Union Pacific Corporation (UNP)

Updated January 27th, 2026, by Nathan Parsh

Key Metrics

Current Price:	$232	**5 Year Annual Expected Total Return:**	8.5%	**Market Cap:**	$138 B
Fair Value Price:	$225	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	02/27/26[1]
% Fair Value:	103%	**5 Year Valuation Multiple Estimate:**	-0.6%	**Dividend Payment Date:**	03/31/26[2]
Dividend Yield:	2.4%	**5 Year Price Target**	$315	**Years Of Dividend Growth:**	17
Dividend Risk Score:	B	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

President Lincoln signed the Pacific Railway Act of 1862 that authorized the Union Pacific Railroad Company to build a rail line west towards the coast from the Missouri River. Today, Union Pacific is the largest railroad company in the country and operates more than 32,000 miles of rail throughout the western two-thirds of the country. Union Pacific transports industrial and agricultural products, as well as coal and chemicals. The company generates about $25 billion in annual revenues.

On July 16th, 2025, Union Pacific announced that it was raising its quarterly dividend 3.0% to $1.38, extending the company's dividend growth streak to 17 consecutive years.

On January 29th, 2025, Union Pacific announced that the company had agreed to merge with Norfolk Southern (NSC). The deal is projected to close by early 2027. The deal will make UNP the first transcontinental railroad in the U.S.

On January 27th, 2026, Union Pacific announced fourth quarter results for the period ending December 31st, 2025. For the quarter, revenue fell 0.2% to $6.1 billion, which was $30 million below estimates. GAAP earnings-per-share of $3.11 compared favorably to $2.91 in the prior year and was $0.25 more than expected. For the year, revenue grew 1% to $24.5 billion while earnings-per-share of $11.98 compared to $11.09 in 2024.

For the quarter, the operating ratio increased 180 basis points to 60.5%. Revenue and volume for Bulk products each grew 3% as average revenue per car (ARC) remained unchanged. Revenue and volume for the Industrial category were both up 1% while ARC was stable. Premium revenue declined 6% while volume was lower by 10%. ARC for this category was up 4%.

We expect that Union Pacific will earn $12.48 in 2026, which would mark a represent a 6.2% increase from the prior year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$5.07	$5.79	$7.91	$8.38	$8.12	$9.98	$11.24	$10.45	$11.09	$11.98	***$12.48***	***$17.50***
DPS	$2.26	$2.48	$3.06	$3.70	$3.88	$4.29	$5.08	$5.20	$5.28	$5.44	***$5.52***	***$7.74***
Shares[3]	816	781	755	695	674	667	613	609	605	593	***593***	***570***

Earnings-per-share have increased at a rate of 10% per year over the past decade and 4.6% over the last five years. We believe that an earnings-per-share growth rate of 7% takes into account the quality of the firm and strong results over the past few years while reconciling that earnings-per-share are starting from a high base. The addition of Norfolk Southern would also be a tailwind to results.

Union Pacific has increased its dividend for 17 consecutive years. The company had been very aggressive in raising its dividend prior to 2020. The company did not increase its dividend in 2020, due to the impact of the COVID-19 pandemic on the business, though the dividend growth streak continued due to the timing of raises.

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[1] Estimated ex-dividend date

[2] Estimated dividend date

[3] In millions of shares

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	17.4	19.1	18.1	20.1	21.9	25.3	18.4	23.5	20.6	19.3	***18.6***	***18.0***
Avg. Yld.	2.6%	2.2%	2.1%	2.2%	2.2%	1.7%	2.5%	2.1%	2.3%	2.4%	***2.4%***	***2.5%***

Shares of Union Pacific have gained $14, or 6.4%, since our October 27th, 2025. Shares trade with a price-to-earnings ratio of 18.6 based off our expected earnings-per-share for the current year. We reaffirm our five-year valuation target of 18 as we feel this better reflects the quality of earnings results over the past few years. If the stock reverts to our target multiple by 2031, then valuation would be a 0.6% headwind to total returns over this time frame.

Safety, Quality, Competitive Advantage, & Recession Resiliency

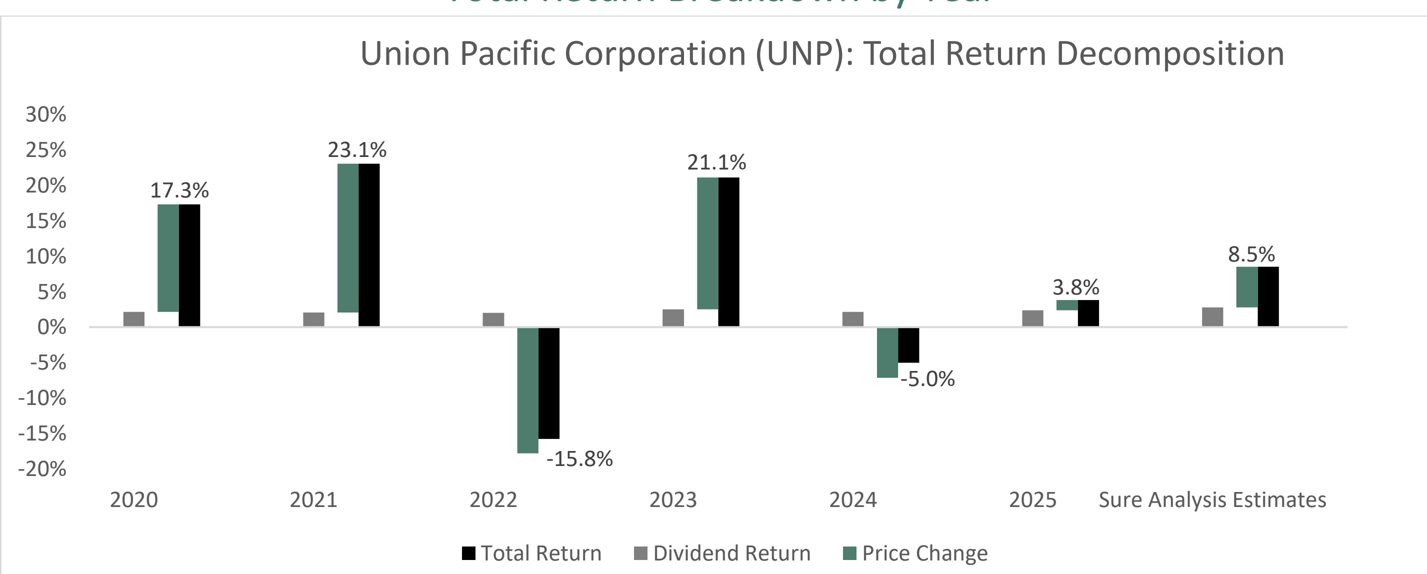
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	45%	43%	39%	46%	49%	43%	45%	50%	48%	45%	***44%***	***44%***

Union Pacific's earnings were impacted during the last recession. A decline in earnings would be likely to occur in the next recession as many of the products that the company transports, like automotive vehicles, are in high demand when the U.S. economy is strong. Union Pacific's dividend payout ratio has generally stayed below 50% over the last ten years. We feel that the company is unlikely to expand its dividend payout ratio much beyond current levels. Accelerated dividend growth will likely have to come from higher earnings growth. Union Pacific is the largest railroad in the U.S. and spans the western two-thirds of the country. This gives the company pricing power for its shipments. The railroad has stops along both the Canadian and Mexican borders, making Union Pacific an attractive option for businesses looking to ship goods to almost any place in North America.

Final Thoughts & Recommendation

Following fourth quarter results, Union Pacific Corporation is now expected to offer a total annual return of 8.5% through 2031, up from our previous estimate 8.7%. Our estimate stems from a 7% earnings growth rate and a 2.4% starting yield, partially offset by a small amount of multiple contraction. Union Pacific once again saw mixed results within its product categories, but the addition of Norfolk Southern should be a strong boost to the overall business. We have raised our five-year price target $18 to $315 due to estimates for 2026, but we maintain our hold rating on shares of Union Pacific due to projected returns.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	19,941	21,240	22,832	21,708	19,533	21,804	24,875	24,119	24,250	24,510
Gross Profit	8,240	9,054	9,539	9,614	9,179	10,514	11,158	10,492	11,002	11,220
Gross Margin	41.3%	42.6%	41.8%	44.3%	47.0%	48.2%	44.9%	43.5%	45.4%	45.8%
D&A Exp.	2,038	2,105	2,191	2,216	2,210	2,208	2,246	2,318	2,398	2,465
Operating Profit	7,243	8,106	8,517	8,554	7,834	9,338	9,870	9,045	9,676	9,846
Op. Margin	36.3%	38.2%	37.3%	39.4%	40.1%	42.8%	39.7%	37.5%	39.9%	40.2%
Net Profit	4,233	10,712	5,966	5,919	5,349	6,523	6,998	6,379	6,747	7,138
Net Margin	21.2%	50.4%	26.1%	27.3%	27.4%	29.9%	28.1%	26.4%	27.8%	29.1%
Free Cash Flow	4,020	3,992	5,249	5,156	5,613	6,096	5,742	4,773	5,894	5,499
Income Tax	2,533	(3,080)	1,775	1,828	1,631	1,955	2,074	1,854	2,047	2,028

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	56,755	58,329	59,648	62,206	63,466	64,482	66,328	67,956	68,479	69,698
Cash & Equivalents	1,337	1,365	1,375	904	1,866	1,025	1,029	1,081	1,040	1,266
Acc. Receivable	1,258	1,493	1,755	1,595	1,505	1,722	1,891	2,073	1,894	
Inventories	717	749	742		638	621	741	743	769	
Total Liabilities	36,823	33,473	39,225		46,508	50,321	54,165	53,168	51,589	51,231
Accounts Payable	955	1,013	872	749	612	752	784	856	847	
Long-Term Debt	15,007	16,944	22,391	1,257	28,012	31,158	34,626	33,824	32,117	32,552
Total Equity	19,932	24,856	20,423	18,128	16,958	14,161	12,163	14,788	16,890	
LTD/E Ratio	0.75	0.68	1.10	1.49	1.67	2.22	2.87	2.31	1.92	1.76

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	7.6%	18.6%	10.1%	9.7%	8.5%	10.2%	10.7%	9.5%	9.9%	10.3%
Return on Equity	20.8%	47.8%	26.4%	30.7%	30.5%	41.9%	53.2%	47.3%	42.6%	40.4%
ROIC	12.1%	27.9%	14.1%	13.5%	11.8%	14.3%	15.1%	13.3%	13.7%	14.2%
Shares Out.	816	781	755	695	674	667	613	609	605	593
Revenue/Share	23.87	26.49	30.27	30.74	28.76	33.27	39.86	39.53	39.85	41.13
FCF/Share	4.81	4.98	6.96	7.30	8.27	9.30	9.20	7.82	9.68	9.23

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.