

UNION PACIFIC CORP
Form 10-Q
July 20, 2017
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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 June 30, 2017

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 July 14, 2017, there were 800,384,902 shares of the Registrant's Common Stock outstanding.



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AND SUBSIDIARY COMPANIES

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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 June 30,	2017	2016
Operating revenues:		
Freight revenues	\$ 4,906	\$ 4,430
Other revenues	344	340
Total operating revenues	5,250	4,770
Operating expenses:		
Compensation and benefits	1,197	1,160
Purchased services and materials	597	570
Depreciation	525	504
Fuel	434	346
Equipment and other rents	273	286
Other	219	244
Total operating expenses	3,245	3,110
Operating income	2,005	1,660
Other income (Note 6)	43	77
Interest expense	(179)	(173)
Income before income taxes	1,869	1,564
Income taxes	(701)	(585)
Net income	\$ 1,168	\$ 979
Share and Per Share (Note 8):		
Earnings per share - basic	\$ 1.45	\$ 1.17
Earnings per share - diluted	\$ 1.45	\$ 1.17
Weighted average number of shares - basic	804.1	837.4
Weighted average number of shares - diluted	807.2	840.1
Dividends declared per share	\$ 0.605	\$ 0.55

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

Union Pacific Corporation and Subsidiary Companies

Millions, for the Three Months Ended June 30,	2017	2016
Net income	\$ 1,168	\$ 979
Other comprehensive income/(loss):		
Defined benefit plans	15	13
Foreign currency translation	16	(3)
Total other comprehensive income/(loss) [a]	31	10
Comprehensive income	\$ 1,199	\$ 989

[a]Net of deferred taxes of \$(18) million and \$(6) million during the three months ended June 30, 2017, and 2016, respectively.

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

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Condensed Consolidated Statements of Income (Unaudited)

Union Pacific Corporation and Subsidiary Companies

Millions, Except Per Share Amounts,

for the Six Months Ended June 30,	2017	2016
Operating revenues:		
Freight revenues	\$ 9,700	\$ 8,932
Other revenues	682	667
Total operating revenues	10,382	9,599
Operating expenses:		
Compensation and benefits	2,454	2,373
Purchased services and materials	1,163	1,139
Depreciation	1,045	1,006
Fuel	894	666
Equipment and other rents	549	575
Other	479	493
Total operating expenses	6,584	6,252
Operating income	3,798	3,347
Other income (Note 6)	110	123
Interest expense	(351)	(340)
Income before income taxes	3,557	3,130
Income taxes	(1,317)	(1,172)
Net income	\$ 2,240	\$ 1,958
Share and Per Share (Note 8):		
Earnings per share - basic	\$ 2.77	\$ 2.33
Earnings per share - diluted	\$ 2.76	\$ 2.32
Weighted average number of shares - basic	807.8	840.7
Weighted average number of shares - diluted	811.0	843.4
Dividends declared per share	\$ 1.21	\$ 1.10

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

Union Pacific Corporation and Subsidiary Companies

Millions, for the Six Months Ended June 30,	2017	2016
Net income	\$ 2,240	\$ 1,958
Other comprehensive income/(loss):		
Defined benefit plans	26	21
Foreign currency translation	25	(24)
Total other comprehensive income/(loss) [a]	51	(3)
Comprehensive income	\$ 2,291	\$ 1,955

[a]Net of deferred taxes of \$(32) million and \$(1) million during the six months ended June 30, 2017, and 2016, respectively.

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

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Condensed Consolidated Statements of Financial Position (Unaudited)

Union Pacific Corporation and Subsidiary Companies

Millions, Except Share and Per Share Amounts	June 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,286	\$ 1,277
Short-term investments (Note 13)	90	60
Accounts receivable, net (Note 10)	1,357	1,258
Materials and supplies	726	717
Other current assets	410	284
Total current assets	3,869	3,596
Investments	1,504	1,457
Net properties (Note 11)	50,814	50,389
Other assets	291	276
Total assets	\$ 56,478	\$ 55,718
Liabilities and Common Shareholders' Equity		
Current liabilities:		
Accounts payable and other current liabilities (Note 12)	\$ 2,875	\$ 2,882
Debt due within one year (Note 14)	531	758
Total current liabilities	3,406	3,640
Debt due after one year (Note 14)	15,229	14,249
Deferred income taxes	16,329	15,996
Other long-term liabilities	1,899	1,901