



UNION PACIFIC CORPORATION

FOURTH QUARTER 2023 EARNINGS

JANUARY 25, 2024

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EXECUTIVE SUMMARY FOURTH QUARTER 2023

Jim Vena

Chief Executive Officer

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Fourth Quarter Highlights & Executive Summary

Highlights

- ▲ \$2.71 Earnings per Share
- \$2.4B Operating Income
- \$6.2B Operating Revenue
- ▼ 60.9% Operating Ratio
- ▲ Freight Car Velocity up 14%
- ▲ Locomotive Productivity up 14%

Executive Summary

- Team demonstrated early success behind strategy of safety, service, and operational excellence
- Volume and productivity offset inflationary pressures in the Fourth Quarter to drive strong sequential operating ratio improvement
- Captured short-term business opportunities through fluid operations
- Service and efficiency metrics exhibit positive momentum to end the year

SAFETY + SERVICE & OPERATIONAL EXCELLENCE

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FINANCIAL REVIEW FOURTH QUARTER 2023

Jennifer Hamann

Executive Vice President & Chief Financial Officer

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Fourth Quarter Income Statement

	2023	2022	Variance
Operating Revenues	\$6,159	\$6,180	-
Operating Expenses	3,752	3,768	-
Operating Income	2,407	2,412	- %
Other Income	108	92	17
Interest Expense	(331)	(333)	(1)
Income Taxes	(532)	(533)	-
Net Income	\$1,652	\$1,638	1 %
Weighted Average Diluted Shares	609.9	613.7	(1)
Diluted EPS	\$2.71	\$2.67	1
Operating Ratio	60.9%	61.0%	(0.1) pts

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Freight Revenue Drivers:

- + Volume 3.50%
- + Price/Mix 0.75%
- Fuel Surcharge (3.75%)

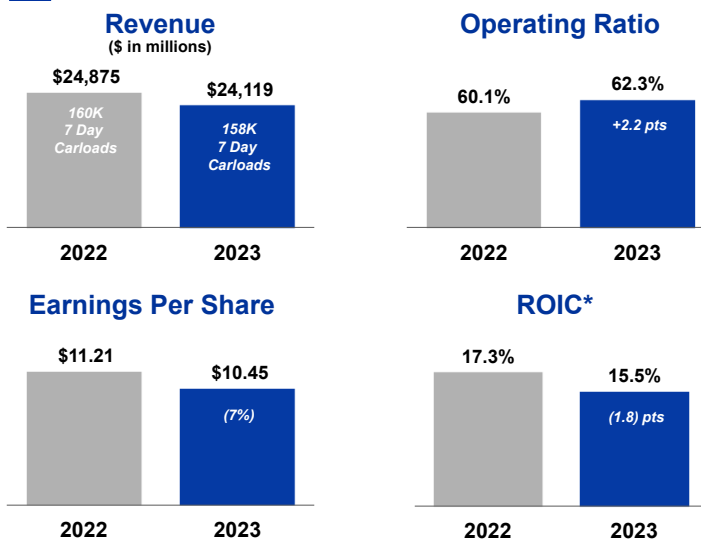
Operating Expense Drivers:

- + Lower Fuel Prices
- + Productivity
- + Greater Network Fluidity
- Inflationary Pressure
- Volume-Related Costs
- Increased Casualty Costs



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2023 Full Year Reported Results



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

2023 Summary:

- Total Revenue Down 3% to \$24.1 Billion
 - Fuel Surcharge Revenue down \$0.7 Billion
- Total Expenses Up 1% to \$15.0 Billion
- Operating Income Down 8% to \$9.1 Billion
- Net Income Down 9% to \$6.4 Billion



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2023 Full Year Cash Generation, Debt, & Returns to Shareholders



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

\$ in Millions



MARKETING & SALES REVIEW FOURTH QUARTER 2023

Kenny Rocker

Executive Vice President – Marketing & Sales



Fourth Quarter Commodity Review

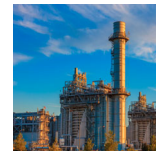
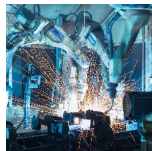
Commodity	Revenue	Volume	ARC	Quarterly Drivers
Bulk <small>vs. 4Q'22</small>	\$1,938 <i>Flat</i>	522K ▲ 3%	\$3,712 ▼ 2%	<ul style="list-style-type: none"> Strong Demand for Fall Fertilizer Application Grain Products Business Development (BD) Wins Coal Challenged from Low Natural Gas Prices & Weather
Industrial <small>vs. 4Q'22</small>	\$2,078 ▲ 4%	555K ▲ 3%	\$3,742 ▲ 1%	<ul style="list-style-type: none"> Petroleum & LPG BD Wins Improved Plastics Market Demand Globally Lower Demand for Sand
Premium <small>vs. 4Q'22</small>	\$1,785 ▼ 3%	979K ▲ 4%	\$1,824 ▼ 7%	<ul style="list-style-type: none"> Auto Inventory Restocking & BD Wins Offset by UAW Strike Challenges Strength in West Coast Imports Domestic Business Development Growth

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2024 Economic Indicators



Year	Industrial Production	GDP	Housing Starts (MM)	Light Vehicle Sales (MM)	Consumer Spending*	Natural Gas Prices
2023	0.2%	2.4%	1.41	15.4	2.0%	\$2.54
2024	0.1%	1.7%	1.39	15.8	1.8%	\$3.13

Economic environment forecasted to be muted in 2024

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* Durable & Non-Durable Goods
Source: S&P Global Market Intelligence



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2024 Volume Outlook

Bulk



- Coal
- ↔ Grain
- + Fertilizer and Biofuel Feedstocks

Industrial



- Construction
- + Petroleum
- + Petrochemicals

Premium



- International Intermodal
- ? Domestic Intermodal
- + Automotive

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OPERATIONS REVIEW FOURTH QUARTER 2023

Eric Gehringer

Executive Vice President – Operations

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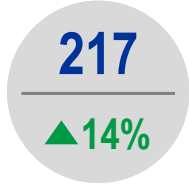
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FOURTH QUARTER 2023

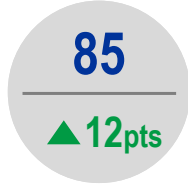
Key Performance Metrics

2023 Reportable Derailment Rates Improved

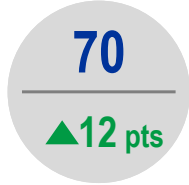
Freight Car Velocity
(Daily Miles per Car)



Intermodal Trip Plan Compliance
(% of Boxes on Time)



Manifest/Auto Trip Plan Compliance
(% of Cars on Time)



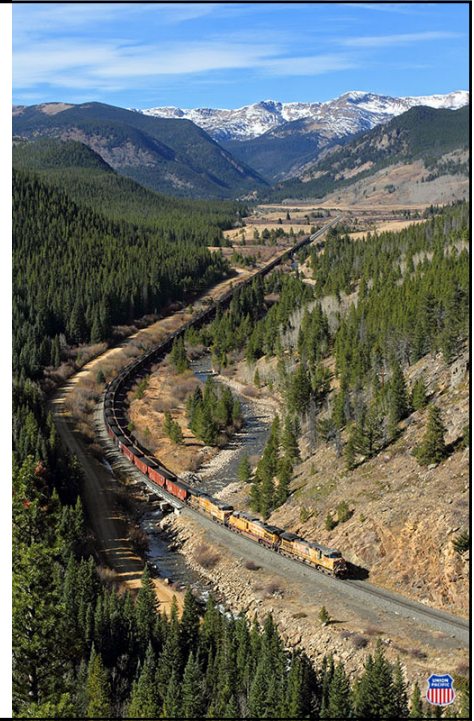
Quarterly Drivers

Increased Train Velocity

Improved Line of Road Performance

Lower Freight Car Dwell

13 Year-over-year change in metrics.

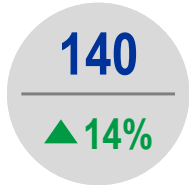


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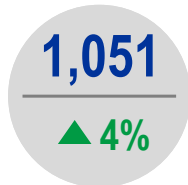
FOURTH QUARTER 2023

Key Efficiency Metrics

Locomotive Productivity
(GTM per HP Day)



Workforce Productivity
(Daily Car Miles per FTE)



Train Length
(Max on Route, in Feet)



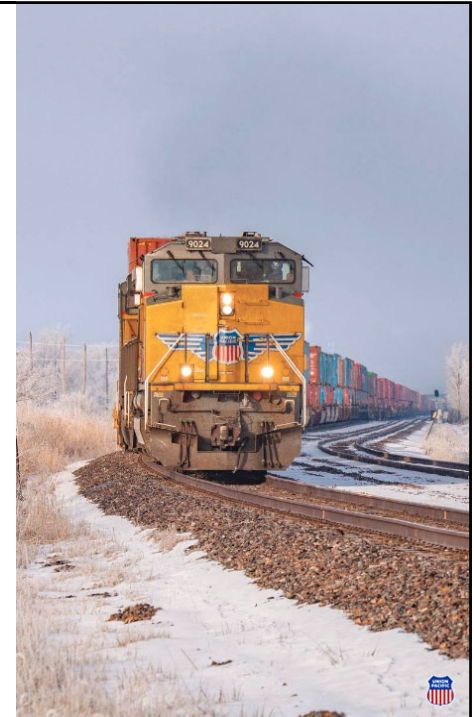
Quarterly Drivers

Storing Excess Locomotives

Improved Crew Utilization

Reduced Car Touches

14 Year-over-year change in metrics.



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Investing in Our Franchise

Union Pacific 2024 Capital Plan of \$3.4 Billion



\$1.9 B Infrastructure Replacement

Rail, Ties, & Ballast



\$0.6 B Locomotive & Equipment

Locomotive Modernizations & Freight Cars



\$0.6 B Capacity & Commercial Facilities

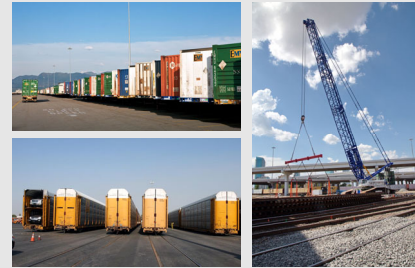
Intermodal Terminals, Siding Extensions, Industrial Leads



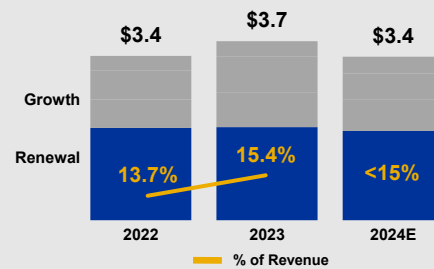
\$0.3 B Technology & Other

Tech-Enabled Operations, Physical Security Projects

15 Pending UP Board of Directors final approval.



Capital Program



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2024 FULL YEAR OUTLOOK FOURTH QUARTER 2023

Jennifer Hamann

Executive Vice President & Chief Financial Officer

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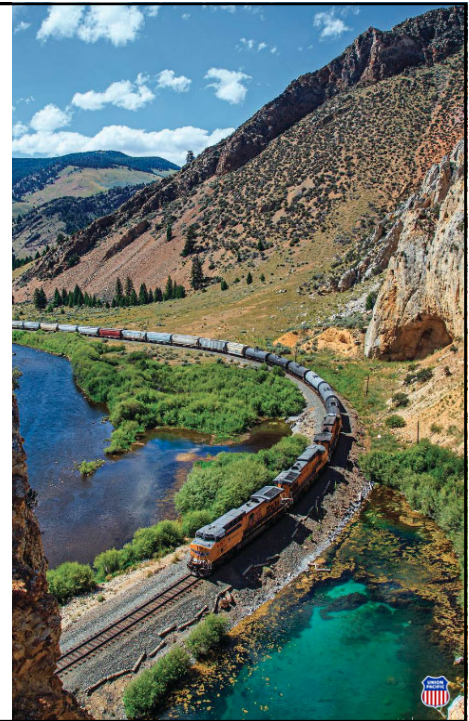


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2024 Outlook

- **Volume Outlook Muted by International Intermodal Business Loss, Lower Coal Demand, and Soft Economic Conditions**
- **Pricing Dollars in Excess of Inflation Dollars**
- **No Change to Long-Term Capital Allocation Strategy**
 - Capital Plan of \$3.4 Billion
 - No First Quarter Share Repurchases

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HOW WE WIN FOURTH QUARTER 2023

Jim Vena

Chief Executive Officer

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HOW WE WIN SAFETY + SERVICE & OPERATIONAL EXCELLENCE



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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 (including those in response to increased traffic), its results of operations, and potential impacts of public health crises, including pandemics, epidemics or the outbreak of other contagious diseases, such as coronavirus and its variants (COVID), and the Russia-Ukraine and Israeli wars. 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 2022, which was filed with the SEC on February 10, 2023. 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.

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QUESTION & ANSWER SESSION

THANK YOU

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APPENDIX

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Fourth Quarter 2023 Operating Ratio and EPS

Favorable / (Unfavorable)

	Operating Ratio	EPS
Fourth Quarter 2022 Reported	61.0%	\$2.67
Fuel Price (net)	0.0 pts	(\$0.11)
Casualty	(0.6) pts	(\$0.05)
Core Results	0.7 pts	\$0.20
Fourth Quarter 2023 Reported	60.9%	\$2.71

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Full Year 2023 Operating Ratio and EPS

Favorable / (Unfavorable)

	Operating Ratio	EPS
Full Year 2022 Reported	60.1%	\$11.21
Fuel Price (net)	0.5 pts	(\$0.15)
Casualty	(0.4) pts	(\$0.13)
2023 Brakepersons Buyout	(0.3) pts	(\$0.09)
2022 PEB Labor Accrual	0.3 pts	\$0.11
Third Quarter '23 One-Time Write-offs	(0.2) pts	(\$0.04)
Core Results	(2.1) pts	(\$0.48)
'22 & '23 Lower Tax Rate & '22 Real Estate Gain	N/A	(\$0.11)
First Quarter '23 Real Estate Gain	N/A	\$0.13
Full Year 2023 Reported	62.3%	\$10.45

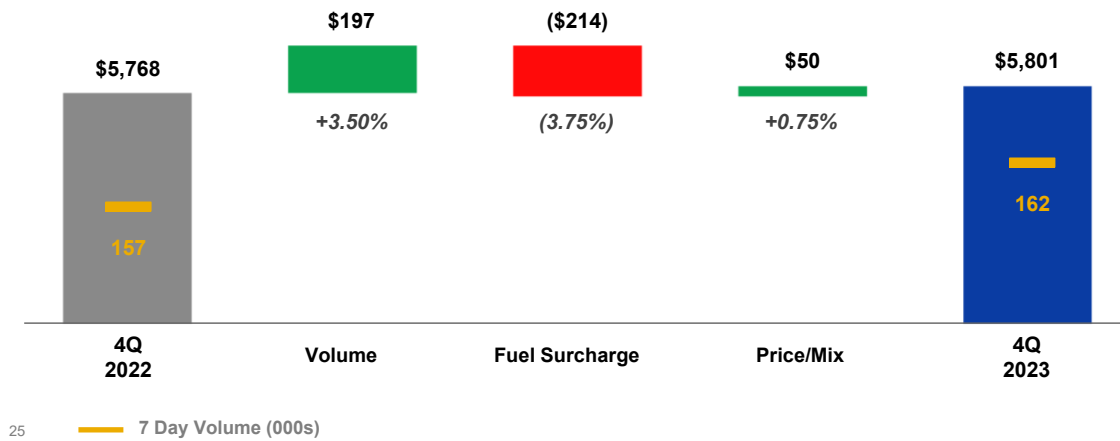
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Increased Volumes and Core Pricing Gains Offset by Lower Fuel Surcharge and Mix

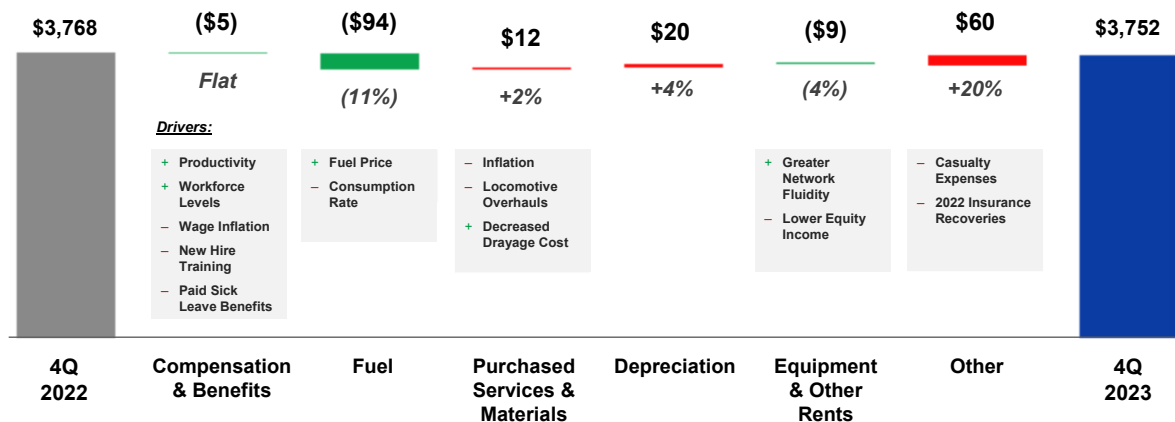
Freight Revenues \$ in Millions



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Lower Fuel Prices Offset by Inflation and Increased Casualty Expenses

Operating Expenses \$ in Millions



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2024 Full Year Financial Assumptions

- Inflation (excluding fuel): ~5%
- Compensation & Benefits Inflation: ~5%
- Fuel Price: ~\$3.00 per gallon
- Depreciation: Up ~3.5% vs. 2023
- Other Expense: Flat to down vs. 2023
- Reported Other Income: Decline of ~\$100 million vs. 2023
 - First Quarter 2023 included \$107 million one-time real estate transaction
- Tax Rate: ~24%

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