

# O V E R N I T E



Shipments (thousands)	7,495
Tonnage (thousands)	4,012
Revenue (per hundredweight)	\$13.25
Total Revenue (millions)	\$1,113
Operating Ratio (%)	95.2
Capital Expenditures (millions)	\$33
Employees	11,000
Fleet:	
Tractors	4,900
Trailers	19,000

**VISION STATEMENT:** To be the most successful company in the industry, with the best equipment and facilities. With this success, over time, comes the best jobs in the industry in terms of job security, wages, benefits and job satisfaction.

# OVERNITE TRANSPORTATION



Overnite Transportation is one of the nation's largest less-than-truckload (LTL) carriers. With 11,000 full-time equivalent employees, 19,000 trailers and 4,900 tractors, Overnite serves over 45,000 points in all 50 states, Canada, Mexico, and U.S. territories. More than 90 percent of the company's revenues are derived from its LTL business, with the remainder derived from truckload services and value-added services that support the core LTL business. Through more than 160 service centers, Overnite offers customized intrastate, regional, national, next-day and two-day major-market transportation services.

## OVERVIEW

By continuing to build upon its basic strengths in 2000, Overnite delivered its best results in six years. Throughout 2000, Overnite enhanced its transit times, improved its services and expanded its coverage area. With a combination of cost control measures, a strong customer base and a dedicated work force, the company provided the fastest and most reliable service in its history and concluded the year with an outstanding on-time performance level of 98 percent.

## FINANCIAL REVIEW

Operating revenues grew \$51 million or 5 percent in 2000 to over \$1.1 billion. This revenue growth was attributable to yield-enhancing initiatives, such as contract renegotiations, a general rate increase, and a fuel surcharge, which all helped to offset lower volumes. Operating expenses grew 2 percent or \$18 million. Operating income grew

165 percent to \$53 million, and the operating ratio fell to 95.2 percent from 98.1 percent in 1999. In addition, free cash flow contributed to the Corporation, after dividends, increased 74 percent to \$47 million.

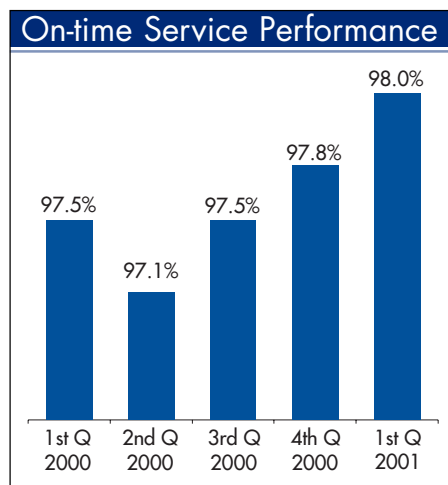
Salaries, Wages, and Benefits expense decreased slightly due to lighter volumes. Fuel and utilities expense increased 47 percent or \$23 million due to higher fuel

## OVERNITE TRANSPORTATION (continued)

prices and miles driven. Equipment and other rent expense increased 2 percent or \$2 million due to additional purchased transportation expense as a result of the Teamsters' activity, as well as increased use of long term tractor leases. Materials and Supplies dropped slightly due to a reduction in maintenance costs associated with a smaller fleet. Other costs decreased \$7 million due to better management of additional costs associated with the Teamsters' activity.

### DELIVERING VALUE IN TRANSPORTATION:

Over the past several years, Overnite has expanded its efforts to improve service and focus on high-margin business segments. The result is a series of innovative transportation products that better meet the demands of customers for simpler, faster and more reliable service. In 2000, Overnite introduced service into Mexico and expanded direct coverage to Canada. In addition, it was the first LTL carrier to introduce a guaranteed pickup service. As evidence of Overnite's success, on-time performance reached a record 97.5 percent for full year 2000. Its services include:



**Advantage Overnite** is Overnite's standard dependable service which provides nationwide coverage to more than 45,000 points including 100 percent direct full-state coverage in 32 states, more than 15,000 one- and two-day lanes and three- and four-day "Quantum Leap" transcontinental sleeper service.

#### Overnite Advantage

**Guaranteed** is for time-sensitive shipments; Advantage Guaranteed service will guarantee delivery based on the Company's published transit times. It's on-time, or it's free.

#### Overnite Advantage Expedited

is for customers needing expedited service for emergency, time-critical shipments to any point in the world through a single transportation provider. Overnite's team of freight specialists coordinate and track expedited shipments from origin to destination.

#### Special Services Division

is Overnite's dedicated truckload service division, which utilizes Overnite's LTL expertise to expand into niche segments of the growing truckload market.

**Assembly & Distribution** is a special logistical function for shippers that need consolidation and distribution services. Overnite's Assembly and Distribution service provides these functions by leveraging the broad distribution capabilities of the Overnite network.

**International and Ocean Shipping** services provide single carrier contact for transportation services to Alaska, Hawaii, Guam, Canada, Puerto Rico, the U.S. Virgin Islands and Mexico with

competitive transit times and price.

### LABOR RELATIONS:

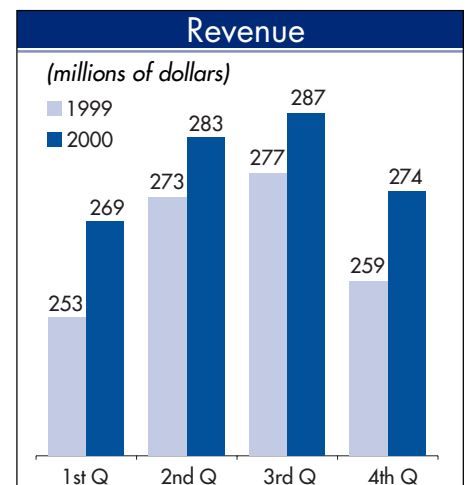
A Teamster campaign to organize all Overnite employees culminated in the union calling for a nationwide walkout on October 24, 1999. The job action, which continued through 2000, was ignored by 96 percent of Overnite employees. The union is the certified and recognized bargaining agent for about 1,800 Overnite drivers and freight handlers out of an 11,000 full-time equivalent employee work force. Employees at 15 of the 22 Teamster-represented service centers have petitioned the National Labor Relations Board to decertify the Teamsters as their bargaining agent.

Despite the walkout, all locations continue to be served and on-time service levels continue to improve. The Company is currently engaged in negotiations with the Teamsters, but has not entered into any bargaining agreements.

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For more information concerning Overnite's products and services visit [www.overnite.com](http://www.overnite.com).

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# SELECTED OPERATING STATISTICS

## OVERNITE TRANSPORTATION COMPANY

for the year ended December 31

	2000					1999				
	1	2	3	4	TOTAL	1	2	3	4	TOTAL

### FINANCIAL AND REVENUE STATISTICS

Operating Revenues (millions of dollars)	\$269	\$283	\$287	\$274	<b>\$1,113</b>	\$253	\$273	\$277	\$259	<b>\$1,062</b>
Operating Expenses (millions of dollars)	\$268	\$266	\$267	\$259	<b>\$1,060</b>	\$243	\$258	\$269	\$272	<b>\$1,042</b>
Operating Ratio (%)	99.8	94.1	93.2	94.0	<b>95.2</b>	95.9	94.5	97.1	105.3	<b>98.1</b>
Average Fuel Price Per Gallon (cents)	86	83	92	98	<b>90</b>	44	51	57	65	<b>54</b>
Total Fuel Consumed (thousands of gallons)	14,493	14,453	14,038	14,185	<b>57,169</b>	13,932	14,425	14,444	13,017	<b>55,818</b>
Average Employees	11,101	11,182	11,297	11,459	<b>11,260</b>	11,518	11,704	11,994	11,562	<b>11,695</b>

### MILLIONS OF POUNDS HAULED

Less-Than-Truckload	1,856	1,927	1,905	1,822	<b>7,510</b>	1,942	2,090	2,080	1,837	<b>7,949</b>
Truckload	122	135	133	124	<b>514</b>	107	106	117	117	<b>447</b>
<b>TOTAL</b>	<b>1,978</b>	<b>2,062</b>	<b>2,038</b>	<b>1,946</b>	<b>8,024</b>	<b>2,049</b>	<b>2,196</b>	<b>2,197</b>	<b>1,954</b>	<b>8,396</b>

### AVERAGE REVENUE PER HUNDREDWEIGHT

Less-Than-Truckload	\$13.44	\$13.51	\$13.86	\$13.84	<b>\$13.66</b>	\$12.35	\$12.42	\$12.60	\$13.25	<b>\$12.64</b>
Truckload	6.21	7.25	7.56	7.61	<b>7.17</b>	5.22	5.21	5.67	6.30	<b>5.62</b>
<b>TOTAL</b>	<b>\$13.00</b>	<b>\$13.10</b>	<b>\$13.45</b>	<b>\$13.44</b>	<b>\$13.25</b>	<b>\$11.97</b>	<b>\$12.07</b>	<b>\$12.23</b>	<b>\$12.83</b>	<b>\$12.26</b>

### SHIPMENTS (thousands)

Less-Than-Truckload	1,828	1,922	1,909	1,804	<b>7,463</b>	1,885	2,030	2,025	1,746	<b>7,686</b>
Truckload	7	8	9	8	<b>32</b>	5	5	6	6	<b>22</b>
<b>TOTAL</b>	<b>1,835</b>	<b>1,930</b>	<b>1,918</b>	<b>1,812</b>	<b>7,495</b>	<b>1,890</b>	<b>2,035</b>	<b>2,031</b>	<b>1,752</b>	<b>7,708</b>

Refer to the Union Pacific Corporation 2000 Annual Report for additional information.



# STATEMENTS OF CONSOLIDATED INCOME

## OVERNITE TRANSPORTATION COMPANY

(millions of dollars, unaudited)

for the year ended December 31, 2000

		1	2	3	4	TOTAL
<b>OPERATING REVENUES</b>	Transportation	\$269	\$283	\$287	\$274	\$1,113
<b>OPERATING EXPENSES</b>	Salaries and Benefits	165	165	164	156	650
	Equipment and Other Rents	23	24	26	24	97
	Depreciation	12	12	12	12	48
	Fuel and Utilities	18	17	18	19	72
	Materials and Supplies	11	12	12	13	48
	Other Costs	39	36	35	35	145
	<b>Total Operating Expenses</b>	<b>268</b>	<b>266</b>	<b>267</b>	<b>259</b>	<b>1,060</b>
	<b>Operating Income</b>	<b>\$1</b>	<b>\$17</b>	<b>\$20</b>	<b>\$15</b>	<b>\$53</b>
	<b>Net Income</b>	<b>\$2</b>	<b>\$13</b>	<b>\$15</b>	<b>\$13</b>	<b>\$43</b>

for the year ended December 31, 1999

		1	2	3	4	TOTAL
<b>OPERATING REVENUES</b>	Transportation	\$253	\$273	\$277	\$259	\$1,062
<b>OPERATING EXPENSES</b>	Salaries and Benefits	158	167	169	157	651
	Equipment and Other Rents	18	22	24	31	95
	Depreciation	11	12	12	11	46
	Fuel and Utilities	11	11	13	14	49
	Materials and Supplies	11	12	13	13	49
	Other Costs	34	34	38	46	152
	<b>Total Operating Expenses</b>	<b>243</b>	<b>258</b>	<b>269</b>	<b>272</b>	<b>1,042</b>
	<b>Operating Income (Loss)</b>	<b>\$10</b>	<b>\$15</b>	<b>\$8</b>	<b>\$(13)</b>	<b>\$20</b>
	<b>Net Income</b>	<b>\$9</b>	<b>\$11</b>	<b>\$8</b>	<b>\$1</b>	<b>\$29</b>

Refer to the Union Pacific Corporation 2000 Annual Report for additional information.

# STATEMENTS OF CONSOLIDATED FINANCIAL POSITION

## OVERNITE TRANSPORTATION COMPANY

(millions of dollars, unaudited)

as of December 31

	2000	1999	1998
<b>ASSETS</b>			
Current Assets	\$438	\$393	\$358
Net Properties	441	459	461
Other Assets	52	51	39
<b>Total Assets</b>	<b>\$931</b>	<b>\$903</b>	<b>\$858</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current Liabilities	\$160	\$164	\$144
Debt Due After One Year - Third Parties	–	–	3
Other Liabilities	159	154	139
Shareholders' Equity	612	585	572
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$931</b>	<b>\$903</b>	<b>\$858</b>

# STATEMENTS OF CONSOLIDATED CASH FLOWS

## OVERNITE TRANSPORTATION COMPANY

(millions of dollars, unaudited)

as of December 31

	2000	1999	1998
Cash Provided by Operating Activities	\$93	\$89	\$82
Cash Used In Investing Activities	(30)	(46)	(52)
Cash Used In Financing Activities	(63)	(46)	(27)
<b>Net Change In Cash and Temporary Investments</b>	<b>\$ –</b>	<b>\$(3)</b>	<b>\$3</b>

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