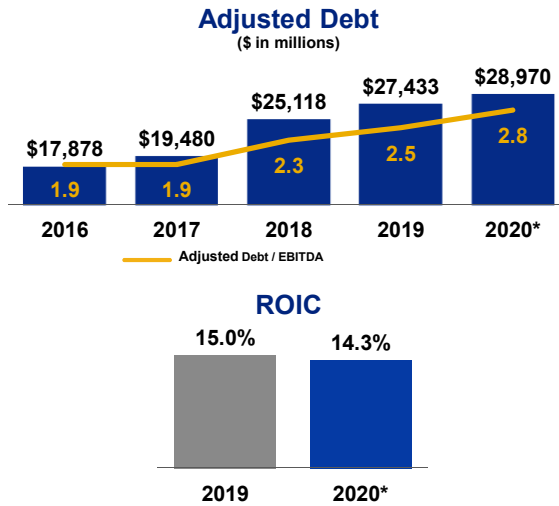
(\$ in millions)



20 \* 2020 Adjusted excludes Brazos non-cash impairment charge. See Union Pacific website under Investors for a reconciliation to GAAP.



## Balance Sheet Strength



21 \* 2020 Adjusted excludes Brazos non-cash impairment charge. See Union Pacific website under Investors for a reconciliation to GAAP.



### Full Year 2020

- Comparable Adjusted Debt / EBITDA of 2.8x
- Adjusted Debt Increased \$1.5 Billion since Year-End 2019
- Continued Strong ROIC

## A Look Ahead to 2021

- Full Year Volume Growth of 4-6%
- Business Mix Headwinds Continue
- Pricing Gains in Excess of Inflation Dollars
- \$500 Million of Productivity
- 150-200 Basis Points of Operating Ratio Improvement in 2021
- First Quarter Volume Growth in Low Single Digits
- Capital Allocation:
  - Capital Spending < 15% of Revenue
  - Dividend Target Payout 40-45% of Earnings
  - Strong Share Repurchases

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# FOURTH QUARTER 2020

—  
**Lance Fritz**

Chairman, President & CEO

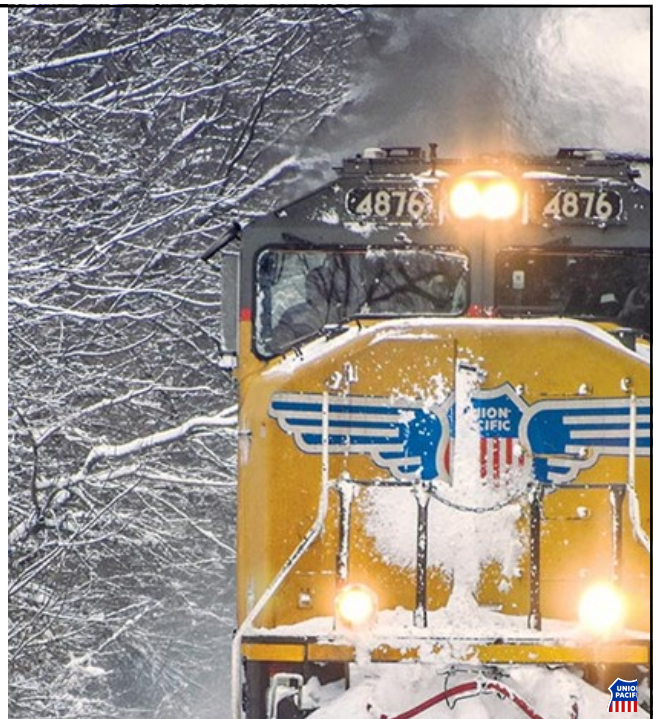
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## Looking Ahead

- Commitment to Safety
- Operational Excellence
- Deliver a Highly Consistent and Reliable Service Product
- Win with Customers
- Provide Value to All Stakeholders

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## Cautionary Information

This presentation and related materials contain statements about the Company's future that are not statements of historical fact, including specifically the statements regarding the Company's expectations with respect to economic conditions and demand levels, its ability to improve network performance, 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 2019, which was filed with the SEC on February 7, 2020 and the Company's Quarterly Report on Form 10-Q which was filed with the SEC on July 23, 2020. The Company updates information regarding risk factors if circumstances require such updates in its periodic reports on Form 10-Q and its subsequent Annual Reports on Form 10-K (or such other reports that may be filed with the SEC).

Forward-looking statements speak only as of, and are based only upon information available on, the date the statements were made. The Company assumes no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information. If the Company does update one or more forward-looking statements, no inference should be drawn that the Company will make additional updates with respect thereto or with respect to other forward-looking statements. References to our website are provided for convenience and, therefore, information on or available through the website is not, and should not be deemed to be, incorporated by reference herein.

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## Question & Answer Session

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