ModernGraham Valuation

Company Name: Union Pacific Corporation

Company Ticker UNP

Date of Analysis 8/1/2016

Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > $2Bil	$77,485,975,076	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.48	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	172.77%	Pass
6. Moderate PEmg Ratio	PEmg < 20	18.21	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.83	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.48	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	10.05	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	**No**
Enterprising	**No**

Stage 2: Determination of Intrinsic Value

EPSmg		$5.11
MG Growth Estimate		8.75%
MG Value		**$132.84**
MG Value based on 3% Growth		$74.11
MG Value based on 0% Growth		$43.44
Market Implied Growth Rate		4.85%

MG Opinion

Current Price		$93.06
% of Intrinsic Value		70.06%
Opinion	**Undervalued**	
MG Grade	**C-**	

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-$36.55
Graham Number	$51.32
PEmg	18.21
Current Ratio	1.48
PB Ratio	3.83
Current Dividend	$2.20
Dividend Yield	2.36%
Number of Consecutive Years of Dividend Growth	10

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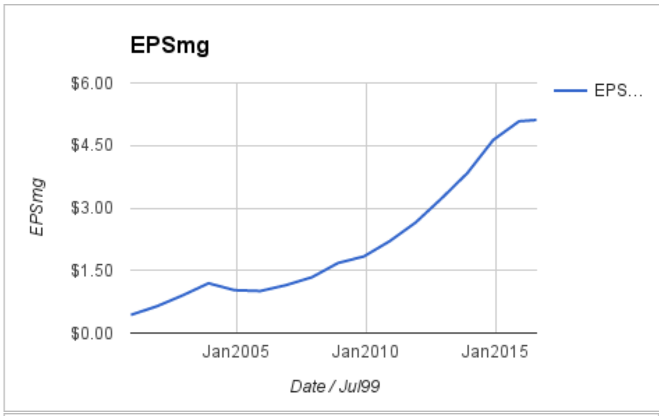
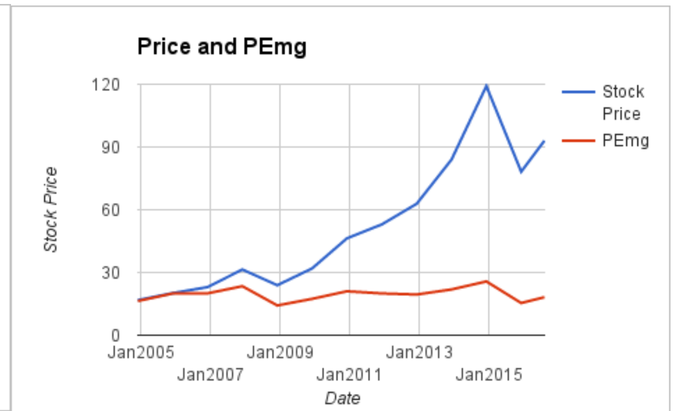
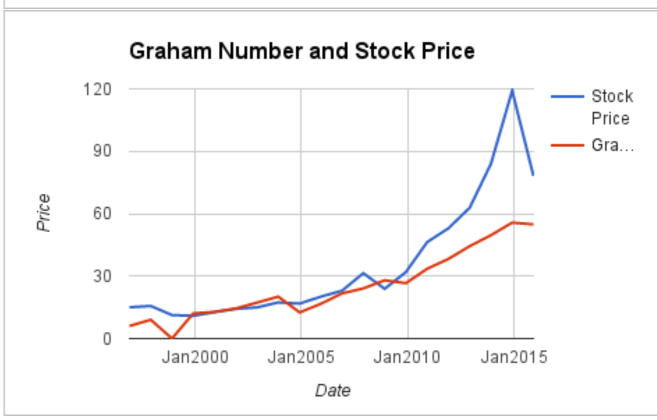
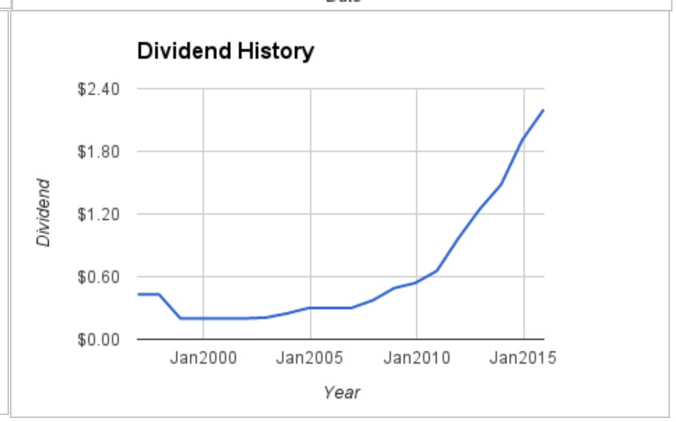
EPS History			**EPSmg History**		
Next Fiscal Year Estimate		$4.78	Next Fiscal Year Estimate		$5.11
	Dec2015	$5.49		Dec2015	$5.08
	Dec2014	$5.75		Dec2014	$4.63
	Dec2013	$4.71		Dec2013	$3.84
	Dec2012	$4.14		Dec2012	$3.23
	Dec2011	$3.36		Dec2011	$2.65
	Dec2010	$2.77		Dec2010	$2.20
	Dec2009	$1.88		Dec2009	$1.84
	Dec2008	$2.27		Dec2008	$1.68
	Dec2007	$1.73		Dec2007	$1.34
	Dec2006	$1.48		Dec2006	$1.15
	Dec2005	$0.96		Dec2005	$1.01
	Dec2004	$0.58		Dec2004	$1.03
	Dec2003	$1.51		Dec2003	$1.19
	Dec2002	$1.26		Dec2002	$0.90
	Dec2001	$0.94		Dec2001	$0.64
	Dec2000	$0.84		Dec2000	$0.44
	Dec1999	$0.81	**Balance Sheet Information**		**6/1/2016**
	Dec1998	-$0.64	Total Current Assets		$4,566,000,000
	Dec1997	$0.44	Total Current Liabilities		$3,095,000,000
	Dec1996	$0.20	Long-Term Debt		$14,777,000,000
			Total Assets		$55,690,000,000
			Intangible Assets		$0
			Total Liabilities		$35,268,000,000
			Shares Outstanding (Diluted Average)		840,100,000









Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- 26 Best Stocks For Value Investors This Week – 2/6/16
- Union Pacific Corporation Valuation – February 2016 Update $UNP
- 26 Companies in the Spotlight This Week – 12/13/14
- Union Pacific Corporation Annual Valuation – 2014 $UNP
- 10 Companies in the Spotlight This Week – 12/14/2013

Other ModernGraham posts about related companies

- Norfolk Southern Corp Valuation – February 2016 Update $NSC
- CSX Corporation Valuation – February 2016 Update $CSX
- Union Pacific Corporation Valuation – February 2016 Update $UNP
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- CSX Corporation Valuation – February 2016 Update $CSX
- Union Pacific Corporation Valuation – February 2016 Update $UNP
- Norfolk Southern Corporation Analysis – September 2015 Update $NSC
- Kansas City Southern Analysis – August 2015 Update $KSU
- CSX Corporation Annual Valuation – 2014 $CSX
- Union Pacific Corporation Annual Valuation – 2014 $UNP