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Union Pacific Reports Fourth Quarter and Full Year 2022 Results

January 24, 2023

Fourth Quarter Results

- Fourth quarter earnings per diluted share of \$2.67
- Fourth quarter operating revenue up 8%

Full Year 2022 Results

- Full year earnings per diluted share of \$11.21
- Full year operating income up 6%

Union Pacific Corporation (NYSE: UNP) today reported 2022 fourth quarter net income of \$1.6 billion, or \$2.67 per diluted share. This compares to 2021 fourth quarter net income of \$1.7 billion, or \$2.66 per diluted share.

Reported net income for full year 2022 was \$7.0 billion, or \$11.21 per diluted share. These full year results compare to full year 2021 net income of \$6.5 billion, or \$9.95 per diluted share.

"In the fourth quarter, we grew carloads as we continued to face challenges hiring craft professionals in critical locations and experienced the impact of extreme winter weather on our network in December," said Lance Fritz, Union Pacific chairman, president, and chief executive officer. "As a result, revenue growth was more than offset by elevated operating expenses from operational inefficiencies and a higher inflationary environment. For the full year, we made good progress on employee safety, and we took another step toward our sustainability goals as our fuel consumption rate improved for the fourth consecutive year. Looking to 2023, we expect continued improvements in network fluidity to support business development, generating volume growth that exceeds industrial production. We also expect network improvements to help us recapture lost productivity while providing customers with reliable service."

Fourth Quarter Summary

Financial Results: Revenue Growth Offset by Higher Expenses Associated with Inflation and Network Recovery; Fourth Quarter Record for Operating Revenue

Fourth Quarter 2022 Compared to Fourth Quarter 2021

- Operating revenue of \$6.2 billion was up 8% driven by higher fuel surcharge revenue, core pricing gains, and volume growth, partially offset by a negative business mix.
- Business volumes, as measured by total revenue carloads, were up 1%.
- Union Pacific's 61.0% operating ratio deteriorated 360 basis points. Falling fuel prices late in the quarter positively impacted the operating ratio by 20 basis points.
- Operating income of \$2.4 billion declined 1%.
- The company repurchased 3.5 million shares in fourth quarter 2022 at an aggregate cost of \$0.7 billion.

Operating Performance: Service and Efficiency Measures Impacted by Network Congestion and Winter Weather; Fourth Quarter Record for Fuel Consumption Rate

Fourth Quarter 2022 Compared to Fourth Quarter 2021

- Quarterly freight car velocity was 191 daily miles per car, a 3% decline.
- Quarterly locomotive productivity was 123 gross ton-miles (GTMs) per horsepower day, a 5% decline.
- Average maximum train length decreased 1% to 9,191 feet.
- Quarterly workforce productivity decreased 3% to 1,010 car miles per employee.
- Fuel consumption rate of 1.064, measured in gallons of fuel per thousand GTMs, improved 2%.

2022 Full Year Summary

Financial Results: Fuel Surcharge, Core Pricing Gains, and Volume Drive Revenue Growth; Records for Operating Revenue, Operating Income, Net Income, and Earnings Per Share

Full Year 2022 Compared to Full Year 2021

- Operating revenue of \$24.9 billion was up 14% driven by higher fuel surcharge revenue, core pricing gains, and volume growth.
- Business volumes, as measured by total revenue carloads, grew 2%.
- Union Pacific's 60.1% reported operating ratio deteriorated 290 basis points. Higher fuel prices negatively impacted the operating ratio by 20 basis points and the prior period adjustment related to new labor agreements added 30 basis points to operating ratio.

- Operating Income of \$9.9 billion was up 6%.
- Union Pacific's 2022 capital program totaled \$3.4 billion.
- The company repurchased 27.1 million shares in 2022 at an aggregate cost of \$6.3 billion.

Operating Performance: Network Operations Impacted by Crew Availability and Operational Inefficiencies; Record for Fuel Consumption Rate

Full Year 2022 Compared to Full Year 2021

- Union Pacific's reportable personal injury rate improved 18% to 0.80 per 200,000 employee-hours compared to 0.98 for full year 2021.
- Freight car velocity was 191 daily miles per car, a 6% decline.
- Locomotive productivity was 125 GTMs per horsepower day, a 6% decline.
- Average maximum train length of 9,329 feet was flat.
- Workforce productivity of 1,036 car miles per employee was flat.
- Fuel consumption rate of 1.078, measured in gallons of fuel per thousand GTMs, improved 1%.

2023 Guidance

- Full year carloads to exceed Industrial Production
 - Current Industrial Production forecast: -0.5%
- Full year 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

Fourth Quarter 2022 Earnings Conference Call

Union Pacific will webcast its fourth quarter 2022 earnings release presentation live at www.up.com/investor and via teleconference on Tuesday, January 24, 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 Company's expectations with respect to economic conditions and demand levels, its ability to improve network performance (including those in response to increased traffic), its results of operations, and potential impacts of the COVID-19 pandemic and the Russian-Ukraine conflict. 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 2021, which was filed with the SEC on February 4, 2022. 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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