UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

Non-GAAP Measures Reconciliation to GAAP

Debt to Capital*

Millions, Except Percentages	***Dec. 31, 2014***	*Dec. 31, 2013*	*Dec. 31, 2012*
Debt (a)	**$ 11,480**	$ 9,577	$ 8,997
Equity	**21,189**	21,225	19,877
Capital (b)	**$ 32,669**	$ 30,802	$ 28,874
Debt to capital (a/b)	**35.1%**	31.1%	31.2%

* 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	***Dec. 31, 2014***	*Dec. 31, 2013*	*Dec. 31, 2012*
Debt	**$ 11,480**	$ 9,577	$ 8,997
Net present value of operating leases	**2,902**	3,057	3,096
Unfunded pension and OPEB	**523**	170	679
Adjusted debt (a)	**$ 14,905**	$ 12,804	$ 12,772
Equity	**21,189**	21,225	19,877
Adjusted capital (b)	**$ 36,094**	$ 34,029	$ 32,649
Adjusted debt to capital (a/b)	**41.3%**	37.6%	39.1%

* 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 5.3%, 5.7%, and 6.0% at December 31, 2014, 2013 and 2012, respectively. 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 is an important measure to management and investors in evaluating the total amount of leverage in our capital structure including off-balance sheet obligations.

Adjusted Debt / Adjusted EBITDA*

Millions, Except Ratios	***Dec. 31, 2014***	*Dec. 31, 2013*	*Dec. 31, 2012*
Operating income	**$ 8,753**	$ 7,446	$ 6,745
Depreciation	**1,904**	1,777	1,760
EBITDA	**$ 10,657**	$ 9,223	$ 8,505
Interest on present value of operating leases	**154**	174	186
Adjusted EBITDA (a)	**$ 10,811**	$ 9,397	$ 8,691
Debt	**$ 11,480**	$ 9,577	$ 8,997
Net present value of operating leases	**2,902**	3,057	3,096
Unfunded pension and OPEB	**523**	170	679
Adjusted debt (b)	**$ 14,905**	$ 12,804	$ 12,772
Adjusted debt / Adjusted EBITDA (b/a)	**1.4**	1.4	1.5

* 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 5.3%, 5.7%, and 6.0% at December 31, 2014, 2013 and 2012, respectively. Adjusted debt to adjusted EBITDA (earnings before interest, taxes and depreciation) 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 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.

Return on Invested Capital as Adjusted (ROIC)*

Millions, Except Percentages		***Dec. 31, 2014***		*Dec. 31, 2013*		*Dec. 31, 2012*
Net income	**$**	**5,180**	$	4,388	$	3,943
Interest expense		**561**		526		535
Interest on average present value of operating leases		**158**		175		190
Taxes on interest		**(273)**		(264)		(273)
Net operating profit after taxes as adjusted (a)	**$**	**5,626**	$	4,825	$	4,395
Average equity	**$**	**21,207**	$	20,551		19,228
Average debt		**10,529**		9,287		8,952
Average present value of operating leases		**2,980**		3,077		3,160
Average invested capital as adjusted (b)	**$**	**34,716**	$	32,915	$	31,340
Return on invested capital as adjusted (a/b)		**16.2%**		14.7%		14.0%

* ROIC is defined as net income plus interest expense and interest on average present value of operating leases less taxes on interest divided by average equity plus average debt plus average present value of operating leases. ROIC 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 in evaluating the efficiency and effectiveness of the Corporation's long-term capital investments, and we currently use ROIC as a performance criteria in determining certain elements of equity compensation for our executives. 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.

Free Cash Flow*

Millions,		Full Year				
For the Periods Ended December 31,		***2014***		*2013*		*2012*
Cash provided by operating activities	**$**	**7,385**	$	6,823	$	6,161
Cash used in investing activities		**(4,249)**		(3,405)		(3,633)
Dividends paid		**(1,632)**		(1,333)		(1,146)
Free cash flow	**$**	**1,504**	$	2,085	$	1,382

* 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 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 that it is important to management and investors 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.