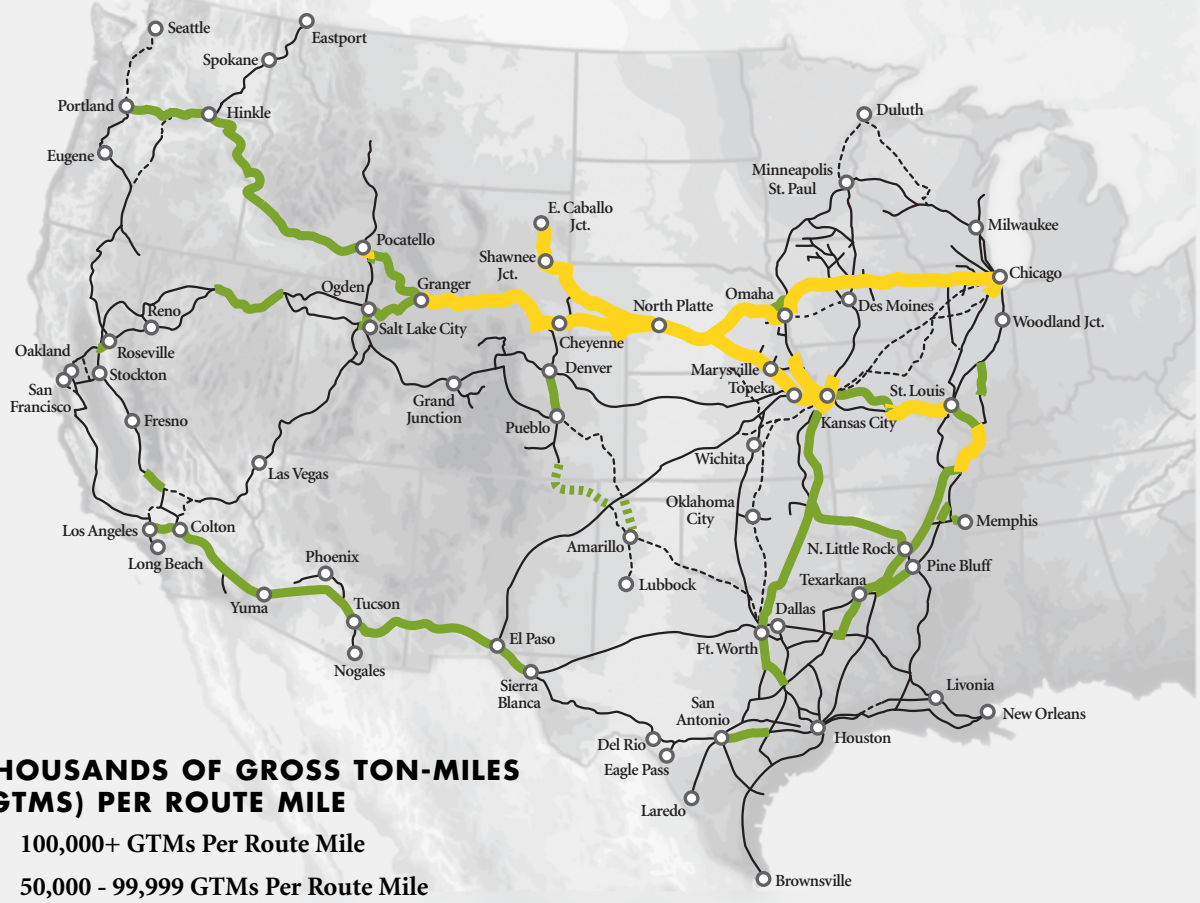


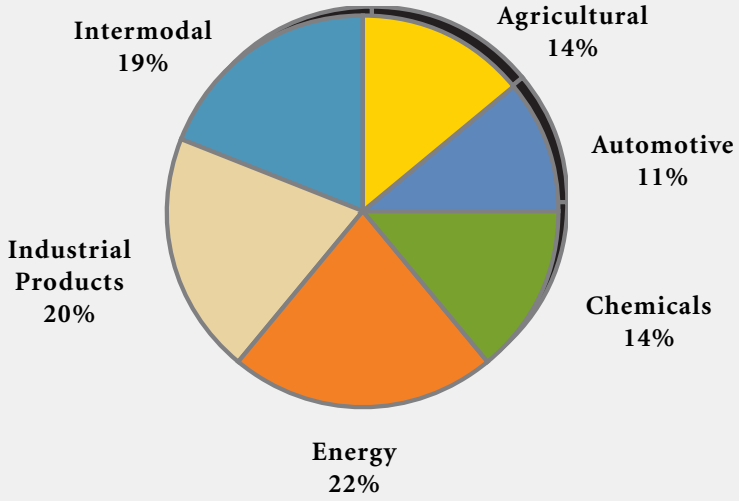
THOUSANDS OF GROSS TON-MILES (GTMS) PER ROUTE MILE

- 100,000+ GTMs Per Route Mile
- 50,000 - 99,999 GTMs Per Route Mile
- 0 - 49,999 GTMs Per Route Mile

Dashed lines indicate operating rights on other railroads

REVENUE MIX

COMMODITY REVENUE: $11.0 BILLION



COMMODITY PROFILE

The transportation of agricultural products, including whole grains (for human and animal consumption), grain products and food and beverages, provided 14% of 2003 commodity revenue. With access to most major grain markets, the Railroad provides a critical link between the Midwest and western producing areas and the primary Gulf Coast ports and Pacific Northwest (PNW), as well as Mexico. UP also serves grain processors and feeders, as well as ethanol producers in the Midwest, West, South and Rocky Mountain states.

Primary food commodities consist of a variety of fresh and frozen fruits and vegetables, dairy products and beverages, which are moved to major U.S. population centers for consumption. Express Lane and Wine Connection are UP's premium perishables service moving fruits and vegetables from the PNW and California to destinations in the East. Frozen meat and poultry are also transported to the West Coast ports for export, while beverages are imported into the U.S. from Mexico.

Grain shipments are moved most efficiently in unit trains that shuttle continuously between producers and export terminals or domestic markets. Smaller shipments, including grain products and food and beverages, typically move in the manifest train network.

UP considers Canada and Mexico to be an extension of the domestic markets the Railroad serves. In 2003, improved demand for grain and grain product shipments into Mexico was supported by expanded shuttle train service. Increased beer shipments into the Western U.S. from Mexico also contributed to a 5% gain in total agricultural carloads for Mexico. Together with alliance partners in Canada and Mexico, the Railroad is positioned to take advantage of some of the fastest growing population centers in North America.

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. Union Pacific's domestic traffic is driven largely by consistent service performance. In 2003, whole grain volumes were flat versus the prior year as stronger demand for wheat exports to the Gulf Coast was offset by service related declines in domestic feed grain movements.

The ethanol market is changing as the new Energy Bill nears completion. Industry experts predict that ethanol production will double during the next eight years. UP's ethanol shipments more than doubled in 2003 and are expected to continue to be a growth driver going forward.

During 2003, an additional 850 new and refurbished refrigeration cars were added to the Express Lane and Wine Connection fleet, further enabling these service-sensitive product offerings to capture market share from trucks. Benefits from the updated equipment include the ability to handle more perishable freight, improved customer satisfaction, revenue and price growth, a reduction in customer damage claims and increased fuel efficiency.

2004 OUTLOOK

Ethanol will continue to be a strong focus for Union Pacific as growth in the commodity is expected during 2004. Capital dollars have been committed for origin infrastructure in Minnesota and Iowa, complementing investments made in destination markets. In addition, efforts with our Eastern alliance partners should enable UP to further penetrate these markets.

AGRICULTURAL DENSITY MAP

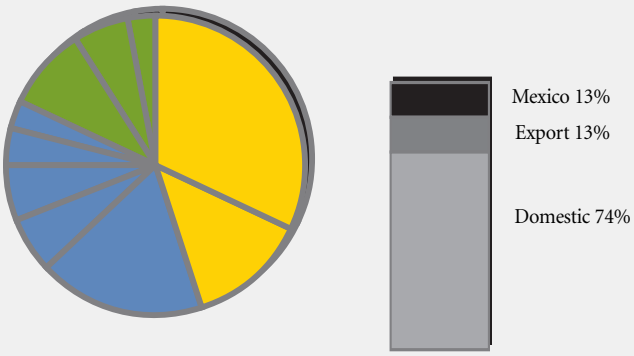
Lane density based on freight lading in tons.
Line thickness depicts traffic density.

AGRICULTURAL

Again in 2004, Express Lane and Wine Connection will be a primary focus in the overall growth strategy. Further penetration of the truck market is critical to expansion and should be accomplished by reaching into new origin and destination markets and adding additional commodities. Throughout 2004, an additional 500 new and 800 refurbished reefer cars will be placed into this service-sensitive market.

The export grain market continues to evolve. Demand for U.S. corn remains strong. However, the United States is quickly becoming a residual supplier of soybeans and wheat as Brazil, Argentina and other countries worldwide increase their production of these crops. To this end, UP expects to take advantage of the export demand when it arises by leveraging the Railroad's shuttle train network. Continued efforts with alliance partners Transportacion Ferroviaria Mexicana and Ferrocarril Mexicano, should enable UP to further expand the shuttle train network into Mexico as well.

2003 CARLOADS



Whole Grain
Corn & Feed Grains (32%)
Wheat & Food Grains (13%)

Grain Products
Dry Feed (18%)
Sugars & Liquid Feed (6%)
Corn Milling (6%)
Flour Milling (4%)
Rice (3%)

Food
Canned/Packaged/Beverages (9%)
Fresh & Frozen Products (6%)
Malt & Barley (3%)

COMMODITY REVENUE *(millions of dollars)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	373	374	411	420	369	354	373	410	370	345	358	381
Cumulative	373	747	1,158	1,578	369	723	1,096	1,506	370	715	1,073	1,454

REVENUE TON-MILES *(millions)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	18,208	17,517	19,290	19,756	18,347	17,351	17,742	18,872	17,257	16,498	16,960	18,124
Cumulative	18,208	35,725	55,015	74,771	18,347	35,698	53,440	72,312	17,257	33,755	50,715	68,839

REVENUE CARLOADS *(thousands)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	214	206	225	238	217	210	215	233	217	210	213	229
Cumulative	214	420	645	883	217	427	642	875	217	427	640	869

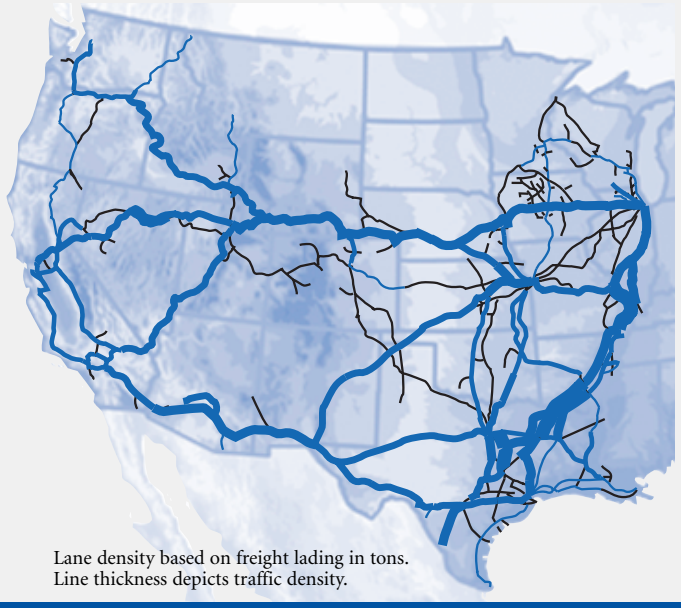
AVERAGE REVENUE PER CAR *(dollars)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	1,741	1,817	1,828	1,765	1,701	1,681	1,740	1,760	1,702	1,645	1,680	1,665
Cumulative	1,741	1,778	1,796	1,787	1,701	1,691	1,708	1,722	1,702	1,674	1,676	1,673

COMMODITY PROFILE

Union Pacific Railroad is the largest automotive carrier west of the Mississippi River, serving seven vehicle assembly plants and distributing imported vehicles from six West Coast ports and the Gulf Coast port of Houston. UP serves 42 vehicle distribution centers from which vehicles are distributed to all major western U.S. cities. These centers serve the railcar-to-truck haulaway operations for major domestic and international automotive manufacturers. In addition to hauling set-up vehicles, Union Pacific provides expedited handling of automotive materials in containers and boxcars to automotive assembly plants from numerous origins in the U.S., Mexico and Canada. In 2003, the transportation of finished vehicles and automobile materials accounted for 11% of total commodity revenue.

AUTOMOTIVE DENSITY MAP



Lane density based on freight lading in tons.
Line thickness depicts traffic density.

Overall, light vehicle sales in the U.S. were off 1% in 2003 versus 2002. Total Union Pacific automotive shipments were essentially flat as UP's western U.S. automotive rail market share remained over 80% for the second consecutive year.

Growth in UP's automotive materials shipments increased nearly 8% in 2003, partially due to the conversion to rail of automotive materials business that traditionally moved by truck. Since the inception of the automotive materials truck to rail conversion initiative in 2002, approximately 70,000 truckloads annually have been converted. Automotive materials customers are taking advantage of UP's premium automotive network that provides service that is competitive with over-the-road truck moves.

Mexico continues to be an important automotive market as substantial volumes of both automotive materials and set-up vehicles flow both north and south across the border bound for assembly plants or distribution centers. UP handled over 93% of all automotive traffic between the U.S. and Mexico in 2003.

Technology advancements continued to improve handling of vehicles at the large automotive distribution facilities during 2003. Radio frequency infrastructure to provide real-time vehicle information has now been installed at 21 vehicle distribution centers as seven more were completed in 2003.

During 2003, UP received high marks from customers when presented with several top awards including the Toyota President's Award as their top rail supplier for the fourth consecutive year, the DaimlerChrysler Gold Award as a top transportation provider for the fourth consecutive year and the General Motors Supplier of the Year award for the second consecutive year.

2004 OUTLOOK

After declining 4% over the last three years, U.S. light vehicle sales are projected to improve 1% in 2004 to an estimated 16.8 million vehicles. UP will seek to leverage this industry improvement with a diverse customer base which includes domestic and import manufacturers. UP plans to utilize its premium automotive network service product to provide time-sensitive service to meet our customers' requirements. In addition, as trucks currently transport nearly 60% of the automotive parts shipments in the U.S., UP is focused on taking additional market share off the highway.

UP is working with rail and non-rail partners to design new equipment and develop new services to capture additional automotive materials business currently moving over-the-road. This new innovative equipment is expected to

AUTOMOTIVE

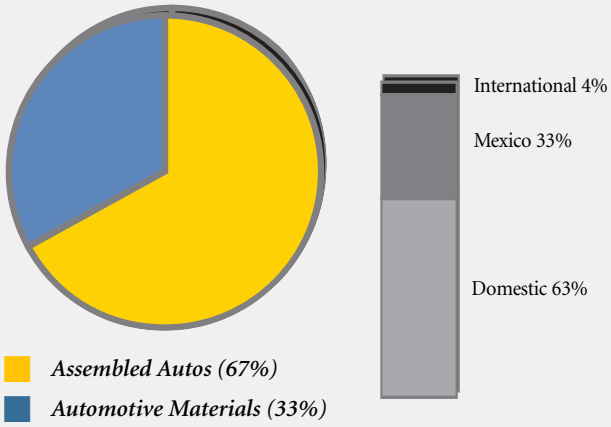
greatly assist in attracting nontraditional rail customers as well as customers that may be impacted by new over-the-road highway regulations.

Expanding UP's reach beyond markets in the Western U.S. and Mexico will continue in 2004 as alliance relationships with Eastern and Canadian railroads add service offerings to and from locations beyond our major gateways. UP will also be pursuing opportunities with new manufacturing plants in Mexico and the South Central U.S.

The completion of nine additional radio frequency site installations and the rollout of a new automotive facility operating system are anticipated for 2004. This advanced technology will improve data accuracy, completeness and timeliness which impact the unloading and haulaway processes. These enhancements will create additional velocity at the distribution facilities, free up parking space and allow for increased traffic volumes at these facilities.

Insight Network Logistics (INL) and Union Pacific Distribution Services (UPDS) offer many supply chain logistics services for major automotive manufacturers. These products, combined with UP's services, assist manufacturers in meeting customers' changing inventory needs and provide growth opportunities.

2003 CARLOADS



COMMODITY REVENUE *(millions of dollars)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	302	320	276	318	283	325	285	316	276	301	253	288
Cumulative	302	622	898	1,216	283	608	893	1,209	276	577	830	1,118

REVENUE TON-MILES *(millions)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	4,255	4,549	4,041	4,579	3,945	4,498	3,897	4,497	3,694	3,961	3,473	4,092
Cumulative	4,255	8,804	12,845	17,424	3,945	8,443	12,340	16,837	3,694	7,655	11,128	15,220

REVENUE CARLOADS *(thousands)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	207	214	189	210	193	219	193	213	185	199	177	202
Cumulative	207	421	610	820	193	412	605	818	185	384	561	763

AVERAGE REVENUE PER CAR *(dollars)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	1,462	1,494	1,455	1,521	1,462	1,486	1,479	1,480	1,486	1,514	1,429	1,428
Cumulative	1,462	1,478	1,471	1,484	1,462	1,475	1,476	1,477	1,486	1,501	1,478	1,465

COMMODITY PROFILE

The transportation of chemicals provided 14% of Union Pacific's 2003 commodity revenue. The Railroad's franchise enables it to serve the large chemical producing areas along the Gulf Coast, as well as the Rocky Mountain region. Chemical shipments include a diverse array of individual commodities that can be generally classified into three broad product categories. Petrochemicals comprise more than two-thirds of the chemicals business and include liquid and dry chemicals, plastics and liquid petroleum products. Fertilizers account for an additional 17% of the business, while soda ash makes up the remaining 10%.

Petrochemicals move primarily to and from the Gulf Coast region. Barge and, to some extent, trucks provide transportation alternatives for some of these commodities. Market share growth is dependent upon new transportation product development, such as chemical unit trains (also referred to as "Pipeline" trains). Pipeline trains are designed to eliminate unnecessary stops in terminals, reduce delivery times and significantly improve asset utilization for customers and the Railroad. In addition, the transloading network provides UP with access to non-rail served customers, capturing additional share from trucks and barges.

Natural gas prices have a dual impact on chemical production as natural gas can be a feedstock component in a chemical production process, as well as an energy source for a production plant.

The liquid and dry market consists of 22 different segments of various intermediate chemicals produced by, and shipped to, a multitude of large and small customers. Static demand from industrial manufacturers resulted in flat carloadings for liquid and dry during 2003.

Plastics shipments decreased 5% in 2003 versus 2002 as demand for consumer durable goods and exports were weak. As a result, plastic producers lowered inventories and used less storage-in-transit in 2003 than in 2002. Plastics customers depend on the Railroad's storage-in-transit (SIT) yards for intermediate storage of plastic resins. UP's SIT capacity leads the industry, with some additional capacity expansion completed in 2003.

Liquid petroleum products volumes were down 3% compared to 2002 due primarily to reduced demand combined with lower production of key feedstock chemicals.

Fertilizers are produced in, and imported through, the Gulf Coast, the western U.S. and Canada and are shipped to major agricultural areas. Worldwide market conditions resulted in a 1% increase in fertilizer carloadings in 2003 versus 2002. Domestic nitrogen and phosphate shipments were down slightly in 2003, as natural gas prices began to stabilize above historic levels.

Soda ash carloads increased 5% in 2003 as demand for both export and domestic soda ash escalated. UP directly serves Green River, Wyoming, the largest soda ash producing region in the world. Domestic demand for soda ash is relatively constant and consistent. Export markets to Asia, Europe, Latin America and Mexico, though volatile, provide growth opportunity.

Implementation of the "Transflo" transloading network began in 2003 with the cut over of the Valla, California facility. Transflo is an ISO-9001:2000 registered, rail centric transloader that allows UP to deliver the economics of rail transportation to non-rail served customers.

CHEMICAL DENSITY MAP

Lane density based on freight lading in tons.
Line thickness depicts traffic density.

CHEMICALS

2004 OUTLOOK

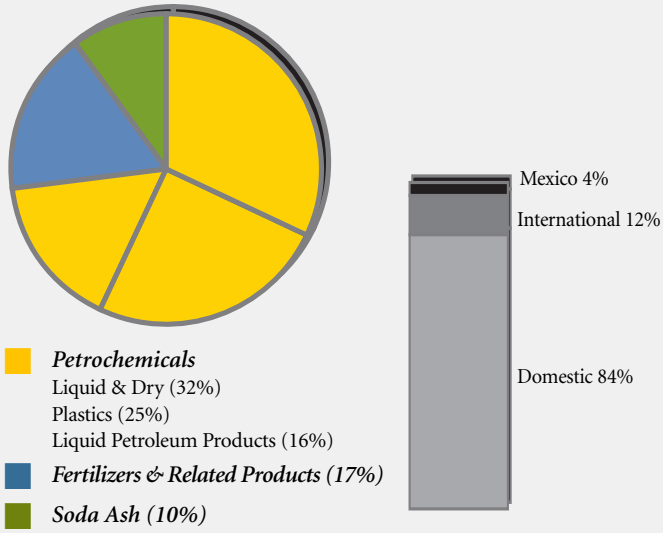
Growth in the petrochemicals business is contingent upon the economic recovery in the U.S. In addition, demand for liquid and dry chemicals, as well as plastics will depend on continued stability or reduction in feedstock prices. Liquid petroleum products shipments should also improve with continued development of the petrochemical industry in Mexico, while increased ethanol blending in gasoline will bring changes to the traditional traffic flows and products handled via rail.

Fertilizer demand is expected to further improve as crop prices increase, providing farmers an incentive to reinvest in fertilizing compounds and products.

Continued demand for export and domestic soda ash should result in additional carload growth.

Expansion of "Pipeline" unit train service into new lanes, and continued focus on operational improvements in the Gulf Coast corridors, are expected to improve asset utilization for customers and Union Pacific.

2003 CARLOADS



Implementation of the "Transflo" transloading network will continue as Tulsa and Kansas City will be cut over in early 2004.

COMMODITY REVENUE *(millions of dollars)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	394	393	400	402	385	402	399	389	390	386	393	376
Cumulative	394	787	1,187	1,589	385	787	1,186	1,575	390	776	1,169	1,545

REVENUE TON-MILES *(millions)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	13,482	13,499	13,464	13,571	12,906	13,715	13,615	13,161	12,785	12,856	12,936	12,555
Cumulative	13,482	26,981	40,445	54,016	12,906	26,621	40,236	53,397	12,785	25,641	38,577	51,132

REVENUE CARLOADS *(thousands)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	219	226	225	218	218	233	231	222	219	222	225	213
Cumulative	219	445	670	888	218	451	682	904	219	441	666	879

AVERAGE REVENUE PER CAR *(dollars)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	1,796	1,743	1,780	1,836	1,771	1,728	1,729	1,742	1,778	1,748	1,744	1,755
Cumulative	1,796	1,769	1,773	1,788	1,771	1,749	1,742	1,742	1,778	1,763	1,757	1,756

COMMODITY PROFILE

Coal and petroleum coke transportation accounted for 22% of Union Pacific's 2003 commodity revenue. The Railroad's geographic footprint positions it to transport coal destined for utilities and industrial facilities in 27 states, as well as to the Gulf Coast and rail/barge/ship facilities on the Mississippi and Ohio Rivers and the Great Lakes. UP serves mines located in the Southern Powder River Basin (SPRB) of Wyoming in addition to Colorado, Utah, southern Wyoming and southern Illinois.

SPRB coal represents the largest and fastest growing segment of the market, as utilities continue to favor its low cost and low-sulfur content. In addition, UP continues to penetrate markets in the East as electricity generation grows in the face of declining eastern coal production.

The Railroad also moves high-BTU low-sulfur coal from Colorado and Utah to domestic utilities and industries. Colorado coal is exported to Mexico via Eagle Pass, Texas.

In 2003, coal volume grew over 2% to 245 million tons. During the last three quarters of the year, strong demand due to lower coal stockpiles at the utilities contributed to significant growth in PRB coal, setting a record with 177 million tons originated in 2003. Improved domestic demand for coal from Colorado and Utah mines more than offset the decline in export traffic from this area (driven by Japan now sourcing from other Far Eastern producers), resulting in an additional one million tons being loaded during 2003 versus a year ago. Record tons were loaded during the fourth quarter in Colorado, Utah and SPRB mines.

Petroleum coke traffic originates primarily in the Gulf Coast with other key areas being Oklahoma, Kansas, Wyoming and California and is transported to destinations including Texas, California and Louisiana. Besides being a source of higher sulfur fuel for electricity generation, petroleum coke is used by industrial customers in the production of aluminum, steel and cement. Demand for petroleum coke was flat in 2003 at four million tons.

PRB coal train productivity continued its positive trend with a 1.4% gain in 2003. This was driven by improvements in both cars per train and tons per car. Average train size lengthened by slightly more than one car while each car on average was loaded with nearly one additional ton of coal.

Capacity expansion continued in 2003 with the addition of double track on the remaining 13 miles of single track between South Morrill and North Platte. We now have 100% double track from the SPRB mines to North Platte.

Additional capacity improvements were made by expanding the Dupo Yard in St. Louis. Ten short tracks were converted to five long tracks, enabling 150 car coal trains to be inspected without the need to cut the train and incur additional switching. Signals were also installed in the yard, increasing the train speeds into and out of the yard. With 25% of all energy traffic passing through St. Louis, this capacity project increased mainline fluidity by reducing daily train delay by over 50 hours.

ENERGY DENSITY MAP

Lane density based on freight lading in tons.
Line thickness depicts traffic density.

ENERGY

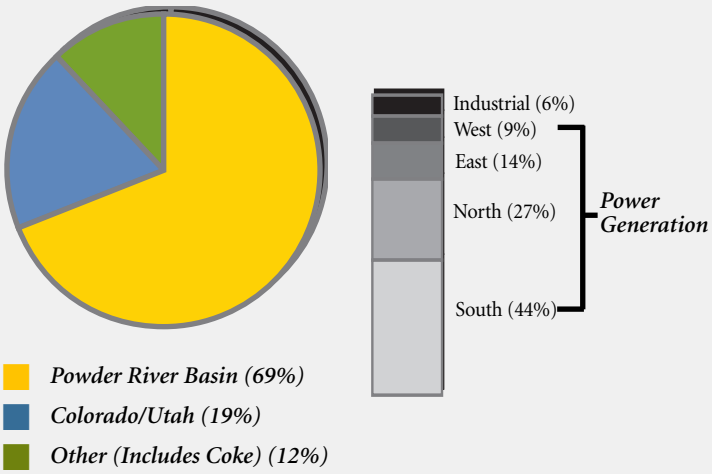
2004 OUTLOOK

Growth from new and existing customers and strong demand for coal from Colorado and Utah destined for eastern markets will be the keys to offsetting certain contract losses at the beginning of 2004. In addition, the improving economy, moderate inventory stockpiles and continued eastern market penetration through partnerships with the eastern carriers will play critical roles in determining volume levels for the year.

UP's new pricing mechanism, Circular 111, has rates designed to protect the long term investability of the coal franchise. The program's two basic pricing options — a spot market option and a three year commitment option — will also simplify the way customers do business with Union Pacific for rail service out of the SPRB.

Leveraging past and future capacity enhancements should assist in improving the Railroad's top line growth. A continued focus on train size improvements and routing efficiencies should further drive productivity performance in the upcoming year.

2003 CARLOADS



2004 capital spending will focus on improving fluidity through Denver and increasing fluidity in Southern Illinois for new 2005 business. Improvements to Denver throughput will position UP to capitalize on the growing demand for Colorado and Utah coal.

COMMODITY REVENUE *(millions of dollars)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	561	602	628	621	582	570	591	600	593	577	611	618
Cumulative	561	1,163	1,791	2,412	582	1,152	1,743	2,343	593	1,170	1,781	2,399

REVENUE TON-MILES *(millions)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	54,756	58,268	60,907	60,743	56,528	54,304	57,327	59,010	54,943	53,318	56,574	58,258
Cumulative	54,756	113,024	173,931	234,674	56,528	110,832	168,159	227,169	54,943	108,261	164,835	223,093

REVENUE CARLOADS *(thousands)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	521	537	563	566	545	520	540	559	537	516	549	559
Cumulative	521	1,058	1,621	2,187	545	1,065	1,605	2,164	537	1,053	1,602	2,161

AVERAGE REVENUE PER CAR *(dollars)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	1,077	1,120	1,116	1,096	1,068	1,095	1,095	1,074	1,106	1,117	1,113	1,107
Cumulative	1,077	1,099	1,105	1,103	1,068	1,081	1,086	1,083	1,106	1,111	1,112	1,111

COMMODITY PROFILE

Industrial products covers a broad range of commodities, from bulk products like stone, cement, minerals, waste and scrap to higher-value shipments such as lumber, paper and government and consumer goods. The leading economic indicator for growth in this business group is U.S. industrial production. For most industrial commodities, trucks provide a competitive transportation alternative. The Railroad continues to focus on capturing share from trucks with the goal of providing consistent and reliable service. In 2003, industrial products provided 20% of total commodity revenue for Union Pacific.

Bulk commodities such as stone and cement often move in unit train service from origin points to distribution facilities in major metropolitan areas. Demand is driven by construction activity which peaks typically during the warmer months of the year. Other commodities move in manifest trains and rely on UP's extensive network of rail terminals to move between thousands of shippers and customers across North America. Demand is generally driven by macro-economic conditions with seasonal peaks.

INDUSTRIAL PRODUCTS DENSITY MAP

Lane density based on freight lading in tons.
Line thickness depicts traffic density.

U.S. industrial production grew for the first time in three years, increasing 0.3%, while carloads at the Railroad were up 4% in 2003. Average revenue per car was up 3%, resulting in a 7% increase in total revenue.

Driven by a strong housing market and low interest rates, lumber revenues reached record levels, increasing 8% compared to 2002. In addition, aggressive sales penetration efforts and increased production from the PNW and Canada contributed to gains in lumber during 2003.

The steel and scrap markets were also strong in 2003, with unprecedented demand from China and the weakening of the dollar making U.S. produced steel more attractive both overseas and domestically. Share gains, price, and new production also helped to push steel and scrap revenue up by 12% over 2002 levels.

Revenue from government shipments grew by 62% in 2003 on the strength of military equipment and ammunition movements in support of the war in Iraq and domestic training exercises.

In 2003, Union Pacific and its alliance partner TFM expanded the MexDirect service offering to include lumber and paper movements to and from Mexico. This service, aimed squarely at the truck market for steel, lumber, wood products and paper movements, converted approximately 2,000 truckloads to rail in 2003.

2004 OUTLOOK

An improving economic outlook, as indicated by leading economists' predictions of U.S. industrial production growth of over 4%, should benefit Union Pacific's Industrial Products business. With strong demand, the environment should be favorable for both volume and price gains. Leveraging the Yield Strategy through selective business growth and the effective utilization of the Railroad's assets will be the keys to 2004.

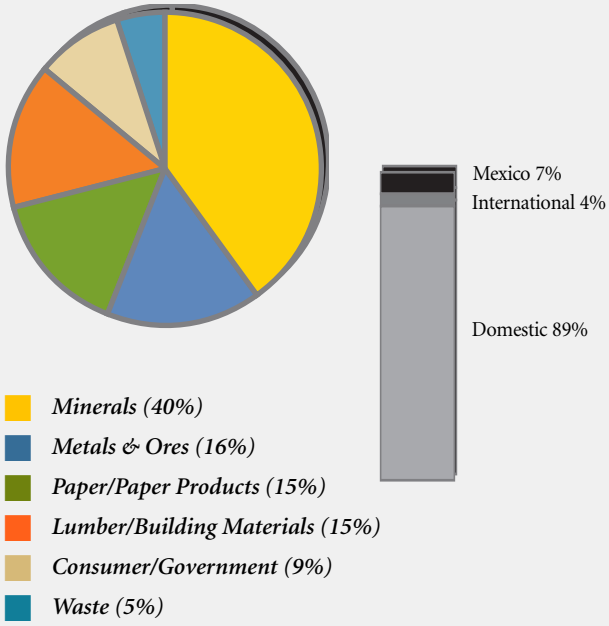
Shipments of construction materials, including lumber, steel and aggregates, are projected to be strong in 2004 as Union

INDUSTRIAL PRODUCTS

Pacific's rail network serves key population growth areas in the U.S. In addition, favorable trends in demand for lumber should continue as housing starts for 2004 are forecast to be almost flat with last year's pace of 1.85 million starts, the most in 25 years. Steel and scrap shipments will likely benefit from the value of the dollar and strong demand from China. Continued strength in highway construction projects in the Southwest and mid-South should create growth opportunities in the stone, sand and gravel business.

With its southern alliance partners, TFM and FXE, Union Pacific expects to leverage industrial products service offerings to and from Mexico, focused on capturing additional share from trucks.

2003 CARLOADS



COMMODITY REVENUE *(millions of dollars)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	510	561	572	537	474	533	535	493	472	523	513	462
Cumulative	510	1,071	1,643	2,180	474	1,007	1,542	2,035	472	995	1,508	1,970

REVENUE TON-MILES *(millions)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	19,143	20,819	21,187	20,327	18,317	20,203	20,179	18,964	18,492	20,400	19,963	17,918
Cumulative	19,143	39,962	61,149	81,476	18,317	38,520	58,699	77,663	18,492	38,892	58,855	76,773

REVENUE CARLOADS *(thousands)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	340	382	390	366	324	373	379	343	338	376	369	329
Cumulative	340	722	1,112	1,478	324	697	1,076	1,419	338	714	1,083	1,412

AVERAGE REVENUE PER CAR *(dollars)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	1,498	1,466	1,467	1,472	1,461	1,429	1,410	1,441	1,398	1,390	1,393	1,402
Cumulative	1,498	1,481	1,476	1,475	1,461	1,444	1,432	1,434	1,398	1,394	1,393	1,395

COMMODITY PROFILE

Intermodal business, which represents 19% of Union Pacific's 2003 commodity revenue, is composed of three business types, international, domestic and premium. The Railroad's intermodal service is sold primarily by third and even fourth party intermediaries including steamship lines (international), Intermodal Marketing Companies (IMCs), truckload carriers (domestic) and less-than-truckload and parcel carriers (premium).

International business consists of imports and exports of goods moving in steel shipping containers through ports on the West and Gulf coasts. The Railroad moves this freight between the ports and inland points of consumption. The domestic business segment consists of freight moving in 48 foot or 53 foot containers or trailers to and from points within the U.S., Canada and Mexico. Premium business is freight handled for less-than-truckload and parcel carriers with more time-sensitive business requirements.

INTERMODAL DENSITY MAP

Lane density based on freight lading in tons.
Line thickness depicts traffic density.

Union Pacific's intermodal franchise consists of lanes serving all the major ports, markets, population centers and gateways in the western two-thirds of the U.S. Union Pacific's key intermodal lanes run from Southern California -- the largest long-haul freight market in the country -- to Texas, Memphis, Chicago, New Orleans, Kansas City and the Pacific Northwest. All major Mexico gateways are also served by the Railroad's intermodal system, which in total provides a route structure that is better than any competing rail franchise and comparable to the highway network.

With an improving economy during 2003, intermodal carloads increased slightly by 1% while revenue grew 4% versus the prior year. Average revenue per car increased 3% due to a greater mix of premium traffic, price increases and higher fuel surcharges.

The international market was driven primarily by the continued growth of imports from East Asia to the U.S. This market growth allowed UP to overcome the loss of a steamship line contract and finish the year slightly ahead of 2002 levels.

Domestic revenue also grew during 2003, driven by an improving economy late in the year and growth in UP's fleet of shipping containers. The domestic segment was also aided by the growth in transloaded import freight. This freight is unloaded from marine containers and stored in distribution centers and warehouses in Southern California. The freight is later loaded into domestic containers and trailers and shipped inland by rail or truck to retailers and consumers.

Union Pacific is working to convert highway business to intermodal by developing priority rail service that is designed to compete with single-driver truck service. The Railroad's Blue Streak service is an example. By offering truck competitive service, UP converted business from the highway to rail during 2003. Also during the year, Blue Streak destinations were expanded to include service between Los Angeles, Chicago and the northeastern U.S.

UP continued to leverage its Yield Strategy, not only driving top line growth in 2003, but also focusing on operational efficiency. Efforts were made to reduce transportation costs by increasing train length, double stacking a greater percentage of containers and improving terminal efficiency.

INTERMODAL

2004 OUTLOOK

UP expects Intermodal growth and pricing opportunities to continue in 2004, driven by economic improvement, strength in imports and conversion of highway traffic to rail. This growth should be led by international and domestic traffic originating from Southern California ports.

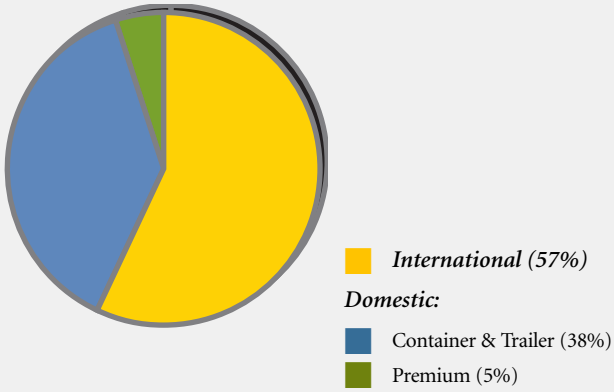
Blue Steak volume is expected to increase in 2004 as shippers increasingly look to rail to fill capacity needs with reduced transportation costs, while at the same time preserve the speed and reliability of truck service. The domestic rail segment should also benefit from business handled by the fast-growing truckload carrier segment. Traditional truckload carriers are more frequently utilizing the intermodal rail network to handle the longer line-haul segment of their business while utilizing their own drivers and tractors for short-haul freight.

New federal rules limiting working hours for truck drivers and engine emissions could also result in intermodal growth.

In addition, longer-term trends favor intermodal service when factoring in population growth, highway congestion, environmental concerns, and persistently high fuel costs.

To support expected growth in intermodal, UP is making strategic investments in line capacity, terminals, locomotives and shipping containers.

2003 CARLOADS



COMMODITY REVENUE *(millions of dollars)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	467	514	540	545	455	514	543	483	450	463	499	493
Cumulative	467	981	1,521	2,066	455	969	1,512	1,995	450	913	1,412	1,905

REVENUE TON-MILES *(millions)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	16,524	17,702	18,107	18,186	16,992	18,887	18,731	16,712	16,547	16,995	17,666	17,458
Cumulative	16,524	34,226	52,333	70,519	16,992	35,879	54,610	71,322	16,547	33,542	51,208	68,666

REVENUE CARLOADS *(thousands)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	693	752	775	763	681	771	801	698	683	688	741	720
Cumulative	693	1,445	2,220	2,983	681	1,452	2,253	2,951	683	1,371	2,112	2,832

AVERAGE REVENUE PER CAR *(dollars)*

	2003				2002				2001			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	674	684	697	714	668	667	677	692	659	671	674	686
Cumulative	674	679	685	693	668	668	671	676	659	665	668	673

COMMODITY PROFILE

Union Pacific serves all six major gateways to Mexico, connecting to the two largest Mexican railways. Approximately 65% of the Railroad's Mexico traffic is exchanged with Transportacion Ferroviaria Mexicana (TFM), while the remaining 35% is exchanged with Ferrocarril Mexicano (Ferromex or FXE). UP's franchise provides the most efficient route between Mexico and the Chicago connections to Canada and the eastern railroads. The total land transportation market for Mexico is estimated at $6 billion annually and consists of a broad range of commodities from raw materials to finished goods. Trucks are the dominant transportation mode with more than a 60% share of the current market.

Lane density based on freight lading in tons. Line thickness depicts traffic density.

The Mexican rail network is comprised of five railroads, each competing for the northbound and southbound business opportunities created by the North American Free Trade Agreement (NAFTA). The Mexican railroads are making substantial investments in track structure, equipment and facilities to improve service, equipment utilization, safety and damage prevention. Union Pacific's continued efforts with Mexico alliance partners have converted to rail over 48,000 truck moves annually.

Overall Mexico carloads were flat year over year as strong agricultural shipments offset a challenging year for the automotive group in Mexico. Agricultural shipments into Mexico increased over 8%, led by meals, rice and wheat, which were each up 20%, while beer shipments into the western U.S. from Mexico were up over 10%. Although Mexico's auto production was down 13%, the conversion of auto parts from truck to rail resulted in Automotive carloads decreasing only 1% from 2002 levels. UP further solidified its position in the Mexico automotive market, handling over 93% of all auto traffic.

During 2003, UP partnered with Ferromex to expand its "Transborder Intermodal" service by adding a lane from Los Angeles through the El Paso gateway and on to Guadalajara or Mexico City. In addition, intermodal customers were provided new equipment options into Mexico with the introduction of 53 foot EMP (Equipment Management Program, an alliance with Norfolk Southern) containers (previously 45 or 48 foot containers only) and STAX equipment (joint equipment project between CSXI and UP).

In partnership with TFM, UP expanded MexDirect to include lumber and paper movements. MexDirect service includes through rates, a single point of contact, a single bill, easy to understand information on how to do business in Mexico and multiple warehouse and transload options. This truck competitive service converted approximately 2,000 truckloads to rail in 2003.

Leveraging the Yield Strategy, the agricultural products team has partnered with grain receivers in Mexico to increase the shuttle train network to cover nearly 50% of total grain shipments to Mexico. Grain shuttle trains are an efficient method to deliver grain because trains load and unload in a short period of time, increasing throughput and shortening delivery cycles.

MEXICO

During the third quarter, Union Pacific opened the new Olmito yard in Brownsville, Texas, streamlining the interchange of Mexico traffic with TFM.

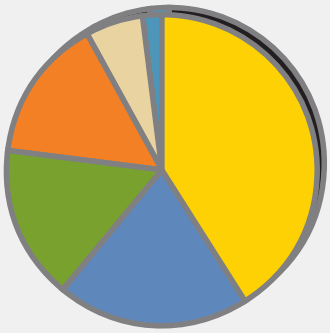
Ferromex, in which UP has a 26% ownership interest, completed implementation of the Interline Settlement System (ISS) in July 2003. ISS allows shippers to use through rates for shipments to and from Mexico similar to domestic shipments. One railroad collects from the shipper or receiver and electronically pays the other railroads in the route.

2004 OUTLOOK

The rail market is positioned for growth as the Mexican economy expands and rail service within the country continues to improve. Mexico auto part exporters are predicting strong parts growth in 2004, while vehicle exports to the U.S. are expected to show only modest growth for the year. Foreign investment in manufacturing and further privatization in the petrochemical and utility industries should provide growth opportunities.

Future growth in 2004 will be facilitated by capturing additional market share currently held by trucks and by focusing on ways to do business more easily. Business development efforts will leverage alliance partnerships while focusing on automotive parts, industrial products and inter-modal opportunities as key growth markets.

2003 CARLOADS



- *Automotive (41%)*
- *Intermodal (20%)*
- *Industrial Products (16%)*
- *Agricultural Products (15%)*
- *Chemicals (6%)*
- *Energy (2%)*

TRAFFIC BY GATEWAY