



Union Pacific Reports Second Quarter 2017 Results
Second Quarter Diluted Earnings per Share up 24 percent

FOR IMMEDIATE RELEASE

Second Quarter Results

- Diluted earnings per share of \$1.45 increased 24 percent.
- Operating income totaled \$2.0 billion, up 21 percent.
- Operating ratio of 61.8 percent improved 3.4 points.

Omaha, Neb., July 20, 2017 – Union Pacific Corporation (NYSE: UNP) today reported 2017 second quarter net income of nearly \$1.2 billion, a second quarter record of \$1.45 per diluted share. This compares to about \$1.0 billion, or \$1.17 per diluted share, in the second quarter 2016. Union Pacific also reported a second quarter record operating ratio of 61.8 percent, a 3.4 point improvement compared to the second quarter 2016 operating ratio.

“I am pleased with our results through the first six months, and look forward to continuing our momentum through the remainder of the year,” said Lance Fritz, Union Pacific chairman, president and chief executive officer. “Guided by our strategic value tracks, our entire team is focused on providing an excellent customer experience while safely and efficiently delivering on our innovative productivity initiatives.”

Second Quarter Summary

Operating revenue of \$5.3 billion was up 10 percent in the second quarter 2017 compared to the second quarter 2016. Second quarter business volumes, as measured by total revenue carloads, increased 5 percent compared to 2016. Volume increases in coal, industrial products, agricultural products and intermodal more than offset declines in chemicals and automotive. In addition:

- Quarterly freight revenue improved 11 percent compared to the second quarter 2016, as volume growth, increased fuel surcharge revenue, core pricing gains and positive mix of traffic all contributed to the increase.
- Union Pacific's second quarter record operating ratio of 61.8 percent improved 3.4 points compared to the second quarter 2016. Higher fuel prices positively impacted the operating ratio by a half of a point.
- The \$1.69 per gallon average quarterly diesel fuel price in the second quarter 2017 was 17 percent higher than the second quarter 2016.
- Quarterly train speed, as reported to the Association of American Railroads, was 25.4 mph, 5 percent slower than the second quarter 2016.
- Union Pacific's first half reportable personal injury rate of 0.76 per 200,000 employee-hours increased from the record first half rate of 0.70 achieved in 2016.
- The Company repurchased 7.8 million shares in the second quarter 2017 at an aggregate cost of \$850 million.

Summary of Second Quarter Freight Revenues

- Intermodal up 3 percent
- Chemicals up 4 percent
- Automotive up 5 percent
- Agricultural Products up 7 percent
- Industrial Products up 24 percent
- Coal up 25 percent

2017 Outlook

“Absolute business volumes should be stronger in the second half than the first half, although year-over-year comparisons will be more challenging. In this environment we will focus on our growth opportunities. In addition, we will continue to make progress on our G55 + 0 initiatives as we work to make Union Pacific a stronger, more efficient company,” Fritz said. “We are confident these efforts will generate top-line growth, margin improvement and greater returns for our shareholders.”

Second Quarter 2017 Earnings Conference Call

Union Pacific will host its second quarter 2017 earnings release presentation live over the Internet and via teleconference on Thursday, July 20, 2017 at 8:45 a.m. Eastern Time. The presentation will be webcast live over the internet on Union Pacific’s website at www.up.com/investor. Alternatively, the webcast can be accessed directly through the following [link](#). Participants may join the conference call by dialing 877/407-8293 (or for international participants, 201/689-8349).

ABOUT UNION PACIFIC

Union Pacific Railroad is the principal operating company of Union Pacific Corporation (NYSE: UNP). One of America's most recognized companies, Union Pacific Railroad connects 23 states in the western two-thirds of the country by rail, providing a critical link in the global supply chain. In the past 10 years, 2007-2016, Union Pacific invested approximately \$34 billion in its network and operations to support America’s transportation infrastructure. The railroad’s diversified business mix includes Agricultural Products, Automotive, Chemicals, Coal, Industrial Products and Intermodal. Union Pacific serves many of the fastest-growing U.S. population centers, operates from all major West Coast and Gulf Coast ports to eastern gateways, connects with Canada's rail systems and is the only railroad serving all six major Mexico gateways. Union Pacific provides value to its roughly 10,000 customers by delivering products in a safe, reliable, fuel-efficient and environmentally responsible manner.

Union Pacific Investor contact: Mike Staffenbeal at 402-544-4227 or mstaffen@up.com

Union Pacific Media contact: Calli Hite at 402-544-0100 or callihite@up.com

[Supplemental financial information is attached.](#)

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 generate financial returns, improve network performance and customer service; implementation of corporate strategies; and providing excellent service to its customers and returns to its shareholders. These statements are, or will be, forward-looking statements as defined by the Securities Act of 1933 and 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 2016, which was filed with the SEC on February 3, 2017. 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.

###

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES
Condensed Consolidated Statements of Income (unaudited)

| <i>Millions, Except Per Share Amounts and Percentages, For the Periods Ended June 30,</i> | 2nd Quarter | | | Year-to-Date | | |
|---|--------------------|---------------|-----------------|---------------------|-----------------|-----------------|
| | 2017 | 2016 | % | 2017 | 2016 | % |
| Operating Revenues | | | | | | |
| Freight revenues | \$ 4,906 | \$ 4,430 | 11 % | \$ 9,700 | \$ 8,932 | 9 % |
| Other revenues | 344 | 340 | 1 | 682 | 667 | 2 |
| Total operating revenues | 5,250 | 4,770 | 10 | 10,382 | 9,599 | 8 |
| Operating Expenses | | | | | | |
| Compensation and benefits | 1,197 | 1,160 | 3 | 2,454 | 2,373 | 3 |
| Purchased services and materials | 597 | 570 | 5 | 1,163 | 1,139 | 2 |
| Depreciation | 525 | 504 | 4 | 1,045 | 1,006 | 4 |
| Fuel | 434 | 346 | 25 | 894 | 666 | 34 |
| Equipment and other rents | 273 | 286 | (5) | 549 | 575 | (5) |
| Other | 219 | 244 | (10) | 479 | 493 | (3) |
| Total operating expenses | 3,245 | 3,110 | 4 | 6,584 | 6,252 | 5 |
| Operating Income | 2,005 | 1,660 | 21 | 3,798 | 3,347 | 13 |
| Other income | 43 | 77 | (44) | 110 | 123 | (11) |
| Interest expense | (179) | (173) | 3 | (351) | (340) | 3 |
| Income before income taxes | 1,869 | 1,564 | 20 | 3,557 | 3,130 | 14 |
| Income taxes | (701) | (585) | 20 | (1,317) | (1,172) | 12 |
| Net Income | \$ 1,168 | \$ 979 | 19 % | \$ 2,240 | \$ 1,958 | 14 % |
| Share and Per Share | | | | | | |
| Earnings per share - basic | \$ 1.45 | \$ 1.17 | 24 % | \$ 2.77 | \$ 2.33 | 19 % |
| Earnings per share - diluted | \$ 1.45 | \$ 1.17 | 24 | \$ 2.76 | \$ 2.32 | 19 |
| Weighted average number of shares - basic | 804.1 | 837.4 | (4) | 807.8 | 840.7 | (4) |
| Weighted average number of shares - diluted | 807.2 | 840.1 | (4) | 811.0 | 843.4 | (4) |
| Dividends declared per share | \$ 0.605 | \$ 0.55 | 10 | \$ 1.21 | \$ 1.10 | 10 |
| Operating Ratio | 61.8% | 65.2% | (3.4)pts | 63.4% | 65.1% | (1.7)pts |
| Effective Tax Rate | 37.5% | 37.4% | 0.1 pts | 37.0% | 37.4% | (0.4)pts |

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

Freight Revenues Statistics (unaudited)

| <i>For the Periods Ended June 30,</i> | 2nd Quarter | | | Year-to-Date | | |
|---------------------------------------|--------------------|-----------------|-------------|---------------------|-----------------|------------|
| | 2017 | 2016 | % | 2017 | 2016 | % |
| Freight Revenues (Millions) | | | | | | |
| Agricultural Products | \$ 907 | \$ 845 | 7 % | \$ 1,849 | \$ 1,727 | 7 % |
| Automotive | 513 | 488 | 5 | 1,017 | 998 | 2 |
| Chemicals | 898 | 864 | 4 | 1,783 | 1,742 | 2 |
| Coal | 619 | 494 | 25 | 1,267 | 1,013 | 25 |
| Industrial Products | 1,030 | 830 | 24 | 1,937 | 1,664 | 16 |
| Intermodal | 939 | 909 | 3 | 1,847 | 1,788 | 3 |
| Total | \$ 4,906 | \$ 4,430 | 11 % | \$ 9,700 | \$ 8,932 | 9 % |
| Revenue Carloads (Thousands) | | | | | | |
| Agricultural Products | 237 | 229 | 3 % | 487 | 464 | 5 % |
| Automotive | 215 | 217 | (1) | 427 | 434 | (2) |
| Chemicals | 269 | 275 | (2) | 526 | 543 | (3) |
| Coal | 285 | 243 | 17 | 589 | 505 | 17 |
| Industrial Products | 315 | 275 | 15 | 593 | 549 | 8 |
| Intermodal* | 824 | 809 | 2 | 1,611 | 1,597 | 1 |
| Total | 2,145 | 2,048 | 5 % | 4,233 | 4,092 | 3 % |
| Average Revenue per Car | | | | | | |
| Agricultural Products | \$ 3,813 | \$ 3,692 | 3 % | \$ 3,793 | \$ 3,721 | 2 % |
| Automotive | 2,393 | 2,247 | 6 | 2,383 | 2,298 | 4 |
| Chemicals | 3,334 | 3,146 | 6 | 3,390 | 3,208 | 6 |
| Coal | 2,173 | 2,026 | 7 | 2,153 | 2,005 | 7 |
| Industrial Products | 3,271 | 3,025 | 8 | 3,266 | 3,033 | 8 |
| Intermodal* | 1,140 | 1,124 | 1 | 1,147 | 1,120 | 2 |
| Average | \$ 2,287 | \$ 2,163 | 6 % | \$ 2,292 | \$ 2,183 | 5 % |

* Each intermodal container or trailer equals one carload.

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES
Condensed Consolidated Statements of Financial Position (unaudited)

| <i>Millions, Except Percentages</i> | Jun. 30, 2017 | Dec. 31, 2016 |
|--|--------------------------|--------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,286 | \$ 1,277 |
| Short-term investments | 90 | 60 |
| Other current assets | 2,493 | 2,259 |
| Investments | 1,504 | 1,457 |
| Net properties | 50,814 | 50,389 |
| Other assets | 291 | 276 |
| Total assets | \$ 56,478 | \$ 55,718 |
| Liabilities and Common Shareholders' Equity | | |
| Debt due within one year | \$ 531 | \$ 758 |
| Other current liabilities | 2,875 | 2,882 |
| Debt due after one year | 15,229 | 14,249 |
| Deferred income taxes | 16,329 | 15,996 |
| Other long-term liabilities | 1,899 | 1,901 |
| Total liabilities | 36,863 | 35,786 |
| Total common shareholders' equity | 19,615 | 19,932 |
| Total liabilities and common shareholders' equity | \$ 56,478 | \$ 55,718 |
| Debt to Capital | 44.6% | 43.0% |
| Adjusted Debt to Capital* | 48.5% | 47.3% |

* Adjusted Debt to Capital is a non-GAAP measure; however, management believes that it is an important measure in evaluating our financial performance. See page 8 for a reconciliation to GAAP.

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES
Condensed Consolidated Statements of Cash Flows (unaudited)

| <i>Millions, For the Periods Ended June 30,</i> | Year-to-Date | |
|---|---------------------|-------------|
| | 2017 | 2016 |
| Operating Activities | | |
| Net income | \$ 2,240 | \$ 1,958 |
| Depreciation | 1,045 | 1,006 |
| Deferred income taxes | 298 | 349 |
| Other - net | (124) | 212 |
| Cash provided by operating activities | 3,459 | 3,525 |
| Investing Activities | | |
| Capital investments | (1,589) | (1,590) |
| Purchases of short-term investments | (90) | (330) |
| Maturities of short-term investments | 60 | - |
| Other - net | 55 | 82 |
| Cash used in investing activities | (1,564) | (1,838) |
| Financing Activities | | |
| Common shares repurchased | (1,611) | (1,252) |
| Debt issued | 1,186 | 1,428 |
| Dividends paid | (980) | (925) |
| Debt repaid | (444) | (449) |
| Other - net | (37) | (50) |
| Cash used in financing activities | (1,886) | (1,248) |
| Net Change in Cash and Cash Equivalents | 9 | 439 |
| Cash and cash equivalents at beginning of year | 1,277 | 1,391 |
| Cash and Cash Equivalents at End of Period | \$ 1,286 | \$ 1,830 |
| Free Cash Flow* | | |
| Cash provided by operating activities | \$ 3,459 | \$ 3,525 |
| Cash used in investing activities | (1,564) | (1,838) |
| Dividends paid | (980) | (925) |
| Free cash flow | \$ 915 | \$ 762 |

* Free cash flow is a non-GAAP measure; however, we believe this measure is important to management and investors in evaluating our financial performance and measures our ability to generate cash without additional external financing.

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES
Operating and Performance Statistics (unaudited)

| <i>For the Periods Ended June 30,</i> | 2nd Quarter | | | Year-to-Date | | |
|--|--------------------|---------|------|---------------------|---------|------|
| | 2017 | 2016 | % | 2017 | 2016 | % |
| Operating/Performance Statistics | | | | | | |
| Gross ton-miles (GTMs) (millions) | 222,842 | 202,943 | 10 % | 441,756 | 408,423 | 8 % |
| Employees (average) | 42,256 | 43,053 | (2) | 42,162 | 43,354 | (3) |
| GTMs (millions) per employee | 5.27 | 4.71 | 12 | 10.48 | 9.42 | 11 |
| Locomotive Fuel Statistics | | | | | | |
| Average fuel price per gallon consumed | \$ 1.69 | \$ 1.45 | 17 % | \$ 1.72 | \$ 1.35 | 27 % |
| Fuel consumed in gallons (millions) | 246 | 232 | 6 | 499 | 479 | 4 |
| Fuel consumption rate* | 1.105 | 1.144 | (3) | 1.130 | 1.174 | (4) |
| AAR Reported Performance Measures | | | | | | |
| Average train speed (miles per hour) | 25.4 | 26.6 | (5)% | 25.6 | 27.0 | (5)% |
| Average terminal dwell time (hours) | 28.3 | 27.1 | 4 | 29.4 | 27.8 | 6 |
| Revenue Ton-Miles (Millions) | | | | | | |
| Agricultural Products | 22,089 | 21,565 | 2 % | 45,548 | 43,856 | 4 % |
| Automotive | 4,692 | 4,528 | 4 | 9,354 | 9,106 | 3 |
| Chemicals | 16,631 | 16,841 | (1) | 32,901 | 34,113 | (4) |
| Coal | 30,446 | 23,811 | 28 | 62,279 | 48,584 | 28 |
| Industrial Products | 21,321 | 16,904 | 26 | 40,160 | 33,945 | 18 |
| Intermodal | 19,643 | 19,226 | 2 | 38,659 | 37,934 | 2 |
| Total | 114,822 | 102,875 | 12 % | 228,901 | 207,538 | 10 % |

* Fuel consumption is computed as follows: gallons of fuel consumed divided by gross ton-miles in thousands.

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES
Condensed Consolidated Statements of Income (unaudited)

| <i>Millions, Except Per Share Amounts and Percentages,</i> | 2017 | | |
|--|----------------|----------------|---------------------|
| | 1st Qtr | 2nd Qtr | Year-to-Date |
| Operating Revenues | | | |
| Freight revenues | \$ 4,794 | \$ 4,906 | \$ 9,700 |
| Other revenues | 338 | 344 | 682 |
| Total operating revenues | 5,132 | 5,250 | 10,382 |
| Operating Expenses | | | |
| Compensation and benefits | 1,257 | 1,197 | 2,454 |
| Purchased services and materials | 566 | 597 | 1,163 |
| Depreciation | 520 | 525 | 1,045 |
| Fuel | 460 | 434 | 894 |
| Equipment and other rents | 276 | 273 | 549 |
| Other | 260 | 219 | 479 |
| Total operating expenses | 3,339 | 3,245 | 6,584 |
| Operating Income | | | |
| Other income | 67 | 43 | 110 |
| Interest expense | (172) | (179) | (351) |
| Income before income taxes | 1,688 | 1,869 | 3,557 |
| Income taxes | (616) | (701) | (1,317) |
| Net Income | \$ 1,072 | \$ 1,168 | \$ 2,240 |
| Share and Per Share | | | |
| Earnings per share - basic | \$ 1.32 | \$ 1.45 | \$ 2.77 |
| Earnings per share - diluted | \$ 1.32 | \$ 1.45 | \$ 2.76 |
| Weighted average number of shares - basic | 811.5 | 804.1 | 807.8 |
| Weighted average number of shares - diluted | 814.8 | 807.2 | 811.0 |
| Dividends declared per share | \$ 0.605 | \$ 0.605 | \$ 1.21 |
| Operating Ratio | 65.1% | 61.8% | 63.4% |
| Effective Tax Rate | 36.5% | 37.5% | 37.0% |

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES
Freight Revenues Statistics (unaudited)

| | 2017 | | |
|-------------------------------------|-----------------|-----------------|---------------------|
| | 1st Qtr | 2nd Qtr | Year-to-Date |
| Freight Revenues (Millions) | | | |
| Agricultural Products | \$ 942 | \$ 907 | \$ 1,849 |
| Automotive | 504 | 513 | 1,017 |
| Chemicals | 885 | 898 | 1,783 |
| Coal | 648 | 619 | 1,267 |
| Industrial Products | 907 | 1,030 | 1,937 |
| Intermodal | 908 | 939 | 1,847 |
| Total | \$ 4,794 | \$ 4,906 | \$ 9,700 |
| Revenue Carloads (Thousands) | | | |
| Agricultural Products | 250 | 237 | 487 |
| Automotive | 212 | 215 | 427 |
| Chemicals | 257 | 269 | 526 |
| Coal | 304 | 285 | 589 |
| Industrial Products | 278 | 315 | 593 |
| Intermodal* | 787 | 824 | 1,611 |
| Total | 2,088 | 2,145 | 4,233 |
| Average Revenue per Car | | | |
| Agricultural Products | \$ 3,773 | \$ 3,813 | \$ 3,793 |
| Automotive | 2,373 | 2,393 | 2,383 |
| Chemicals | 3,448 | 3,334 | 3,390 |
| Coal | 2,134 | 2,173 | 2,153 |
| Industrial Products | 3,261 | 3,271 | 3,266 |
| Intermodal* | 1,154 | 1,140 | 1,147 |
| Average | \$ 2,297 | \$ 2,287 | \$ 2,292 |

* Each intermodal container or trailer equals one carload.

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES*Non-GAAP Measures Reconciliation to GAAP***Debt to Capital***

| <i>Millions, Except Percentages</i> | Jun. 30, 2017 | <i>Dec. 31, 2016</i> |
|-------------------------------------|--------------------------|--------------------------|
| Debt (a) | \$ 15,760 | \$ 15,007 |
| Equity | 19,615 | 19,932 |
| Capital (b) | \$ 35,375 | \$ 34,939 |
| Debt to capital (a/b) | 44.6% | 43.0% |

* Total debt divided by total debt plus equity. We believe this measure is important to management and investors in evaluating our balance sheet strength and is important in managing our credit ratios and financing relationships.

Adjusted Debt to Capital, Reconciliation to GAAP*

| <i>Millions, Except Percentages</i> | Jun. 30, 2017 | <i>Dec. 31, 2016</i> |
|--|--------------------------|--------------------------|
| Debt | \$ 15,760 | \$ 15,007 |
| Net present value of operating leases | 2,267 | 2,435 |
| Unfunded pension and OPEB, net of taxes of \$248 and \$261 | 413 | 436 |
| Adjusted debt (a) | 18,440 | 17,878 |
| Equity | 19,615 | 19,932 |
| Adjusted capital (b) | \$ 38,055 | \$ 37,810 |
| Adjusted debt to capital (a/b) | 48.5% | 47.3% |

* Total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation divided by total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation plus equity. Operating leases were discounted using 4.6% at June 30, 2017, and 4.7% at December 31, 2016. The discount rate reflects our effective interest rate. We believe this measure is important to management and investors in evaluating the total amount of leverage in our capital structure including off-balance sheet lease obligations.