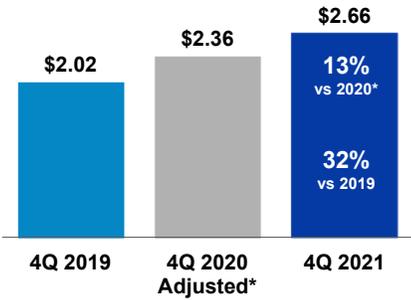


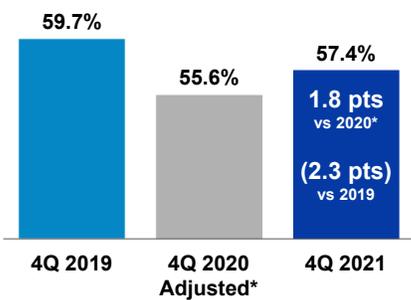


# Fourth Quarter 2021 Results

Earnings Per Share



Operating Ratio



Key Themes

- Positive Business Mix and Price
- Operational Challenges
- Soft International Intermodal

<sup>2</sup> \* 2020 results exclude Brazos non-cash impairment charge. See Union Pacific website under Investors for a reconciliation to GAAP.





# FOURTH QUARTER 2021 MARKETING & SALES REVIEW

Kenny Rocker

Executive Vice President – Marketing & Sales



FOURTH QUARTER 2021

## Bulk

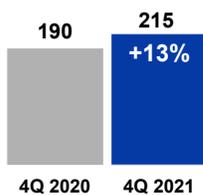
Revenue \$1,809 (+16%)

Volume 524K (+5%)

ARC \$3,457 (+10%)

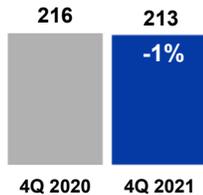
### Major Markets

#### Coal & Renewables



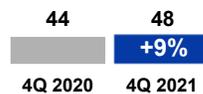
vs 3Q 2021 -7%

#### Grain & Grain Products



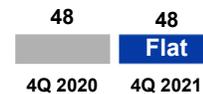
vs 3Q 2021 +15%

#### Fertilizer



vs 3Q 2021 -13%

#### Food & Refrigerated



vs 3Q 2021 Flat

### Quarterly Drivers

Favorable Natural Gas Price

Reduced Gulf Export Grain

Strong Fertilizer Demand

<sup>4</sup> Volume in thousands of carloads.



FOURTH QUARTER 2021

## Industrial

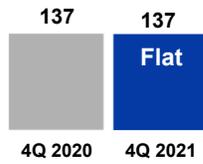
Revenue \$1,897 (+14%)

Volume 538K (+8%)

ARC \$3,522 (+6%)

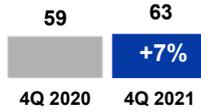
### Major Markets

#### Energy & Specialized



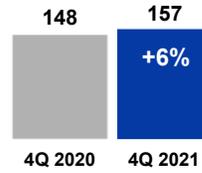
vs 3Q 2021 -6%

#### Forest Products



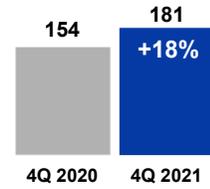
vs 3Q 2021 Flat

#### Industrial Chemicals & Plastics



vs 3Q 2021 +3%

#### Metals & Minerals



vs 3Q 2021 -4%

### Quarterly Drivers

Industrial Production

Strength in Metals and Rock

Paper Demand

<sup>5</sup> Volume in thousands of carloads.



FOURTH QUARTER 2021

## Premium

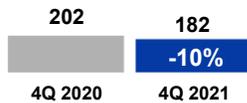
Revenue \$1,591 (+1%)

Volume 910K (-14%)

ARC \$1,748 (+17%)

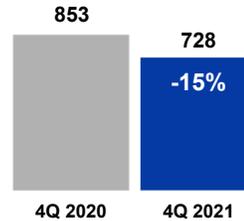
### Major Markets

#### Automotive



vs 3Q 2021 +10%

#### Intermodal



vs 3Q 2021 -10%

### Quarterly Drivers

Semi-Conductor Shortage

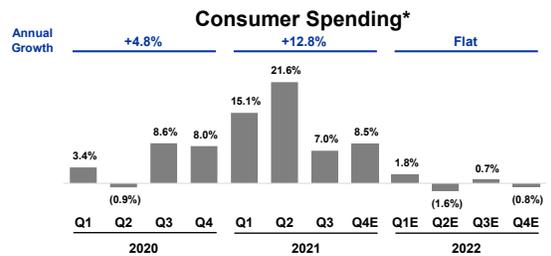
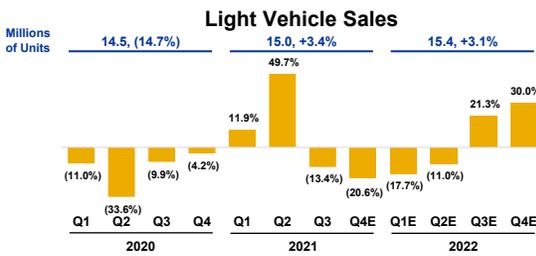
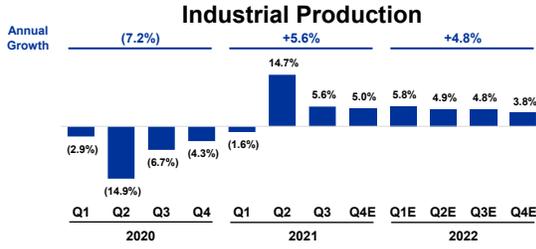
Port Congestion

Global Supply Chain Disruptions

<sup>6</sup> Volume in thousands of carloads.



# Economic Outlook



7 Source: IHS Markit U.S. Economic Outlook, January 2022

\* Durable and Nondurable Goods; excludes Services



# 2022 Volume Outlook

## Bulk



- + Fertilizer
- + Coal
- ? Grain and Grain Products

## Industrial



- + Industrial Production
- + Chemicals and Plastics
- Forest Products

## Premium



- + Auto Sales
- + Domestic Intermodal
- ? International Intermodal





# FOURTH QUARTER 2021 OPERATIONS REVIEW

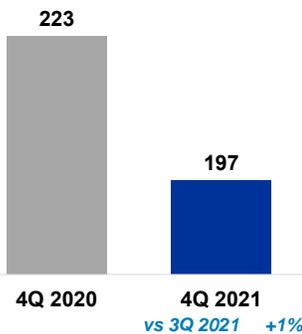
Eric Gehringer  
Executive Vice President – Operating



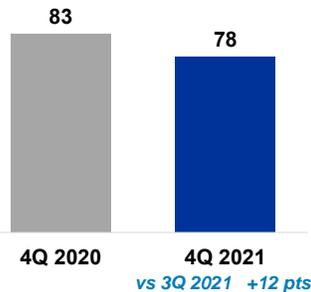
FOURTH QUARTER 2021

## Key Performance Metrics

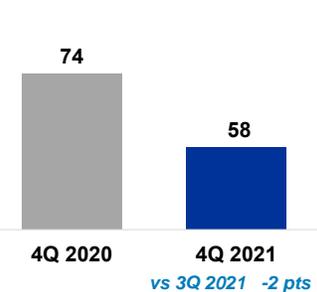
**FREIGHT CAR VELOCITY**  
(Daily Miles per Car)



**INTERMODAL TRIP PLAN COMPLIANCE**  
(% of Boxes On Time)



**MANIFEST/AUTO TRIP PLAN COMPLIANCE**  
(% of Cars On Time)



### Quarterly Drivers

Network Recovery

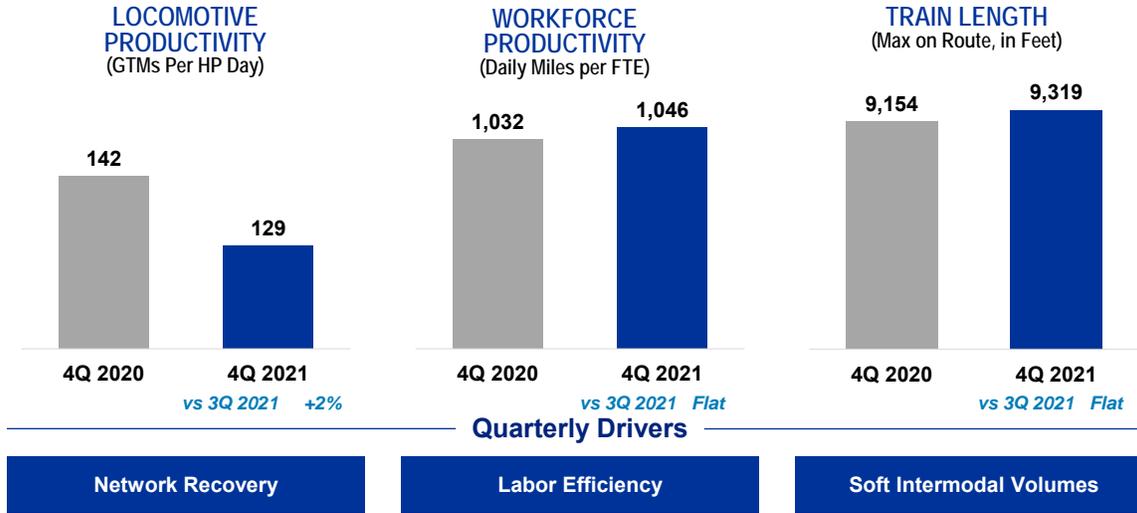
Re-Balancing Assets

Crew Availability



FOURTH QUARTER 2021

## Key Performance Metrics

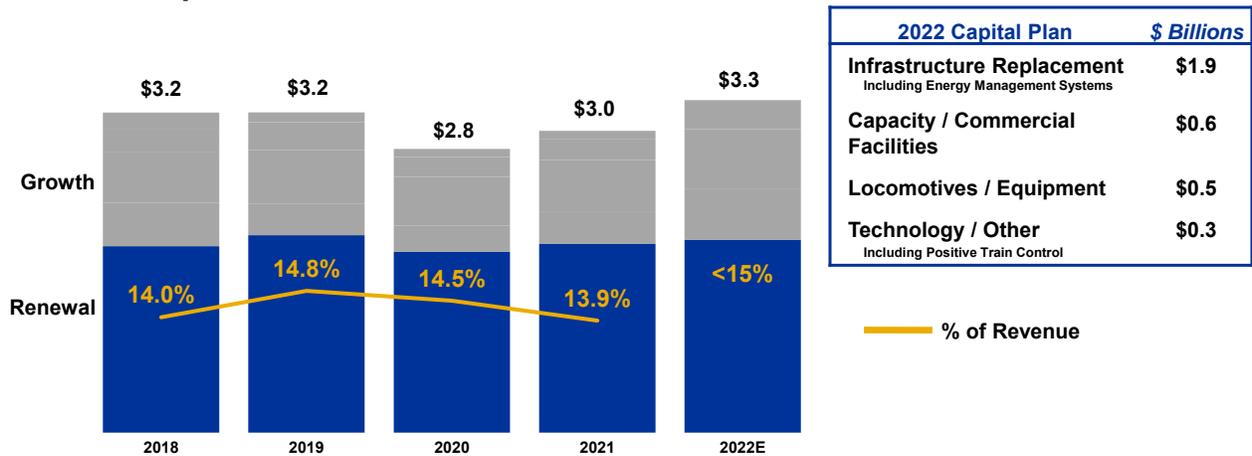


11



## Investing for Growth

2022 Capital Plan ~\$3.3 Billion



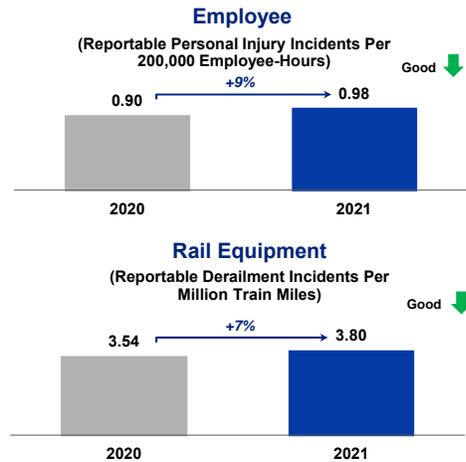
12 Pending UP Board of Directors final approval.



## Maintaining a Safe and Fluid Rail Network

- Enhance Safety Programs
- Deliver a Highly Consistent and Reliable Service Product
- Drive Productivity Initiatives
- Volume Variable Plus
- Focus on Asset Utilization and Terminal Efficiency

### Annual Safety Performance



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## FOURTH QUARTER 2021 FINANCIAL REVIEW

Jennifer Hamann

Executive Vice President & Chief Financial Officer



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## Fourth Quarter Income Statement

	2021	2020 Adjusted*	2021 vs. 2020*		2019	2021 vs. 2019	
Operating Revenues	\$5,733	\$5,141	12	%	\$5,212	10	%
Operating Expenses	3,293	2,857	15		3,112	6	
Operating Income	2,440	2,284	7		2,100	16	
Other Income	83	66	26		56	48	
Interest Expense	(295)	(279)	6		(278)	6	
Income Taxes	(517)	(482)	7		(475)	9	
Net Income	\$1,711	\$1,589	8	%	\$1,403	22	%
Weighted Average Diluted Shares	642.1	674.1	(5)		694.9	(8)	
Diluted EPS	\$2.66	\$2.36	13		\$2.02	32	
Operating Ratio	57.4%	55.6%	1.8	pts	59.7%	(2.3)	pts

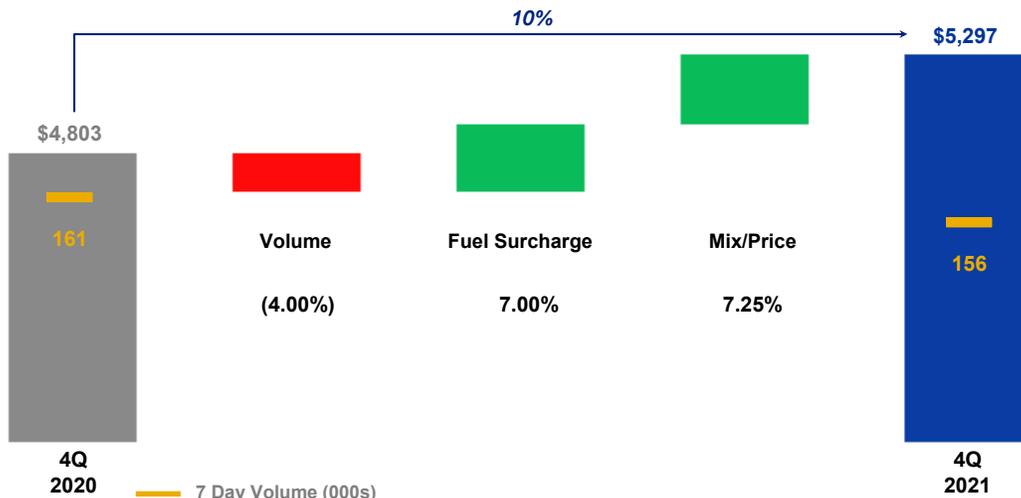
<sup>15</sup> \$ in Millions, except EPS

\* 2020 results exclude Brazos non-cash impairment charge. See Union Pacific website under Investors for a reconciliation to GAAP.



## Positive Mix and Pricing Gains Boost Freight Revenue

\$ in Millions

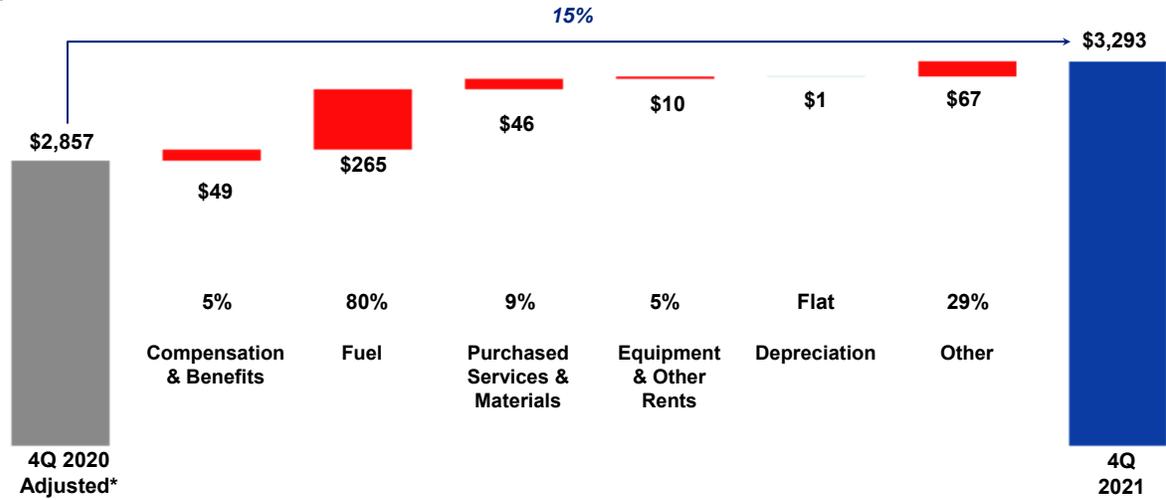


<sup>16</sup>



## Increased Expenses Driven by Rising Fuel Prices

\$ in Millions



17

\* 2020 results exclude Brazos non-cash impairment charge. See Union Pacific website under Investors for a reconciliation to GAAP.



## Operational Challenges Defer Productivity

2021 Net Productivity of \$195 Million  
(\$ in millions)



### Incremental Margins

27% 4<sup>th</sup> Quarter\*

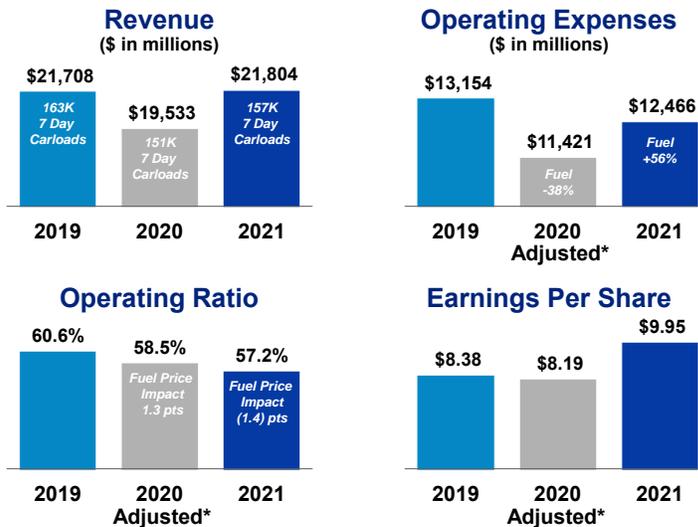
77% 2021\*

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\* 2020 Adjusted excludes Brazos non-cash impairment charge. See Union Pacific website under Investors for a reconciliation to GAAP.



## Record Full Year Results



<sup>19</sup> \* 2020 results exclude Brazos non-cash impairment charge. See Union Pacific website under Investors for a reconciliation to GAAP.

### 2021 Highlights

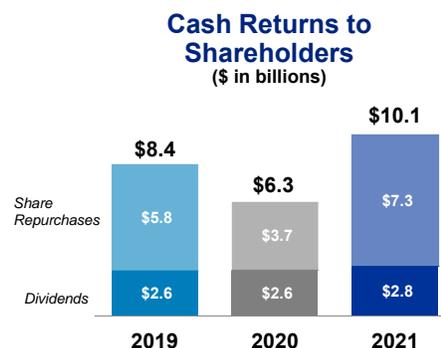
- Total Revenue of \$21.8 Billion, Up 12% on 4% Volume Growth
- Operating Income Up 15% to \$9.3 Billion
- Net Income of \$6.5 Billion, Up 17%



## Strong Cash Generation & Returns to Shareholders

### 2021 Full Year Results

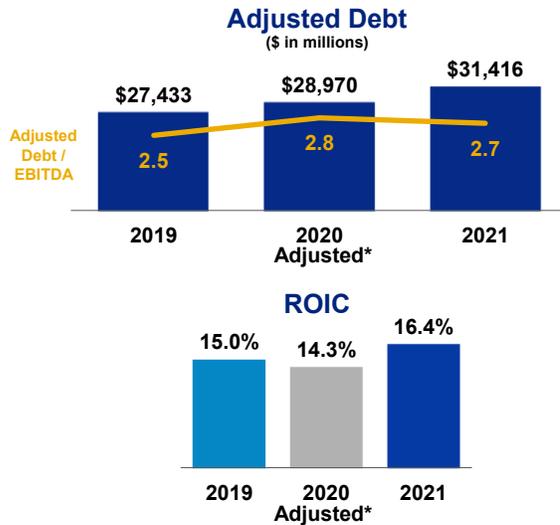
- \$9.0 Billion Cash From Operations, an increase of 6%
- 93% Cash Flow Conversion Rate\*
- Returned \$10.1 Billion in Cash to Shareholders
  - Two 10% Dividend Increases
  - \$2.0 Billion Accelerated Share Repurchase Program
- Repurchased 33.3 million Shares for a 3% Reduction in the Average Share Balance



<sup>20</sup> \*See Union Pacific website under Investors for a reconciliation to GAAP.



## Leveraging Strong Balance Sheet



21 \* 2020 Adjusted excludes Brazos non-cash impairment charge.  
See Union Pacific website under Investors for a reconciliation to GAAP.

### 2021 Highlights

- Adjusted Debt / EBITDA of 2.7x\*
- Adjusted Debt Increased \$2.4 Billion since Year-End 2020
- 2021 Record ROIC



## A Look Ahead to 2022

- 2021 Investor Day Three Year Guidance Remains Intact
- Full Year Volume Growth Exceeding Industrial Production
- Pricing Gains in Excess of Inflation Dollars
- Operating Ratio of ~55.5%
- Capital Spending of \$3.3 Billion
- Dividend Payout Target of 45% of Earnings
- Share Repurchases in Line with 2021





# FOURTH QUARTER 2021

Lance Fritz  
Chairman, President & CEO



## 2022 Success Drivers

Enhance Safety Programs

Operational Excellence

Provide Value to All Stakeholders

ESG Leader



Advance Customer Experience

Expand Reach to Service New Markets and Industries

Win with Customers

Industry Leading Cash Returns



## 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).

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.

