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

Free Cash Flow*

Millions, for the Six Months Ended June 30,	***2016***	*2015*
Cash provided by operating activities	**$ 3,525**	$ 3,773
Cash used in investing activities	**(1,838)**	(2,136)
Dividends paid**	**(925)**	(1,401)
Free cash flow	**$ 762**	$ 236

* Free cash flow is defined as cash provided by operating activities less cash used in investing activities and dividends paid. Free cash flow is considered a non-GAAP financial measure by SEC Regulation G and Item 10 of SEC Regulation S-K and may not be defined and calculated by other companies in the same manner. 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 financings. Free cash flow should be considered in addition to, rather than as a substitute for, cash provided by operating activities.

** The 2015 dividends paid amount includes the fourth quarter 2014 dividend of $438 million, which was paid on January 2, 2015, the first quarter 2015 dividend of $484 million, which was paid on March 30, 2015, as well as the second quarter 2015 dividend of $479 million, which was paid on June 30, 2015. Beginning in 2015, the timing of the dividend declaration and payable dates was aligned to occur within the same quarter.

Debt to Capital*

Millions, Except Percentages	***Jun. 30, 2016***	*Dec. 31, 2015*
Debt (a)	**$ 15,186**	$ 14,201
Equity	**20,422**	20,702
Capital (b)	**$ 35,608**	$ 34,903
Debt to capital (a/b)	**42.6%**	40.7%

* 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*

Millions, Except Percentages	***Jun. 30, 2016***	*Dec. 31, 2015*
Debt	**$ 15,186**	$ 14,201
Net present value of operating leases	**2,606**	2,726
Unfunded pension and OPEB	**416**	463
Adjusted debt (a)	**18,208**	17,390
Equity	**20,422**	20,702
Adjusted capital (b)	**$ 38,630**	$ 38,092
Adjusted debt to capital (a/b)	**47.1%**	45.7%

* 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 4.7% at June 30, 2016 and 4.8% at December 31, 2015. The discount rate reflects our effective interest rate. Adjusted debt to capital is considered a non-GAAP financial measure by SEC Regulation G and Item 10 of SEC Regulation S-K and may not be defined and calculated by other companies in the same manner. 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.

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

Adjusted Debt / Adjusted EBITDA*

Millions, Except Ratios for the Twelve Months Ended	***Jun. 30, 2016***	*Dec. 31, 2015*
Operating income	**$ 7,473**	$ 8,052
Depreciation	**2,030**	2,012
EBITDA	**$ 9,503**	$ 10,064
Interest on present value of operating leases	**122**	131
Adjusted EBITDA (a)	**$ 9,625**	$ 10,195
Debt	**$ 15,186**	$ 14,201
Net present value of operating leases	**2,606**	2,726
Unfunded pension and OPEB	**416**	463
Adjusted debt (b)	**$ 18,208**	$ 17,390
Adjusted debt / Adjusted EBITDA (b/a)	**1.9**	1.7

* Total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation divided by operating income plus depreciation plus interest on present value of operating leases. Operating leases were discounted using 4.7% at June 30, 2016 and 4.8% at December 31, 2015. Adjusted debt to adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) is considered a non-GAAP financial measure by SEC Regulation G and Item 10 of SEC Regulation S-K and may not be defined and calculated by other companies in the same manner. We believe this measure is important to management and investors in evaluating the Company's ability to sustain given debt levels (including leases) with the cash generated from operations. In addition, a comparable measure is used by rating agencies when reviewing the Company's credit rating.