



SECOND QUARTER 2021 EARNINGS RELEASE

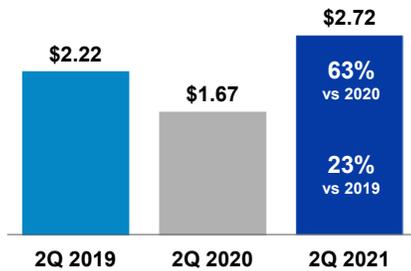
Lance Fritz – Chairman, President & CEO

July 22, 2021

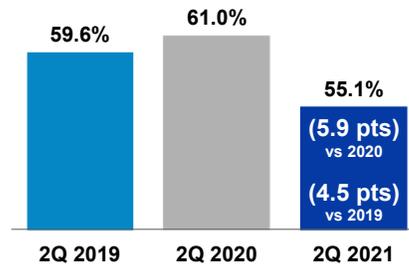


Second Quarter 2021 Results

Earnings Per Share



Operating Ratio



Key Themes

Strong Core Results

Leveraging Volume Growth

Lower GHG Emissions





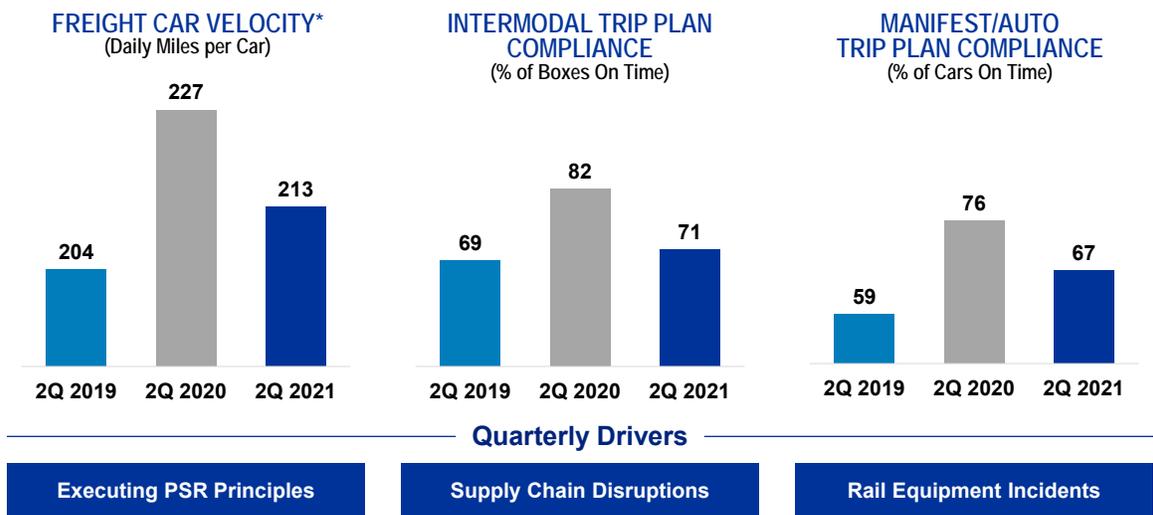
SECOND QUARTER 2021 OPERATIONS REVIEW

Eric Gehringer
Executive Vice President – Operating



Second Quarter 2021

Key Performance Metrics



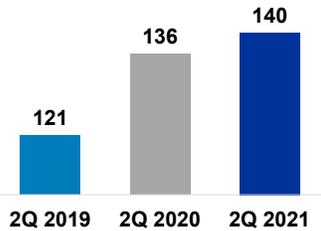
⁴ *Prior years have been realigned to conform to the current year presentation.



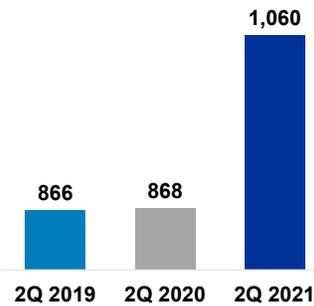
Second Quarter 2021

Key Performance Metrics

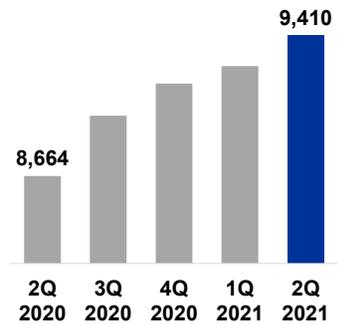
**LOCOMOTIVE
PRODUCTIVITY**
(GTM's Per HP Day)



**WORKFORCE
PRODUCTIVITY**
(Daily Miles per FTE)



TRAIN LENGTH
(Max on Route, in Feet)



Quarterly Drivers

Efficient Locomotive Fleet

Leveraged Workforce With Volume

Optimizing Transportation Plans

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Network Update

- Driving Record Train Length
 - Completed Seven 15,000' Sidings
 - Begun Construction on 20+ More
- 2Q Record Fuel Consumption Rate
 - Productivity Initiatives
 - Technology



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Operating Outlook

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



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SECOND QUARTER 2021 MARKETING & SALES REVIEW

Kenny Rocker

Executive Vice President – Marketing & Sales



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Bulk

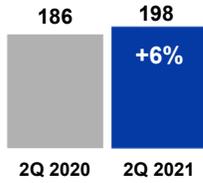
Revenue \$1,648 (+19%)

Volume 504K (+13%)

ARC \$3,266 (+5%)

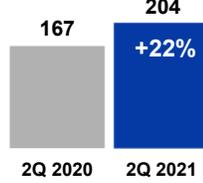
Major Markets

Coal & Renewables



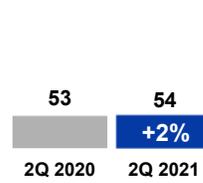
vs 1Q 2021 +14%

Grain & Grain Products



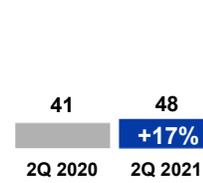
vs 1Q 2021 Flat

Fertilizer



vs 1Q 2021 +23%

Food & Refrigerated



vs 1Q 2021 +7%

Quarterly Drivers

Increased Coal Demand

Strong Grain Shipments

COVID-19 Recovery

⁹ Volume in thousands of carloads.



Industrial

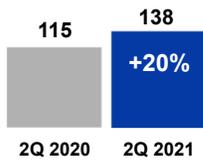
Revenue \$1,859 (+24%)

Volume 540K (+15%)

ARC \$3,442 (+8%)

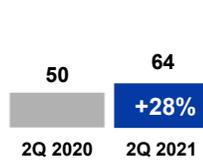
Major Markets

Energy & Specialized



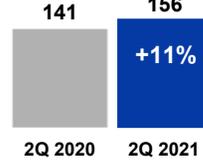
vs 1Q 2021 -1%

Forest Products



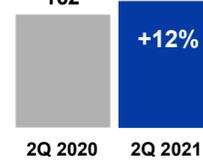
vs 1Q 2021 +7%

Industrial Chemicals & Plastics



vs 1Q 2021 +11%

Metals & Minerals



vs 1Q 2021 +25%

Quarterly Drivers

Strength in Housing

Gulf Coast Recovery

Industrial Production

¹⁰ Volume in thousands of carloads.

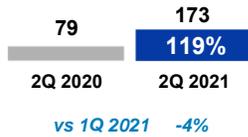


Premium

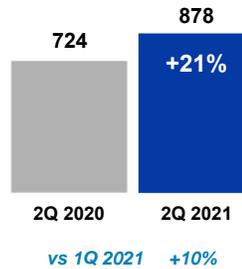
Revenue \$1,625 (+50%) Volume 1,051K (+31%) ARC \$1,547 (+14%)

Major Markets

Automotive



Intermodal



Quarterly Drivers

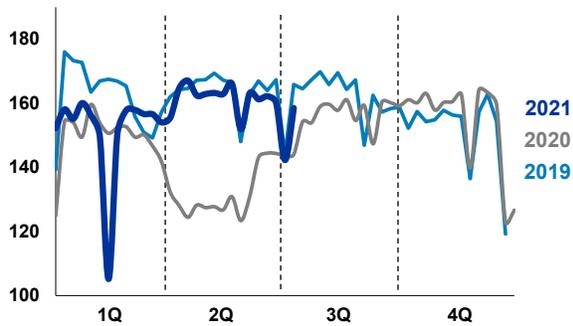
Automotive Semi-Conductor Shortage Strong Retail Spending E-Commerce Strength

11 Volume in thousands of carloads.



2021 Volume Outlook

7-Day Weekly Carloadings* (000s)



12 *Volume through July 17, 2021

Bulk

- Coal
- Food & Refrigerated
- Grain / Grain Products

Industrial

- Energy Markets
- Industrial Production
- Forest Products

Premium

- Auto Production
- Tight Truck Capacity
- Inventory Restocking





SECOND QUARTER 2021 FINANCIAL REVIEW

Jennifer Hamann
Executive Vice President & Chief Financial Officer



Second Quarter Operating Ratio and EPS

Favorable / (Unfavorable)

	Operating Ratio	EPS
Second Quarter 2020	61.0%	\$1.67
Fuel Price	(2.1) pts	(\$0.04)
Core Results	8.0 pts	\$1.04
2021 Real Estate Gain & Lower Tax Rate	N/A	\$0.13
2020 Real Estate Gain	N/A	(\$0.08)
Second Quarter 2021	55.1%	\$2.72



Second Quarter Income Statement

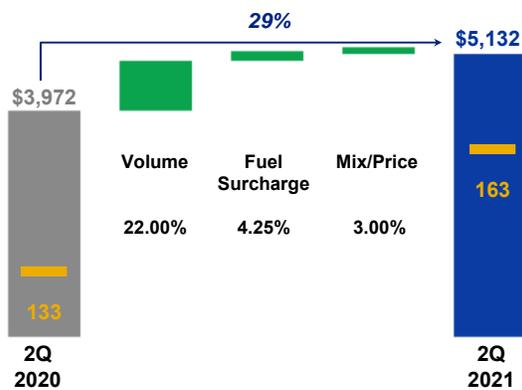
	2021	2020	2021 vs. 2020		2019	2021 vs. 2019	
Operating Revenues	\$5,504	\$4,244	30	%	\$5,596	(2)	%
Operating Expenses	3,031	2,590	17		3,336	(9)	
Operating Income	2,473	1,654	50		2,260	9	
Other Income	125	131	(5)		57	F	
Interest Expense	(282)	(289)	(2)		(259)	9	
Income Taxes	(518)	(364)	42		(488)	6	
Net Income	\$1,798	\$1,132	59	%	\$1,570	15	%
Weighted Average Diluted Shares	660.1	679.2	(3)		708.0	(7)	
Diluted EPS	\$2.72	\$1.67	63		\$2.22	23	
Operating Ratio	55.1%	61.0%	(5.9)	pts	59.6%	(4.5)	pts

15 \$ in Millions, except EPS

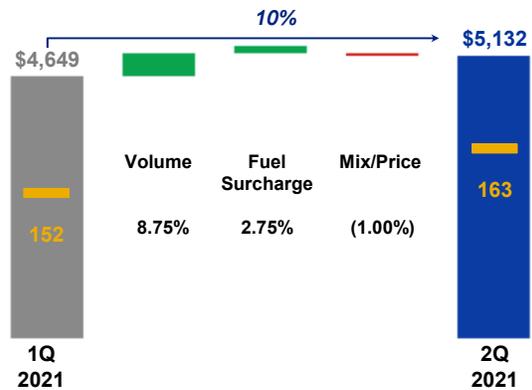


Second Quarter Freight Revenue

Year Over Year



Sequential



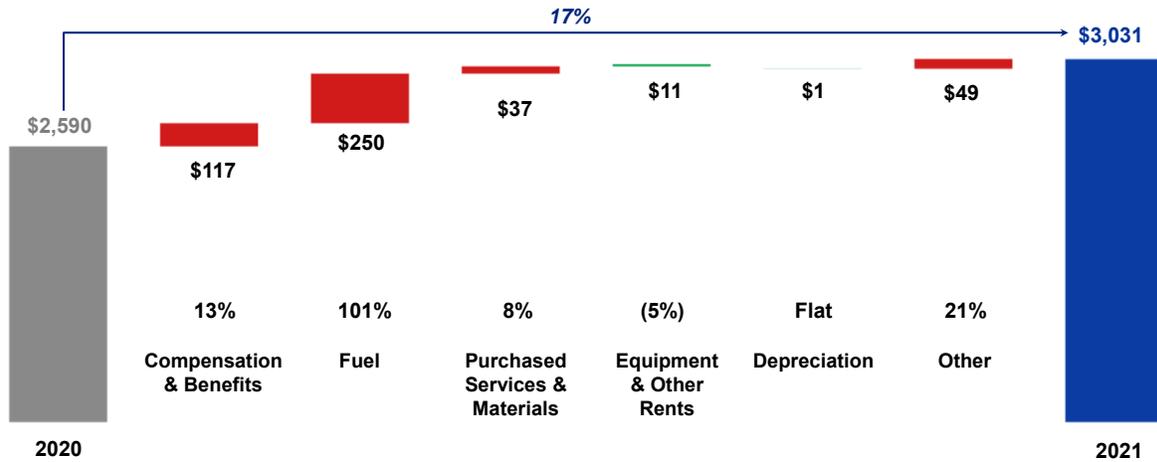
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7 Day Volume (000s)



Second Quarter Operating Expenses

\$ in Millions

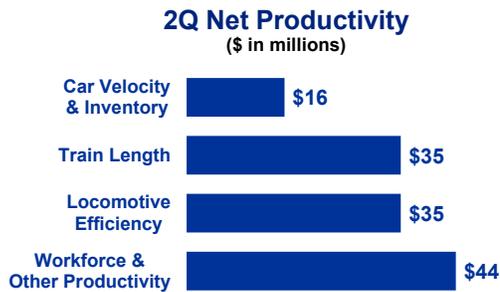


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Efficiency Driving Results

- Net Productivity of \$235 Million in First Half 2021
- Maintain Full-Year Productivity Outlook of \$500 Million



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78%
Incremental
Margins*

* Second Quarter 2021

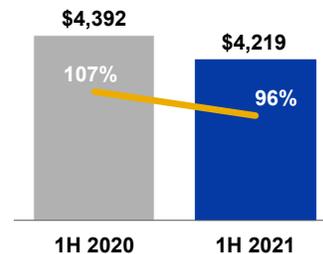


Cash Generation & Shareholder Returns

First Half Results

- 96% Cash Flow Conversion Rate*
- Returned \$5.4 Billion in Cash to Shareholders
 - Increased Dividend by 10%
 - \$2.0 Billion Accelerated Share Repurchase Program
- Repurchased 19 million Shares for a 3% Reduction in the Average Share Balance
- Comparable Adjusted Debt / EBITDA of 2.8x*

Cash From Operations vs. Cash Conversion* (\$ in millions)



19 *See Union Pacific website under Investors for a reconciliation to GAAP.



Stronger 2021 Guidance

Stronger

- Full Year Volume Growth of 7%
- 200 Basis Points of Operating Ratio Improvement
- Strong Free Cash Flow Generation Supporting Greater Share Repurchases
 - Targeting ~\$7 Billion in 2021

Affirmed

- Pricing Gains in Excess of Inflation Dollars
- \$500 Million of Productivity
- Capital Spending < 15% of Revenue
- Dividend Target Payout ~45% of Earnings

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SECOND QUARTER 2021

—
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 2020, which was filed with the SEC on February 5, 2021. 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).

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