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Union Pacific Reports Third Quarter 2022 Results

October 20, 2022

Third Quarter Results

- Adjusted earnings per diluted share of \$3.19
- Operating revenue up 18%
- Adjusted operating income up 13%

Union Pacific Corporation (NYSE: UNP) today reported 2022 third quarter net income of \$1.9 billion, or \$3.05 per diluted share. These results include a \$114 million charge for a change to prior period accounting estimates related to new, tentative and ratified labor agreements. Excluding the effects of that charge, adjusted third quarter net income was \$2.0 billion, or \$3.19 per diluted share. This compares to 2021 third quarter net income of \$1.7 billion, or \$2.57 per diluted share.

"We made positive strides in the third quarter to increase network fluidity and better meet customer demand," said Lance Fritz, Union Pacific chairman, president, and chief executive officer. "Inflationary pressures and operational inefficiencies continued to challenge us. We reported strong revenue and operating income growth in the quarter through increased fuel surcharge revenue, volume gains, and solid core pricing. As we close out 2022, we will maintain strong price discipline while improving efficiency and service to capitalize on the available demand."

Financial Results: Topline Growth Produces Quarterly Records for Operating Revenue, Operating Income, Net Income, and Earnings Per Share

Third Quarter 2022 Compared to Third Quarter 2021

- Operating revenue of \$6.6 billion was up 18% driven by higher fuel surcharge revenue, volume growth, and core pricing gains.
- Business volumes, as measured by total revenue carloads, were up 3%.
- Union Pacific's reported operating ratio was 59.9%. Excluding the charge, the adjusted operating ratio of 58.2% deteriorated by 190 basis points. Lower fuel prices positively impacted the operating ratio by 70 basis points.
- Adjusted operating income of \$2.7 billion was up 13%.
- The company repurchased 9.5 million shares in third quarter 2022 at an aggregate cost of \$2.1 billion.

Operating Performance: Service and Efficiency Measures Improve Sequentially but Lag Prior Year Results; Quarterly Record for Fuel Consumption Rate

Third Quarter 2022 Compared to Third Quarter 2021

- Quarterly freight car velocity was 191 daily miles per car, a 2% decline.
- Quarterly locomotive productivity was 124 gross ton-miles (GTM) per horsepower day, a 2% decline.
- Average maximum train length increased 1% to 9,483 feet.
- Quarterly workforce productivity of 1,045 car miles per employee was flat.
- Fuel consumption rate of 1.056, measured in gallons of fuel per thousand GTMs, improved 1%.
- Union Pacific's year-to-date reportable personal injury rate improved 20% to 0.80 per 200,000 employee-hours compared to 1.00 for year-to-date 2021.

2022 Guidance: Update Reflects Challenging Year

Updated

- Full year carload growth ~3%
- Full year reported operating ratio around 60%
- Capital spending of \$3.4 billion
- Full year share repurchases of \$6.5 billion

Affirmed

- Pricing gains in excess of inflation dollars
- Long term dividend payout target of 45% of earnings

Third Quarter 2022 Earnings Conference Call

Union Pacific will webcast its third quarter 2022 earnings release presentation live at www.up.com/investor and via teleconference on Thursday, October 20, 2022, 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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