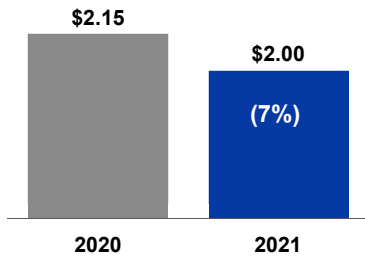


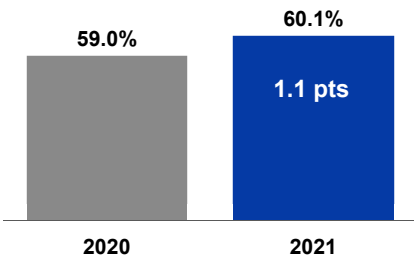


## First Quarter 2021 Results

Earnings Per Share



Operating Ratio



Key Themes

- Strong Core Results
- Negative Weather & Fuel
- Affirm 2021 Guidance



# FIRST QUARTER 2021 OPERATIONS REVIEW

Eric Gehringer

Executive Vice President – Operating



## Key Performance Metrics

First Quarter 2021 vs. First Quarter 2020

209 FREIGHT CAR VELOCITY (Daily Miles per Car)	23.5 FREIGHT CAR TERMINAL DWELL (Hours)	25.2 TRAIN SPEED (Miles Per Hour)	138 LOCOMOTIVE PRODUCTIVITY (GTMs Per HP Day)	1,002 WORKFORCE PRODUCTIVITY (Daily Miles per FTE)	77 INTERMODAL TRIP PLAN COMPLIANCE (% of Boxes On Time)	68 MANIFEST/AUTO TRIP PLAN COMPLIANCE (% of Cars On Time)
↓ 1%	↓ 1%	↓ 1%	↑ 5%	↑ 12%	↓ 8 pts	↑ 4 pts

### Quarterly Drivers

Weather

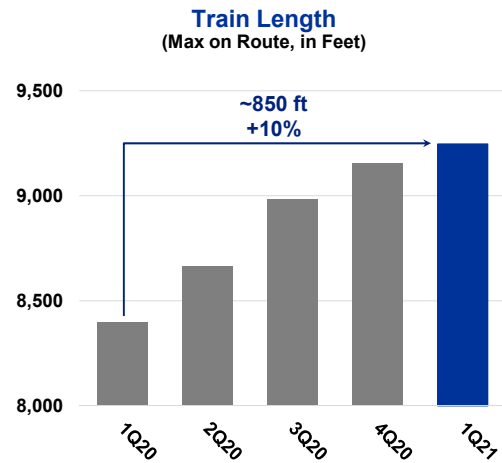
Asset Utilization

Intermodal Surge



## Network Changes

- Driving Record Train Length
  - Completed Two 15,000 Foot Sidings with 18 More Underway
- Network Changes
  - Houston Consolidation
  - Switching Curtailed at North Council Bluffs Yard



5



## Operating Outlook

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



6



# FIRST QUARTER 2021 MARKETING & SALES REVIEW

Kenny Rocker

Executive Vice President – Marketing & Sales

7



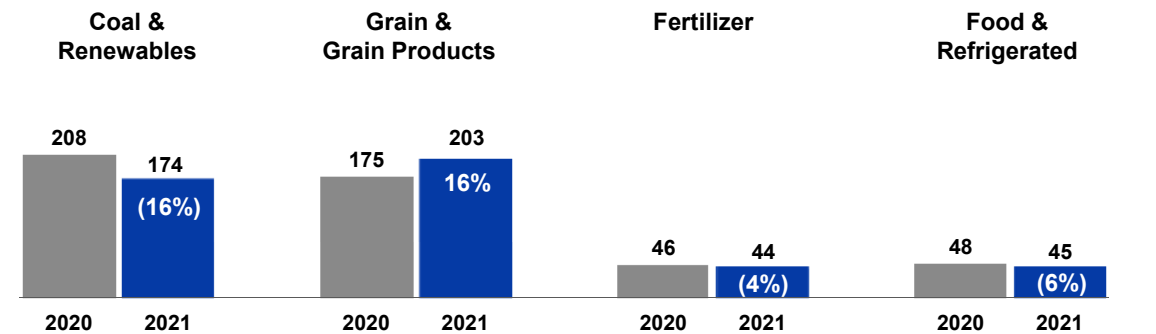
## Bulk

Revenue \$1,512M (-1%)

Volume 466K (-2%)

ARC \$3,246 (+1%)

### Major Markets



### Quarterly Drivers

Continued Coal Challenges

Strong Export Grain

COVID-19 Related Impact

<sup>8</sup> Volume in thousands of carloads.



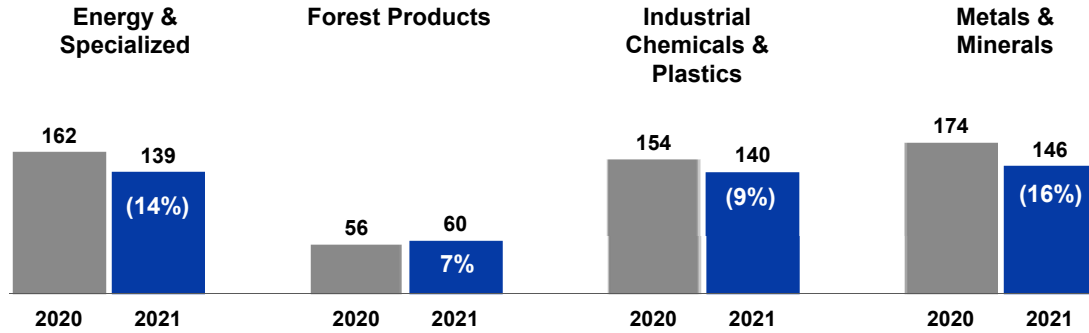
# Industrial

Revenue \$1,656M (-13%)

Volume 485K (-11%)

ARC \$3,417 (-1%)

## Major Markets



## Quarterly Drivers

Energy Market Challenges

Production Impacted by Severe Weather

Reduced Stone & Gravel Shipments

<sup>9</sup> Volume in thousands of carloads.



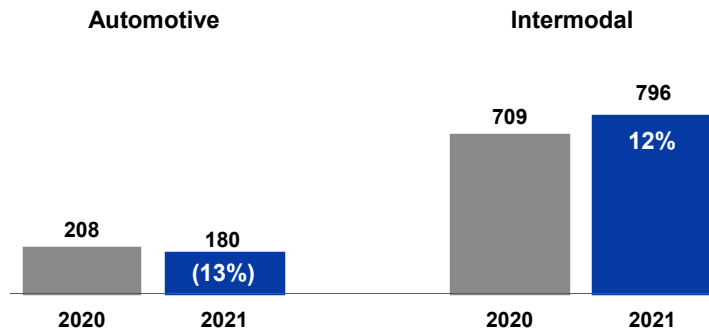
# Premium

Revenue \$1,481M (+2%)

Volume 976K (+6%)

ARC \$1,517 (-4%)

## Major Markets



## Quarterly Drivers

Automotive Semi-Conductor Shortage

Strong Retail Spending

E-Commerce Strength

<sup>10</sup> Volume in thousands of carloads.



## 2021 Volume Outlook

### Bulk



- Coal
- + Grain
- + Biofuels

### Industrial



- ? Energy Markets
- + Industrial Production
- + Plastics

### Premium



- ? Auto Production
- + Tight Truck Capacity
- + Inventory Restocking



## FIRST QUARTER 2021 FINANCIAL REVIEW

Jennifer Hamann

Executive Vice President & Chief Financial Officer



## First Quarter Operating Ratio and EPS

Favorable / (Unfavorable)

	Operating Ratio	EPS
First Quarter 2020	59.0%	\$2.15
Weather	(1.6) pts	(\$0.16)
Fuel Price	(1.0) pts	(\$0.11)
Core Results	1.5 pts	\$0.12
First Quarter 2021	60.1%	\$2.00

13



## First Quarter Income Statement

\$ in Millions (except EPS)

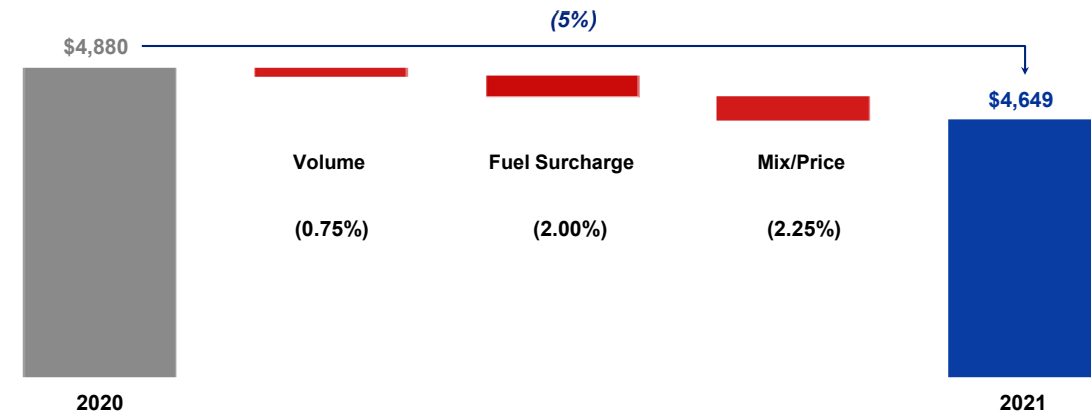
	2021	2020	Variance	
Operating Revenues	\$5,001	\$5,229	(4)	%
Operating Expenses	3,008	3,086	(3)	
Operating Income	1,993	2,143	(7)	
Other Income	51	53	(4)	
Interest Expense	(290)	(278)	4	
Income Taxes	(413)	(444)	(7)	
Net Income	\$1,341	\$1,474	(9)	%
Weighted Average Diluted Shares	669.2	686.2	(2)	
Diluted EPS	\$2.00	\$2.15	(7)	
Operating Ratio	60.1%	59.0%	1.1	pts

14



## First Quarter Freight Revenue

\$ in Millions

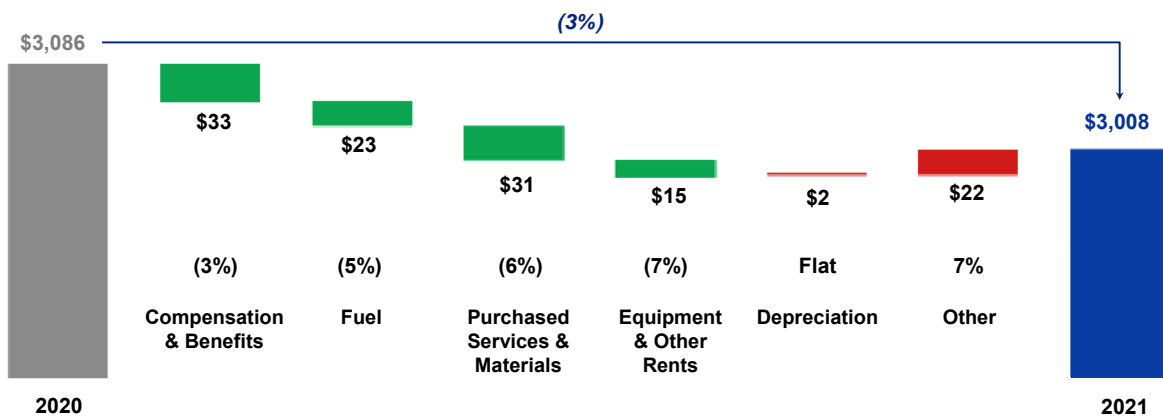


15



## First Quarter Operating Expenses

\$ in Millions



16

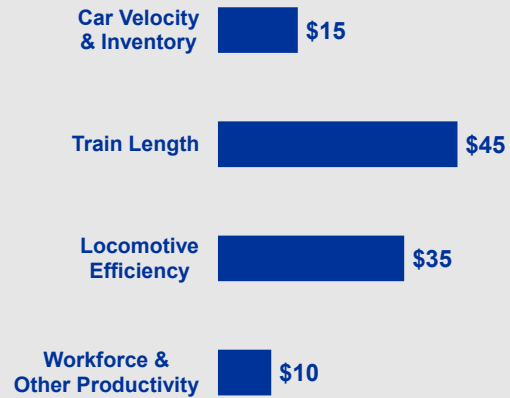




## Productivity Results

- Net Productivity of \$105 Million
- Weather Resulted in a \$35 Million Headwind
- Maintain Full-Year Productivity Outlook of at Least \$500 Million

### Net Productivity (\$ in millions)



17

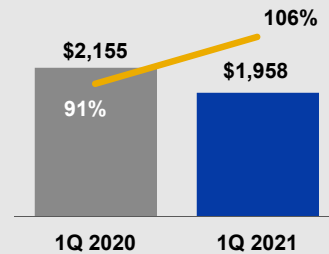


## Cash Generation & Shareholder Returns

### First Quarter Results

- Cash Flow Conversion Rate\* Equal to 106% of Net Income
- Repurchased 7 million Shares for a 2% Reduction in the Average Share Balance
- Returned \$2.0 Billion in Cash to Shareholders
- Adjusted Debt Decreased \$0.2 Billion since Year-End 2020
- Comparable Adjusted Debt / EBITDA of 2.8x\*

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



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



## Affirm 2021 Guidance

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- Full Year Volume Growth of ~6%
- Business Mix Headwinds Continue
- Pricing Gains in Excess of Inflation Dollars
- \$500 Million of Productivity
- 150-200 Basis Points of Operating Ratio Improvement
- Capital Allocation
  - Capital Spending < 15% of Revenue
  - Dividend Target Payout 40-45% of Earnings
  - Strong Share Repurchases
    - Targeting ~\$6 Billion in 2021

19



## FIRST QUARTER 2021

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**Lance Fritz**

Chairman, President & CEO

20



## Looking Ahead

- Commitment to Safety
- Operational Excellence
- Deliver a Highly Consistent and Reliable Service Product
- Win with Customers
- Provide Value to All Stakeholders



21

## 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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22





# Question & Answer Session

