

**UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES**
*Non-GAAP Measures Reconciliation to GAAP (unaudited)*
**2017 Financial Performance Adjusted for Tax Cuts and Jobs Act [a]**

<i>Millions, Except Per Share Amounts and Percentages</i>	<i>Reported results (GAAP)*</i>	<i>Equity-method affiliates</i>	<i>Deferred taxes</i>	<i>Adjusted results (non-GAAP)</i>
<i>For the Year Ended December 31, 2017</i>				
Operating income	\$ 8,106	\$ (212)	\$ -	\$ 7,894
Income taxes	(3,080)	(73)	5,935	2,782
Net income	10,712	(139)	(5,935)	4,638
Diluted EPS	13.36	(0.17)	(7.40)	5.79
Operating ratio	61.8%	1.0 pts	-	62.8%
<i>As of December 31, 2017</i>				
Shareholders' Equity	\$ 24,856	\$ (139)	\$ (5,935)	\$ 18,782

\* Adjusted for the retrospective adoption of ASU 2017-07, which was effective January 1, 2018.

[a] The above table reconcile our results for year ended and as of December 31, 2017, to adjust results that exclude the impact of certain items identified as affecting comparability. We use adjusted operating income, adjusted income taxes, adjusted net income, adjusted diluted earnings per share (EPS), adjusted operating ratio, and adjusted shareholders' equity, as applicable, among other measures, to evaluate our actual operating performance. We believe these non-GAAP financial measures provide valuable information regarding earnings and business trends by excluding specific items that we believe are not indicative of our ongoing operating results of our business, providing a useful way for investors to make a comparison of our performance over time and against other companies in our industry. Since these are not measures of performance calculated in accordance with GAAP, they should be considered in addition to, rather than as a substitute for, operating income, income taxes, net income, diluted EPS, operating ratio, and shareholders' equity as indicators of operating performance.

**2022 Financial Performance Adjusted for Labor Accrual Adjustments [b]**

<i>Millions, Except Per Share Amounts and Percentages</i>	<i>Reported results (GAAP)</i>	<i>Labor accrual adjustment</i>	<i>Adjusted results (non-GAAP)</i>
<i>For the Twelve Months Ended December 31, 2022</i>			
Operating income	9,917	92	10,009
Income taxes	(2,074)	(23)	(2,097)
Net income	6,998	69	7,067
Diluted EPS	11.21	0.12	11.33
Operating ratio	60.1%	(0.3) pts	59.8%
<i>As of December 31, 2022</i>			
Shareholders' equity	\$ 12,163	\$ 69	\$ 12,232

[b] The above table reconcile our results for the year ended and as of December 31, 2022, to adjust results that exclude the impact of certain items identified as affecting comparability. We use adjusted operating income, adjusted income taxes, adjusted net income, adjusted diluted earnings per share (EPS), adjusted operating ratio, and adjusted shareholders' equity, as applicable, among other measures, to evaluate our actual operating performance. We believe these non-GAAP financial measures provide valuable information regarding earnings and business trends by excluding specific items that we believe are not indicative of our ongoing operating results of our business, providing a useful way for investors to make a comparison of our performance over time and against other companies in our industry. Since these are not measures of performance calculated in accordance with GAAP, they should be considered in addition to, rather than as a substitute for, operating income, income taxes, net income, diluted EPS, operating ratio, and shareholders' equity as indicators of operating performance.

**UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES***Non-GAAP Measures Reconciliation to GAAP (unaudited)***Return on Average Common Shareholders' Equity**

<i>Millions, Except Percentages</i>	2022		2017	
Net income	\$	6,998	\$	10,712
Average equity	\$	13,162	\$	22,394
Return on average common shareholders' equity		53.2%		47.8%

**Return on Invested Capital as Adjusted (ROIC) [a]**

<i>Millions, Except Percentages</i>	2022		2017	
Net income	\$	6,998	\$	10,712
Interest expense		1,271		719
Interest on average operating lease liabilities		56		105
Taxes on interest		(304)		(309)
Net operating profit after taxes as adjusted (a)	\$	8,021	\$	11,227
Average equity	\$	13,162	\$	22,394
Average debt		31,528		15,976
Average operating lease liabilities		1,695		2,288
Average invested capital as adjusted (b)	\$	46,385	\$	40,658
Return on invested capital as adjusted (a/b)		17.3%		27.6%

**Comparable Return on Invested Capital as Adjusted (Comparable ROIC) [a]**

	2022		2017	
Return on invested capital as adjusted		17.3%		27.6%
Factors Affecting Comparability:				
Labor accrual adjustment*		0.1		N/A
Adjustments for Tax Cuts and Jobs Act**		N/A		(13.9)
Comparable return on invested capital as adjusted		17.4%		13.7%

\* Adjustments remove the impact of \$69 million from both net income for the year ended and shareholders' equity as of December 31, 2022.

\*\* Adjustments remove the impact of \$5.9 billion and \$139 million from both net income for the year ended and shareholders' equity as of December 31, 2017, respectively.

[a] ROIC and comparable ROIC are considered non-GAAP financial measures 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 these measures are important to management and investors in evaluating the efficiency and effectiveness of our long-term capital investments. In addition, we currently use ROIC as a performance criterion in determining certain elements of equity compensation for our executives. ROIC and comparable ROIC should be considered in addition to, rather than as a substitute for, other information provided in accordance with GAAP. The most comparable GAAP measure is return on average common shareholders' equity. At December 31, 2022, the incremental borrowing rate on operating leases was 3.3%. At December 31, 2017, our operating leases were discounted using our effective interest rate on debt of 4.6%.