

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES*Non-GAAP Measures Reconciliation to GAAP (unaudited)***Financial Performance***

<i>Millions, Except Per Share Amounts</i>	<i>Reported results</i>	<i>Labor accrual</i>	<i>Adjusted results</i>
<i>For the Three Months Ended September 30, 2022</i>	<i>(GAAP)</i>	<i>adjustment</i>	<i>(non-GAAP)</i>
Compensation and benefits expense	\$ 1,278	\$ (114)	\$ 1,164
Operating expense	3,933	(114)	3,819
Operating income	2,633	114	2,747
Income taxes	(547)	(28)	(575)
Net income	1,895	86	1,981
Diluted EPS	\$ 3.05	\$ 0.14	\$ 3.19
Operating Ratio	59.9%	(1.7) pts	58.2%

<i>Millions, Except Per Share Amounts</i>	<i>Reported results</i>	<i>Labor accrual</i>	<i>Adjusted results</i>
<i>For the Nine Months Ended September 30, 2022</i>	<i>(GAAP)</i>	<i>adjustment</i>	<i>(non-GAAP)</i>
Compensation and benefits expense	\$ 3,471	\$ (114)	\$ 3,357
Operating expense	11,190	(114)	11,076
Operating income	7,505	114	7,619
Income taxes	(1,541)	(28)	(1,569)
Net income	5,360	86	5,446
Diluted EPS	\$ 8.54	\$ 0.14	\$ 8.68
Operating Ratio	59.9%	(0.7) pts	59.2%

* The above tables reconcile our results for the three and nine months ended September 30, 2022, to adjust results that exclude the impact of certain items identified as affecting comparability. We use adjusted compensation and benefits expense, adjusted operating expense, adjusted operating income, adjusted income taxes, adjusted net income, adjusted diluted earnings per share (EPS), and adjusted operating ratio, as applicable, among other measures, to evaluate our actual operating performance. We believe these non-GAAP financial measures provide valuable information regarding earnings and business trends by excluding specific items that we believe are not indicative of our ongoing operating results of our business, providing a useful way for investors to make a comparison of our performance over time and against other companies in our industry. Since these are not measures of performance calculated in accordance with GAAP, they should be considered in addition to, rather than as a substitute for, compensation and benefits expense, operating expense, operating income, income taxes, net income, diluted earnings per share (EPS), and operating ratio as indicators of operating performance.

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

<i>Millions, for the Nine Months Ended September 30,</i>	2022	2021
Cash provided by operating activities	\$ 7,070	\$ 6,503
Cash used in investing activities	(2,559)	(1,792)
Dividends paid	(2,362)	(2,045)
Free cash flow	\$ 2,149	\$ 2,666

Cash Flow Conversion Rate**

<i>Millions, for the Nine Months Ended September 30,</i>	2022	2021
Cash provided by operating activities	\$ 7,070	\$ 6,503
Cash used in capital investing	(2,690)	(1,945)
Total (a)	\$ 4,380	\$ 4,558
Net Income (b)	5,360	4,812
Cash flow conversion rate (a/b)	82%	95%

Comparable Cash Flow Conversion Rate**

<i>Millions, for the Nine Months Ended September 30,</i>	2022	2021
Cash flow conversion rate	82%	95%
Factors Affecting Comparability:		
Labor accrual adjustment [a]	(2%)	N/A
Comparable cash flow conversion rate	80%	95%

[a] Adjustments remove the impact of \$114 million from net income for the nine months ended September 30, 2022. See page 1 for a reconciliation to GAAP.

* Free cash flow is 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 free cash flow 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.

** Cash flow conversion rate is cash provided by operating activities less cash used for capital investments as a ratio of net income. Cash flow conversion rate and comparable cash flow conversion rate are considered non-GAAP financial measures 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 cash flow conversion rate and comparable cash flow conversion rate are important to management and investors in evaluating our financial performance and measures our ability to generate cash without additional external financing. Cash flow conversion rate and comparable cash flow conversion rate should be considered in addition to, rather than as a substitute for, cash provided by operating activities.

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

Non-GAAP Measures Reconciliation to GAAP (unaudited)

Adjusted Incremental Margin*

<i>Millions, Except Percentages, For the Three Months Ended September 30,</i>	3rd Quarter		Incremental Difference
	2022	2021	
Reported operating revenue (a)	\$ 6,566	\$ 5,566	\$ 1,000
Fuel surcharge adjustment to 2022 prices	-	670	(670)
Adjusted operating revenues (c)	\$ 6,566	\$ 6,236	\$ 330
Reported operating expenses (b)	3,933	3,134	799
Fuel adjustment for expense 2022 prices	-	360	(360)
Labor accrual adjustment	(114)	-	(114)
Adjusted operating expenses (d)	\$ 3,819	\$ 3,494	\$ 325
Operating margin (a - b) / a	40%	44%	
Incremental margin (a - b) / a			20%
Incremental margin adjusted for fuel price and labor accrual adjustment (c - d) / c			2%

<i>Millions, Except Percentages, For the Nine Months Ended September 30,</i>	Year-to-Date		Incremental Difference
	2022	2021	
Reported operating revenue (a)	\$ 18,695	\$ 16,071	\$ 2,624
Fuel surcharge adjustment to 2022 prices	-	1,609	(1,609)
Adjusted operating revenues (c)	\$ 18,695	\$ 17,680	\$ 1,015
Reported operating expenses (b)	11,190	9,173	2,017
Fuel adjustment for expense 2022 prices	-	1,041	(1,041)
Labor accrual adjustment	(114)	-	(114)
Adjusted operating expenses (d)	\$ 11,076	\$ 10,214	\$ 862
Operating margin (a - b) / a	40%	43%	
Incremental margin (a - b) / a			23%
Incremental margin adjusted for fuel price and labor accrual adjustment (c - d) / c			15%

* Adjusted incremental margin 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 adjusted incremental margin is important to management and investors in evaluating cost changes, excluding the change in fuel price, to allow the illustration of cost performance as it related to volume changes. The adjusted incremental margin is not intended to represent, and should not be considered more meaningful than, or as an alternative to incremental margin calculated using amounts in accordance with GAAP.

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

Non-GAAP Measures Reconciliation to GAAP (unaudited)

Adjusted Debt / Adjusted EBITDA*

<i>Millions, Except Ratios for the Trailing Twelve Months Ended [a]</i>	Sep 30, 2022	<i>Dec 31, 2021</i>
Net income	\$ 7,071	\$ 6,523
Add:		
Income tax expense/(benefit)	2,058	1,955
Depreciation	2,233	2,208
Interest expense	1,233	1,157
EBITDA	\$ 12,595	\$ 11,843
Adjustments:		
Other income, net	(417)	(297)
Interest on operating lease liabilities [b]	52	56
Adjusted EBITDA	\$ 12,230	\$ 11,602
Debt	\$ 33,422	\$ 29,729
Operating lease liabilities	1,629	1,759
Unfunded/(funded) pension and OPEB, net of tax cost/(benefit) of \$40 and \$21	(139)	(72)
Adjusted debt	\$ 34,912	\$ 31,416
Adjusted debt / adjusted EBITDA	2.9	2.7

Comparable Adjusted Debt / Adjusted EBITDA*

<i>Millions, Except Ratios for the Trailing Twelve Months Ended [a]</i>	Sep 30, 2022	<i>Dec 31, 2021</i>
Adjusted debt / adjusted EBITDA	2.9	2.7
Factors affecting comparability:		
Labor accrual adjustment [c]	(0.1)	N/A
Comparable adjusted Debt / adjusted EBITDA*	2.8	2.7

[a] The trailing twelve months income statement information ended September 30, 2022, is recalculated by taking the twelve months ended December 31, 2021, subtracting the nine months ended September 30, 2021, and adding the nine months ended September 30, 2022.

[b] Represents the hypothetical interest expense we would incur (using the incremental borrowing rate) if the property under our operating leases were owned or accounted for as finance leases.

[c] Adjustments remove the impact of \$86 million from net income and \$28 million from income tax expense for the nine months ended September 30, 2022. See page 1 for a reconciliation to GAAP.

* Total debt plus operating lease liabilities plus after-tax unfunded pension and OPEB (other postretirement benefits) obligation divided by net income plus income tax expense, depreciation, amortization, interest expense, and adjustments for other income and interest on operating lease liabilities. Adjusted debt to adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, and adjustments for other income and interest on operating lease liabilities) and comparable adjusted debt to adjusted EBITDA are considered non-GAAP financial measures 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 these measures are 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. Adjusted debt to adjusted EBITDA and comparable adjusted debt to adjusted EBITDA should be considered in addition to, rather than as a substitute for, net income. The table above provides reconciliations from net income to adjusted debt to adjusted EBITDA and comparable adjusted debt to adjusted EBITDA. At both September 30, 2022, and December 31, 2021, the incremental borrowing rate on operating lease liabilities was 3.2%.