

**UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES***Reconciliation of Non-GAAP Financial Measures***Cash Flow Conversion Rate\***

| <i>Millions,</i>                            |                 |           |             |
|---|-----------------|-----------|-------------|
| <i>for the Three Months Ended March 31,</i> |                 |           |             |
|   | <b>2021</b>     |           | <b>2020</b> |
| Cash provided by operating activities       | <b>\$ 1,958</b> | <b>\$</b> | 2,155       |
| Cash used in capital investments            | <b>(536)</b>    |           | (807)       |
| <b>Total (a)</b>                            | <b>\$ 1,422</b> | <b>\$</b> | 1,348       |
| Net income (b)                              | <b>\$ 1,341</b> | <b>\$</b> | 1,474       |
| <b>Cash flow conversion rate (a/b)</b>      | <b>106 %</b>    |           | 91 %        |

- \* Cash flow conversion rate is cash from operations less cash used for capital investments as a ratio of net income. Cash flow conversion rate 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 cash flow conversion rate is 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 should be considered in addition to, rather than as a substitute for, cash provided by operating activities.

**UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES**
*Reconciliation of Non-GAAP Financial Measures*
**Adjusted Debt / Adjusted EBITDA\***

| <i>Millions, Except Ratios<br/>for the Trailing Twelve Months Ended [a]</i> | <b>Mar. 31,<br/>2021</b> | <i>Dec. 31,<br/>2020</i> |
|---|--------------------------|--------------------------|
| Net income  | \$ 5,216                 | \$ 5,349                 |
| Add:  |                          |                          |
| Income tax expense  | 1,600                    | 1,631                    |
| Depreciation  | 2,212                    | 2,210                    |
| Interest expense  | 1,153                    | 1,141                    |
| EBITDA  | \$ 10,181                | \$ 10,331                |
| Adjustments:  |                          |                          |
| Other income, net   | (285)                    | (287)                    |
| Interest on operating lease liabilities**                                   | 53                       | 59                       |
| Adjusted EBITDA   | \$ 9,949                 | \$ 10,103                |
| Debt  | \$ 26,682                | \$ 26,729                |
| Operating lease liabilities   | 1,465                    | 1,604                    |
| Unfunded pension and OPEB, net of taxes of \$190 and \$195                  | 619                      | 637                      |
| Adjusted debt   | \$ 28,766                | \$ 28,970                |
| Adjusted debt / Adjusted EBITDA   | 2.9                      | 2.9                      |

**Comparable Adjusted Debt / Adjusted EBITDA\***

| <i>for the Trailing Twelve Months Ended [a]</i> | <b>Mar. 31,<br/>2021</b> | <i>Dec. 31,<br/>2020</i> |
|---|--------------------------|--------------------------|
| Adjusted debt / Adjusted EBITDA                 | 2.9                      | 2.9                      |
| Factors Affecting Comparability:                |                          |                          |
| Brazos yard impairment [b]                      | (0.1)                    | (0.1)                    |
| Comparable Adjusted Debt / Adjusted EBITDA*     | 2.8                      | 2.8                      |

[a] The trailing twelve months income statement information ended March 31, 2021, is recalculated by taking the twelve months ended December 31, 2020, subtracting the three months ended March 31, 2020, and adding the three months ended March 31, 2021.

[b] Adjustments remove the impact of \$209 million from net income and \$69 million from income tax expense for the year ended December 31, 2020. See page 3 for a reconciliation to GAAP.

\* Total debt plus operating lease liabilities plus after-tax unfunded pension and OPEB obligation divided by net income plus income tax expense, depreciation, amortization, interest expense, and adjustments for other income, net and interest on operating lease liabilities. Adjusted debt to adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, and adjustments for other income, net 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 March 31, 2021, and December 31, 2020, the incremental borrowing rate on operating leases was 3.6% and 3.7%, respectively.

\*\* 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.

**UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES***Reconciliation of Non-GAAP Financial Measures***Financial Performance\***

| <i>Millions, Except Per Share Amounts and Percentages</i> | <i>Reported results<br/>(GAAP)</i> | <i>Brazos Yard<br/>Impairment</i> | <i>Adjusted results<br/>(non-GAAP)</i> |
|---|------------------------------------|-----------------------------------|--|
| <i>For the Year Ended December 31, 2020</i>               |                                    |                                   |  |
| Income taxes  | \$ 1,631                           | \$ 69                             | \$ 1,700                               |
| Net income  | \$ 5,349                           | \$ 209                            | \$ 5,558                               |

- \* The above table reconciles our results for the year ended December 31, 2020, to adjusted results that exclude the impact of certain items identified as affecting comparability. We use adjusted income taxes and adjusted net income, 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, income taxes and net income.