Union Pacific Corporation

Dick Davidson

Chairman
&
CEO

UNION PACIFIC

BUILDING AMERICA℠

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This presentation and related materials may contain statements about the Corporation's future that are not statements of historical fact. These statements are, or will be, forward-looking statements as defined by the Securities Act of 1933 and the Securities Exchange Act of 1934. Forward-looking statements include, without limitation, statements regarding: expectations as to continued demand for rail transportation in excess of supply; expectations regarding operational improvements, including the effectiveness of actions taken and to be undertaken to improve system velocity, customer service and shareholder returns; expectations as to increased returns, cost savings, revenue growth and earnings; the time by which certain objectives will be achieved, including expected improvements in velocity and implementation of network management initiatives; estimates of costs relating to environmental remediation and restoration; proposed new products and services; expectations that claims, lawsuits, environmental costs, commitments, contingent liabilities, labor negotiations or agreements, or other matters will not have a material adverse effect on our consolidated financial position, results of operations or liquidity; and statements concerning projections, predictions, expectations, estimates or forecasts as to the Corporation's and its subsidiaries' business, financial and operational results, and future economic performance; and statements of management's beliefs, expectations, goals and objectives and other similar expressions concerning matters that are not historical facts.

Forward-looking statements 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 information is based on information available at the time and/or management's good faith belief with respect to future events, and is subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements.

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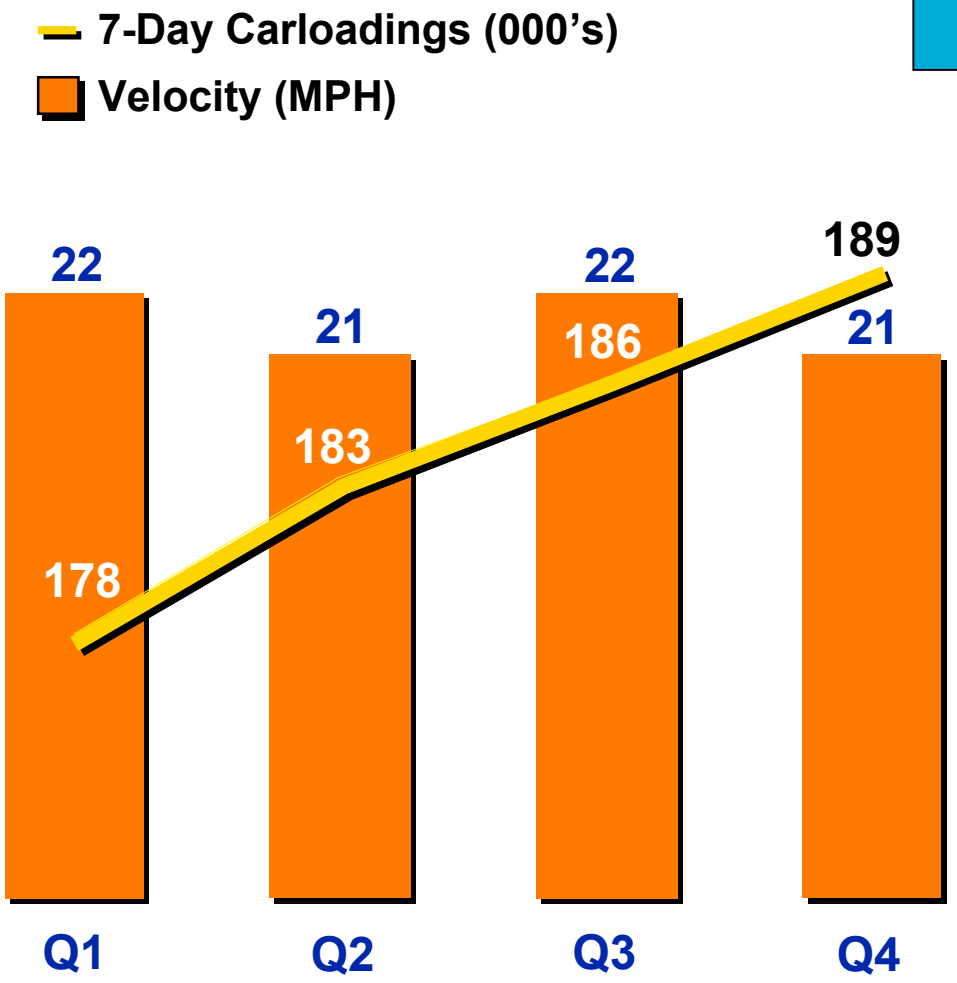
Forward-looking statements speak only as of the date the statements were made. The Corporation assumes no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information. If the Corporation does update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

2004 Recap

2004 EPS of $2.89
(Excluding Asbestos Charge)

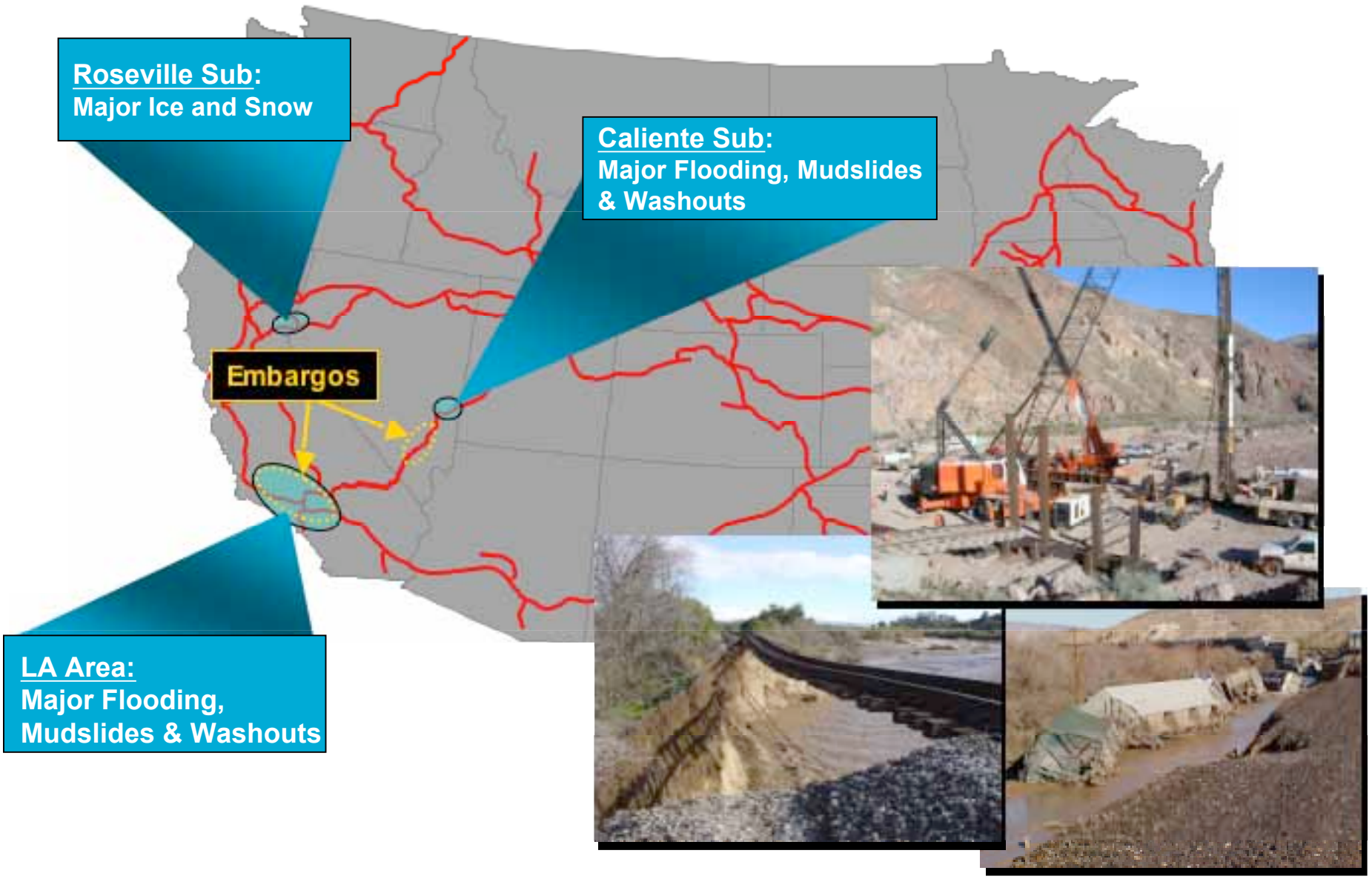


Record Demand

Strong Pricing Environment

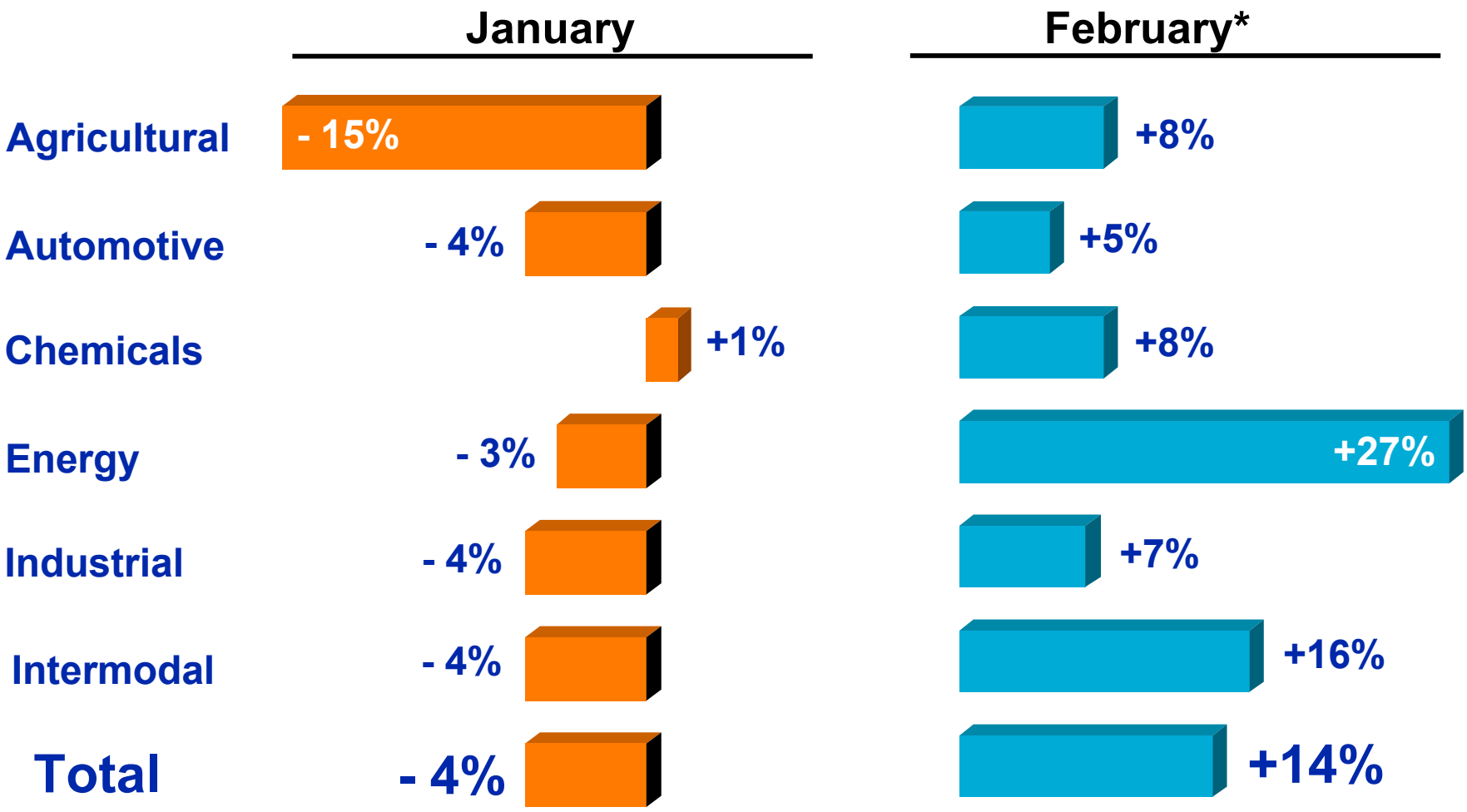
Critical Resource Additions

West Coast Weather Impact



Carloading Trends

2005 Vs 2004

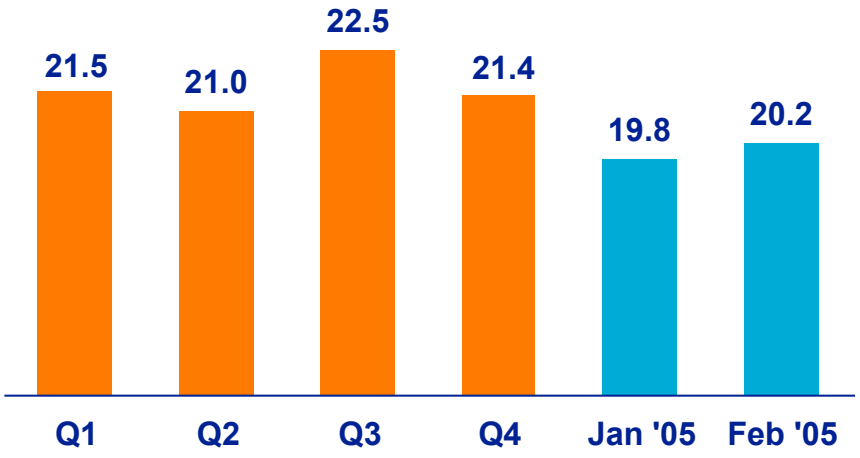


*Month-To-Date February 11th

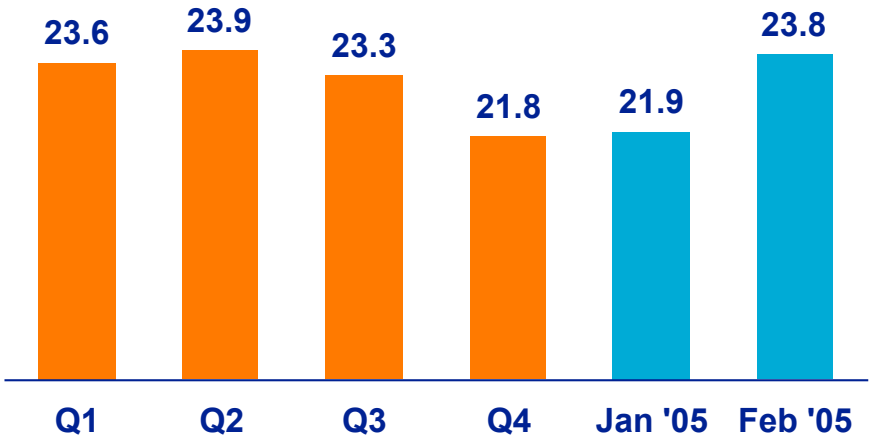
Network Status

Velocity - MPH

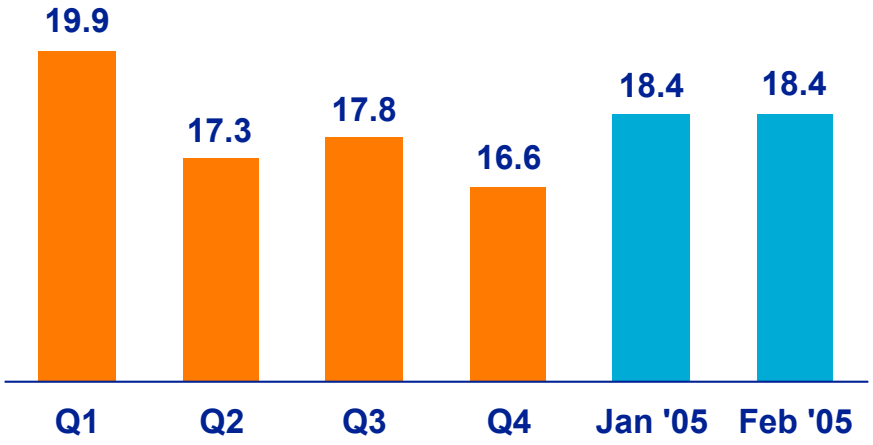
Western Region



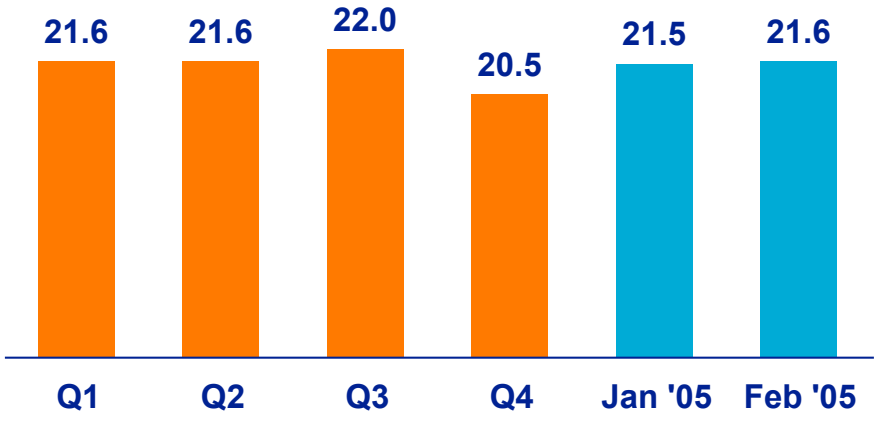
Northern Region



Southern Region



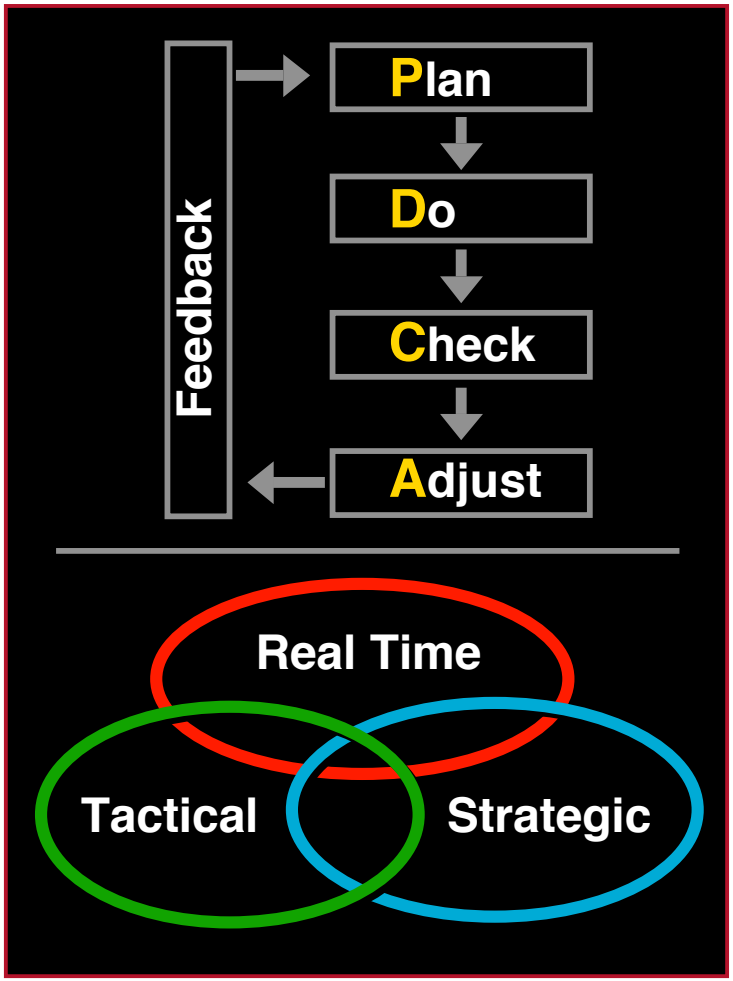
Central Region



February 2005 velocity reported through February 11th

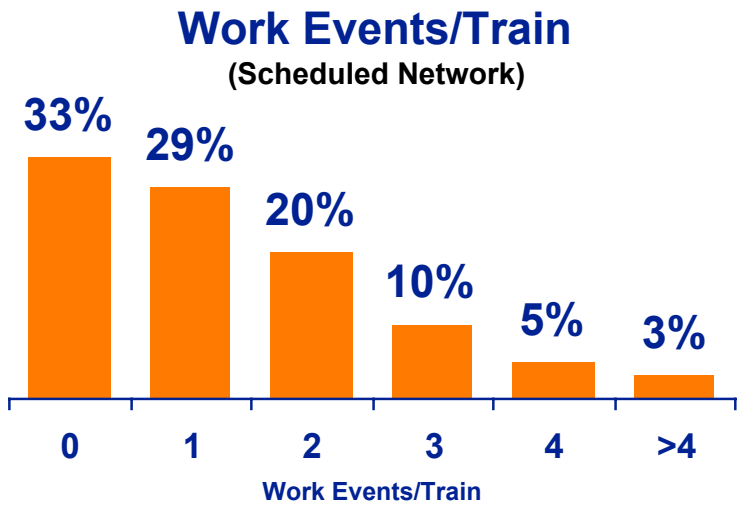
Key Areas of Improvement

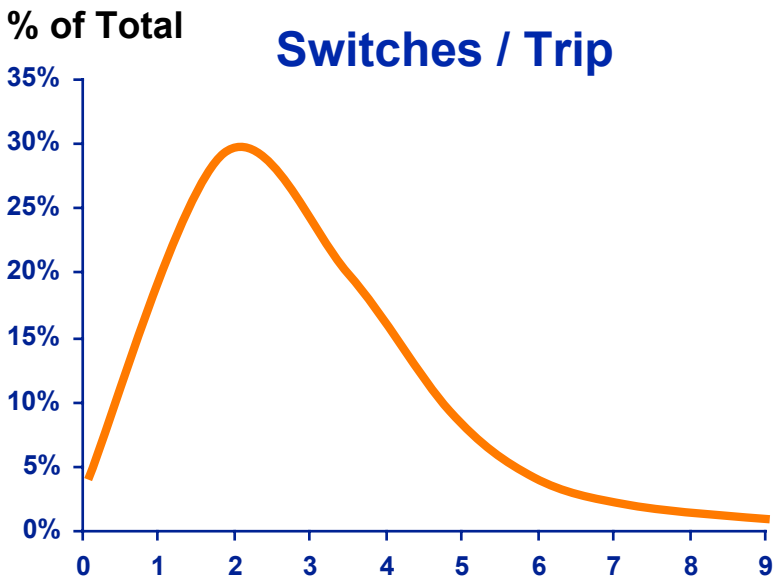
- **Network Initiatives**
  - Transportation Plan Re-Design
  - Terminal Processes / Lean
  - Flow Management
  - Gateway Strategies
- **Resource Supply & Productivity**
- **Quality, Execution & Accountability**



Network Solutions

Unified Plan





"Clean Sheet" Approach

Goals:

- Reduce Total Workload
- Increase Velocity
- Reduce Dwell
- Improve Achievability

Leverage Lean Management

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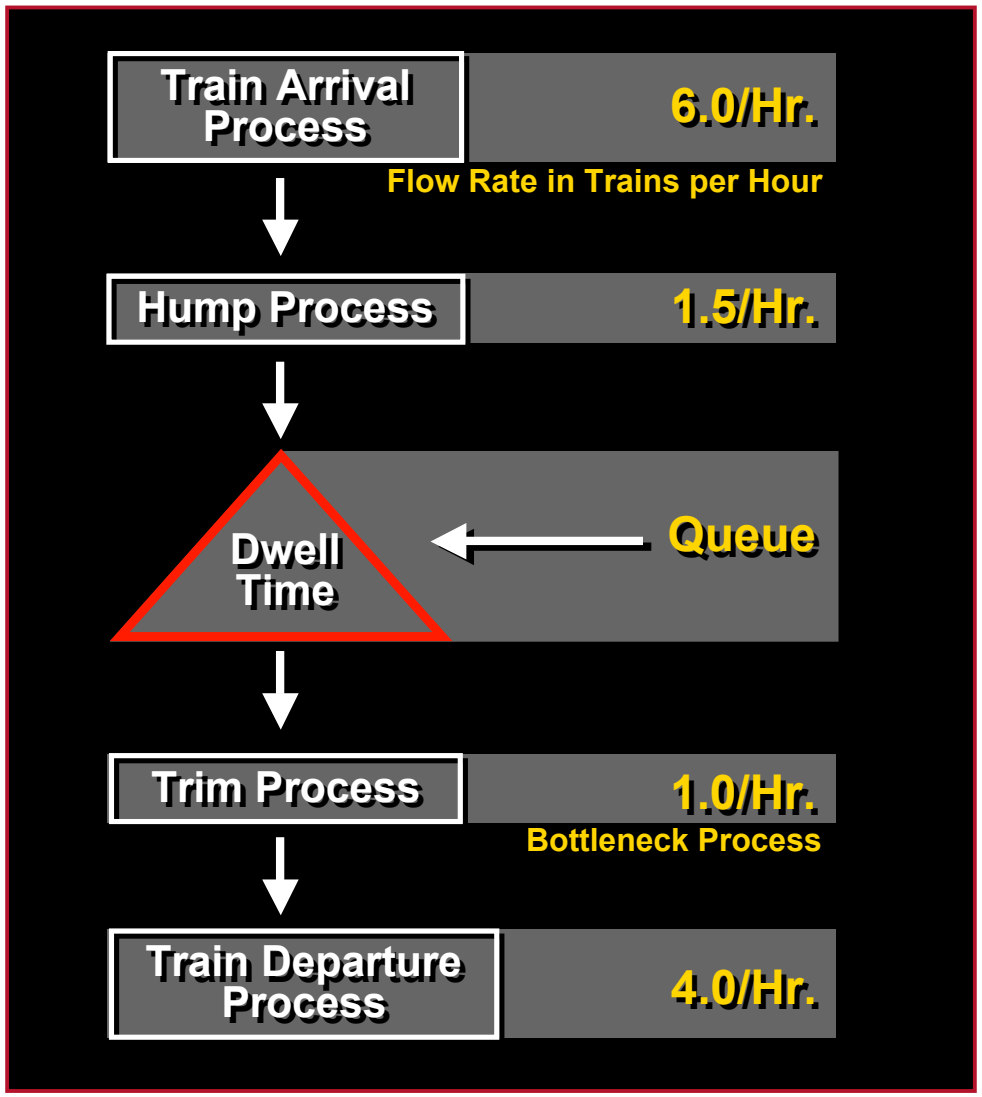
Terminal Processes

Lean Management



Process:

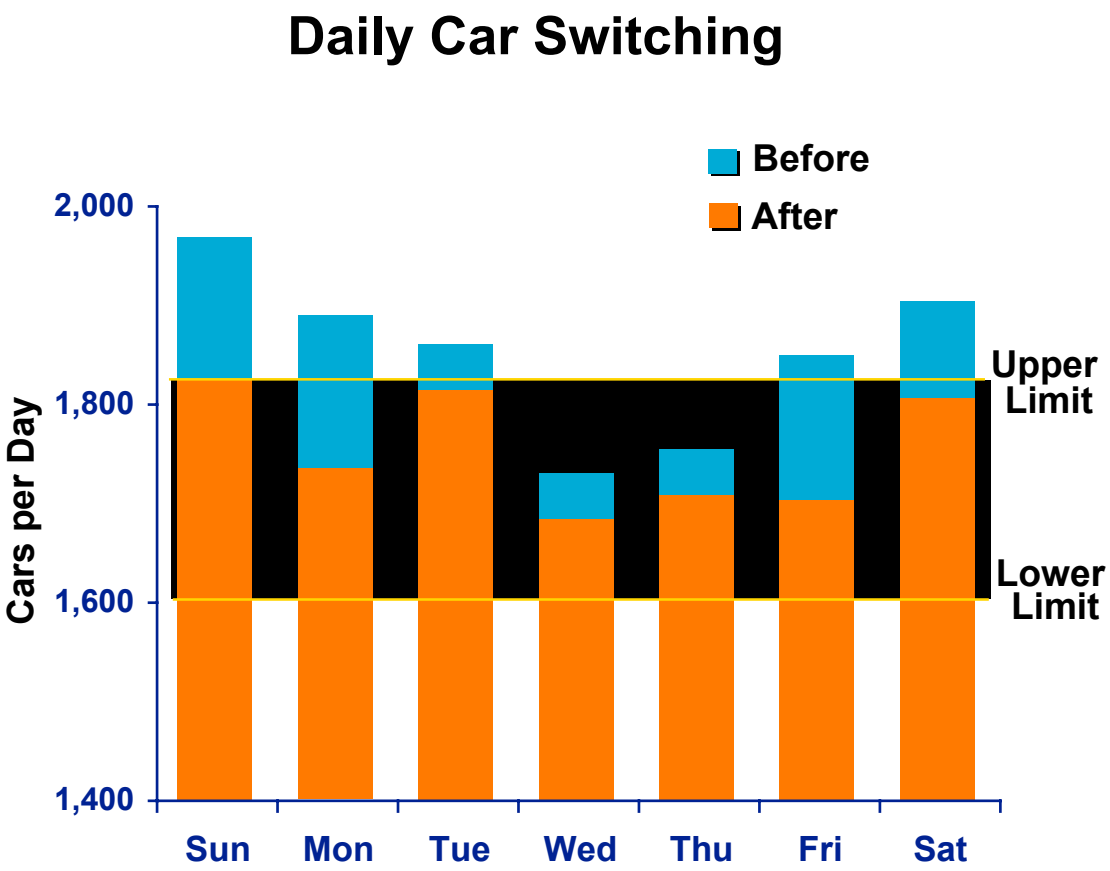
- Map Work Flows
- Measure Production Rates
- Constraint Identification
- Constraint Management

Goals:

- Speed Processing
- Increase Throughput

Flow Management

North Little Rock



Lean Principles

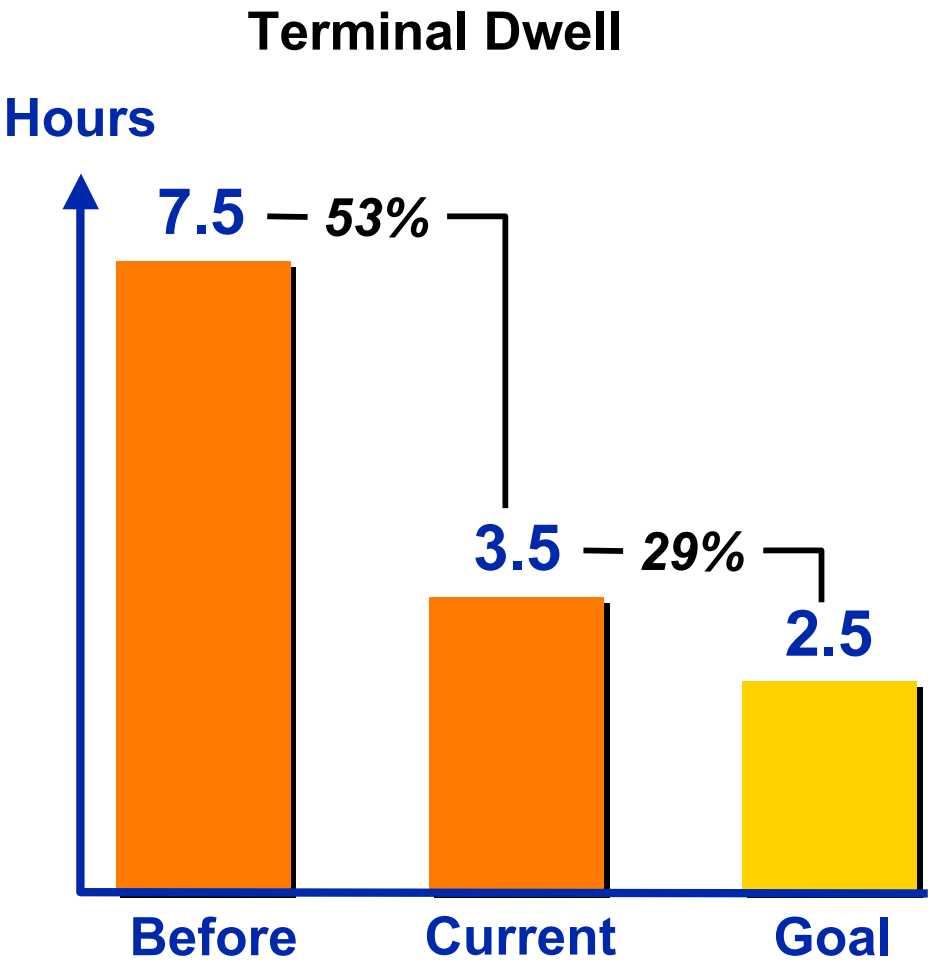
N. Little Rock Results

- Car Connections & Dwell Improvements

Project Sunrise

Gateway Strategy

Eastport Gateway



40% of UP's Business Interchanges With Another Railroad

Apply Network Solutions to Gateways

Roll-out to all Major Gateways

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Resource Supply & Productivity

Crews	2004	2005
Trainmen Grads	4,979	1,500
Engineer Grads	744	2,000

Locomotives		
New	393	315
Short-Term Lease Units	350	(125)

Freight Cars		
New or Leased Cars	5,000	4,200

Marketing's Challenge/Opportunity

Match available demand with UP's valuable capacity to create a book of business that optimizes yield and velocity.

2005 Economic Outlook

	Base Case	Pessimistic
GDP	+ 3.6 %	+ 3.1 %
Industrial Production	+ 3.5 %	+ 3.1 %
Light Vehicle Sales Growth	+ 0.6 %	- 2.4 %
Housing Starts Growth	- 5.7 %	- 8.8 %
Crude Oil Price	+ 3.4 %	+ 8.3 %

Source: Global Insight Forecast

2005 Revenue Outlook

- Volume – 1% to 2%
- Yield Improvement & Fuel Surcharge – 4% to 5%

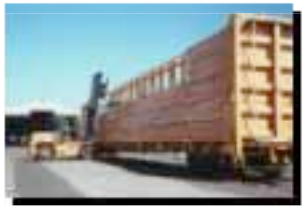
Total Revenue Growth of 5% to 7%

Agricultural 0-2%

Automotive 2-4%

Chemicals 1-3%

Energy 10-12%



Industrial 4-6%

Intermodal 6-8%

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2005 Operating Outlook

Operating Goals:

First Half

- Complete Network Analysis
- Implement the Unified Plan
- Increase Locomotive Engineer Graduates

} *Operational Recovery*

Second Half

- Leverage the Unified Plan
- Resource Productivity Focus

} *Operational Efficiency*

2005 Outlook

First Quarter		EPS
• Revenue Growth	4% to 6%	$0.25 to $0.35
• Fuel Price *(per Gallon)*	$1.30 to $1.35	
• Weather Impact	$0.25 to $0.30	

Full Year	
• Revenue Growth	5% to 7%
• Average Headcount	Flat to +1%
• Fuel Price *(per Barrel)*	$40 to $45
• Cash Capital *(Billions)*	$2.0+
• Free Cash Flow *(After Dividends)*	Positive

Union Pacific Is Committed To Be A Company Where

Customers Want To Do Business

Employees Are Proud To Work

Shareholder Value Is Created

Union Pacific Corporation

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