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

Free Cash Flow*

Millions, for the Nine Months Ended September 30,	***2018***	*2017*
Cash provided by operating activities	**$ 6,374**	$ 5,398
Cash used in investing activities	**(2,434)**	(2,260)
Dividends paid	**(1,716)**	(1,460)
Free cash flow	**$ 2,224**	$ 1,678

* 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 financing. Free cash flow should be considered in addition to, rather than as a substitute for, cash provided by operating activities.

Adjusted Debt / Adjusted EBITDA*

Millions, Except Ratios for the Trailing Twelve Months Ended [a]	***Sep. 30, 2018***	*Dec. 31, 2017*	*Dec. 31, 2016*	*Dec. 31, 2015*	*Dec. 31, 2014*
Net income	**$ 11,690**	$ 10,712	$ 4,233	$ 4,772	$ 5,180
Less:					
Other income	**81**	245	221	196	139
Add:					
Income tax expense/(benefit)	**(3,873)**	(3,080)	2,533	2,884	3,163
Depreciation	**2,168**	2,105	2,038	2,012	1,904
Interest expense	**818**	719	698	622	561
EBITDA	**$ 10,722**	$ 10,211	$ 9,281	$ 10,094	$ 10,669
Interest on present value of operating leases	**85**	98	114	131	154
Adjusted EBITDA (a)	**$ 10,807**	$ 10,309	$ 9,395	$ 10,225	$ 10,823
Debt	**$ 22,411**	$ 16,944	$ 15,007	$ 14,201	$ 11,413
Net present value of operating leases	**1,929**	2,140	2,435	2,726	2,902
Unfunded pension and OPEB, net of taxes of $137, $238, $261, $280, and $319	**452**	396	436	463	523
Adjusted debt (b)	**$ 24,792**	$ 19,480	$ 17,878	$ 17,390	$ 14,838
Adjusted debt / Adjusted EBITDA (b/a)	**2.3**	1.9	1.9	1.7	1.4

[a] The trailing twelve month income statement information ended September 30, 2018 is recalculated by taking the twelve months ended December 31, 2017, subtracting the nine months ended September 30, 2017, and adding the nine months ended September 30, 2018.

* Total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation divided by net income less income tax benefit and other income plus depreciation, interest expense, and interest on present value of operating leases. Operating leases were discounted using 4.4% at September 30, 2018, and 4.6%, 4.7%, 4.8%, and 5.3% at December 31, 2017, 2016, 2015, and 2014, respectively. Adjusted debt to adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, and interest on present value of operating leases) 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. Adjusted debt to Adjusted EBITDA should be considered in addition to, rather than as a substitute for, net income. The table above provides reconciliations from net income to adjusted debt to adjusted EBITDA.