Union Pacific Corporation
2007 ANALYST FACT BOOK

BUILDING AMERICA®

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Company Vision Statement

The Men and Women of Union Pacific Are Dedicated to Serve. Union Pacific works for the good of our customers, our shareholders and one another. Our commitment defines us and drives the economic strength of our company and our country.

Company Overview

Union Pacific Corporation (NYSE:UNP) owns one of America's leading transportation companies. Its principal operating company, Union Pacific Railroad, links 23 states in the western two-thirds of the country and serves the fastest-growing U.S. population centers.

Investor Inquiries

Union Pacific's analyst relations are coordinated through the Corporate Treasurer. Requests for interviews, investor packages and general information should be directed to:
(402)544-4227 or (877)547-7261 or investor.relations@up.com

Web Site Information

For immediate receipt of new information as it becomes available, we invite you to regularly visit www.up.com. In the Investors section, you can view on-line or download a variety of informative documents, including SEC filings, annual reports, proxy statements, quarterly earnings, press releases, company presentations and corporate governance information. For automatic updates, please subscribe to the Company's RSS (Really Simple Syndication) feed which provides links to new headlines and summaries through your news reader.

Overview

Operations & Productivity

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System Map and Facts

2007 Facts

Track Miles (As of 12/31/07)

Route Miles	32,205
Other Main Line	6,404
Passing Lines and Turnouts	3,021
Switching and Classification Yard Lines	9,270
Total Track Miles	50,900
Track Miles of Rail Installed and Replaced	
New	1,286
Used	468
Total	1,754
Track Miles of Continuous Welded Rail	27,800
Track Miles Under Centralized Traffic-Control	19,443
Track Miles Ballasted	12,495
Ties Installed and Replaced (thousands)	4,300

Equipment Owned Or Leased At Year End

Locomotives	8,721
Covered Hoppers	35,437
Open Hoppers	18,647
Gondolas	13,780
Boxcars	12,272
Other	14,148
Average Age of Equipment (Years)	
Road Locomotives	14.8
Switch Locomotives	30.5
Covered Hoppers	28.7
Open Hoppers	28.6
Gondolas	26.6
Boxcars	27.1
Mechanical Refrigerated	22.3
Flat Cars	30.2

Company Overview

Headquartered in Omaha, Nebraska, Union Pacific Corporation owns one of America's leading transportation companies, the Union Pacific Railroad Company (Company, UP or Railroad). The Railroad links 23 states in the western two-thirds of the country and serves the fastest-growing U.S. population centers. The Company maintains coordinated schedules with other rail carriers to move freight to and from the Atlantic Coast, the Pacific Coast, the Southeast, the Southwest, Canada, and Mexico. The Railroad serves the East through major gateways in Chicago, St. Louis, Memphis and New Orleans. In addition, UP is the only railroad serving all six major Mexican gateways and operates key north/south corridors for interchange traffic with the Canadian and Mexican rail systems. UP reaches north into Canada through the Eastport gateway in Idaho, as well as through exchange points in Minnesota, Wisconsin and Illinois. That network, combined with a well-balanced and diverse traffic mix, makes UP the premier rail franchise in North America, generating $15.5 billion in freight revenue in 2007.

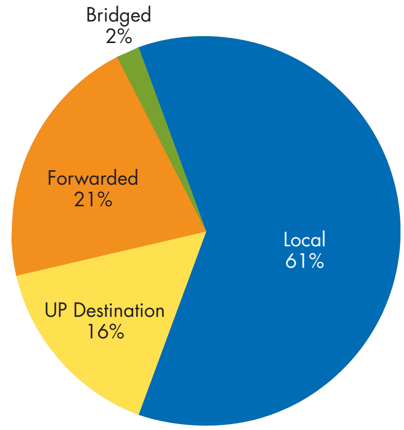
Union Pacific's freight traffic consists of bulk, manifest and premium business. Bulk traffic is primarily the shipment of coal, grain, rock and soda ash in unit trains. A key franchise strength is access to the Southern Powder River Basin (SPRB) coal fields of northeastern Wyoming. Growth of SPRB coal tonnage hauled by UP is expected to continue, reflecting growing worldwide energy needs. UP also provides direct routes from major grain-producing areas in the Midwest to domestic markets, Mexico and export ports in the Gulf Coast and Pacific Northwest.

Manifest traffic is individual carload or less-than-trainload business, including commodities such as lumber, steel, paper and food, transported from thousands of locations on Union Pacific's vast network. Union Pacific also has broad coverage in the large chemical-producing areas along the Gulf Coast.

The Railroad's premium business is the transportation of finished vehicles, intermodal containers and truck trailers. UP's extensive automotive network facilitates delivery of approximately 78 percent of the rail shipped finished vehicles sold west of the Mississippi River. The Railroad also serves the fast-growing market for international imports with its competitive long-haul routes connecting the West Coast ports and eastern gateways, particularly along the Sunset Corridor from Los Angeles to El Paso.

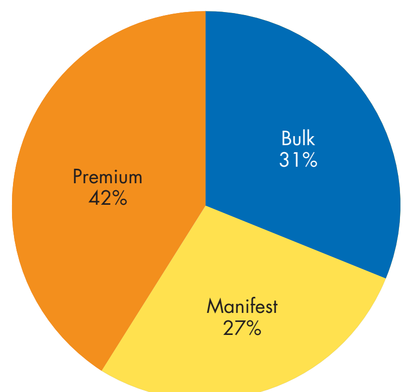
The strength of this diverse franchise and efficient utilization of the Railroad's capacity enables the Company to provide its customers with a reliable and valuable service product that drives growing financial returns for our shareholders.

TRAFFIC CLASSIFICATION - 2007 CARLOADS

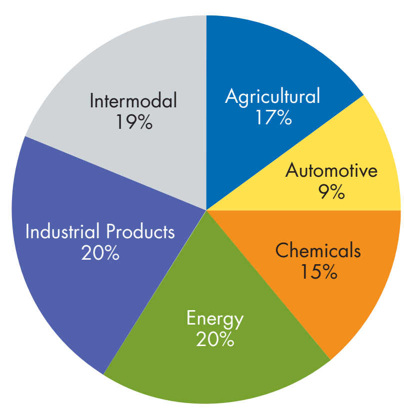


Local = UP Origin + UP Destination
Forwarded = UP Origin + Other Destination
UP Destination = Other Origin + UP Destination
Bridged = Other Origin + UP Intermediate + Other Destination

FREIGHT TRAFFIC - 2007 CARLOADS



BUSINESS MIX - 2007 FREIGHT REVENUE



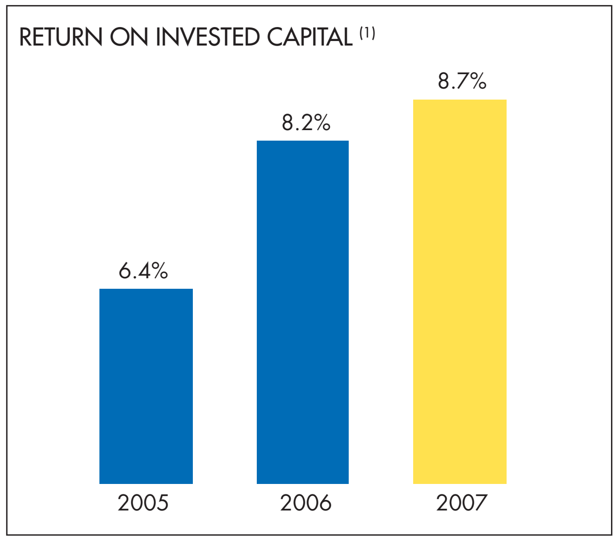
The Year in Review - Financial Results

By nearly every measure, Union Pacific enjoyed one of the best years in the long history of the Company in 2007. Despite a softer U.S. economy and record fuel prices, Union Pacific combined continued core price improvement with significant operating efficiency gains to set "best ever" levels in many measures of financial performance. The Company also continued its commitment to increasing returns for its shareholders, using a balanced approach to increase value through targeted growth capital investments, higher dividend payments and a new share repurchase program.

Union Pacific reported record operating revenue of $16.3 billion, a 5 percent increase over 2006 despite lower year-over-year volumes. Five of the Company's six business groups achieved record annual revenue levels in 2007. Increased operating efficiency allowed UP to improve its operating ratio by 2.2 points, finishing the year at a post-merger record level of 79.3 percent. Net income increased 16 percent to $1.9 billion, an all-time record. Earnings per share grew to $6.91 in 2007, up 17 percent from $5.91 in 2006. Return on invested capital improved 0.5 points from 2006 to 8.7 percent. (1)

Union Pacific achieved these financial results despite lower volume, which was down 1 percent during the year. Major drivers were a weak housing market, decreased auto production, lower intermodal volumes at West Coast ports, and increased competition from trucks in certain markets. Fuel prices rose steadily through most of the year, before sharply spiking during the fourth quarter. Union Pacific's average diesel fuel price increased 9 percent to $2.27 per gallon, adding $247 million in operating expense versus 2006. UP's fuel surcharge programs help offset the impact of higher fuel prices. The Company does not completely recover its fuel expense. Fuel surcharge programs covered approximately 85% of our business in 2007.

Union Pacific increased dividends to shareholders twice during 2007, for a total increase of 47 percent to $.44 per share. The Company also announced a 20 million share repurchase program. During 2007, Union Pacific repurchased 12.6 million shares under this authority, returning $1.5 billion to shareholders.



Financial Summary

Union Pacific Corporation	**2007**	**2006**	**2005**
Operating Revenues *(millions)*	$16,283	$15,578	$13,578
Operating Income *(millions)*	$3,375	$2,884	$1,795
Operating Ratio	79.3%	81.5%	86.8%
Operating Margin	20.7%	18.5%	13.2%
Employees *(average)*	50,089	50,739	49,747
Average Fuel Price Per Gallon Consumed	$2.27	$2.09	$1.80
Cash Capital Expenditures *(millions)*	$2,496	$2,242	$2,169
Long-Term Leases *(millions) (a)*	$516	$443	$691

(a) Represents the net present value of long-term operating leases for new equipment.

(1) Please refer to page 35 for a reconciliation to GAAP.

The Year in Review - Operations

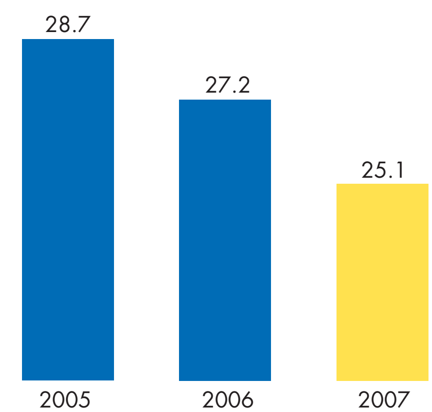
Improving operational efficiency was a critical goal for Union Pacific in 2007, and will continue to be a priority in years to come. The Company continues to focus on simplifying and streamlining rail operations across its vast network, encompassing varying geographies and operating complexities. The efficient use of resources throughout the system is critical to improving service and shareholder value.

Union Pacific focused on process improvement, organizational effectiveness, technology and capacity investment in 2007 to improve network fluidity and increase customer satisfaction. System velocity increased 2 percent from 2006, as greater operational flexibility helped the Company's 1,500 plus daily trains reach their destinations faster. This more efficient asset utilization reduced terminal dwell times for each carload and lowered overall car inventory. Terminal dwell times decreased 8 percent and overall rail car inventories fell 4 percent, reducing equipment usage expenses and increasing service reliability.

Workforce productivity is key at Union Pacific, and in 2007 the Company correlated its staffing levels with volume. UP moved 1 percent fewer carloads and had 1 percent fewer employees than 2006. The Company's high attrition rate due to its aging workforce combined with increased efficiency and technology made staffing reductions possible.

The Company's Unified Plan initiative took a "clean sheet" approach to Union Pacific's transportation plan, with the goal of eliminating mainline work events and intermediate switching of cars. The initiative is an ongoing process, and the Company continues to modify its transportation plans to reflect traffic patterns, customer demand and take advantage of new opportunities to improve efficiency. Field managers also increased productivity by using new technology, such as the Customer Inventory Management System (CIMS) and the Operating Income Statement (OIS). CIMS, which proactively manages terminal inventories for both system and customer facilities, was completely implemented across the system in 2007. OIS focuses on accountability in the field through an income statement analysis of local operations, providing revenue credit for volumes in addition to expense control responsibility. Revenue credit is also allocated based on customer service, performance and safety metrics helping produce a "network view" of local operations.

AVERAGE TERMINAL DWELL*
Hours



** As reported to Association of American Railroads*

Operations Summary

Union Pacific Corporation	**2007**	**2006**	**2005**
Revenue Carloads *(thousands)*	9,733	9,852	9,544
Revenue Ton-Miles *(billions)*	562	565	549
Gross Ton-Miles *(billions)*	1,052	1,073	1,044
Average Train Speed *(miles per hour) (a)*	21.8	21.4	21.1
Average System Dwell *(hours) (a)*	25.1	27.2	28.7
Average Rail Car Inventory *(a)*	309,912	321,566	n/a
Fuel Consumed *(millions of gallons)*	1,326	1,372	1,353
GTMs per Employee *(millions)*	21.01	21.14	20.98

(a) As reported to the Association of American Railroads. On October 1, 2005, the rail car inventory measurement was standardized for all reporting railroads. Rail car inventory for prior periods was not recalculated.

The Year in Review - Marketing

Although volume declined slightly in 2007, improved service and a focus on yield produced record freight revenue of $15.5 billion.

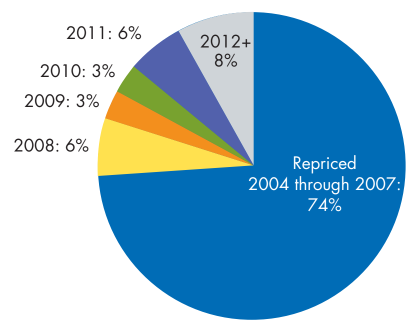
The much publicized troubles in the housing market and a weakening economy directly affected volume, but the diversity of our franchise allowed us to largely offset soft demand. Economic impacts were greatest in our Industrial Products and Automotive businesses. Despite a slowdown in West Coast imports, our Intermodal group posted record volume for the year and Energy also set a carloading record, overcoming weather and production-related challenges that impacted the supply chain. Our Chemicals business posted the largest growth, up 4 percent, while Agricultural saw near-record wheat shipments and almost 30 percent growth for ethanol and DDGS (an ethanol co-product).

Although volumes were generally lower than 2006 levels, there were surprising periods of strength. With a seven-day carloading average over 200,000, September was an all-time record month, with the 7-days ended October 1 setting a record at 205,455.

Improved service supported continued yield gains, even with softer demand. All six business groups set records for Average Revenue per Car, with core prices increasing an average of 6 percent. Between 2004 and the end of 2007, Union Pacific re-priced 74 percent of its business. During 2007, the Company renegotiated legacy contracts responsible for 6 percent of revenue. These new agreements include rate levels, annual escalators and fuel surcharges that now reflect the current transportation environment. The 26 percent of revenue that remains in legacy contracts represents a great opportunity for yield improvement in 2008 and beyond.

Customer satisfaction, measured by the Company's monthly survey, climbed to a post-SP merger record. Pricing gains over the past few years have improved financial returns, making possible targeted capital investments in infrastructure and resource additions. Along with operating initiatives, these investments support business growth and improve service, providing value for customers and driving higher levels of satisfaction.

PRICING OPPORTUNITIES
(Percentage of Revenue)



Annual Summary by Quarter - Total Freight Revenue

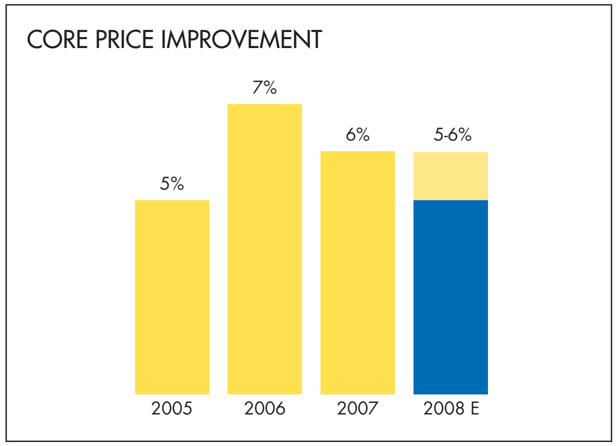
	2007					2006					2005				
	1st	2nd	3rd	4th	Total	1st	2nd	3rd	4th	Total	1st	2nd	3rd	4th	Total
Freight Revenue (millions of dollars)	3,655	3,853	3,990	3,988	15,486	3,514	3,721	3,789	3,767	14,791	2,981	3,176	3,281	3,418	12,856
Revenue Ton-Miles (millions)	135,138	139,200	144,035	143,472	561,845	139,287	143,444	141,644	140,836	565,211	137,469	136,868	138,155	136,276	548,768
Revenue Carloads (thousands)	2,334	2,433	2,522	2,444	9,733	2,393	2,510	2,509	2,440	9,852	2,300	2,391	2,433	2,420	9,544
Average Revenue Per Car (dollars)	1,566	1,584	1,582	1,632	1,591	1,469	1,482	1,510	1,544	1,501	1,296	1,328	1,349	1,413	1,347

2008 Outlook

Union Pacific expects a record year in 2008. Despite external challenges posed by a soft U.S. economy, record high diesel fuel prices and ongoing regulatory pressures, UP has numerous opportunities to improve performance. The Company plans to build on the momentum created in 2007 with respect to safety and efficiency, customer service, profitability, and returns for shareholders.

Safety remains a top priority for Union Pacific. The Company uses a multi-faceted approach utilizing technology, risk assessment, quality control and training to operate as safely as possible. The Railroad expects to continue improving network efficiency, leveraging both technology and past capacity additions to increase operating flexibility. Capacity expansion programs will continue in 2008, supporting long-term volume growth and enhancing overall network fluidity and throughput. Total capital spending in 2008 should total around $3.1 billion, approximately the same level as 2007.

Volume growth in energy and agricultural carloads is expected in 2008, driven by the growing electrical needs in the U.S., strong worldwide demand for U.S. grain, and continued expansion of ethanol production. UP currently expects Chemicals and Intermodal shipments will likely remain similar to 2007 levels. Automotive and Industrial Products volumes should decrease, as the effects of the soft economy on the housing market and finished vehicle sales continue through the year. Overall, the Company expects that volume in 2008 will be 1 percent higher to 1 percent lower than 2007.



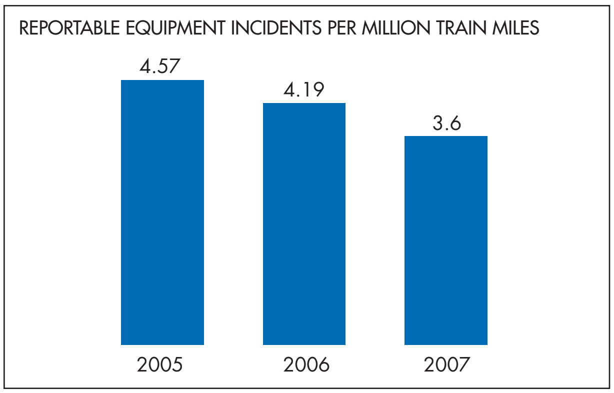
Despite economic uncertainty, Union Pacific anticipates record revenue in 2008 based on forecasted demand, improved customer service, and opportunities to reprice portions of its business. Core price should grow by 5 to 6 percent in 2008, reflecting the ability to re-price outstanding legacy contracts representing approximately 6 percent of the Company's revenue.

On April 24, 2008, Union Pacific reported First Quarter diluted earnings per share of $1.70, a 21 percent increase versus 2007. Freight revenue grew 11 percent from 2007, to nearly $4.1 billion. For the full year, the Company expects diluted earnings per share of $7.75 to $8.25, or growth of 12 to 19 percent from 2007. High fuel prices likely will challenge the Company's ability to improve its operating ratio in 2008. Despite the fuel headwind, Union Pacific expects ongoing initiatives to improve profitability and drive efficiency that will produce earnings growth.

Safety and the Environment

Safety

Safety is a core value at Union Pacific. All employees are responsible for maintaining safe working conditions and preventing personal injuries and accidents. UP's commitment to safety extends beyond its own employees and includes both customers and the communities in which UP operates. In 2007, derailments decreased 14 percent and crossing accidents declined 9 percent. The Company closed 482 crossings during 2007, reducing contact points between freight trains and highway traffic. Employee incidents decreased 2 percent to the lowest level ever. This progress in safety results from enhanced employee training, increased public education, capital investments and proactive efforts to reduce the Company's risk factors.



Union Pacific looks to make further safety gains by expansion of Total Safety Culture (TSC) across the Company. TSC is an employee-owned process where employees are empowered to support safe behavior and correct at-risk behaviors by actively caring for one another. TSC has been successfully implemented in select departments at UP, connecting employees with ways to make their working lives safer.

Public education is also critical to rail safety. Increasing awareness of freight train operations and safe public behavior is paramount, with nationwide increases in both highway and rail traffic. Driver behavior is addressed through public education classes and initiatives to promote greater crossing safety. During 2007, Union Pacific educated over 400,000 citizens who live in communities where the Company operates. Track image recorders (TIRs) are being utilized to improve crossing safety, assisting in the analysis of crossing accidents. By the end of 2007, Union Pacific had TIRs in the lead position of 85 percent of its road locomotive fleet.

Environment

Union Pacific is committed to protecting the nation's environment. As one of America's largest transportation companies, UP's role is critical to the U. S. economy. It is also critical that this service be provided in a manner that protects the country's natural resources.

Railroads are already the most fuel efficient, environmentally friendly mode of ground freight transportation, and Union Pacific is committed to becoming even "greener". Rails are generally three times more fuel efficient than trucks, and Union Pacific is working to further improve fuel efficiency. Better locomotive technology, engineer train handling education, and employee involvement are all being utilized to decrease fuel consumption in concert with operational improvements that improve asset utilization and network simplicity. Improved efficiency in 2007 enabled the company to save more than 21 million gallons of diesel fuel versus 2006.

Union Pacific is also aggressively working to reduce locomotive emissions. There are three sets, or tiers, of emission standards set by the U.S. Environmental Protection Agency (EPA), which are progressively more stringent. These standards require reductions in locomotive exhaust emissions of nitrogen oxides and particulate matter. With nearly 60 percent of its locomotives certified under the existing EPA tier standards, UP owns the cleanest fleet in the nation. Further improvements are on the horizon as the Company works with manufacturers to field-test new, high-horsepower locomotives that surpass the EPA's most stringent standards. UP is also retrofitting older locomotives with new emission-reduction equipment.

UP is pioneering a low emissions switch locomotive, the "Genset Switcher". These units utilize "off-road" truck-style diesel engines that reduce nitrogen oxide emissions 80 percent, particulate matter 90 percent and are 16 percent more fuel-efficient. This program was recognized in May by the Society of Automotive Engineers when they awarded the Genset their Environmental Excellence in Transportation award for mobility and engine emissions. Today, Union Pacific is operating 184

UNION PACIFIC
ENVIRONMENTAL
MANAGEMENT

low emission locomotives in California and Texas. In addition, we are partnering with the EPA on one-of-a-kind field testing to reduce emissions on older road and switch locomotives.

Union Pacific has a comprehensive waste reduction and recycling program that touches nearly every part of the company. Concerted efforts are made to address high-volume items such as wooden track ties and used oil. When possible, wooden track ties are refurbished for use elsewhere on the UP system or sold to landscaping or recycling companies. The Company is installing more durable concrete ties which require lower maintenance and generate less waste than wooden ties.

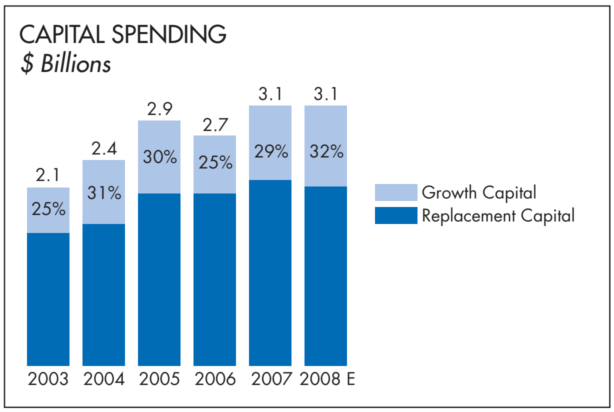
In October, UP received the Energy Innovators Award from the U.S. Department of Energy for making energy efficiency a priority and incorporating technological innovations that make Union Pacific's headquarters one of the nation's most energy efficient buildings. The building was also recognized in 2007 with the Energy Star from the EPA as an environmentally responsible structure.

Did you know...?

- On average, Union Pacific hauls one ton 790 miles on a single gallon of diesel fuel
- One double stack intermodal train takes up to 280 trucks off the highway
- In terms of noxious emissions, trains are 3 times cleaner than trucks on a per ton-mile basis
- If 25 percent of truck freight was diverted to rail transportation, nearly 800,000 fewer tons of air pollution would be created by 2025

Investing in Our Future

Union Pacific's vast network requires large capital commitments each and every year in order to enhance the safety of operations, expand to meet the transportation needs of our current and future customers and improve operational efficiency. Capital investments encompass not only replacing and improving track and facilities, but also acquisition of new locomotives and freight cars. In 2007, UP's total capital investments were $3.1 billion, including cash spending of $2.5 billion. The Company's capital can be broadly classified into two categories, replacement capital and growth capital. Replacement capital can be defined as spending required to enhance safety or replace current infrastructure, including track, facilities and equipment. Growth capital is targeted at future needs of the Company and its customers, supporting both volume expansion and efficiency. Included within both of these capital categories are equipment acquisitions. New equipment is needed to both add capacity to our network as well as to replace older, less efficient assets.



Replacement Capital

The Company spent approximately $1.6 billion replacing track and facilities in 2007. UP installed nearly 4.1 million ties and 841 miles of rail, providing safer operations through capital investments. All together, UP spent approximately $2.2 billion in 2007 on replacement capital.

In 2008, Union Pacific expects to spend around the same level, $1.6 billion, on annual replacement of track and facilities. The Company plans to install nearly 4 million ties and over 700 miles of rail during the year. Annual replacement of locomotives and freight cars also continues in 2008. Total replacement capital spending for 2008 should total approximately $2.1 billion.

Growth Capital

Union Pacific spent approximately $900 million on growth capital in 2007. One of the Company's key routes is the Sunset Corridor, which runs between Los Angeles and El Paso. This heavily traveled corridor carries about 20 percent of all traffic operated by the Railroad. UP added 33 miles of double track to the corridor in 2007, making it approximately 54 percent double tracked at year end. The Company plans to completely double track the route, supporting anticipated growth.

An important part of Union Pacific's franchise is its access to the SPRB coal fields of northeastern Wyoming through a joint line, which we own with the BNSF (the Joint Line). Joint Line capacity expansion is underway, and in 2007 approximately 25 miles of third main track were added, making the line completely triple tracked. Portions of quadruple track were also added to the Joint Line in 2007, and continue in 2008.

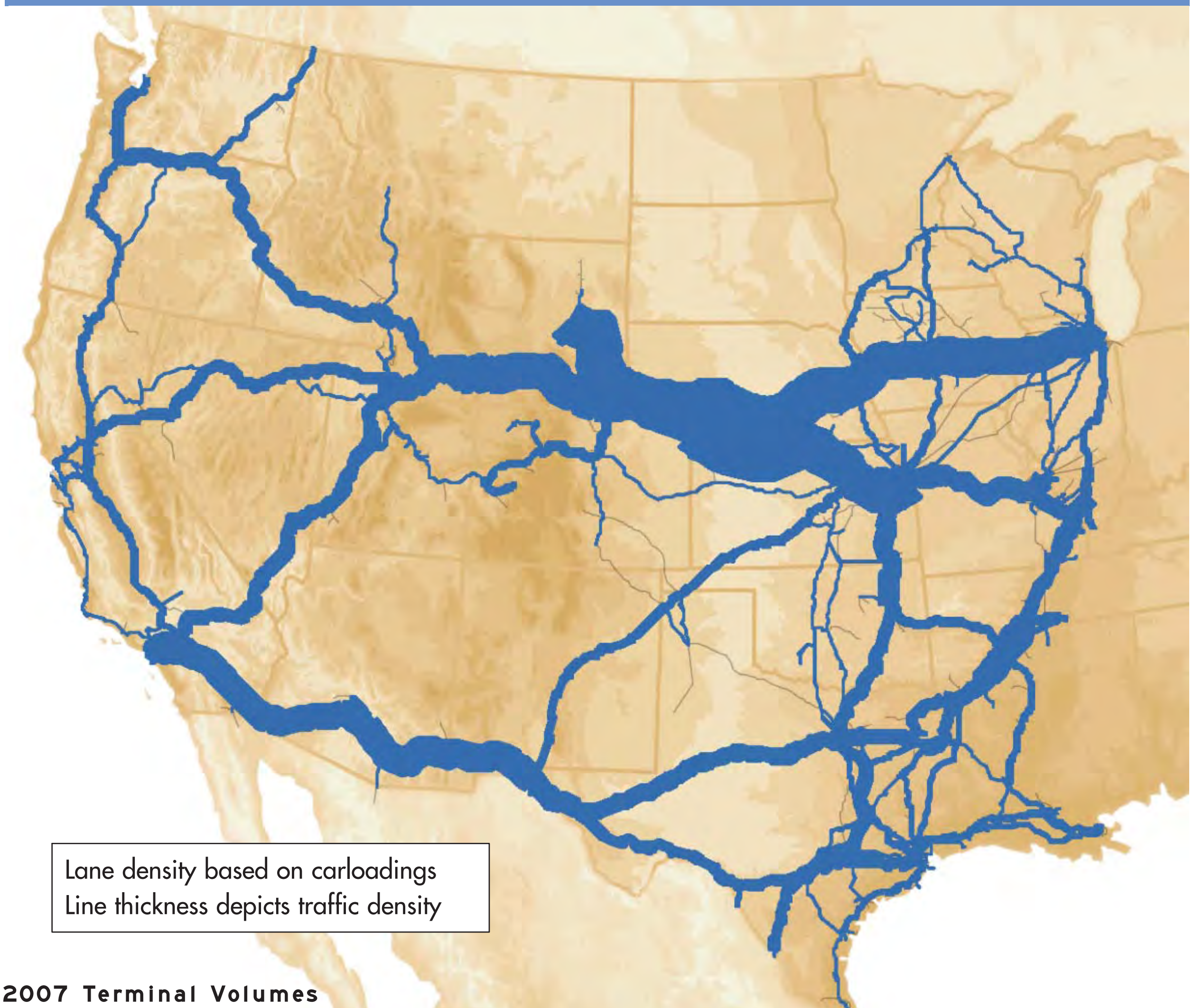
The Company also spent approximately $45 million on technology to support growth during the year. Telecommunications upgrades, replacement of mainframe software systems, a new crew dispatching system and advancement of positive train control were the major technology spending initiatives during 2007.

In 2008, UP expects to spend approximately $1.0 billion for growth capital. Expansion of the Sunset Corridor and the Joint Line will continue during the year, and locomotives and freight cars will be added to support anticipated growth. Technology spending will continue, primarily to upgrade information technology systems and for testing of new operational technology such as positive train control.

Equipment Acquisitions

Union Pacific acquires locomotives and freight cars each year, replacing older units at the end of their useful life and positioning the company to handle growing customer volumes. Capital expenditures for equipment in a given year will typically fall into both replacement and growth capital, depending on network demand and fluidity. UP added 300 new high-horsepower road locomotives, 149 switch locomotives and 860 freight cars in 2007. The new locomotives are more fuel efficient and produce fewer emissions than older locomotive units, helping the company become continually more environmentally friendly. In 2008 UP plans to acquire approximately 175 road locomotives and 300 freight cars.

Track and Terminal Density



2007 Terminal Volumes

Major Classification Yards	Average Daily Volume/Cars	Major Intermodal Terminals	Annual Lifts
North Platte	2,700	ICTF (Los Angeles)	719,000
North Little Rock	1,600	Marion (Memphis)	414,000
Proviso (Chicago)	1,600	East Los Angeles	360,000
Roseville	1,400	Global II (Chicago)	353,000
Englewood (Houston)	1,300	Global I (Chicago)	310,000
West Colton	1,300	Dallas	292,000
Livonia	1,300	Seattle	250,000
Pine Bluff	1,300	Yard Center (Chicago)	238,000
Fort Worth	1,200	Oakland	236,000
Neff (Kansas City)	1,000	Englewood (Houston)	214,000

Project Operating Ratio

Project Operating Ratio

A key measure used within the rail industry to benchmark relative efficiency is operating ratio; operating expense divided by operating revenue. Operating ratio helps quantify a company's profitability, reflecting its ability to grow revenue, improve productivity and control costs. Union Pacific has made great progress in recent years in improving its operating ratio, but much more improvement is needed to be competitive with other Class I railroads. As a result, UP launched a company-wide initiative to make the organization more efficient, more effective, and safer.

The initiative focuses on improving three key areas: revenue growth, operating productivity and organizational effectiveness. Each of these areas target operating ratio from both sides of the equation, building revenue to improve top line growth while improving efficiency and implementing cost controls for more profitable bottom line results.

Profitable Revenue Growth

Union Pacific follows a disciplined approach to understand its markets, competition, and the economy when establishing goals for revenue growth. To properly position itself in the marketplace, the Company works closely with customers to understand their current and future needs. By understanding near and long term customer needs, UP can improve service and create value for its customers. UP closely monitors global macroeconomic factors to understand their external impact on the markets the Company serves.

Union Pacific re-priced 74 percent of its freight revenue from the beginning of 2004 to the end of 2007. In today's environment of limited rail capacity, pricing dynamics have changed significantly from the time when the Company entered into many of its long term agreements. As the remaining 26 percent of contracts expire over the next several years, Union Pacific has a great opportunity to improve the profitability of this business by obtaining rates that reflect current and future market conditions and including fuel surcharge provisions in new agreements to recover costs from higher fuel prices.

In addition to these opportunities, revenue growth and efficiency initiatives seek to create value for customers by improving problem-solving processes and streamlining billing and collection activities. Union Pacific strives to be an efficient and responsive business partner for all current and future customers.

Operating Productivity

The Company's Operating Productivity Council (OPC) focuses on increasing the efficiency of operations, improving customer service and removing unnecessary costs from the network. Performance benchmarks are identified to gauge progress. Specific action plans are created to address each area of opportunity, while improving safety and service. Regular review and monitoring of progress is mandated throughout the implementation period, followed by extensive post-completion auditing and analysis. This improvement cycle is iterative or "ever-green" as we continue to identify new opportunities to enhance efficiency. Areas of focus include network performance metrics, asset utilization, fuel conservation and engineering processes.

Organizational Effectiveness

Union Pacific evaluates organizational and process efficiency in addition to operational productivity initiatives. The Company's high attrition rates due to an aging workforce offer a significant opportunity to continually evaluate structure and plan for the business of tomorrow. Administration and other support functions offer opportunities for streamlining through standardization of practices and industry benchmarking.

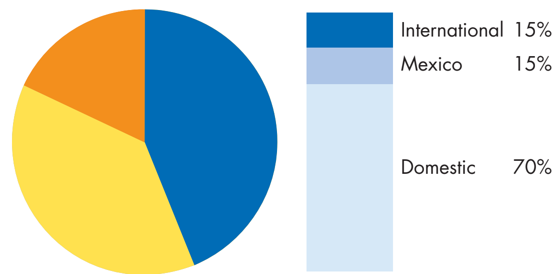
One example of the Company's efforts involves its Supply Department. The Company procured about $7.5 billion dollars of goods in 2007 from locomotives and rail to computers and office supplies. To maximize its spending efficiency, Union Pacific seeks to think more strategically about sourcing goods and services by understanding the total cost of ownership rather than just the purchase price. The total cost of ownership of a particular item includes internal and external costs such as the installation, distribution, service and removal of that item from the organization. Standardizing sizes and specifications, understanding purchasing options and partnering with producer supply chains to achieve better economies of scale can all significantly decrease expenses.

Agricultural

Commodity Profile

Agricultural transportation, including whole grains, commodities produced from these grains, and food and beverage products, provided 17 percent of the Railroad's 2007 freight revenue. With access to most major grain markets, the Railroad provides a critical link between the Midwest and western producing areas and export terminals in the Pacific Northwest (PNW) and Gulf ports, as well as Mexico. Unit shuttle trains transport a single commodity efficiently between producers and export terminals or domestic markets. UP also serves significant domestic markets, including grain processors, animal feeders and ethanol producers in the Midwest, West, South and Rocky Mountain states.

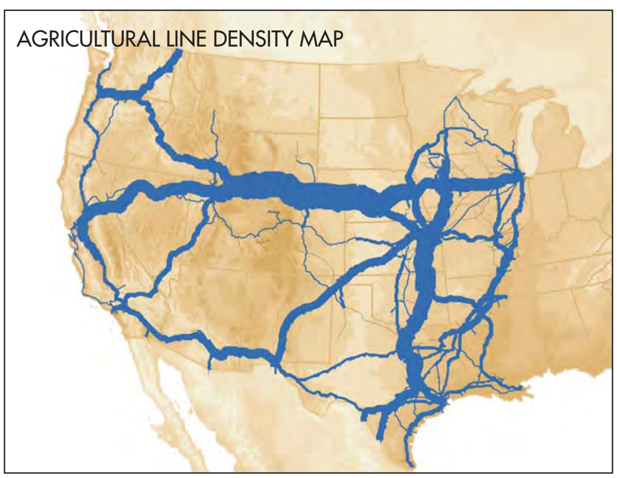
2007 CARLOADS



Whole Grains	**44%**
Domestic Feed Grains	22%
Export Feed Grains	9%
Wheat	13%
Grain Products	**39%**
Meals & Oils	15%
Dry Feed Ingredients	6%
Flour Mill Products	3%
Sugar & Liquid Feed	4%
Rice	3%
Wet Corn Milling & Ethanol	8%
Food & Beverage	**17%**
Brewers & Food	12%
Frozen & Refrigerated	5%

Union Pacific maintains the largest, most modern refrigerated boxcar fleet in the industry. This competitive advantage enables the Company to capitalize on strong rail capabilities, matching major production areas with growing population centers. Produce Railexpress, first introduced in late 2006, and Express Lane, UP's premium perishables service offerings, move dairy products, fresh and frozen fruits and vegetables and wine from the PNW and California to destinations in the East and Southeast. The Railroad transports frozen meat and poultry to the West Coast ports for export, while beverages, primarily beer, enter the U.S. from Mexico.

Through its alliances, UP considers Canada and Mexico important extensions of its domestic markets. In 2007, agricultural carloads to and from Mexico declined 5 percent as revenue increased 4 percent. Fewer northbound beer shipments from Mexico drove the decline for the group. Declines were slightly offset by growth in southbound soybean meal and dried distiller grain with solubles (DDGS, an ethanol co-product). Feed grain shipments were fairly flat in 2007 primarily driven by competitive pressure and local Mexican crops.



Lane density based on carloadings. Line thickness depicts traffic density.

Domestic and foreign crop production, grain prices, currency fluctuations and shipping rate spreads between the Gulf Coast and the PNW are primary factors affecting export grain traffic. Consistent service performance is a large driver of UP's domestic traffic. Whole grain volumes varied significantly between the two halves of the year, falling 9 percent in the first half, while growing 11 percent in the second half driven by very strong Gulf exports of wheat.

2008 Outlook

In 2008, the ethanol market will provide the largest opportunity for growth in Agricultural. Total U.S. production is expected to reach 13 billion gallons by the end of the year, up from eight billion gallons in 2007. Six origin plants will start up or expand, shipping both ethanol and DDGS. In addition, four forward ethanol plants will open. The forward plants are closer to the consumptive areas for ethanol and will receive unit trains of corn from UP served areas in the Midwest. These plants are a volume driver for corn in 2008, as they require three loaded cars of corn to produce one loaded ethanol car. By the end of 2008, UP will serve 69 ethanol plants and nine forward ethanol plants.

Strong grain demand is also expected to continue into 2008. While corn acreage is estimated to decline in the new crop year, expected higher yields will help keep supply close to 2007 levels. The strong grain supply, expected favorable growing conditions, a weaker U.S. dollar and increased shuttle capacity should drive increased grain volumes over 2007. The Company is well positioned to handle increased demand by leveraging its efficient shuttle train network. Throughout the year, the operating and marketing departments will work closely with our soybean meal, ethanol and DDGS customers to convert existing single car manifest shipments to more efficient unit trains.

Paul Hammes,
VP & GM Agricultural

How is your team prepared for a soft economic climate in 2008?

The Agricultural group is less sensitive to economic weakness because a large portion of our traffic is directly related to necessities like food & food production. While some downside risk exists in 2008 for more discretionary food items like beer & wine, this may be offset by strong exports of meat and grain due to the weaker U.S. dollar in international markets. Shuttle train capacity has been added to handle increased grain exports, while refrigerated cars have been removed from storage to service meat exports. A weak economy may also drive decreased fuel consumption, pressuring ethanol margins and potentially limiting ethanol growth in 2008. We work closely with our ethanol customers to ensure adjustments can be made to required resources based on plant start up dates and production forecasts.

What is the biggest opportunity in your business group over the next 2-3 years?

The biggest opportunity for Agricultural over the next 2 to 3 years is growth and development of ethanol production and distribution. Six origin and four forward plants are expected to come on line in 2008 and we are actively working with partners to develop unit train ethanol unloading terminals in California and Texas. With a strong origination base and destination infrastructure that supports unit trains, Union Pacific is well positioned to capture future ethanol growth.

Annual Summary by Quarter - Agricultural

	2007					2006					2005				
	1st	2nd	3rd	4th	Total	1st	2nd	3rd	4th	Total	1st	2nd	3rd	4th	Total
Freight Revenue (millions of dollars)															
	611	605	670	719	2,605	558	562	595	670	2,385	445	461	497	553	1,956
Revenue Ton-Miles (millions)															
	19,249	18,935	20,613	21,735	80,532	20,085	19,756	19,793	21,378	81,012	19374	19215	19610	19820	78,019
Revenue Carloads (thousands)															
	219	212	232	239	902	234	225	227	237	923	216	215	224	228	883
Average Revenue Per Car (dollars)															
	2,793	2,855	2,888	3,006	2,888	2,386	2,494	2,626	2,825	2,584	2,063	2,140	2,215	2,432	2,216

Automotive

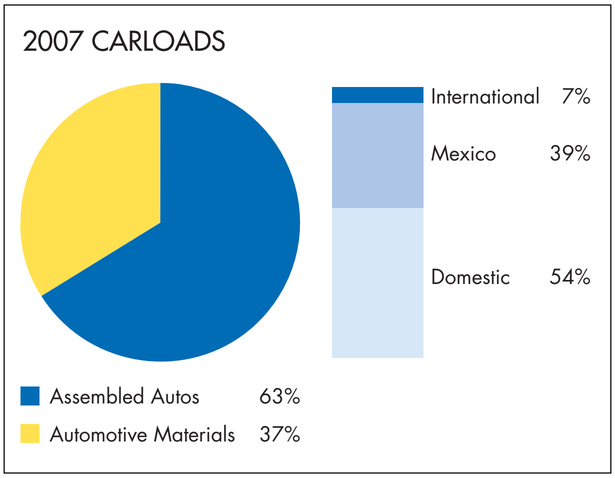
Commodity Profile

Shipments of finished vehicles and automotive parts and materials accounted for 9 percent of Union Pacific's 2007 freight revenue. Finished vehicles accounted for 79 percent of this revenue with the remaining 21 percent coming from the movement of automotive parts and materials.

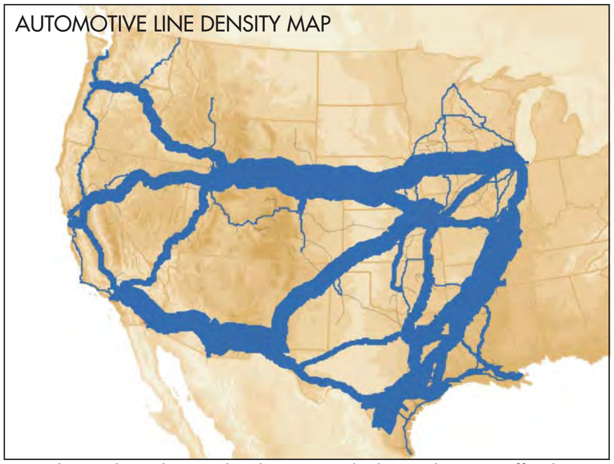
Union Pacific's franchise provides excellent accessibility to essentially all major markets west of the Mississippi River for delivery of finished vehicles to the manufacturers' dealer networks. UP continues to be the largest automotive carrier in the Western U.S. directly serving seven vehicle assembly plants and providing service to 38 automotive distribution facilities directly or to serving shortline railroads. Service to six West Coast ports and the Port of Houston accommodates both imported vehicles and vehicles moving to or from Hawaii and Alaska. Union Pacific also receives and delivers a significant number of vehicles to and from connecting railroads in Mexico, Canada, and the U.S.

U.S. new light vehicle sales declined for the second straight year to 16.1 million vehicles, the lowest level since 1998. This reflects a 2 percent reduction versus 2006 levels. UP's finished vehicle shipment revenue grew 1 percent while carloads were off nearly 5 percent in 2007. Despite the weakening economy and strong truck competition, UP had its fifth consecutive year of auto parts and materials volume growth. Volume grew 6 percent over 2006 levels and revenue increased nearly 8 percent, bolstered by positive pricing actions.

Union Pacific handled nearly 78 percent of the automotive carload business in the western U.S. in each of the last two years. Changing dynamics among manufacturers in the industry will continue to affect finished vehicle shipments as the manufacturers struggle to keep or gain market share. The Domestic Big Three incurred a market share loss again during 2007, although collectively they still hold more than 52 percent of the new light vehicle market share in the U.S. Toyota, Nissan, and other non-Detroit manufacturers have domestic manufacturing capabilities in addition to importing a significant number of vehicles via West Coast ports. Union Pacific faces competition from trucks for finished vehicles imported through the West Coast, destined for Western automotive dealerships.



A key component of Union Pacific's 2007 automotive parts and materials success was the implementation in March of an improved North/South service plan to utilize intermodal service between Detroit (via UP's Salem gateway), Laredo and Mexico. This improved service allowed customers to shift selected traffic previously originating in Chicago on UP lines to a Detroit origin with a connecting rail carrier. This provided shippers a lower cost option for some traffic and created additional growth capacity at Union Pacific's Yard Center Chicago terminal. This North/South corridor continues to be a high priority for automotive manufacturers that are heavily utilizing Mexican resources to meet production requirements. Over 39 percent of UP's automotive shipments move either to or from Mexico, including both finished vehicle carloads and parts and materials moving in either intermodal or boxcar service. During 2007, Mexico parts and materials shipments moderately increased while finished vehicle moves were slightly down due to plants retooling for model changes and/or inventory adjustments.



Lane density based on carloadings. Line thickness depicts traffic density.

Union Pacific's Automotive Management System now includes the Automotive Network Pipeline Management Tool in addition to the Network Alert Map. The pipeline management tool allows the Railroad to proactively identify trouble spots by providing a "real time" view of current enroute railcar volumes, vehicle dwell times and inventory. Early identification of potential issues enables the Railroad to take corrective actions, which avoids further problems. Additionally, UP has implemented a new inventory management system at all distribution facilities to monitor vehicle dwell. These systems facilitate expedited dealer deliveries, improving both asset utilization and customer satisfaction.

2008 Outlook

U.S. light vehicle sales are expected to decline again in 2008, as a result of a slowing U.S. economy. UP's diverse customer base, including the growing import and transplant manufacturers and the still dominant Domestic Big Three, helps mitigate affects of lower U.S. vehicle sales on volumes. In addition, imports from China and India will be monitored as their distribution plans continue to develop.

Mexico traffic, both to and from, is expected to remain stable and possibly grow as additional opportunities with finished vehicles, parts and materials develop. With ship lines continuing to look for opportunities to improve their asset utilization, UP will develop import business via mini-landbridge opportunities, bypassing use of the Panama Canal.

UP is making infrastructure improvements across its system to handle profitable traffic growth, including track improvements for automotive business at Portland, OR; Houston, TX; and Chicago, IL. Continued roll-out of the vehicle inventory dwell system will help ensure a very high level of inventory accuracy. UP is exploring the use of passive RFID (radio frequency identification) tags to replace manual inventory processes. RFID offers increased accuracy while significantly reducing the time associated with tracking, inventorying, auditing, and monitoring the location of the vehicles.

UP will capitalize on its strong interline carrier alliances to pursue and secure automotive parts and materials opportunities. These opportunities include boxcar direct and moves bundled with cross dock truck-to-rail and rail-to-truck shipments.

Additional growth opportunities exist with Railroad subsidiaries, Insight Network Logistics and Union Pacific Distribution Services. These companies offer supply chain logistic services for major automotive manufacturers.

Julie Krehbiel,
VP & GM Automotive

How is your team prepared for a soft economic climate in 2008?

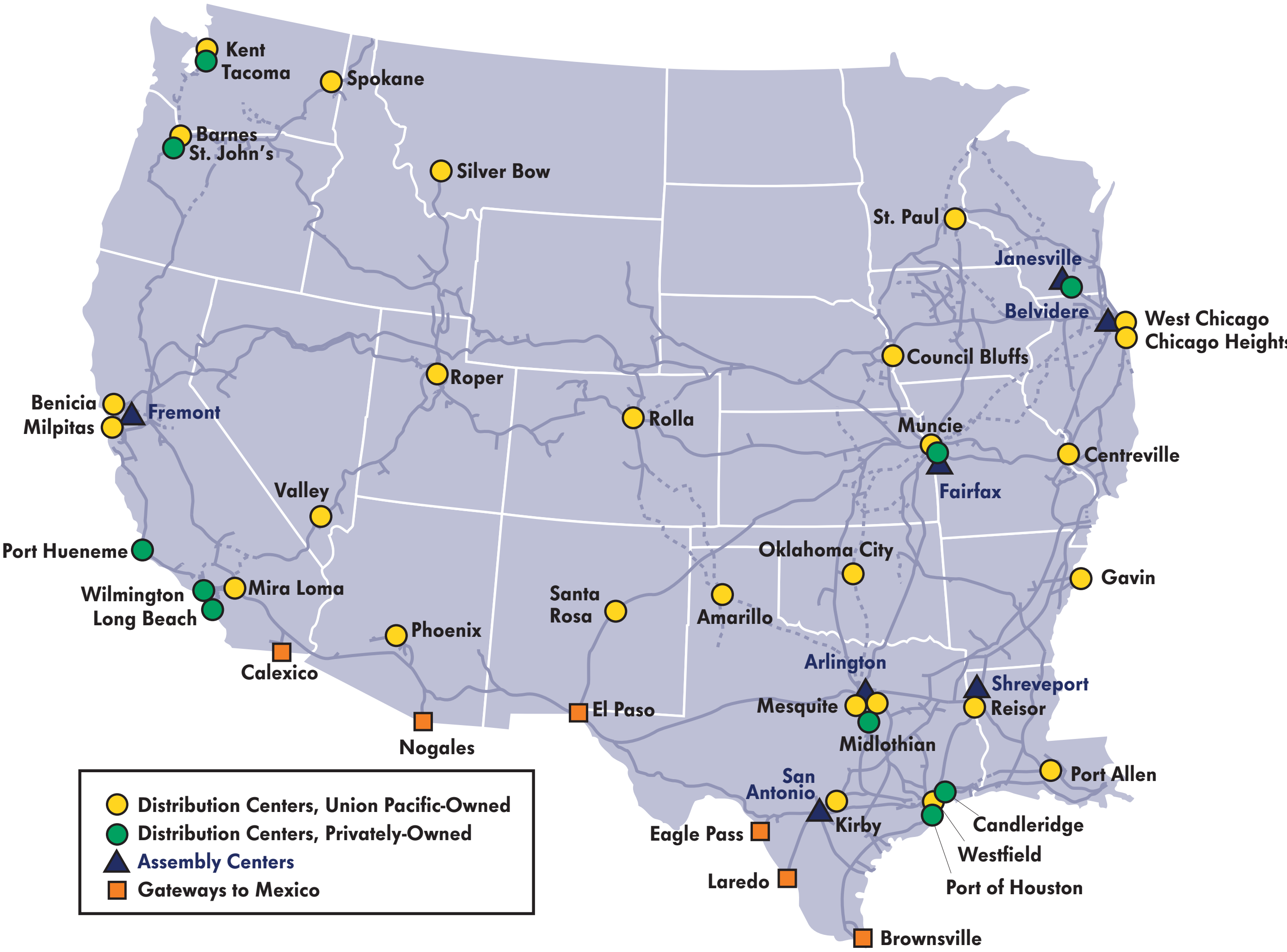
Although economic conditions will affect automotive carloads, UP is well positioned with a broad base of customers. With a softer economy in 2008, we believe that it will be very important to strengthen the automotive service network by improving transit times, ensuring consistency, and incorporating transportation efficiencies into our delivered product. This will improve our economics and provide many benefits to our customers.

What is the biggest opportunity in your business group over the next 2-3 years?

Many of our opportunities are associated with the existing traffic base. Union Pacific is fortunate to hold over a 75 percent share of all vehicles that move in the western U.S. Our unparalleled automotive ramp network, including facilities in 8 of the 12 fastest growing states will provide market growth. Parts opportunities continued in 2007 and are expected to help offset any vehicle softness in 2008, as production parts convert from over-the-road to intermodal and boxcar rail service. Significant opportunities associated with vehicles assembled in China and India exist in the future, and we are positioning our network accordingly.

Marketed jointly with UP's rail services, they assist manufacturers in meeting customers' changing inventory needs and provide continued growth opportunities. Another subsidiary, Insight Network Transport, is developing used car shipment opportunities by providing management and coordination services for vehicle auction companies and rental car firms.

Automotive Facilities and Assembly Centers

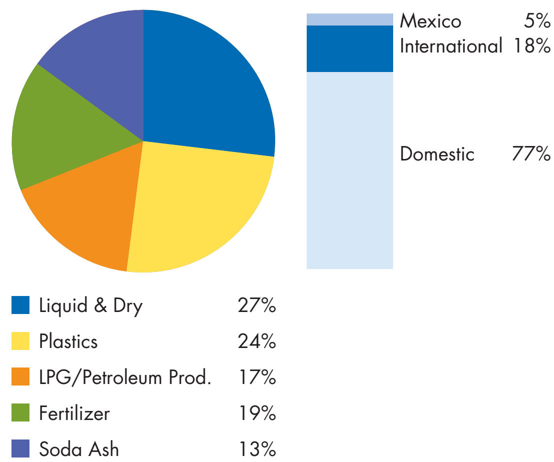


Annual Summary by Quarter - Automotive

	2007					2006					2005				
	1st	2nd	3rd	4th	Total	1st	2nd	3rd	4th	Total	1st	2nd	3rd	4th	Total
Freight Revenue (millions of dollars)															
	354	387	348	369	1,458	358	390	325	354	1,427	288	324	294	345	1,251
Revenue Ton-Miles (millions)															
	4,330	4,685	4,250	4,217	17,482	4,661	4,994	4,143	4,521	18,319	4,182	4,596	4,150	4,679	17,607
Revenue Carloads (thousands)															
	201	221	201	203	826	210	225	191	208	834	192	211	186	208	797
Average Revenue Per Car (dollars)															
	1,759	1,754	1,729	1,823	1,766	1,705	1,737	1,697	1,698	1,710	1,496	1,544	1,581	1,657	1,571

Chemicals

2007 CARLOADS



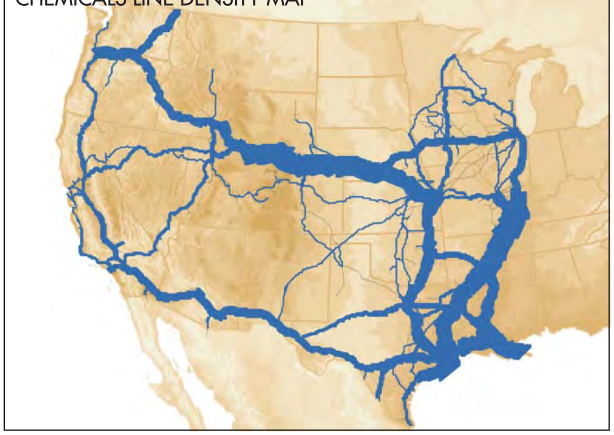
Commodity Profile

Transporting chemicals provided 15 percent of Union Pacific's freight revenue in 2007. The Railroad's franchise enables it to serve the large chemical megaplex along the Gulf Coast, as roughly two-thirds of the Company's chemical business originates, terminates or travels through this area. UP's chemical franchise also accesses chemical producers in the Rocky Mountains and on the West Coast. The Company classifies chemical shipments into three broad categories: Petrochemicals, Fertilizer and Soda Ash.

"Petrochemicals" including liquid and dry chemicals, plastics, petroleum and liquid petroleum products, makes up more than two-thirds of UP's chemical business. Fertilizer movements originate in the Gulf Coast region, as well as the West and Canada, bound for major agricultural users in the Midwest, western U.S. and abroad. These shipments account for 19 percent of the Railroad's chemical business. Soda ash shipments, contributing 13 percent of chemical volumes, originate in southwestern Wyoming and California destined for glass producing markets in the East, West and abroad.

Petrochemicals move primarily to and from the Gulf Coast region. Barges, pipelines, and to a lesser extent trucks, provide transportation alternatives for some of these commodities. The liquid and dry market consists of several dozen segments of basic, intermediate and specialty chemicals produced by, and shipped to, large and small customers. Strong demand from industrial manufacturers is key to this market segment. Plastics shipments support many vital sectors of the U.S. economy, including the automobile, housing and durable and disposable consumer goods markets. In 2007, strong pricing drove UP's petrochemicals' average revenue per car up 7 percent, while volume during this same period grew 3 percent with new plastics business acquired mid-year.

CHEMICALS LINE DENSITY MAP



Lane density based on carloadings. Line thickness depicts traffic density.

UP is a vital link in the plastics supply-chain through its ownership and operation of storage-in-transit (SIT) facilities. Plastics customers utilize railroad SIT yards for intermediate storage of their plastic resins, and UP's SIT capacity exceeds that of any other railroad.

UP's fertilizer demand is largely driven by U.S. agricultural expectations and world demand. Strong export demand for potash shipments through the PNW and a robust planting season for corn to supply ethanol producers increased UP's fertilizer shipments by 7 percent in 2007. The average revenue per car for fertilizer increased slightly more than 6 percent.

UP directly serves Green River, Wyoming, the world's largest soda ash reserve and producing region. Soda ash carloads increased 4 percent year-over-year as export markets grew and domestic soda ash demand remained relatively stable.

2008 Outlook

Demand for North American chemical production is expected to match 2007 levels. While overall demand for plastics is likely to soften in parallel with the economy, UP expects modest growth associated with two plastic production capacity additions on its line, one is a new facility build and the other a significant expansion. Similarly, liquid and dry commodities are expected to increase at modest levels with some overall volume growth expected. Basic and intermediate chemicals should grow more slowly with specialty chemicals also expecting growth. Stable North American natural gas prices will remain a fundamental factor in the growth of chemical production. Natural gas prices have a dual impact on chemical production. Natural gas is a feedstock in a variety of chemical production processes and is an energy source for many production plants.

Fertilizer demand should be strong in 2008, driven by higher crop prices and strong corn production required to support the growing ethanol market. UP expects strong growth in 2008, for both volume and average revenue per car, fueled by ongoing strength in export potash, as well as new inbound potash business to support a plant conversion. Soda ash shipments are expected to increase modestly over 2007 levels as demand remains strong for both domestic and export production.

Significant progress has been made toward achieving service objectives in the Gulf Coast region. Network metrics including velocity, terminal dwell and industry spot and pull are at, or exceed, best ever performance levels. Additionally, transit performance in many key lanes has increased and consistency improved. Chemical customers benefit directly from faster asset turns, as many customers own their own car fleets. With these demonstrated results increasing customer value, UP is positioned to take advantage of additional market opportunities in 2008.

Diane Duren,
VP & GM Chemicals

How is your team prepared for a soft economic climate in 2008?

Certain aspects of our business, particularly those related to agriculture, energy or soda ash, will likely see limited impact from an economic slow down. However, for those markets more sensitive to the economy, such as plastics and various liquid and dry chemicals, lower demand will likely result in customers redirecting their production to more efficient mega production facilities in the Gulf Coast from other outlying locations. It is therefore critical that UP continues to deliver on service and sells customers on the strength of the value proposition in the Gulf Coast.

What is the biggest opportunity in your business group over the next 2-3 years?

In the years ahead, as North American chemical production is further rationalized and international markets develop, both import and export, Union Pacific's chemical franchise is well positioned to capitalize on new business opportunities. A case in point is the PVC production expansions occurring on our line in 2008 and the infrastructure UP is putting in place to support future growth.

Additionally, we are focusing efforts on achieving breakthrough operational efficiencies at Green River, WY and in the Portland area, driven by both capital investments and process changes that will lower UP's costs and add value for our customers.

Annual Summary by Quarter - Chemicals

	2007					2006					2005				
	1st	2nd	3rd	4th	Total	1st	2nd	3rd	4th	Total	1st	2nd	3rd	4th	Total
Freight Revenue (millions of dollars)	544	574	586	583	2,287	496	532	536	520	2,084	438	457	475	472	1,842
Revenue Ton-Miles (millions)	14,044	14,406	14,107	13,964	56,521	14,037	14,583	13,927	13,371	55,918	14,393	14,461	14,227	13,798	56,879
Revenue Carloads (thousands)	224	239	238	227	928	218	234	228	216	896	228	235	230	219	912
Average Revenue Per Car (dollars)	2,430	2,395	2,469	2,564	2,464	2,280	2,265	2,351	2,414	2,326	1,925	1,939	2,060	2,167	2,021

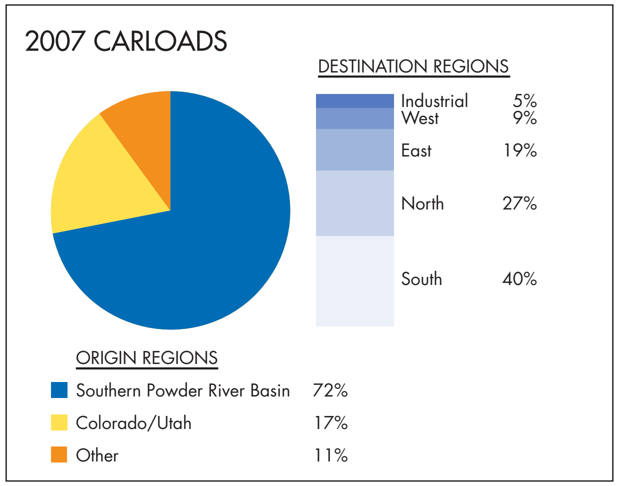
Energy

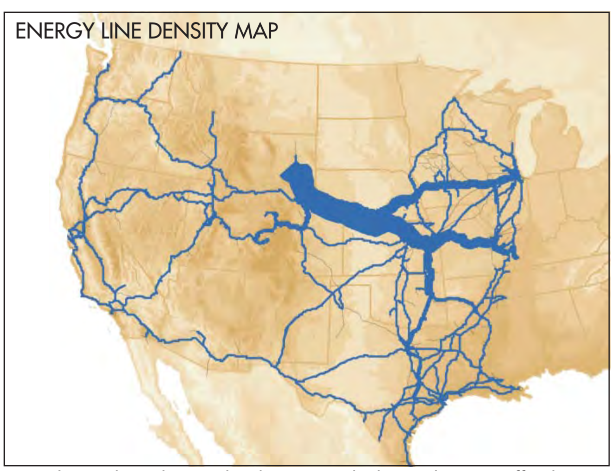
Commodity Profile

Coal and petroleum coke transportation accounted for 20 percent of Union Pacific's freight revenue in 2007. The Railroad's franchise supports the transportation of coal and coke to utilities, industrial facilities, interchange points, and water terminals. The water terminals provide access to the West and Gulf Coasts for export, and rail/barge/ship facilities on the Mississippi and Ohio Rivers and the Great Lakes.

SPRB coal represents the largest segment of UP's energy business. The SPRB represents 72 percent of the carloadings UP originates, primarily due to the favorable economics and low sulphur relative to eastern coals. The Railroad also moves high-BTU (British Thermal Unit) low-sulfur coal from Colorado and Utah to domestic utilities and industries. Coal traffic from Colorado and Utah represents 17 percent of total carloadings. The remaining volume is comprised of coal loadings originating in Southern Wyoming's Hanna Basin, Southern Illinois coal, and SPRB coal originating on other rail carriers and forwarded to UP.

Strong demand levels for western coal in 2006 continued through 2007, as Energy volume increased by 1.2 million tons to 266.5 million tons. The first six months of the year differed significantly from the second half, as shipments slipped below 2006 levels with severe weather and coal production problems disrupting the supply chain. The second half produced significant year-over-year improvement with numerous all-time records established. First quarter coal tonnage was flat year-over-year due to severe weather throughout the West and Midwest. Second quarter volumes declined more than 3 percent as a result of mine flooding and production shortfalls. Volumes surged in the third quarter, gaining more than 3 percent over 2006 as coal production improved. Volumes in the fourth quarter increased nearly 2 percent despite severe winter weather in December.





Lane density based on carloadings. Line thickness depicts traffic density.

Petroleum coke traffic originates primarily on the Gulf Coast with other key areas including Oklahoma, Kansas, Wyoming and California. Shipments are transported to destinations that include Texas, California and Louisiana. Petroleum coke is a source of high sulfur fuel for electricity generation, and is used by industrial customers in the production of aluminum, steel and cement. Coke shipments were off 1 percent versus 2006, while average revenue per car increased.

SPRB average train size increased nearly 2 percent to 15,325 tons per train during 2007. An increase in average tons per car, as well as a two car increase in train size, drove the improvement. The train size improvements are aided by a new wheel repair process implemented in North Platte. This process allows a car in need of repair to be changed-out while the car remains in the train consist, reducing train dwell and increasing velocity.

UP set numerous loading records on the Joint Line in the second half of 2007, with four consecutive months exceeding 1,100 coal trains loaded. In November 2007, "best-ever" records were established for monthly trains (1,159), average trains per day (38.6) and single-day coal train loadings (46).

Capacity improvements on the Joint Line during 2007 included the completion of a multi-year project which installed triple track on the entire 102-mile Joint Line from Caballo Junction on the north end to Shawnee Junction on the south end and increased capacity to over 400 million tons. UP and BNSF together moved 359 million tons of coal off the Joint Line in

2007. Portions of quadruple track are being added to the south end of the Joint Line, with incremental crossover switches scheduled for installation by Fall 2008.

PRB Economic Advantage

On a cost per million BTU basis, the Powder River Basin (PRB) continues to be one of the lowest cost energy alternatives in North America. Among the domestic coal regions, PRB coal is about one-third as expensive as eastern options and is tied with Rocky Mountain coal for the lowest sulphur content. While domestic natural gas prices have dropped from historically high levels in 2004-05, PRB coal remains a fraction of the cost of natural gas.

2008 Outlook

The Railroad will see additional revenue growth in 2008 as it leverages past capacity enhancements with new growth investments. Continued focus on train size improvements will drive productivity in 2008. Capital investments will focus on improving fluidity on the Joint Line as well as North Platte, the Iowa East-West main line, and the St. Louis network south, feeding the Mississippi and Ohio river systems.

Capacity improvements and increased operational efficiency, in addition to ongoing track and roadbed repair, will allow movement of increased tonnage from the region to help supply the growing coal-based electrical demand of the U.S. Growth from SPRB customers should drive an estimated five percent tonnage growth in 2008. Demand for Colorado/Utah coal is gaining strength, as the world's appetite for high BTU/low sulphur coal has increased dramatically in the last several months. PRB coal received from BNSF, and coal from Southern Wyoming and Southern Illinois is expected to be flat to slightly down year-over-year due to scheduled utility outages. Coke loadings should increase in 2008 based upon the increased supplies associated with high sulphur crude oil.

Doug Glass,
VP & GM Energy

How is your team prepared for a soft economic climate in 2008?

The Energy Team is somewhat insulated from the impact of slower U.S. economic growth. While overall electricity demand may soften with less economic activity, higher natural gas prices and strong international demand for coal should support our growth forecast for the remainder of the year. We have also secured and continue to pursue numerous export opportunities to move Colorado/Utah coal to Mexico, Asia, and Europe to help satisfy the growing world-wide demand for high BTU, low sulphur coal. This demand is driving more robust growth from the Colorado/Utah producing region in 2008.

What is the biggest opportunity in your business group over the next 2-3 years?

New power plants will come on-line over the next few years with the potential for significant additional coal demand. These new plants will utilize the latest emission containment technology to reduce carbon emissions and will be capable of retrofitting carbon capture technology that will be available in the future. The continuation and expansion of export opportunities are also critical. With rapid economic development occurring in India and China, the world's coal supply/demand balance is forcing many countries to find alternative coal sources.

Annual Summary by Quarter - Energy

	2007					2006					2005				
	1st	2nd	3rd	4th	Total	1st	2nd	3rd	4th	Total	1st	2nd	3rd	4th	Total
Freight Revenue (millions of dollars)	731	761	824	818	3,134	697	729	766	757	2,949	665	628	648	624	2,565
Revenue Ton-Miles (millions)	60,005	60,657	65,133	65,613	251,408	60,075	62,426	62,982	63,669	249,152	62,075	57,484	59,028	56,808	235,395
Revenue Carloads (thousands)	551	551	600	597	2,299	550	575	584	587	2,296	574	525	546	533	2,178
Average Revenue Per Car (dollars)	1,326	1,381	1,374	1,368	1,363	1,266	1,268	1,312	1,291	1,285	1,160	1,193	1,188	1,173	1,178

Industrial Products

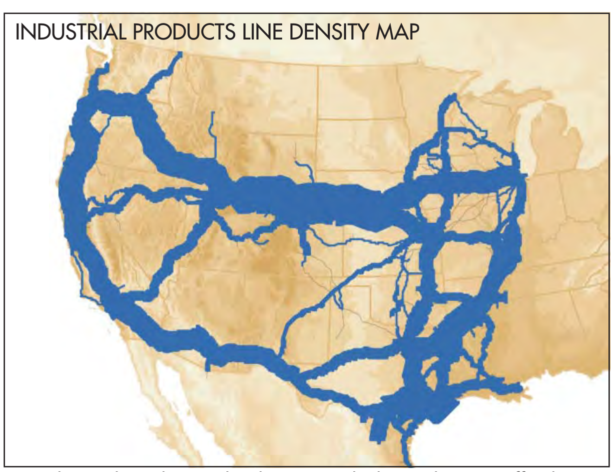
Commodity Profile

The Railroad's extensive network enables the Industrial Products group to move numerous commodities between thousands of shippers and customers throughout North America. In 2007, Industrial Products provided 20 percent of Union Pacific's total freight revenue.

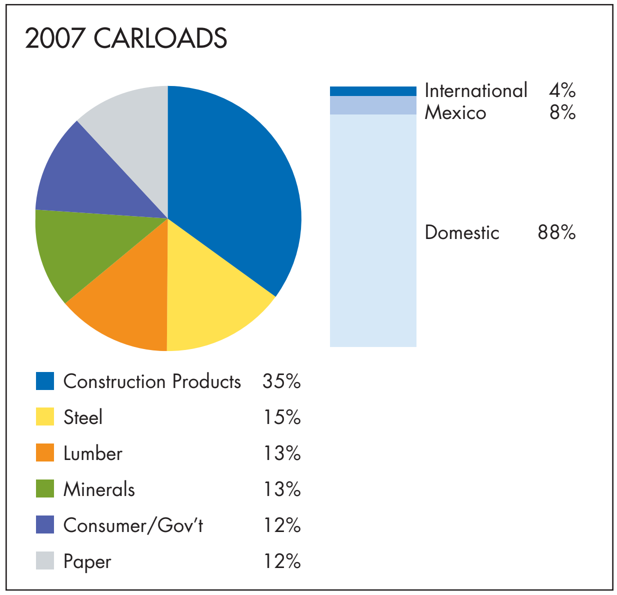
Lumber shipments originate primarily in the PNW and Canada for destinations throughout the U.S. for new home construction and repair and remodeling markets. Commercial and highway construction drive shipments of steel and construction products, consisting of rock, cement and roofing. Shipments of paper and consumer goods, including furniture and appliances, move to major metropolitan areas for consumers. Industrial manufacturing plants receive shipments of nonferrous metals and industrial minerals. In addition, the Railroad provides efficient and safe transportation for government entities and waste companies.

Macro-economic factors such as industrial production and housing starts, with seasonal peaks, drive demand. In 2007, U.S. industrial production grew 2 percent and housing starts fell 25 percent, while Industrial Products carloads decreased 8 percent. Pricing actions drove average revenue per car growth of 3 percent in 2007, while greater asset utilization helped drive increased profitability of shipments. Volume declines more than offset price increases, however, driving Industrial Products revenue down 2 percent in 2007.

Fewer housing starts, surplus production, and general market uncertainty in 2007 drove weak lumber volumes, as carloadings decreased by 20 percent and revenue fell by 17 percent year-over-year.



Lane density based on carloadings. Line thickness depicts traffic density.



Steel and scrap steel carloadings decreased 3 percent in 2007 versus 2006, due to soft market conditions driven by lower residential construction and auto production. Price increases and improved business mix increased revenue 9 percent year-over-year.

Delays in expansion projects, customer production issues, unfavorable weather, and a weak residential construction market reduced stone volume by 10 percent in 2007 versus 2006. Price increases offset some of the volume decrease, resulting in a total revenue reduction of 8 percent.

Non-metallic minerals and non-hazardous waste volumes grew in 2007. Ongoing increases in natural gas drilling activity presented business opportunities in frac sand and barite, driving a 3 percent increase in non-metallic mineral volume. Price and mix pushed average revenue per car up 12 percent, resulting in revenue growth of 15 percent. UP also began moving non-hazardous contaminated soil from West Coast dredging projects in 2007. Waste volume increased by 12 percent, with price and mix adding another 13 percent, resulting in revenue growth of 27 percent for this business line.

2008 Outlook

Global Insight, a leading global economic analysis provider, is predicting U.S. industrial production growth of around 0.6 percent in 2008, with housing starts forecast to drop 33 percent. Against that backdrop, the Industrial Products group is targeting continued profitability improvement by maintaining pricing discipline and increasing operational efficiency. Union Pacific's rail network serves key U.S. population growth areas, which should mitigate some of the negative impact from overall market weakness.

Abundant oil and gas exploration activity should drive a strong market for frac sand used in drilling. With expectations for fewer U.S. housing starts, lumber volumes will likely decrease further versus 2007 levels. Steel volumes should be flat year-over-year, as strength in pipe and non-residential construction could be offset by a decline in auto production and residential construction. Volumes related to hazardous waste shipments are expected to increase in 2008 as a result of the start up of new Department of Energy environmental management projects.

Eric Butler,
VP & GM Industrial Products

How is your team prepared for a soft economic climate in 2008?

Our goal is to ensure that our operational costs remain closely correlated with volume variability, and we will adjust our transportation plan to match the volume levels associated with a softer economic climate.

What is the biggest opportunity in your business group over the next 2-3 years?

We believe the demographic growth and shift in the U.S. population to our primary serving areas in the Southwest and West, will continue to allow us volume and revenue growth opportunities in the majority of our business lines.

Annual Summary by Quarter - Industrial Products

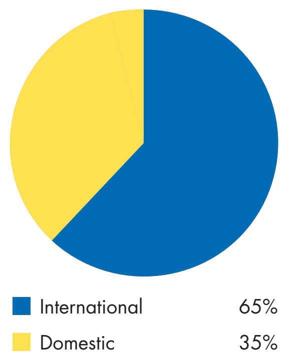
	2007					2006					2005				
	1st	2nd	3rd	4th	Total	1st	2nd	3rd	4th	Total	1st	2nd	3rd	4th	Total
Freight Revenue (millions of dollars)	741	805	789	742	3,077	762	813	820	740	3,135	622	710	713	733	2,778
Revenue Ton-Miles (millions)	18,516	19,974	18,907	17,711	75,109	21,740	22,055	20,785	18,428	83,008	20,846	22,486	21,736	21,407	86,475
Revenue Carloads (thousands)	318	349	339	319	1,325	365	386	370	325	1,446	357	396	384	366	1,503
Average Revenue Per Car (dollars)	2,331	2,308	2,327	2,324	2,322	2,084	2,110	2,215	2,273	2,167	1,742	1,793	1,859	1,997	1,847

Intermodal

Commodity Profile

UP's Intermodal business, which represented 19 percent of freight revenue in 2007, includes international and domestic shipments. International business consists of imported container traffic that arrives at West Coast ports via ocean carriers for destinations throughout the United States. Domestic business includes domestic container and trailer traffic for intermodal marketing companies (primarily shipper agents and logistics companies), as well as truckload carriers. Less-than-truckload and package carriers with time-sensitive business requirements are also an important part of our domestic shipments.

2007 UNITS



International imports and exports move in 20, 40 or 45 foot shipping containers through ports on the West Coast. The majority of domestic shipments move in 48 or 53 foot containers or trailers to and from points within the U.S., Canada and Mexico.

Union Pacific's key East/West intermodal lanes run between the West Coast and Chicago, Texas, and interchange connections to the eastern U.S. Union Pacific's key North/South intermodal lanes are operated between Los Angeles and the Pacific Northwest, as well as Chicago or the upper Midwest and points south in Texas or Mexico. The Railroad accesses all Mexican gateways and serves most of the major metropolitan areas in the western two-thirds of the U.S. Nearly all of the Railroad's routes are competitive with other railroads and are comparable to the highway network in shipping distances.

In 2007, with a slowing economy and fragile international market, total Intermodal volumes were flat while revenue increased 4 percent. International intermodal revenue grew 5 percent with flat volume. Domestic intermodal revenue grew 2 percent on a volume increase of 1 percent.

INTERMODAL LINE DENSITY MAP

Lane density based on carloadings. Line thickness depicts traffic density.

Total Intermodal average revenue per car increased 4 percent in 2007. Domestic average revenue per car improved 2 percent, while international increased 5 percent per car. The international increase was driven by repricing of legacy contracts and, to some extent, fuel surcharges.

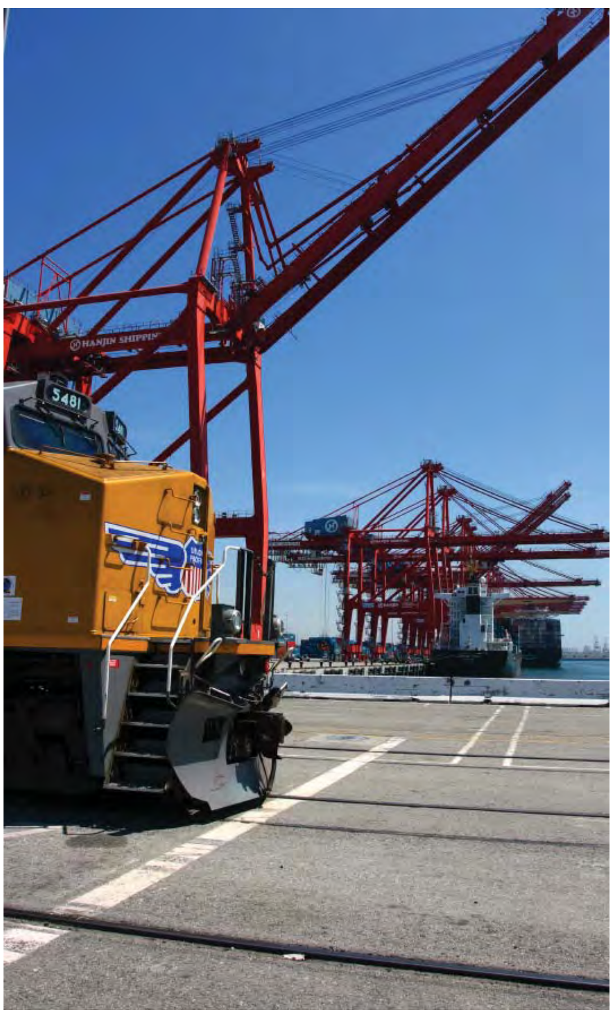
Union Pacific continues to offer truck-competitive, priority rail service in key lanes to encourage the conversion of highway business to intermodal. In a period of rising fuel cost, shippers increasingly look to rail as a low cost, environmentally friendly alternative to over-the-road trucks.

Union Pacific's service dramatically improved across key segments of the network in 2007, providing customers consistent and reliable transit. A key project for Union Pacific is the double tracking of the Sunset Corridor, which already has improved service and adds capacity for growth in the coming years. By the end of 2007, the route was 54 percent double tracked. UP completed rehabilitating railroad tunnels between Los Angeles and Seattle, making the I-5 corridor capable of handling doublestack container trains. These capital investments provide the Company with growth capacity, as well as added network flexibility.

2008 Outlook

The Company is moving forward with initiatives and capital expenditures supporting current volumes and providing for future growth beyond the economic uncertainty of a softer U.S. economy in 2008. Network service improvements, additional capacity projects and close communication with ocean carriers and interchange partners will enable UP to efficiently operate current volumes, while continued expansion of trade with Asia is expected to drive long term growth opportunities. The domestic segment expects growth through the transloading of international containers to larger domestic containers for movement further inland, providing another alternative to trucks.

The Company will continue the double track project along the Sunset Corridor and also within the Los Angeles Basin. A new intermodal facility will be completed in San Antonio, Texas by the end of the year. The Company broke ground at this greenfield site in 2007, and development of a logistics park next to this facility offers further opportunity.



John Kaiser,
VP & GM Intermodal

How is your team prepared for a soft economic climate in 2008?

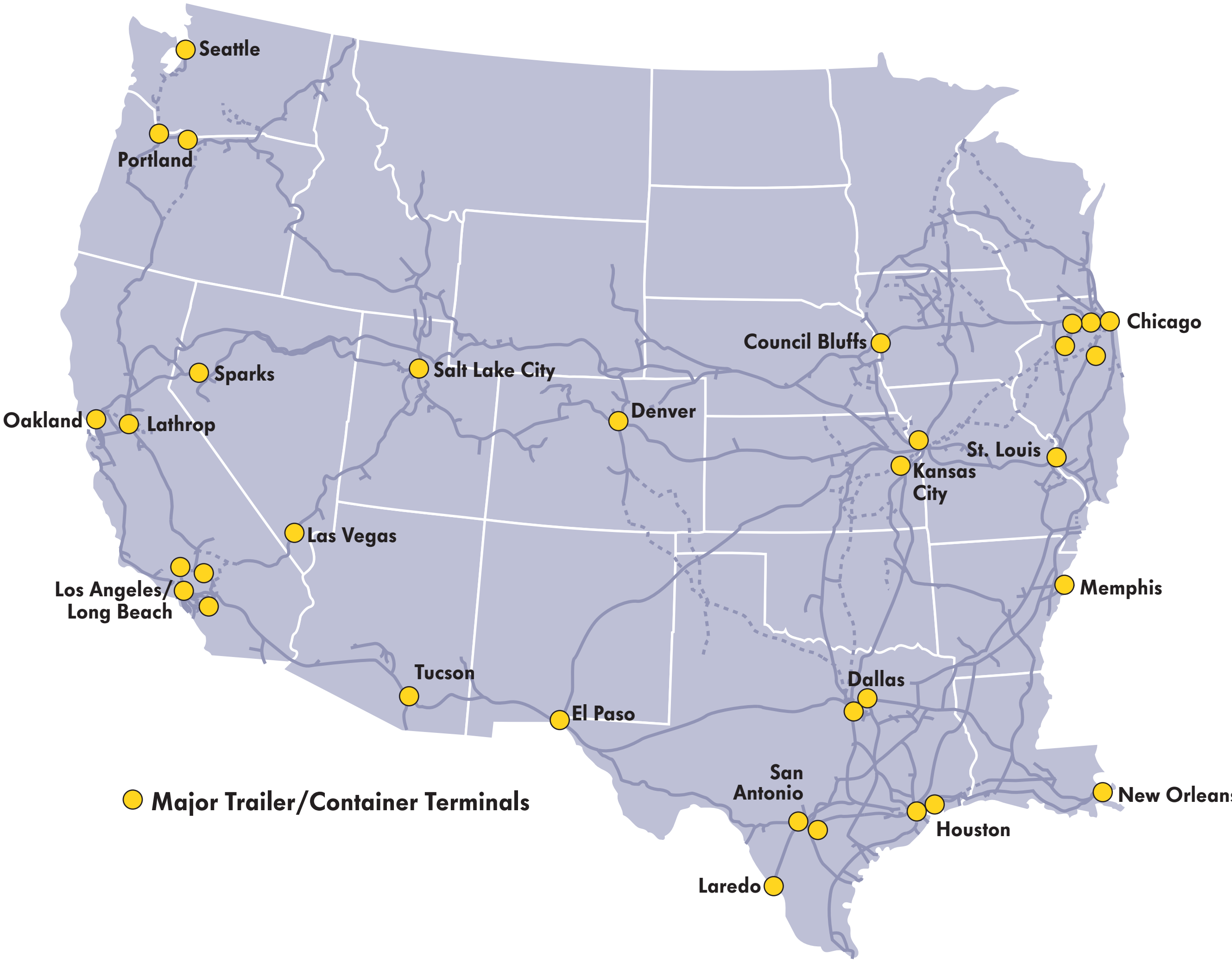
In response to the softer economic climate in 2008, Union Pacific Intermodal continues to add to and expand service offerings that provide reliable, truck competitive service. Growth is expected to result from continued improvement in service reliability while providing customers with competitive transit performance to both rail and over-the-highway transportation options. Successful examples include the "BlueStreak" service between Los Angeles and the Southeast, initiated with Norfolk Southern, over the Shreveport, LA gateway in 2007. This service provides the shortest and fastest route between Los Angeles and the Southeast. The reliability of the truck competitive "Blue Streak" service has proved to be popular with customers since its introduction to the market in May 2007.

Union Pacific is also finding domestic opportunities in the I-5 corridor serving West Coast population centers and the Midwest to Mexico service lanes. For example, UP has increased the frequency and number of locations serviced between the upper Midwest and Mexico. In so doing, the railroad's ability to compete with the motor carriers in target markets along the Mexican/U.S. border and within the interior of Mexico has been enhanced. The new train service continues to capture market share from trucks to/from Mexico and the Chicago and Detroit/Canadian market areas.

What is the biggest opportunity in your business group over the next 2-3 years?

The biggest opportunity over the next few years comes from moving legacy contract volumes to market rates. This pricing opportunity provides Union Pacific with the returns required to continue to expand capacity and support future growth. Long term investments to expand track and terminal capacity serving the Sunset Corridor will allow Union Pacific to capitalize on the fast growing markets across the Sunbelt.

Intermodal Terminals



Annual Summary by Quarter - Intermodal

	2007					2006					2005				
	1st	2nd	3rd	4th	Total	1st	2nd	3rd	4th	Total	1st	2nd	3rd	4th	Total
Freight Revenue (millions of dollars)															
	674	721	773	757	2,925	643	695	747	726	2,811	523	596	654	691	2,464
Revenue Ton-Miles (millions)															
	18,994	20,543	21,024	20,232	80,793	18,689	19,630	20,014	19,469	77,802	16,600	18,625	19,404	19,764	74,394
Revenue Carloads (thousands)															
	821	861	912	859	3,453	816	865	909	867	3,457	733	809	863	866	3,271
Average Revenue Per Car (dollars)															
	821	838	846	883	847	789	803	821	838	813	713	737	758	797	753

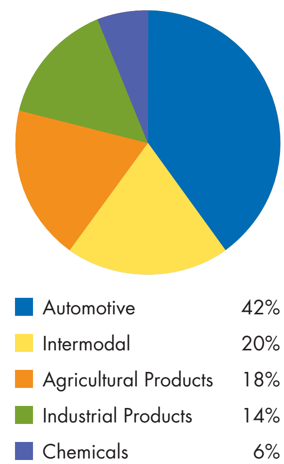
Mexico

Commodity Profile

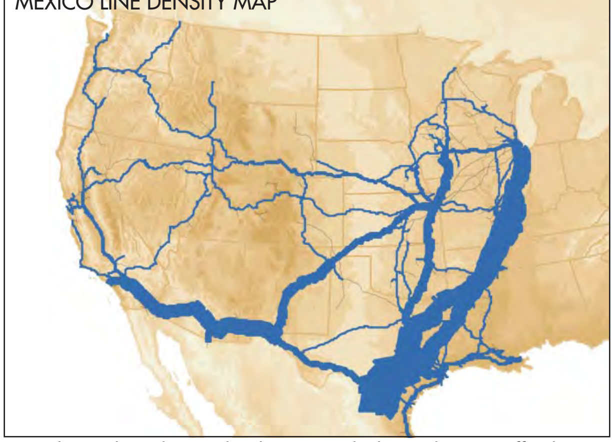
Union Pacific's franchise provides the most efficient rail route between markets in Mexico, the U.S. and Canada. UP serves all six major gateways to Mexico, connecting directly to the two largest Mexican railroads. The Company exchanges approximately 63 percent of shipments to and from Mexico with Kansas City Southern de Mexico (KCSM) and the remaining 37 percent with Ferrocarril Mexicano (Ferromex or FXE). Union Pacific has a 26 percent ownership interest in Ferromex. Trucks are the dominant transportation mode in Mexico's freight transportation market, which exceeds $6 billion annually. This market includes a broad range of commodities from raw materials to finished goods. Historically, the largest commodity group by both revenue and volume has been Automotive. In 2007, Agricultural Products grew to first place in revenue while Automotive remained largest by volume. Union Pacific works closely with both Mexican railroads to capture opportunities created by the North American Free Trade Agreement (NAFTA). The Mexican railroads continue making substantial investments in track structure, equipment and facilities to improve service, equipment utilization, safety and damage prevention.

Revenue from shipments in 2007 to and from Mexico increased 5 percent over 2006 to a record $1.44 billion, while volume grew 2 percent. All business groups increased revenue versus 2006. Agricultural Products revenue grew 5 percent despite a 3 percent volume decline. Driving this revenue increase was DDGS with 19 percent revenue and 7 percent volume increases, along with beer revenue increasing 6 percent in contrast to a 13 percent volume drop. Revenue for Industrial Products grew 5 percent driven by growth in clay, sand, brown paper and steel, despite a 8 percent decline in overall volume. Automotive revenue grew 4 percent on 5 percent stronger volume due largely to increased automobile parts business. Chemicals revenue grew 12 percent with a 5 percent growth in volume pushed by growth in sulphur, petroleum products, and liquid/dry chemicals. Intermodal revenue grew 5 percent on 6 percent higher volume.

2007 CARLOADS



MEXICO LINE DENSITY MAP



Lane density based on carloadings. Line thickness depicts traffic density.

Southbound shipments to Mexico have historically made up the majority of the business, however in the last two years northbound shipments from Mexico grew 14 percent. Northbound shipments make up about 48 percent of revenue from Mexico operations, reflecting the increased manufacturing now located there. The largest volume of commodities shipped from Mexico in 2007 were assembled autos and auto parts, beer and food products, intermodal, steel, cement and consumer goods like appliances. These six commodities represented approximately 90 percent of northbound revenue. Southbound traffic from the U.S. to Mexico is much more diversified. Corn, dry feed ingredients, autos and auto parts, intermodal, clay and sand, steel and newsprint shipments make up about 67 percent of southbound revenue with the remainder spread across the Company's six business groups.

2008 Outlook

Although volume should be relatively flat year-over-year, revenue growth is expected in 2008. Strong revenue and volume growth is expected in automotive parts, coal, intermodal, copper and sugar. The strong market demand for DDGS and meals should continue, as well as for Mexican beer heading north.

Drew Collier,
VP Mexico Markets

How is your team prepared for a soft economic climate in 2008?

The Mexican economy is in a much better position to face a U.S. recession than it was in 2001. While it will feel the effect of economic slowdown in the U.S., the high price of oil and the proposed government infrastructure projects should help. In the second half of 2007, the Mexican GDP grew by 3.7 percent as the Mexican economy strengthened. Another encouraging sign was Foreign Direct Investment, a measure of foreign ownership of productive Mexican assets, which posted a historic high last year at $23 billion.

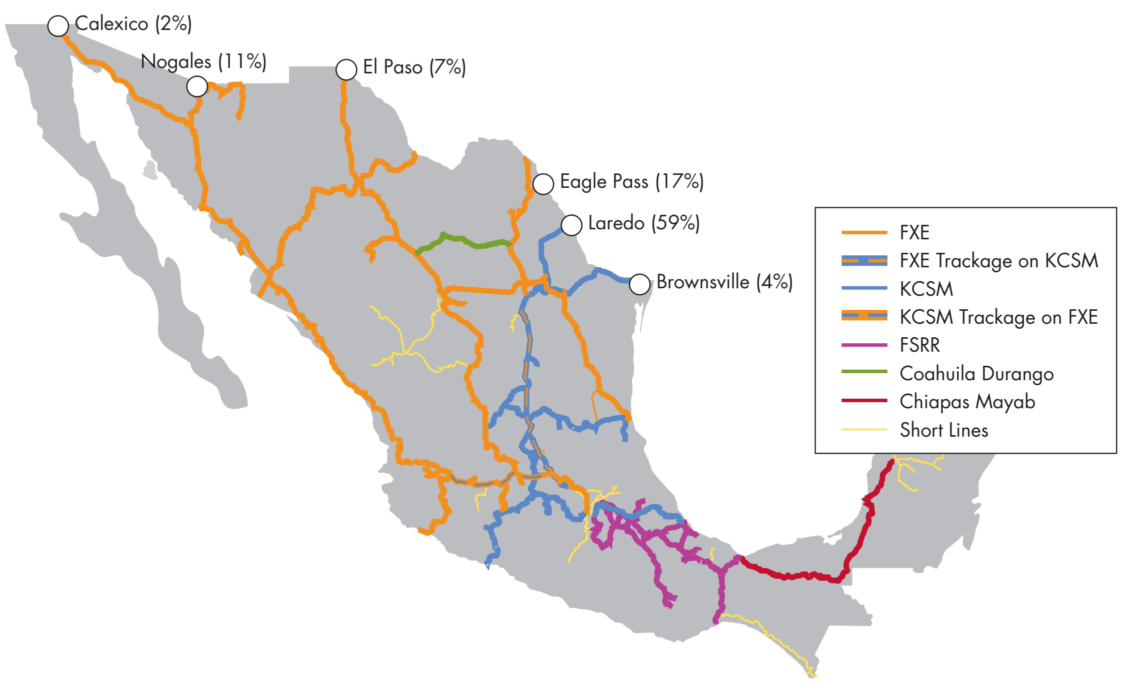
What is the biggest opportunity in your business group over the next 2-3 years?

We expect to see continued growth in volume across all the business segments, particularly if the U.S. economy rebounds in this time frame. Additionally, we expect to capture improved pricing as we increase the value we are delivering to our customers through improved service.

Mexico

The Company will continue to improve the efficiency of Mexican operations in 2008, focusing on border processing and interchange terminals to improve velocity and asset utilization to help create a seamless border. Business development will be key in 2008, as UP develops new products and markets in Mexico especially for Industrial Products. Technological advances by both U.S. and Mexican Customs will again be a focus as the two agencies strive to move all paper processes to an electronic format. Economic growth in Mexico is expected to parallel that of the U.S. in 2008.

PERCENT OF CARLOADS AT BORDER CROSSINGS



SELECTED FINANCIAL DATA

Union Pacific Corporation

Millions of dollars, except per share amounts, carloads, employee statistics and ratios for the year ended December 31,

	2007	**2006**	**2005 (a)**	**2004 (b)**	**2003 (c)**
Operating revenue *(d)*	**$16,283**	$15,578	$13,578	$12,215	$11,551
Operating income	**3,375**	2,884	1,795	1,295	2,133
Income from continuing operations	**1,855**	1,606	1,026	604	1,056
Net income	**1,855**	1,606	1,026	604	1,585
Per share - basic:					
Income from continuing operations	**6.97**	5.96	3.89	2.33	4.15
Net income	**6.97**	5.96	3.89	2.33	6.23
Per share - diluted:					
Income from continuing operations	**6.91**	5.91	3.85	2.30	4.07
Net income	**6.91**	5.91	3.85	2.30	6.04
Dividends per declared share	**1.49**	1.20	1.20	1.20	0.99
Cash provided by operating activities	**3,277**	2,880	2,595	2,257	2,443
At December 31					
Total Assets	**$38,033**	$36,515	$35,620	$34,596	$33,496
Debt due after one year	**7,543**	6,000	6,760	7,981	7,822
Common shareholders' equity	**15,585**	15,312	13,707	12,655	12,354
Equity per common share *(e)*	**59.74**	56.68	51.41	48.58	47.85
Additonal Data					
Freight revenue *(d)*	**$15,486**	$14,791	$12,856	$11,575	$10,936
Carloads *(000)*	**9,733**	9,852	9,544	9,458	9,239
Operating margin *(%) (f)*	**20.7**	18.5	13.2	10.6	18.5
Operating ratio *(%) (f)*	**79.3**	81.5	86.8	89.4	81.5
Employees *(average 000)*	**50.1**	50.7	49.7	48.3	46.4
Operating revenue per employee *(000)*	**$325.0**	$307.2	$273.2	$252.9	$248.9
Financial Ratios *(%)*					
Debt to capital *(g)*	**33.0**	30.7	35.1	39.1	39.3
Return on average common shareholders' equity	**12.0**	11.1	7.8	4.8	13.8

(a) 2005 net income includes a $118 million tax expense reduction to reflect a reduction in the estimated deferred income tax liability.

(b) 2004 operating income and net income includes a $247 million pre-tax ($154 million after-tax) charge for unasserted asbestos-related claims.

(c) Net income and total assets include the effects of the disposition of all of our trucking interests in 2003.

(d) Includes fuel surcharge revenue which partially offsets increased operating expenses for fuel. See 2007 SEC Form 10-K for more information.

(e) Equity per common share is calculated as follows: common shareholders' equity divided by common shares issued less treasury shares outstanding.

(f) Operating margin defined as operating income divided by operating revenue. Operating ratio is defined as operating expenses divided by operating revenue.

(g) Debt to capital is determined as follows: total debt divided by total debt plus equity.

CONSOLIDATED STATEMENTS OF INCOME

Union Pacific Corporation

In millions (except per share), (unaudited), for the year ended December 31, 2007

	1	2	3	4	Total Year
Operating Revenues					
Freight Revenues	$3,655	$3,853	$3,990	$3,988	$15,486
Operating Revenues	194	193	201	209	797
Total Operating Revenues	$3,849	$4,046	$4,191	$4,197	$16,283
Operating Expenses					
Compensation and Benefits	1,165	1,145	1,095	1,121	4,526
Fuel	662	753	786	903	3,104
Purchased Services and Materials	443	478	479	456	1,856
Equipment and Other Rents	339	354	342	333	1,368
Depreciation	325	327	332	337	1,321
Other	196	202	152	183	733
Total Operating Expenses	3,130	3,259	3,186	3,333	12,908
Operating Income	719	787	1,005	864	3,375
Other Income - Net	15	36	25	40	116
Interest Expense	(113)	(120)	(124)	(125)	(482)
Income Before Income Taxes	621	703	906	779	3,009
Income Tax Expense	(235)	(257)	(374)	(288)	(1,154)
Net Income	$386	$446	$532	$491	$1,855
Basic Earnings Per Share	$1.43	$1.66	$2.02	$1.88	$6.97
Diluted Earnings Per Share	$1.41	$1.65	$2.00	$1.86	$6.91
Weighted Average Number of Shares - Basic	270.6	268.2	263.2	261.8	265.9
Weighted Average Number of Shares - Diluted	272.8	270.7	265.7	264.3	268.4
Dividends Declared per Share	$0.35	$0.35	$0.35	$0.44	$1.49
Operating Ratio	81.3%	80.5%	76.0%	79.4%	79.3%
Effective Tax Rate	37.8%	36.6%	41.3%	37.0%	38.4%

In millions (except per share), (unaudited), for the year ended December 31, 2006

	1	2	3	4	Total Year
Operating Revenues					
Freight Revenues	$3,514	$3,721	$3,789	$3,767	$14,791
Operating Revenues	196	202	194	195	787
Total Operating Revenues	$3,710	$3,923	$3,983	$3,962	$15,578
Operating Expenses					
Compensation and Benefits	1,112	1,123	1,143	1,157	4,535
Fuel	676	785	811	696	2,968
Purchased Services and Materials	428	445	451	432	1,756
Equipment and Other Rents	353	356	354	333	1,396
Depreciation	303	308	311	315	1,237
Other	233	189	161	219	802
Total Operating Expenses	3,105	3,206	3,231	3,152	12,694
Operating Income	605	717	752	810	2,884
Other Income - Net	10	29	22	57	118
Interest Expense	(120)	(120)	(119)	(118)	(477)
Income Before Income Taxes	495	626	655	749	2,525
Income Tax Expense	(184)	(236)	(235)	(264)	(919)
Net Income	$311	$390	$420	$485	$1,606
Basic Earnings Per Share	$1.16	$1.45	$1.56	$1.79	$5.96
Diluted Earnings Per Share	$1.15	$1.44	$1.54	$1.78	$5.91
Weighted Average Number of Shares - Basic	268.3	269.3	269.8	270.3	269.4
Weighted Average Number of Shares - Diluted	271.0	272.1	271.9	272.7	272.0
Dividends Declared per Share	$0.30	$0.30	$0.30	$0.30	$1.20
Operating Ratio	83.7%	81.7%	81.1%	79.6%	81.5%
Effective Tax Rate	37.2%	37.7%	35.9%	35.2%	36.4%

Refer to the Union Pacific Corporation 2007 SEC Form 10-K for additional information, including audited financial statements and related footnotes.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Union Pacific Corporation

In millions of dollars, as of December 31,	***2007***	*2006*
Assets		
Current Assets		
Cash and Cash Equivalents	$878	$827
Accounts Receivable, Net	632	679
Materials and Supplies	453	395
Current Deferred Income Taxes	336	319
Other Current Assets	295	191
Total Current Assets	**2,594**	2,411
Investments		
Investments in and advances to affiliated companies	912	865
Other Investments	11	12
Total Investments	**923**	877
Properties		
Road	37,661	35,634
Equipment	7,818	7,637
Other	175	177
Total Cost	45,654	43,448
Accumulated Depreciation	(11,496)	(10,575)
Net Properties	**34,158**	32,873
Other Assets	**358**	354
Total Assets	**$38,033**	$36,515
Liabilities and Common Shareholders' Equity		
Current Liabilities		
Accounts Payable	$732	$684
Accrued Wages and Vacation	394	412
Accrued Casualty Costs	371	409
Income and Other Taxes	343	279
Dividends and Interest	284	238
Debt Due Within One Year	139	780
Equipment Rents Payable	103	108
Other Current Liabilities	675	629
Total Current Liabilities	**3,041**	3,539
Other Liabilities and Shareholders' Equity		
Debt Due After One Year	7,543	6,000
Deferred Income Taxes	10,050	9,696
Accrued Casualty Costs	799	868
Retiree Benefits Obligations	462	504
Other Long-Term Liabilities	553	596
Commitments and Contingencies		
Total Liabilities	**$22,448**	$21,203
Common Shareholders' Equity		
Common Shares, $2.50 par value, 500,000,000 authorized; *276,162,141 and 275,962,411 issued; 260,869,647 and 270,172,290 outstanding, respectively*	690	690
Paid-In-Surplus	3,926	3,943
Retained Earnings	12,667	11,215
Treasury Stock	(1,624)	(394)
Accumulated Other Comprehensive Loss	(74)	(142)
Total Common Shareholders' Equity	15,585	15,312
Total Liabilities and Common Shareholders' Equity	**$38,033**	$36,515

Refer to the 2007 Union Pacific Corporation SEC Form 10-K for additional information.

CONSOLIDATED STATEMENTS OF CASH FLOW

Union Pacific Corporation

In millions of dollars, for the year ended December 31,	***2007***	*2006*
Operating Activities		
Net Income	$1,855	$1,606
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Depreciation	1,321	1,237
Deferred Income Taxes and Unrecognized Tax Benefits	332	235
Stock-based Compensation Expense	44	35
Net Gain from Asset Sales	(52)	(72)
Other Operating Activities, Net	(251)	(175)
Changes in Current Assets and Liabilities, Net	28	14
Cash Provided by Operating Activities	**3,277**	**2,880**
Investing Activities		
Capital Investments	(2,496)	(2,242)
Proceeds from Asset Sales	122	133
Acquisition of Equipment Pending Financing	(621)	(536)
Proceeds from Sale of Assets Financed	621	536
Other Investing Activities, Net	(52)	67
Cash Used in Investing Activities	**(2,426)**	**(2,042)**
Financing Activities		
Common Share Repurchases	(1,375)	-
Dividends Paid	(364)	(322)
Debt Repaid	(792)	(657)
Debt Issued	1,581	-
Net Proceeds from Equity Compensation Plans	71	160
Excess Tax Benefits from Equity Compensation Plans	76	29
Other Financing Activities, Net	3	6
Cash Used in Financing Activities	**(800)**	**(784)**
Net Change in Cash and Cash Equivalents	51	54
Cash and Cash Equivalents at the Beginning of Year	827	773
Cash and Cash Equivalents at the End of Year	**$878**	**$827**
Changes in Current Assets and Liabilities		
Accounts Receivable, Net	$47	$68
Materials and Supplies	(58)	(64)
Other Current Assets	(104)	(21)
Accounts, Wages, and Vacation Payable	30	(102)
Other Current Liabilities	113	133
Changes In Current Assets and Liabilities	**$28**	**$14**
Supplemental Cash Flow Information		
Non-Cash Investing and Financing Activities:		
Capital Investments Accrued but not yet Paid	$126	$106
Capital Lease Financings	82	16
Common Shares Repurchased but not yet Paid	82	-
Cash Dividends Declared but not yet Paid	112	80
Cash (Paid) / Received During the Year For:		
Interest	(467)	(492)
Income Taxes, Net	(839)	(549)

Refer to the Union Pacific Corporation 2007 SEC Form 10-K for more information.

FINANCIAL AND OPERATING STATISTICS

Union Pacific Corporation

(unaudited), for periods ended December 31,	***2007***					*2006*				
Financial and Revenue Statistics	1	2	3	4	**Full Year**	1	2	3	4	**Full Year**
Operating Revenues *(millions)*	$3,849	$4,046	$4,191	$4,197	**$16,283**	$3,710	$3,923	$3,983	$3,962	**$15,578**
Operating Expenses *(millions)*	$3,130	$3,259	$3,186	$3,333	**$12,908**	$3,105	$3,206	$3,231	$3,152	**$12,694**
Operating Ratio *(%)*	81.3	80.5	76.0	79.4	**79.3**	83.7	81.7	81.1	79.6	**81.5**
Operating Margin *(%)*	18.7	19.5	24.0	20.6	**20.7**	16.3	18.3	18.9	20.4	**18.5**
Compensation and Benefits *(millions)*	$1,165	$1,145	$1,095	$1,121	**$4,526**	$1,112	$1,123	$1,143	$1,157	**$4,535**
Compensation and Benefits/Op. Rev. *(%)*	30.3	28.3	26.1	26.7	**27.8**	30.0	28.6	28.7	29.2	**29.1**
Freight Revenues/ Employee *(thousands)*	$72.0	$75.9	$79.7	$81.8	**$309.2**	$69.9	$72.9	$73.9	$74.8	**$291.5**
Fuel Expense *(millions)*	$662	$753	$786	$903	**$3,104**	$676	$785	$811	$696	**$2,968**
Avg. Fuel Price Per Gallon *(a)*	$1.93	$2.20	$2.32	$2.62	**$2.27**	$1.90	$2.18	$2.30	$1.97	**$2.09**
Freight Revenues *(millions)*	$3,655	$3,853	$3,990	$3,988	**$15,486**	$3,514	$3,721	$3,789	$3,767	**$14,791**
Average Revenue Per Car	$1,566	$1,583	$1,582	$1,632	**$1,591**	$1,469	$1,482	$1,510	$1,544	**$1,501**
Freight Revenues/ Revenue Ton-Mile *(cents)*	2.71	2.77	2.77	2.79	**2.76**	2.53	2.60	2.67	2.67	**2.62**
Effective Tax Rate *(%)*	37.8	36.6	41.3	37.0	**38.4**	37.2	37.7	35.9	35.2	**36.4**
Debt to Capital *(%) (b)*					**33.0**					**30.7**
Adjusted Debt to Capital *(%) (c)*					**43.6**					**41.6**
Operating Statistics										
Revenue Carloads *(thousands)*	2,334	2,433	2,522	2,444	**9,733**	2,393	2,510	2,509	2,440	**9,852**
Revenue Ton-Miles *(billions)*	135	139	144	143	**562**	139	143	142	141	**565**
Gross Ton-Miles *(billions)*	255	261	270	267	**1,052**	263	272	270	268	**1,073**
Average Train Speed *(mph) (d)*	21.7	21.6	21.5	22.3	**21.8**	21.3	21.2	21.3	22	**21.4**
Average System Dwell *(hours) (d)*	25.3	24.7	25.2	25.4	**25.1**	29.0	27.6	26.2	25.9	**27.2**
Average Rail Car Inventory *(d)*	309,579	310,663	311,791	307,682	**309,912**	327,571	324,833	319,846	313,991	**321,566**
Fuel Consumed *(millions of gallons)*	332	332	329	333	**1,326**	345	346	341	340	**1,372**
Employees (Average)	50,771	50,755	50,060	48,770	**50,089**	50,262	51,085	51,278	50,328	**50,739**
GTMs per Employee *(millions)*	5.02	5.14	5.38	5.48	**21.01**	5.23	5.33	5.27	5.31	**21.14**

Refer to the Union Pacific Corporation 2007 SEC Form 10-K for additional information.

(a) Including taxes and transportation costs.
(b) Debt to capital is computed as follows: total debt divided by total debt plus equity.
(c) Adjusted debt to capital is computed as follows: total debt plus net present value of operating leases plus sale of receivables divided by total debt plus equity plus net present value of operating leases plus sale of receivables.
(d) As reported to the Association of American Railroads. On October 1, 2005, the rail car inventory measurement was standardized for all reporting railroads. Rail car inventory for prior periods was not recalculated.

NON-GAAP DEFINITIONS

Management believes certain non-GAAP measures provide an alternative presentation of the results that more accurately reflect ongoing Company operations. These measures should be considered in addition to, not a substitute for, the reported GAAP results.

Free Cash Flow

Cash provided by operating activities, less cash used in investing activities, less dividends paid. Management believes this is an important measure in evaluating our financial performance and measures our ability to generate cash without incurring additional external financings.

Return on Invested Capital

Net income plus interest expense, plus sale of receivables fees, plus interest on present value of leases, less taxes on interest divided by average equity plus average debt plus average sale of receivables plus average present value of leases. Management believes this is an important measure for evaluating the efficiency and effectiveness of the Corporation's long term capital investments, and we currently use ROIC as a performance criteria in determining certain elements of compensation for our executive officers and senior management.

Debt to Capital

Total debt divided by total debt plus equity. Management believes this is an important measure in evaluating our balance sheet strength and is important in managing our credit ratios and financing relationships.

Adjusted Debt to Capital

Total debt plus net present value of operating leases plus value of sold receivables divided by total debt plus net present value of operating leases plus value of sold receivables plus equity. Management believes this is an important measure in evaluating the total amount of leverage in our capital structure including off-balance sheet obligations.

FREE CASH FLOW AND CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation to GAAP

(In millions of dollars, unaudited, except for percentages)

	2007	2006	2005
Cash Provided by Operating Activities	$3,227	$2,880	$2,595
Cash Used in Investing Activities	(2,426)	(2,042)	(2,047)
Dividends Paid	(364)	(322)	(314)
Free Cash Flow	$437	$516	$234

CONSOLIDATED STATEMENTS OF CASH FLOW

Operating Activities:			
Net Income	$1,855	$1,606	$1,026
Depreciation	1,321	1,237	1,175
Deferred Income Taxes	332	235	320
Other - Net	(231)	(198)	74
Cash Provided by Operating Activities	3,277	2,880	2,595
Investing Activities:			
Capital Investments	(2,496)	(2,242)	(2,169)
Other - Net	70	200	122
Cash Used in Investing Activities	(2,426)	(2,042)	(2,047)
Financing Activities:			
Common Shares Repurchased	(1,375)	-	-
Dividends Paid	(364)	(322)	(314)
Debt Repaid	(792)	(657)	(699)
Debt Issued	1,581	-	-
Other - Net	150	195	261
Cash Used in Financing Activities	(800)	(784)	(752)
Net Change in Cash and Cash Equivalents	$51	$54	$(204)

RETURN ON INVESTED CAPITAL (ROIC)

Net Income	$1,855	$1,606	$1,026
Add: Interest Expense	$482	$477	$504
Add: Sale of Receivables Fees	35	33	23
Add: Interest on present value of operating leases	292	268	218
Less: Taxes on Interest and fees	(310)	(283)	(213)
Net Operating Profit After Tax As Adjusted *(a)*	$2,354	$2,101	$1,558
Average Equity	$15,448	$14,510	$13,181
Add: Average Debt	7,232	7,098	7,774
Add: Average Value of Sold Receivables	600	600	595
Add: Average Present Value of Operating Leases	3,648	3,349	2,729
Average Invested Capital As Adjusted *(b)*	$26,928	$25,557	$24,279
Return on Invested Capital As Adjusted *(a/b)*	8.7%	8.2%	6.4%

DEBT TO CAPITAL/ADJUSTED DEBT TO CAPITAL

Reconciliation to GAAP

(In millions of dollars except percentages)

	2007	2006	2005
Debt *(a)*	$7,682	$6,780	$7,416
Equity	15,585	15,312	13,707
Capital *(b)*	$23,267	$22,092	$21,123
Debt to Capital *(a/b)*	33.0%	30.7%	35.1%

	2007	2006	2005
Debt	$7,682	$6,780	$7,416
Value of Sold Receivables	600	600	600
Net Present Value of Operating Leases	3,783	3,513	3,185
Total Adjusted Debt	$12,065	$10,893	$11,201
Adjusted Debt *(a)*	$12,065	$10,893	$11,201
Equity	15,585	15,312	13,707
Adjusted Capital *(b)*	$27,650	$26,205	$24,908
Adjusted Debt to Capital *(a/b)*	43.6%	41.6%	45.0%

2005 INCOME TAX ADJUSTMENT

Reconciliation to GAAP

(In millions of dollars except earnings per share)

Management believes certain non-GAAP measures provide an alternative presentation of the results that more accurately reflect ongoing Company operations. The full year 2005 net income of $908 million and earnings per diluted share of $3.41, which excluded the income tax expense reduction item reported in the third quarter of 2005, are non-GAAP measures. Management believes these measures provide an alternative presentation of results that more accurately reflects ongoing Company operations, without the distorting effects of the income tax expense reduction item. These measures should be considered in addition to, not a substitute for, the reported GAAP results.

Full Year 2005 Results	**As Reported**	**Income Tax Adjustment**
Operating Revenue	$13,578	$13,578
Operating Expenses	11,783	11,783
Operating Income	1,795	1,795
Operating Margin	13.2%	13.2%
Operating Ratio	86.8%	86.8%
Other Income - Net	145	145
Interest Expense	(504)	(504)
Income Before Income Taxes	1,436	1,436
Income Tax Expense	(410)	(528) *(a)*
Net Income	$1,026	$908
Diluted Earnings Per Share	**$3.85**	**$3.41**

Third Quarter 2005 Results	**As Reported**	**Income Tax Adjustment**
Operating Revenue	$3,461	$3,461
Operating Expenses	2,980	2,980
Operating Income	481	481
Operating Margin	13.9%	13.9%
Operating Ratio	86.1%	86.1%
Other Income - Net	42	42
Interest Expense	(124)	(124)
Income Before Income Taxes	399	399
Income Tax Expense	(30)	(148) *(a)*
Net Income	$369	$251
Diluted Earnings Per Share	**$1.38**	**$0.94**

(a) Income tax expense reduction of $118 million after-tax taken in third quarter 2005
Note: Totals may not foot due to rounding

Cautionary Information

The 2007 Analyst "Fact Book" provides additional explanatory information regarding Union Pacific that may not be available in the Company's Annual Report. The information provided is supplemental in nature and is not, and should not be construed as, better than that available in the Company's publicly available reports filed with the SEC. Additionally, some of the information in the Fact Book is derived from the Company's audited financial statements, but the Fact Book and its contents have not been, and should not be considered, audited.

This Fact Book includes statements and information regarding future expectations or results of the Company that are not historical facts. These statements and information are, or will be, forward-looking as defined by the federal securities laws. Forward-looking statements and information can be identified by use of forward-looking terminology (and derivations thereof), such as "believes", "expects", "may", "should", "will", "would", "intends", "plans", "estimates", "anticipates", "projects" and other words or phrases of similar intent. Forward-looking statements and information generally include statements and information included under sections of this Fact Book entitled "2008 Outlook" and specifically include statements and information regarding: the Company's expectations or forecasts with respect to general economic conditions and fuel prices; the Company's financial and operational performance; increases of the Company's earnings; demand for the Company's rail service and the commodities we carry, including, specifically, demand for coal, ethanol and grain; the continued ability of the Company to increase prices to reflect the then current demand environment; improving customer service; enhancing profitability of our commodities; expected volume and revenue growth; efficiency improvements and increasing returns; improving asset utilization; the effectiveness or growth of new and newer services; management of network volumes; increasing shareholder value; total amount of capital investments; completion and effectiveness of capacity expansion and other capital investments, including equipment acquisitions, expansion of the Sunset Corridor, expansion of the Joint Line in the SPRB, and other investments to upgrade or add signals and facilities; returns on capital investments; improvements regarding safety of our operations and equipment; and effectiveness of the Unified Plan, Project Operating Ratio and other initiatives.

Forward-looking statements and information should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times that, or by which, such performance or results will be achieved. Forward-looking statements and information are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements.

Forward-looking statements and information reflect the good faith consideration by management of currently available information, and may be based on underlying assumptions believed to be reasonable under the circumstances. However, such information and assumptions (and, therefore, such forward-looking statements and information) are or may be subject to variables or unknown or unforeseeable events or circumstances over which management has little or no influence or control. The Risk Factors in Item 1A of the Company's Annual Report on Form 10-K, filed on February 28, 2008, could affect our future results and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements and information. This Fact Book should be read in consideration of these Risk Factors. To the extent circumstances require or the Company deems it otherwise necessary, the Company will update or amend these Risk Factors in subsequent Annual Reports, periodic reports on Form 10-Q or current reports on Form 8-K.

Forward-looking statements speak only as of the date the statement was made. We assume no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect thereto or with respect to other forward-looking statements.