



# FINANCIAL OUTLOOK

Jennifer Hamann, EVP and Chief Financial Officer

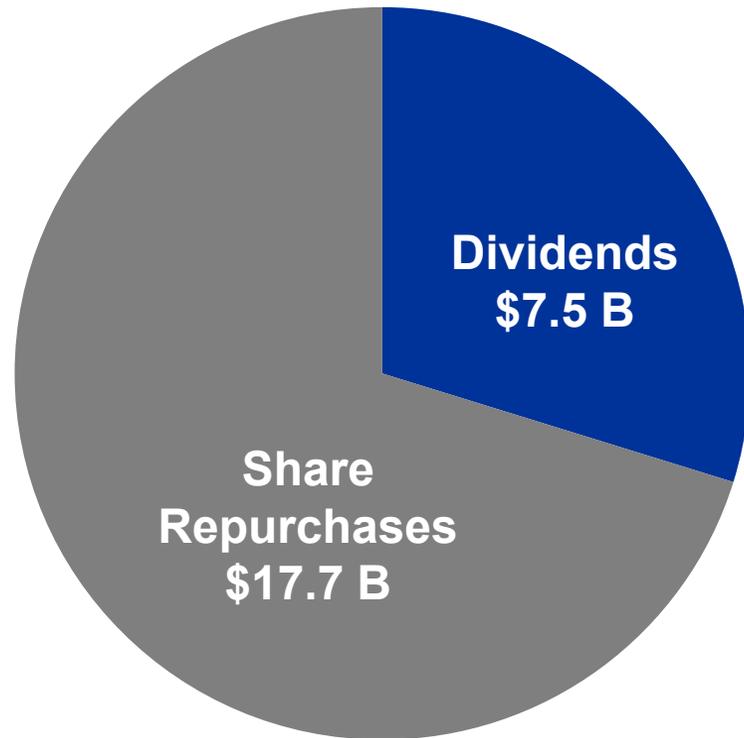
May 4, 2021



# Delivering Significant Shareholder Returns



2018 – 2020



**\$25.2 Billion Returned to Shareholders**



**Increased Annual Dividend per Share 56%**



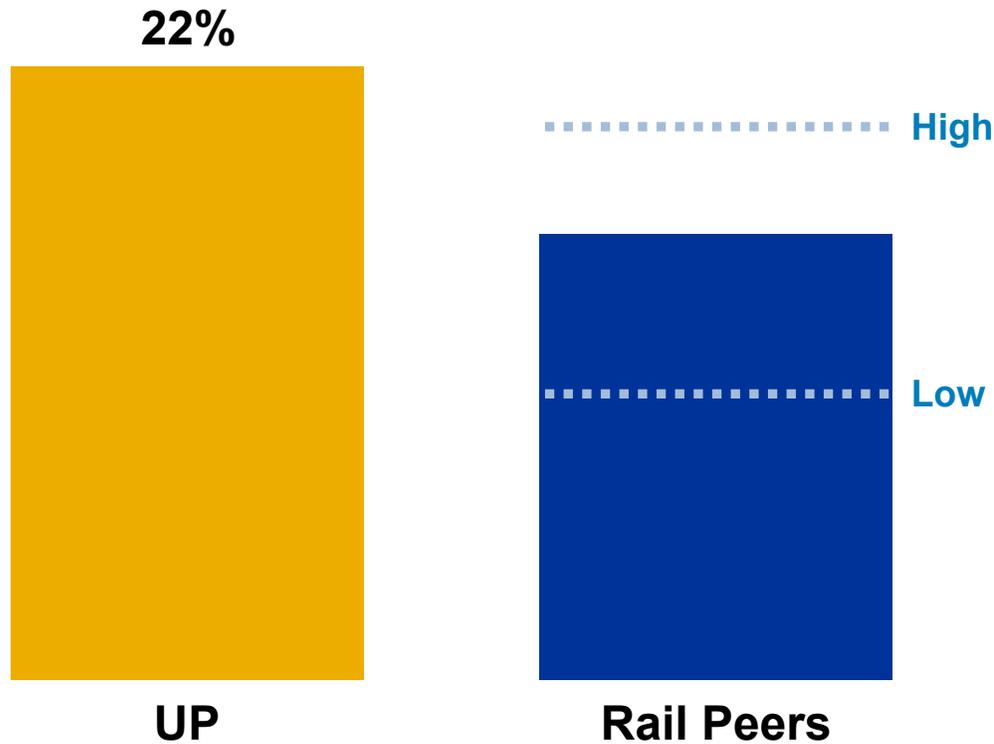
**Repurchased 114 Million Shares (15% of Average Market Cap) Totaling \$17.7 Billion**

**Returned 145% of Net Income to Shareholders**



# Shareholder Cash Returns Outpacing Peers

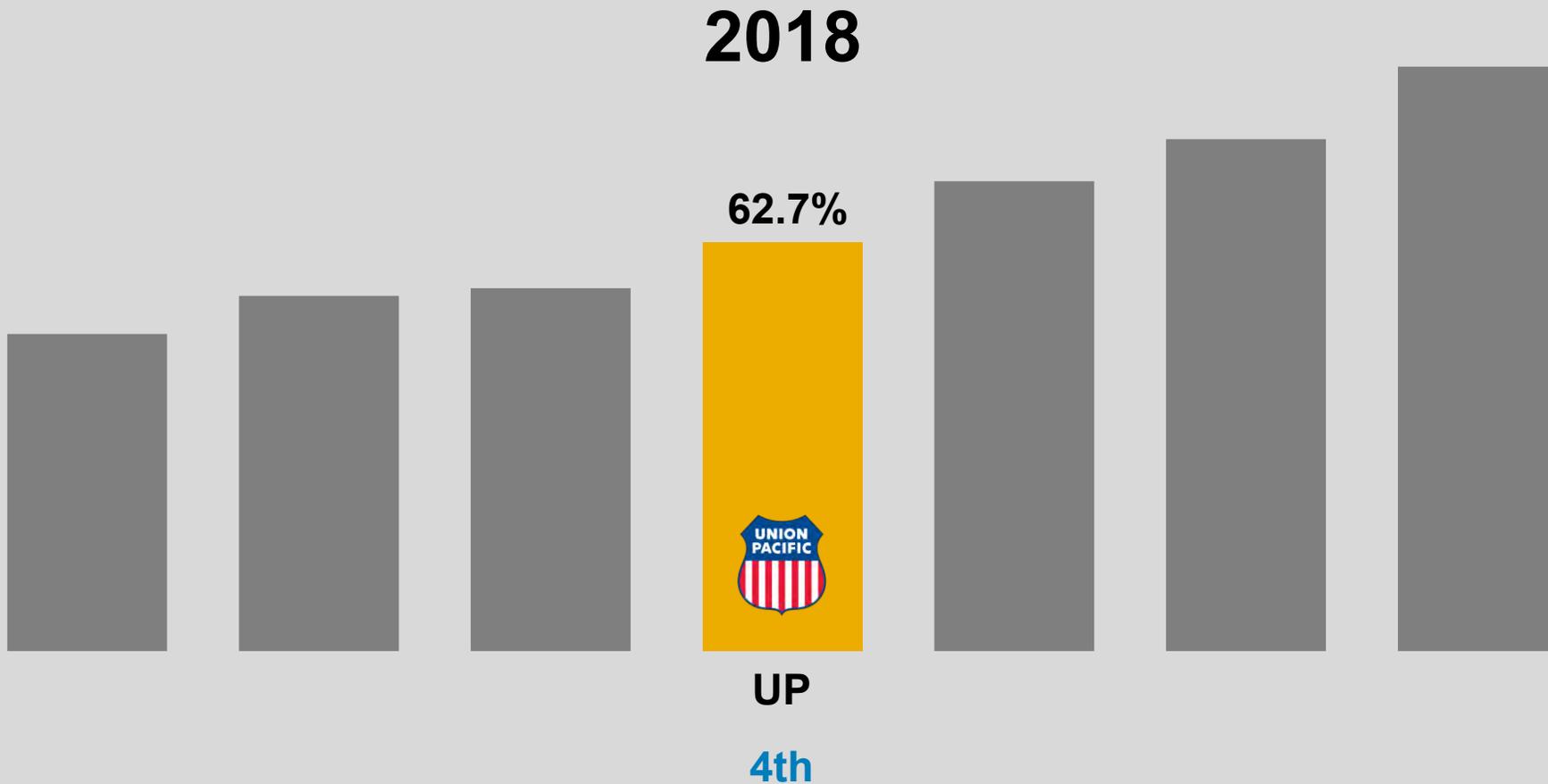
2018 – 2020



**UP Total Return:  
Solid Share Repurchases  
Combined with Steady  
Dividend Increases**



# Improving Margins vs. Rail Peers



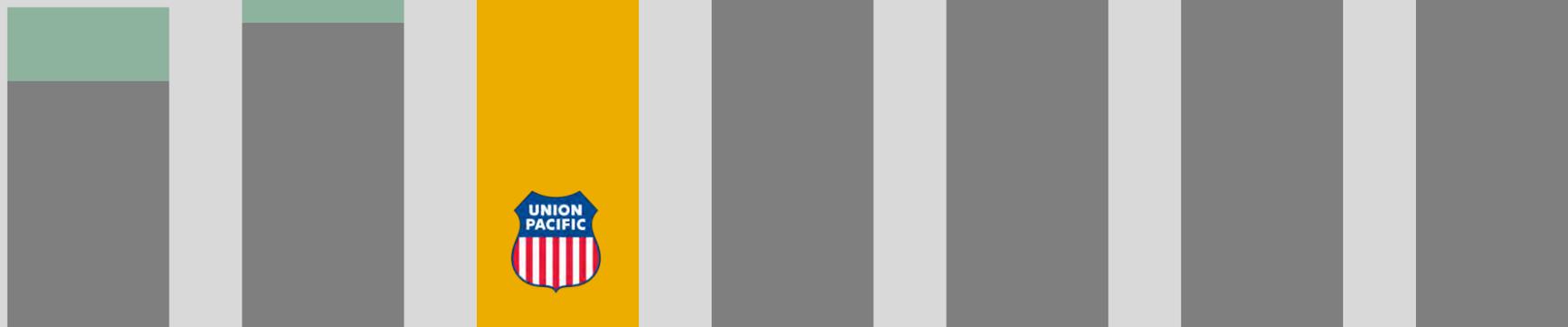
# Improving Margins vs. Rail Peers



2019

Change from prior year

- Better
- Worse



UP

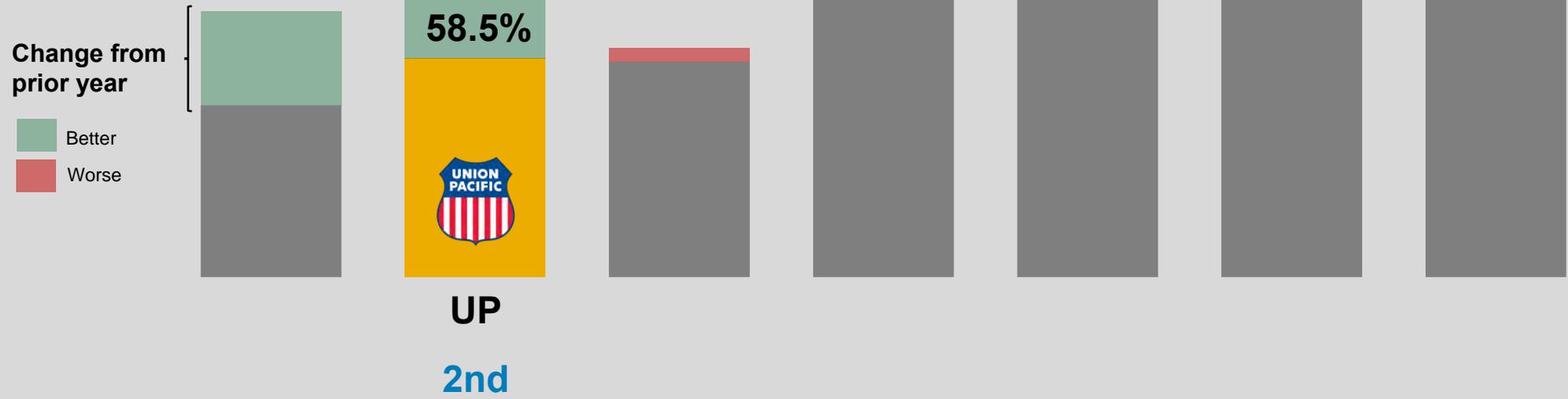
3rd



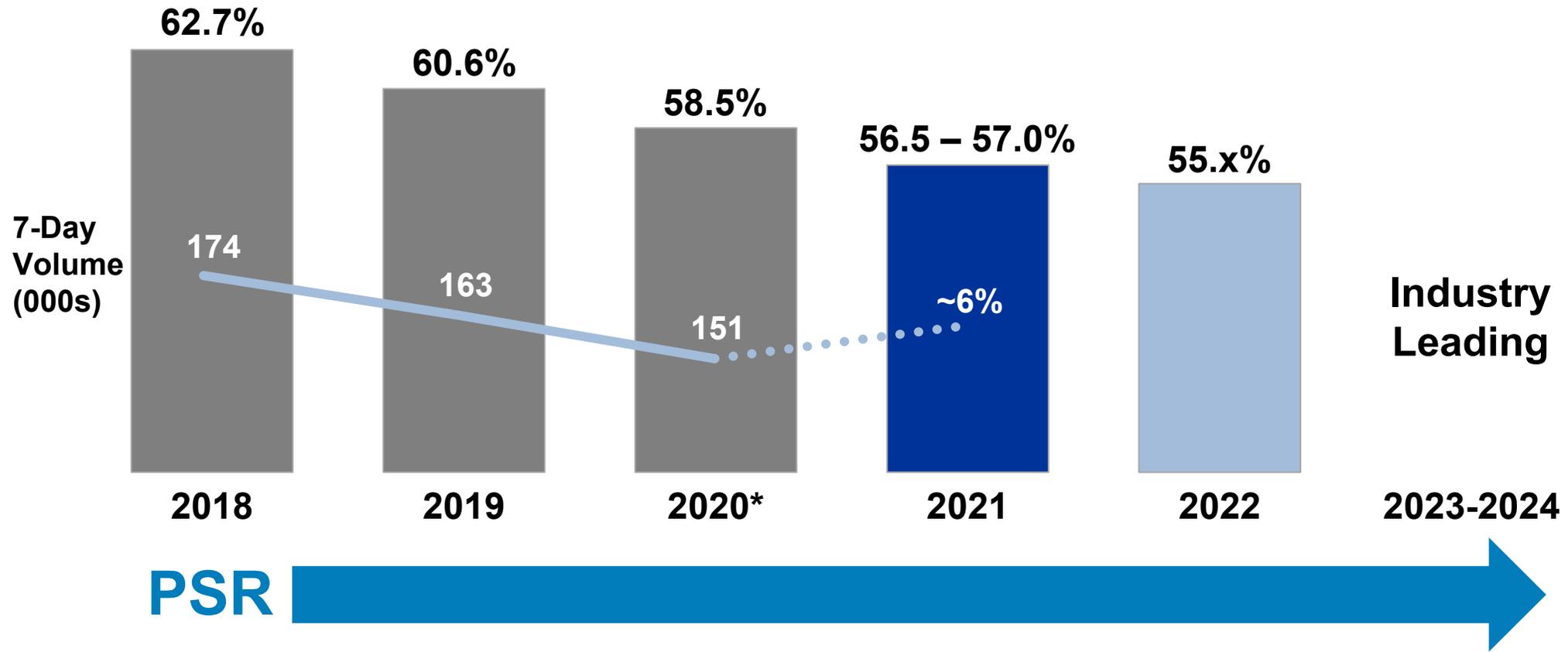
# Improving Margins vs. Rail Peers



2020



# Clear Path to Industry Leading Operating Ratio

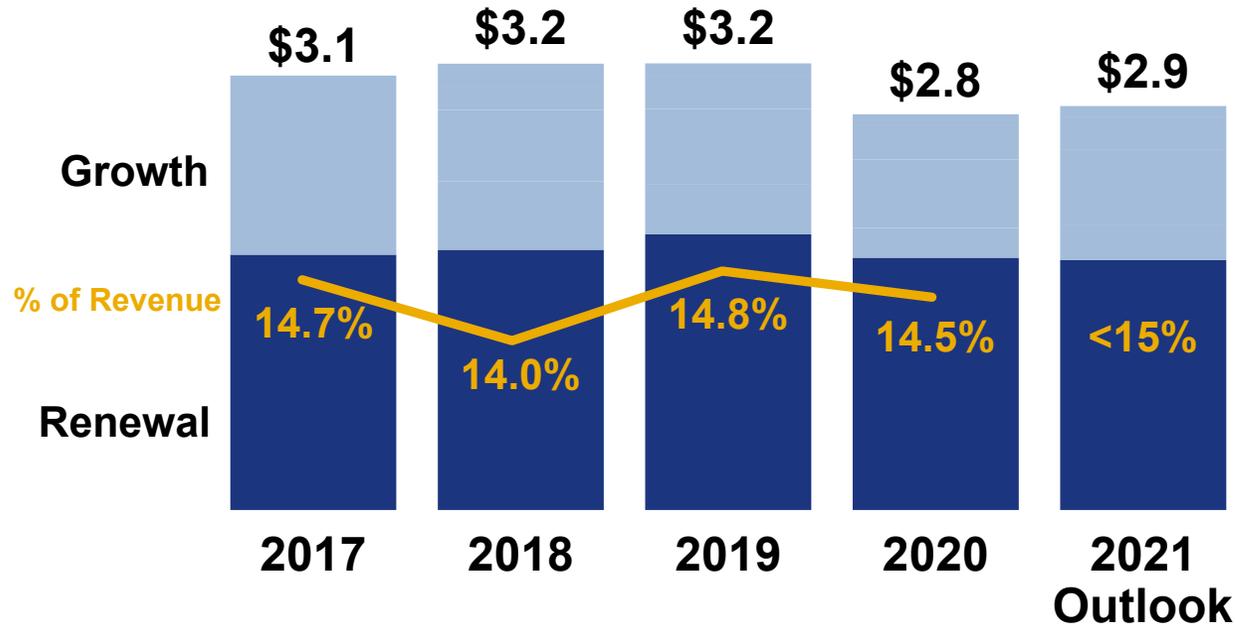


\* Excludes Brazos impairment. See Union Pacific website under Investors for a reconciliation to GAAP for Union Pacific's results.



# Driving Growth with Lower Capital Intensity

\$ in billions

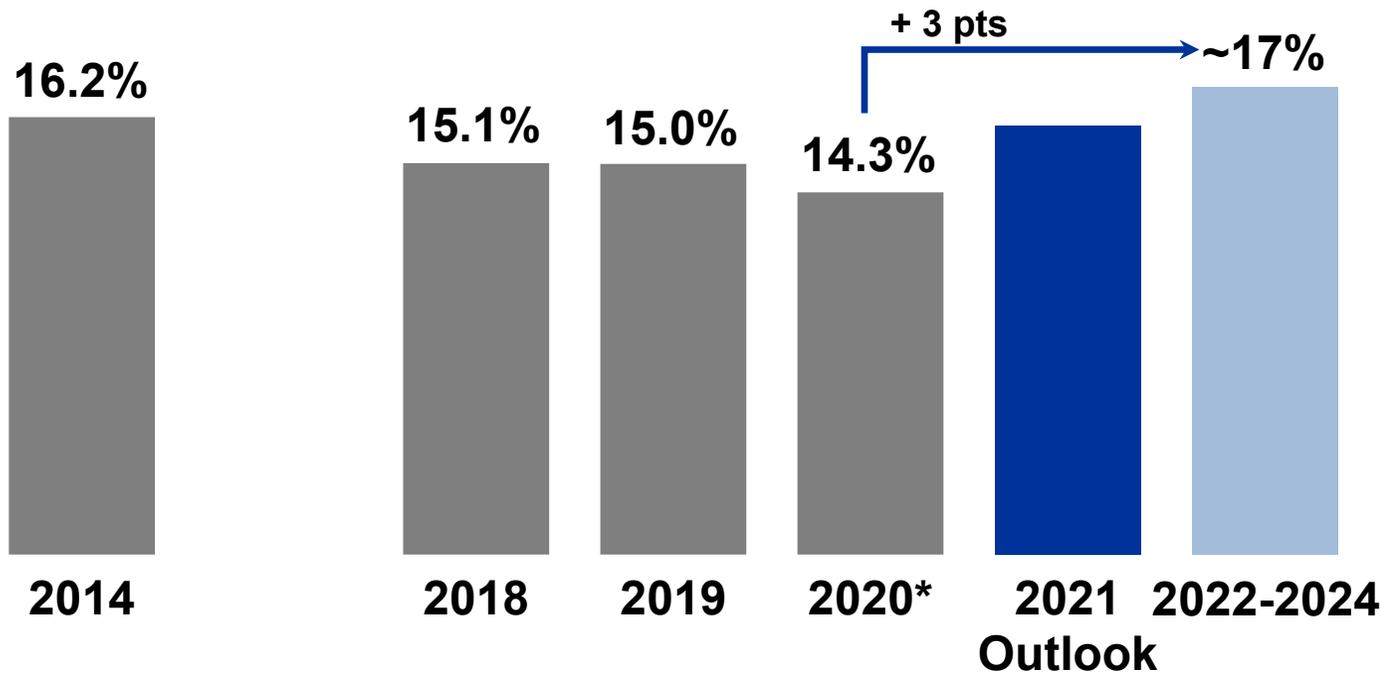


## Return-Focused Capital Program

### 2022-2024 Capital Plan: <15% of Revenue



# Growing Return on Invested Capital\*



**Maintaining Strong Investment Grade Credit Rating and Delivering Consistent Financial Performance**

Excludes Brazos impairment

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

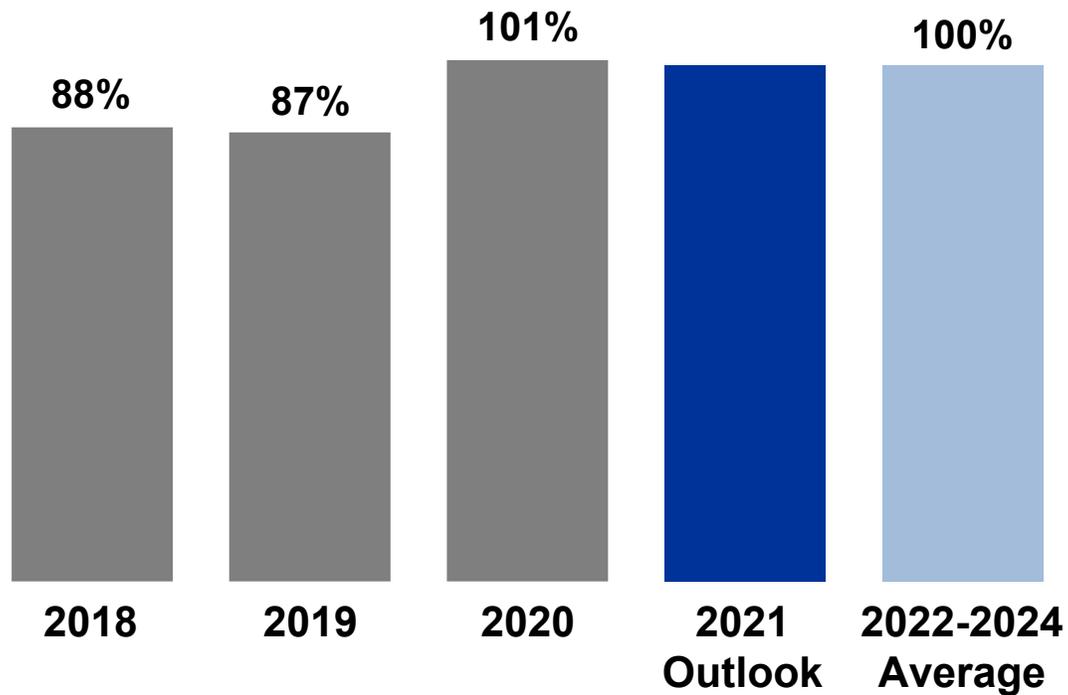


# Strong and Growing Cash Generation Supports Shareholder Returns



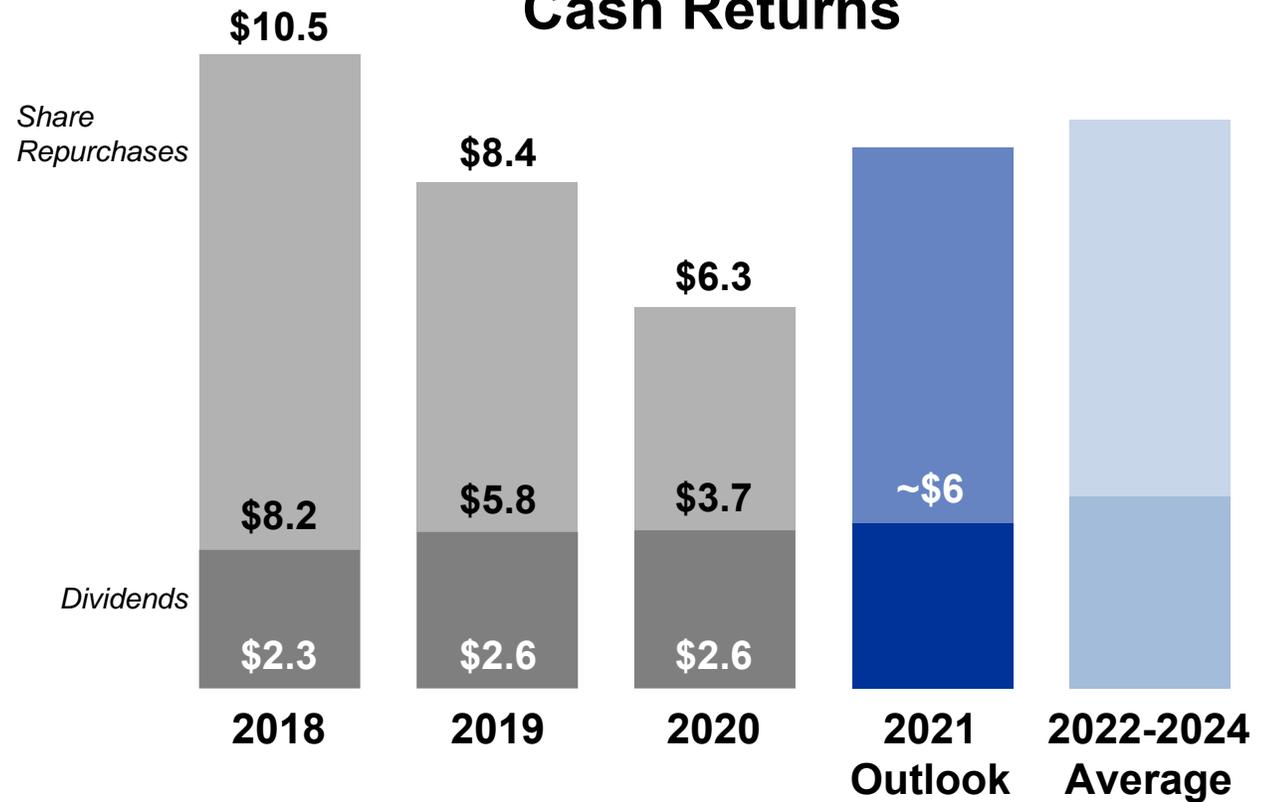
\$ in billions

## Cash Flow Conversion\*



**Strong Cash Conversion, 100%**

## Cash Returns



**Consistent Dividend Increases, 45% Payout  
Share Repurchases, 17% of Market Cap**



# WIN – Industry Leading Financial Results

2022 – 2024



## Revenue Growth

Volume: Exceed Industrial Production,  
~3% CAGR

Core Price Gains Above Inflation \$



## Profitability

55.x% Operating Ratio Full Year 2022;  
Industry Leader

Mid to High 60% Incremental Margins  
Low Double Digit EPS Growth CAGR



## Capital, Leverage, and Returns

Capital Investments <15% of Revenue

Strong Investment Grade Credit Rating

ROIC ~17%



## Cash to Shareholders

100% Cash Conversion

Share Repurchases \$18 - 19 Billion

Dividend Payout Ratio 45%





# APPENDIX

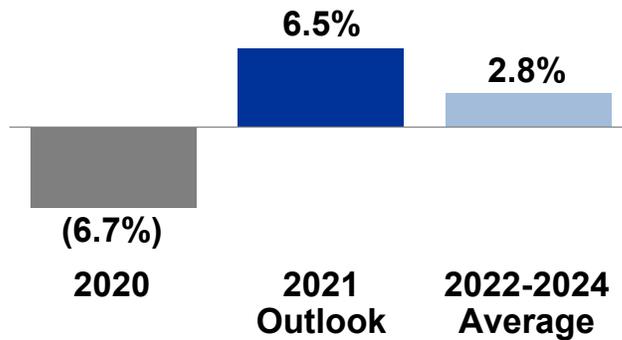


# Financial Drivers



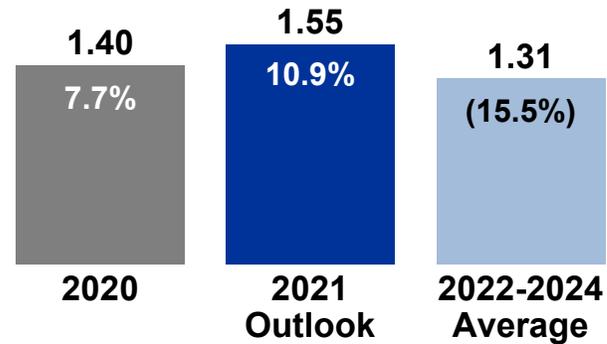
## Economic Indicators

### Industrial Production



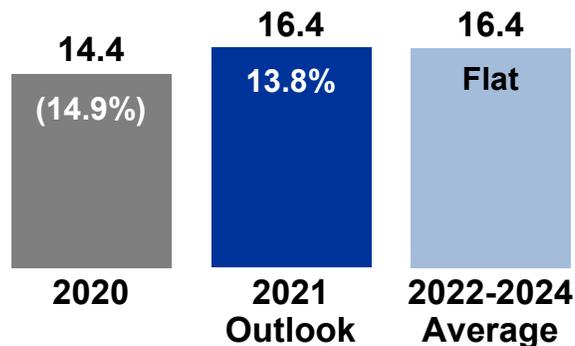
### Housing Starts

(millions of units)

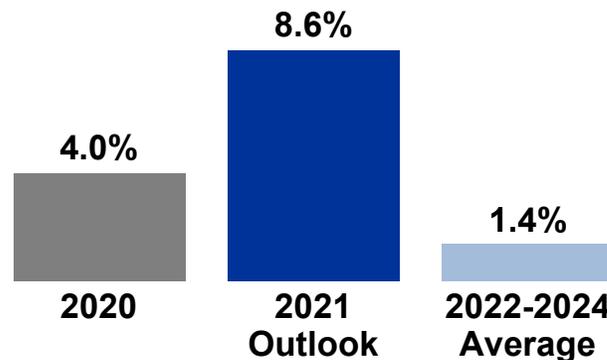


### Light Vehicle Sales

(millions of units)



### Consumer Spending\*



\* Durable and Nondurable Goods; excludes Services

## Core Assumptions

**Inflation 2.25%**

**Fuel Price \$1.85 per Gallon**

**Effective Tax Rate ~24%**

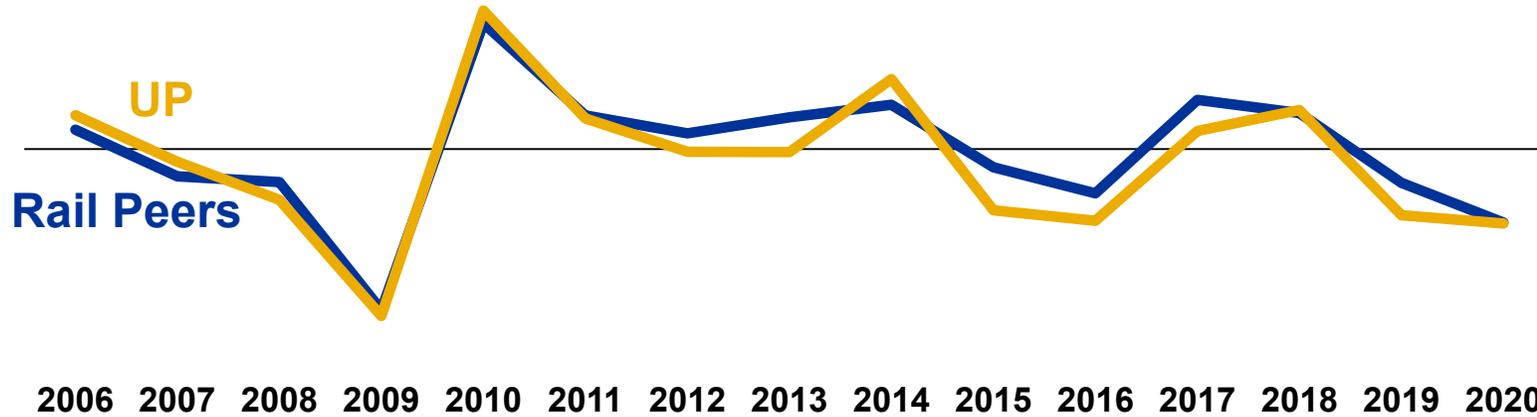
**1% Tax Rate Change = ~\$70 Million**



# Carload Growth Trends



## Annual Carload Growth

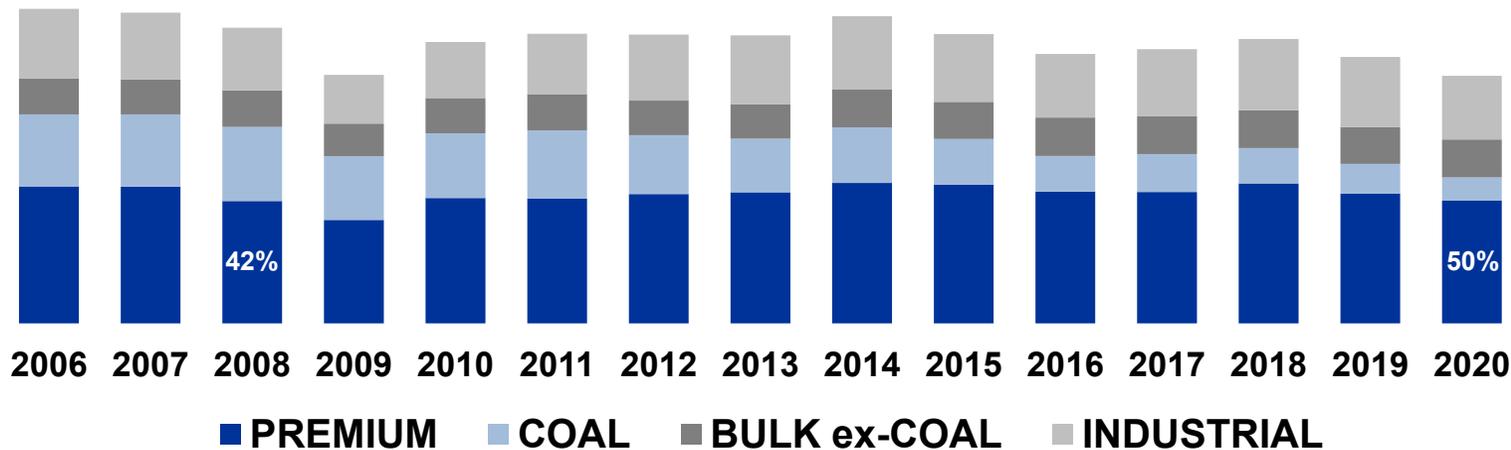


## Volume CAGR

UP: (1%)

Rail Peers: Flat

## UP Carload Mix



## Mix Headwinds

Intermodal Growth

Coal Decline

