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Union Pacific Reports First Quarter 2023 Results

April 20, 2023

First Quarter Results

- Earnings per diluted share of \$2.67
- Operating revenue up 3%
- Reportable Derailment Rate Improved 10%

Union Pacific Corporation (NYSE: UNP) today reported 2023 first quarter net income of \$1.6 billion, or \$2.67 per diluted share. These results include \$107 million in other income from a one-time real estate transaction. This compares to 2022 first quarter net income of \$1.6 billion, or \$2.57 per diluted share.

"We delivered greater network fluidity and resiliency in the first quarter even as we faced a series of significant weather events," said Lance Fritz, Union Pacific chairman, president, and chief executive officer. "In addition to the impact of weather on carload volumes and costs, higher inflation also reduced our operating income and more than offset our record first quarter operating revenue. Despite a continued challenging environment, our strengthening service product, bolstered by a strong pipeline of new employees, gives us confidence we can capture available demand and improve efficiency the remainder of the year."

Financial Results: Topline Growth Driven by Fuel Surcharge Revenue and Core Pricing Gains; Service Recovery, Inflation, and Weather Impact Cost Structure; First Quarter Records for Operating Revenue, Net Income, and Earnings Per Share *First Quarter 2023 Compared to First Quarter 2022*

- Operating revenue of \$6.1 billion was up 3% driven by higher fuel surcharge revenue and core pricing gains, partially offset by a negative business mix and volume declines.
- Business volumes, as measured by total revenue carloads, were down 1%.
- Union Pacific's 62.1% operating ratio deteriorated 270 basis points. Falling fuel prices in the quarter positively impacted the operating ratio by 190 basis points.
- Operating income of \$2.3 billion declined 3%.
- The company repurchased 2.9 million shares in first quarter 2023 at an aggregate cost of \$0.6 billion.

Operating Performance: Service and Efficiency Measures Impacted by Weather Events

First Quarter 2023 Compared to First Quarter 2022

- Quarterly freight car velocity was 196 daily miles per car, a 1% decline.
- Quarterly locomotive productivity was 123 gross ton-miles (GTM) per horsepower day, a 5% decline.
- Average maximum train length of 9,159 feet was flat.
- Quarterly workforce productivity decreased 6% to 991 car miles per employee.
- Fuel consumption rate of 1.123, measured in gallons of fuel per thousand GTMs, deteriorated 1%.
- Union Pacific's reportable derailment rate improved 10% to 2.21 per million train miles compared to 2.46 for 2022.

Maintaining 2023 Full Year Guidance

- Carloads to exceed Industrial Production
 - Current Industrial Production forecast: -0.7%
- Operating ratio improvement
- Pricing dollars in excess of inflation dollars
- Capital Allocation:
 - Capital spending less than 15% of revenue
 - Capital plan of \$3.6 billion
 - Long term dividend payout target of ~45% of earnings
 - Excess cash to share repurchases

First Quarter 2023 Earnings Conference Call

Union Pacific will webcast its first quarter 2023 earnings release presentation live at www.up.com/investor and via teleconference on Thursday, April 20, 2023, at 8:45 a.m. Eastern Time. Participants may join the conference call by dialing 877-407-8293 (or for international participants, 201-689-8349).

About Union Pacific

Union Pacific (NYSE: UNP) delivers the goods families and businesses use every day with safe, reliable, and efficient service. Operating in 23 western states, the company connects its customers and communities to the global economy. Trains are the most environmentally responsible way to move freight, helping Union Pacific protect future generations. More information about Union Pacific is available at www.up.com.

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- [Supplemental financial information is attached.](#)

This news release and related materials contain statements about the Company's future that are not statements of historical fact, including specifically the statements regarding the potential impacts of public health crises, including the outbreak of pandemic or contagious disease, such as the coronavirus and its variant strains (COVID); the Russian Ukraine conflict on business operations, financial results, liquidity, and financial position, and on the world economy (including customers, employees, and supply chains), including as a result of fluctuations in volume and carloadings; expectations as to operational or service improvements; expectations as to hiring challenges; availability of employees; expectations regarding the effectiveness of steps taken or to be taken to improve operations, service, infrastructure improvements, and transportation plan modifications; expectations as to cost savings, revenue growth, and earnings; the time by which goals, targets, or objectives will be achieved; projections, predictions, expectations, estimates, or forecasts as to business, financial, and operational results, future economic performance, and general economic conditions; proposed new products and services; estimates of costs relating to environmental remediation and restoration; estimates and expectations regarding tax matters; expectations that claims, litigation, environmental costs, commitments, contingent liabilities, labor negotiations or agreements, cyberattacks or other matters. 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 2022, which was filed with the SEC on February 10, 2023. 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 the Company's 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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