

COMPANY OVERVIEW

BUILDING AMERICASM



Union Pacific Corporation's principal operating company, Union Pacific Railroad Company (Railroad), is the largest railroad in North America, covering 23 states across the western two-thirds of the United States. The sale of Overnite Corporation, the Company's trucking interest, through an initial public offering (IPO) was completed in November 2003, leaving the Railroad as the sole operating segment.

The Railroad franchise has a strategically advantageous route structure that serves customers in critical and fast-growing markets. That network, combined with a well-balanced and diverse traffic mix, makes Union Pacific (UP) the premier rail franchise in North America.

To handle growing east-west intermodal and automotive traffic, Union Pacific has competitive long-haul routes between all major West Coast ports and eastern gateways. In addition, manifest business including lumber, steel, rock and paper is transported from thousands of locations on Union Pacific's vast network.

Another key strength of the franchise is access to the coal fields in the Powder River Basin (PRB) region of northeastern Wyoming. Growth of PRB coal tonnage hauled by UP has averaged 8% over the past five years, reflecting PRB coal's low-production cost and low-sulfur content.

UP's rail lines in the Midwest provide direct routes from major grain-producing areas to domestic markets, Mexico and to ports of export in the Gulf Coast and Pacific Northwest. Union Pacific also has broad coverage in the large chemical-producing areas along the Gulf Coast.

Leveraging the automotive network enables Union Pacific to deliver more than 80% of the finished

TABLE OF CONTENTS

Company Overview	2
Year in Review	3
System Map	5
Yield Strategy	5
Asset Utilization	6
Revenue Growth	11
Financial Statements & Operating Statistics	26
Cautionary Information	30

vehicles sold west of the Mississippi River. By directly serving all six major gateways to Mexico and having the most direct route to and from the industrial Midwest and Mexico, the Railroad transports approximately 80% of all rail traffic crossing this southern border. UP also reaches north into Canada through the Eastport gateway, as well as through exchange points in Minnesota, Wisconsin and Illinois. Union Pacific's routes in the South and Southwest produce a single-line rail network serving some of the fastest growing population centers in the United States.

The strength of this broad franchise and the efficient utilization of Union Pacific's critical resources are pivotal factors in the implementation of the Yield Strategy, which focuses on improved customer service, growing market share and achieving improved financial returns. ▶

