

## UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

Non-GAAP Measures Reconciliation to GAAP

### Free Cash Flow\*

Millions, for the Periods Ended March 31,	Year-to-Date	
	2012	2011
Cash provided by operating activities	\$ 1,404	\$ 1,294
Cash used in investing activities	(830)	(657)
Dividends paid	(289)	(186)
Free cash flow	\$ 285	\$ 451

\* Free cash flow is defined as cash provided by operating activities, less cash used in investing activities and dividends paid. Free cash flow is a non-GAAP measure; however, management believes that it is important in evaluating our financial performance and measures our ability to generate cash without incurring additional financing. Free cash flow should be considered in addition to, rather than as a substitute for, cash provided by operating activities.

### Debt to Capital\*

Millions, Except Percentages	Mar. 31, 2012	Dec. 31, 2011
Debt (a)	\$ 8,835	\$ 8,906
Equity	18,755	18,578
Capital (b)	\$ 27,590	\$ 27,484
Debt to capital (a/b)	32.0%	32.4%

\* Total debt divided by total debt plus equity. Management believes this is an important measure in evaluating our balance sheet strength and is important in managing our credit ratios and financing relationships.

### Adjusted Debt to Capital\*

Millions, Except Percentages	Mar. 31, 2011	Dec. 31, 2011
Debt	\$ 8,835	\$ 8,906
Net present value of operating leases	3,099	3,224
Unfunded pension and OPEB	623	623
Adjusted debt (a)	12,557	12,753
Equity	18,755	18,578
Adjusted capital (b)	\$ 31,312	\$ 31,331
Adjusted debt to capital (a/b)	40.1%	40.7%

\* 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 6.1% and 6.2% at March 31, 2012 and December 31, 2011, respectively. The lower discount rate reflects changes to interest rates and our current financing costs. Management believes this is an important measure in evaluating the total amount of leverage in our capital structure including off-balance sheet obligations.