

UNION PACIFIC CORP  
Form 10-Q  
April 26, 2018  
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-6075

UNION PACIFIC CORPORATION

(Exact name of registrant as specified in its charter)

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UTAH	13-2626465
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1400 DOUGLAS STREET, OMAHA, NEBRASKA

(Address of principal executive offices)

68179

(Zip Code)

(402) 544-5000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes      No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes      No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer   Accelerated filer   Non-accelerated filer   Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes      No

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

As of April 20, 2018, there were 770,245,910 shares of the Registrant's Common Stock outstanding.

Table of Contents

TABLE OF CONTENTS

UNION PACIFIC CORPORATION

AND SUBSIDIARY COMPANIES

PART I. FINANCIAL INFORMATION

<u>Item 1</u>	<u>Condensed Consolidated Financial Statements:</u>	
	<u>CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)</u>	
	<u>For the Three Months Ended March 31, 2018 and 2017</u>	3
	<u>CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)</u>	
	<u>For the Three Months Ended March 31, 2018 and 2017</u>	3
	<u>CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Unaudited)</u>	
	<u>At March 31, 2018 and December 31, 2017</u>	4
	<u>CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)</u>	
	<u>For the Three Months Ended March 31, 2018 and 2017</u>	5
	<u>CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN COMMON SHAREHOLDERS' EQUITY (Unaudited)</u>	
	<u>For the Three Months Ended March 31, 2018 and 2017</u>	6
	<u>NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)</u>	7
<u>Item 2</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	21
<u>Item 3</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	31
<u>Item 4</u>	<u>Controls and Procedures</u>	31

PART II. OTHER INFORMATION

<u>Item 1.</u>	<u>Legal Proceedings</u>	32
<u>Item 1A.</u>	<u>Risk Factors</u>	33
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	33
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	33
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	33
<u>Item 5.</u>	<u>Other Information</u>	33
<u>Item 6.</u>	<u>Exhibits</u>	34
	<u>Signatures</u>	35
	Certifications	



Table of Contents

## PART I. FINANCIAL INFORMATION

## Item 1. Condensed Consolidated Financial Statements

## Condensed Consolidated Statements of Income (Unaudited)

## Union Pacific Corporation and Subsidiary Companies

Millions, Except Per Share Amounts,

for the Three Months Ended March 31,	2018	2017
Operating revenues:		
Freight revenues	\$ 5,122	\$ 4,794
Other revenues	353	338
Total operating revenues	5,475	5,132
Operating expenses:		
Compensation and benefits	1,273	1,262
Purchased services and materials	599	566
Fuel	589	460
Depreciation	543	520
Equipment and other rents	266	276
Other	266	260
Total operating expenses	3,536	3,344
Operating income	1,939	1,788
Other income/(expense) (Note 7)	(42)	72
Interest expense	(186)	(172)
Income before income taxes	1,711	1,688
Income taxes	(401)	(616)
Net income	\$ 1,310	\$ 1,072
Share and Per Share (Note 9):		
Earnings per share - basic	\$ 1.69	\$ 1.32
Earnings per share - diluted	\$ 1.68	\$ 1.32
Weighted average number of shares - basic	776.4	811.5
Weighted average number of shares - diluted	779.6	814.8
Dividends declared per share	\$ 0.73	\$ 0.605

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

Union Pacific Corporation and Subsidiary Companies

Millions, for the Three Months Ended March 31,	2018	2017
Net income	\$ 1,310	\$ 1,072
Other comprehensive income/(loss):		
Defined benefit plans	19	11
Foreign currency translation	-	9
Total other comprehensive income/(loss) [a]	19	20
Comprehensive income	\$ 1,329	\$ 1,092

[a]Net of deferred taxes of \$(6) million and \$(14) million during the three months ended March 31, 2018, and 2017, respectively.

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

Table of Contents

## Condensed Consolidated Statements of Financial Position (Unaudited)

## Union Pacific Corporation and Subsidiary Companies

Millions, Except Share and Per Share Amounts	March 31, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,048	\$ 1,275
Short-term investments (Note 14)	90	90
Accounts receivable, net (Note 11)	1,571	1,493
Materials and supplies	808	749
Other current assets	380	399
Total current assets	3,897	4,006
Investments	1,810	1,809
Net properties (Note 12)	51,696	51,605
Other assets	386	386
Total assets	\$ 57,789	\$ 57,806
Liabilities and Common Shareholders' Equity		
Current liabilities:		
Accounts payable and other current liabilities (Note 13)	\$ 2,855	\$ 3,139
Debt due within one year (Note 15)	1,891	800
Total current liabilities	4,746	3,939
Debt due after one year (Note 15)	15,697	16,144
Deferred income taxes	11,050	10,936
Other long-term liabilities	1,907	1,931
Commitments and contingencies (Note 17)		
Total liabilities	33,400	32,950
Common shareholders' equity:		
Common shares, \$2.50 par value, 1,400,000,000 authorized; 1,111,814,739 and 1,111,371,304 issued; 772,517,399 and 780,917,756 outstanding, respectively	2,779	2,778
Paid-in-surplus	4,473	4,476
Retained earnings	42,359	41,317
Treasury stock	(23,800)	(22,574)
Accumulated other comprehensive loss (Note 10)	(1,422)	(1,141)
Total common shareholders' equity	24,389	24,856
Total liabilities and common shareholders' equity	\$ 57,789	\$ 57,806



The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

Table of Contents

## Condensed Consolidated Statements of Cash Flows (Unaudited)

## Union Pacific Corporation and Subsidiary Companies

Millions, for the Three Months Ended March 31,	2018	2017
Operating Activities		
Net income	\$ 1,310	\$ 1,072
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	543	520
Deferred and other income taxes	112	145
Other operating activities, net	339	94
Changes in current assets and liabilities:		
Accounts receivable, net	(78)	(21)
Materials and supplies	(59)	(43)
Other current assets	(112)	(132)
Accounts payable and other current liabilities	(379)	(186)
Income and other taxes	225	434
Cash provided by operating activities	1,901	1,883
Investing Activities		
Capital investments	(910)	(811)
Purchases of short-term investments (Note 14)	(60)	(90)
Maturities of short-term investments (Note 14)	60	60
Proceeds from asset sales	12	17
Other investing activities, net	(21)	(19)
Cash used in investing activities	(919)	(843)
Financing Activities		
Debt issued (Note 15)	1,706	200
Common share repurchases (Note 18)	(1,166)	