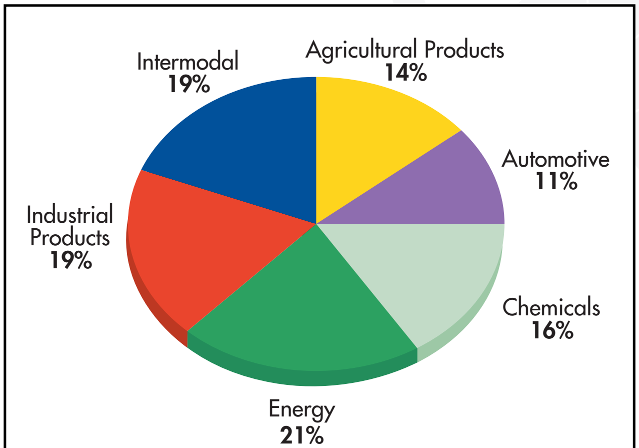
UNION PACIFIC RAILROAD

REVENUE MIX

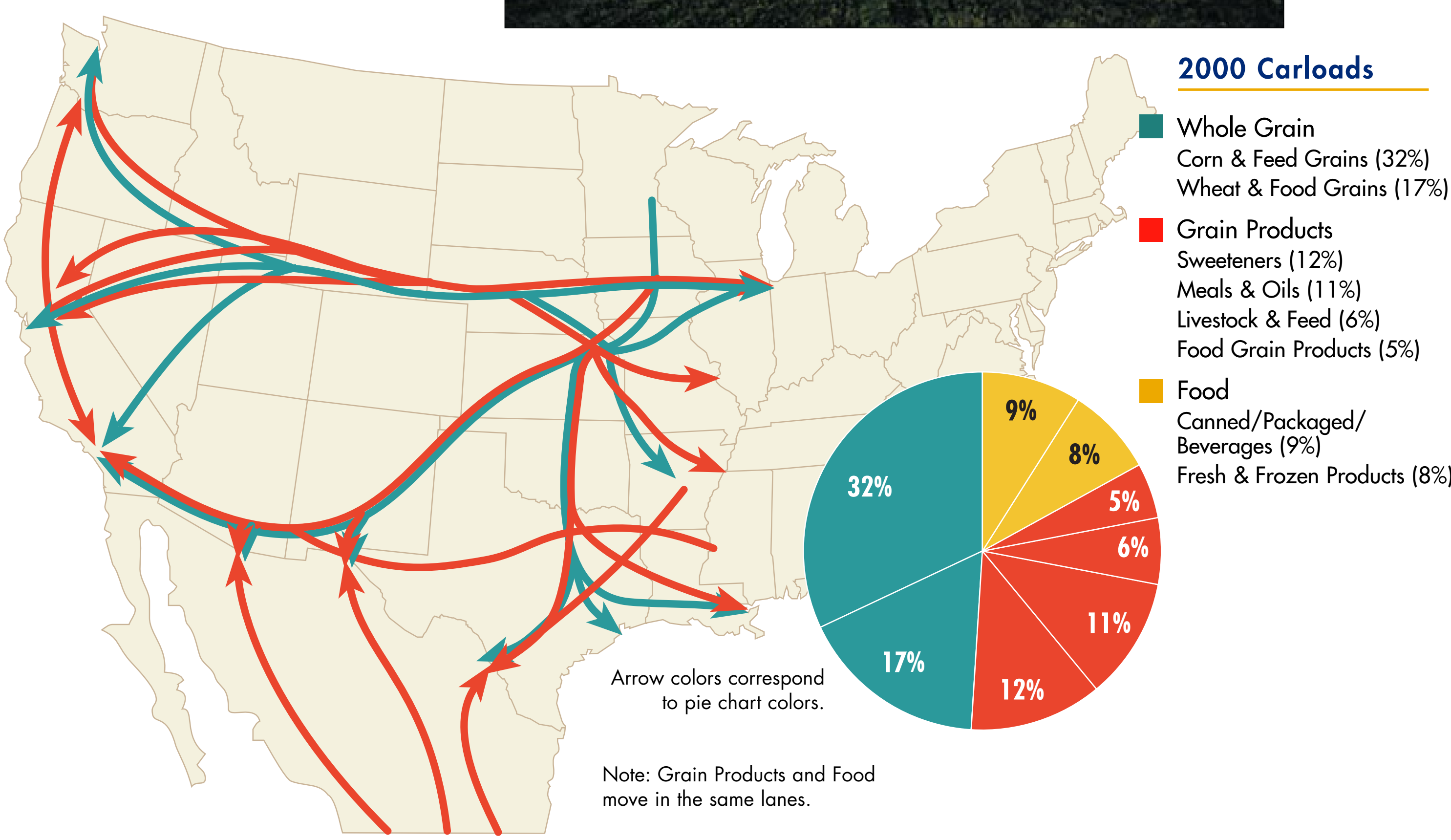
Commodity Revenue: $10.3 Billion



AGRICULTURAL PRODUCTS

2000 Review

- Whole grain carloadings declined 8% as wheat exports fell due to strong competition from Southern Hemisphere countries. In addition, corn exports were down significantly in the last half of 2000 due to low commodity prices, Starlink concerns and lack of foreign demand.
- Carloads of grain products decreased 1% due to a decline in government flour exports and an oversupply of sugar, offsetting strong soybean meal and oil exports.
- An increased market for import and domestic beer drove a 10% increase in beverage volume. The introduction of the Express Lane Service increased UP's share of the fresh fruits and vegetables market, helping food products volume grow 2% for the year.
- UP invested an additional $3.4 million in commercial facilities designed to improve the efficiency of the unit-train network. The results of investing in the program were seen in 2000 as strong feed grain movements were made to California, Arizona, Idaho, Texas and Mexico.



Key Market Factors

- Union Pacific offers a critical link between producing areas in the Midwest and West and the Pacific Northwest and primary Gulf ports, as well as to Mexico. UP's domestic markets include grain processors and feeders in the Midwest, South and Rocky Mountain states.
- Food products and beverages constitute another major product line, with producers and consumers being distributed broadly across the Railroad system.
- Factors affecting export grain movements include domestic and foreign crop production, differences between Gulf Coast and PNW shipping rates and grain prices. Domestic business is more stable and driven primarily by the consistency of service performance.
- Grain moves most efficiently in unit trains that shuttle continuously between producers and export terminals or domestic markets. Smaller shipments, along with food products and beverages, typically move in the manifest train network.

2001 Outlook

- Expanding Express Lane Service to Canada and the Mid-Atlantic states will further target the large volumes of service-sensitive food products and wine that have traditionally moved by truck from California and the Pacific Northwest.
- Continued low commodity prices and increasing competition from foreign grain-producing countries are expected to keep the export grain market relatively flat in 2001.
- Focus on improving efficiency and cycle times of grain shuttle trains will continue. In addition, refining the Shuttle Train Management System and expanding website capabilities will make it easier for customers to do business with UP.

COMMODITY REVENUE *(millions of dollars)*

	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	314	291	333	365	347	328	367	377	350	334	363	353
Cumulative	314	605	938	1,303	347	675	1,042	1,419	350	684	1,047	1,400

REVENUE TON-MILES *(millions)*

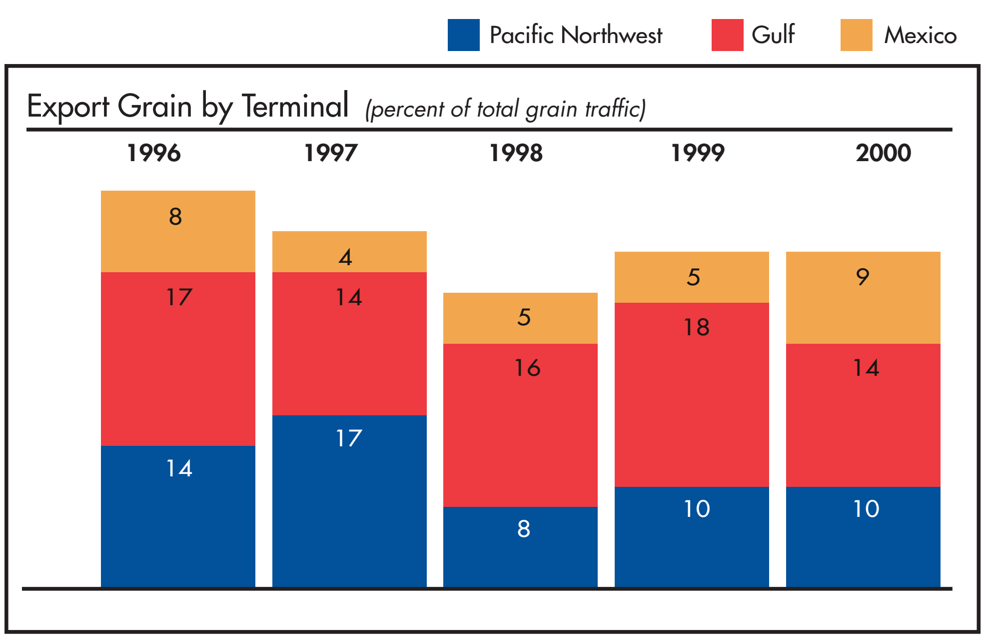
	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	15,570	14,074	15,541	15,543	16,914	16,329	17,874	18,298	17,563	16,417	16,956	16,259
Cumulative	15,570	29,644	45,185	60,728	16,914	33,243	51,117	69,415	17,563	33,980	50,936	67,195

CARLOADINGS *(thousands)*

	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	201	192	212	235	223	214	233	241	221	213	217	222
Cumulative	201	393	605	840	223	437	670	911	221	434	651	873

AVERAGE REVENUE/CARLOADING *(dollars)*

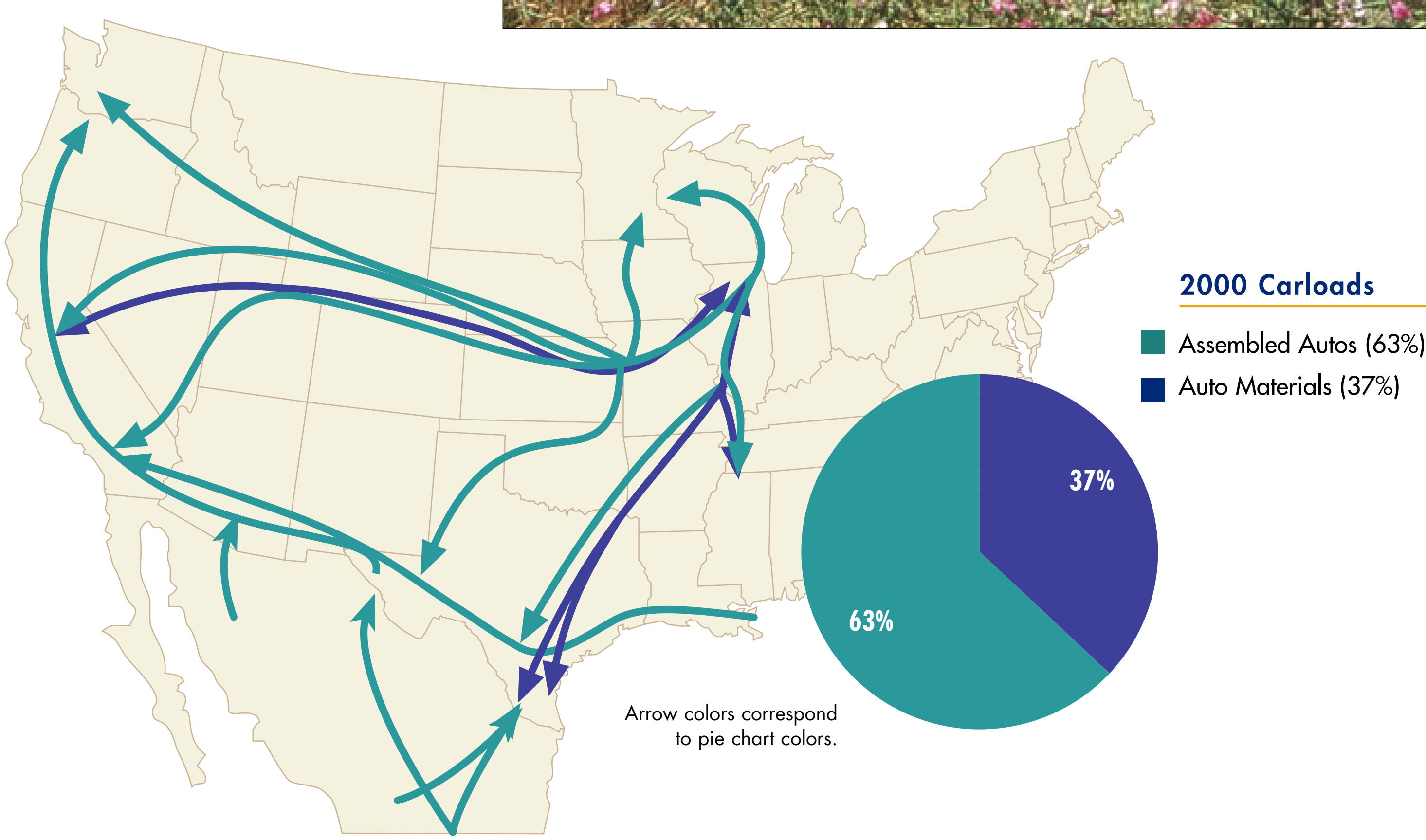
	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	1,561	1,513	1,574	1,556	1,552	1,536	1,576	1,565	1,582	1,568	1,673	1,595
Cumulative	1,561	1,538	1,550	1,552	1,552	1,544	1,555	1,558	1,582	1,575	1,607	1,604



AUTOMOTIVE

2000 Review

- Automotive shipments increased significantly as finished vehicles and auto parts carloads grew 10% and 24%, respectively. The growth was driven by market share gains and improved service as North American vehicle sales increased 3%, another record year.
- UP partnered with Thrall Manufacturing and DaimlerChrysler to develop and introduce the Q2 autorack. This new technology, which combines the right balance of capacity and flexibility without sacrificing velocity, further enhances UP's autorack fleet, the largest in North America.
- Union Pacific and DaimlerChrysler added Mexico auto parts shipments to their multi-year strategic alliance – which recognizes UP as its sole provider of transportation services in the West.
- Toyota recognized Union Pacific as its 1999 and 2000 Rail Carrier of the Year. Business levels with Toyota have continued to grow with an 11% increase in 2000.
- Business volume to and from Mexico grew 34%, reflecting increased vehicle production levels and more reliable and expanded services. New service offerings, such as the auto parts transload service, helped to facilitate the conversion of auto parts shipments from truck to rail by reducing transit times by two days.



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Key Market Factors

- Union Pacific is the largest carrier of finished vehicles west of the Mississippi River. The Railroad has facilities that serve 80% of western U.S. cities, including 42 vehicle distribution centers. Union Pacific also directly serves six assembly centers and distributes import vehicles from four West Coast ports and two Gulf ports.
- Mexico is an important automotive market for the Railroad as companies continue to locate both vehicle manufacturing and material facilities throughout the country. Automotive materials flow north and south across the border bound for assembly centers in Mexico, the U.S. and Canada.

2001 Outlook

- Because of the slowing economy, North American vehicle sales are expected to decline in 2001. Union Pacific anticipates that market share gains and strength in certain markets will provide some offset to this industry decline.
- Supply chain logistics services, using VIN Vision as a foundation, will continue to enhance customers' "Fast-to-Market" strategies. These products, combined with further technology advances, will facilitate improvements in velocity and reliability for the entire distribution network.
- The auto parts business should provide an opportunity for growth as UP continues to develop supply chain management solutions and new rail services that help win market share from trucks.

COMMODITY REVENUE *(millions of dollars)*

	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	230	243	203	261	253	275	239	281	290	307	280	305
Cumulative	230	473	676	937	253	528	767	1,048	290	597	877	1,182

REVENUE TON-MILES *(millions)*

	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	3,295	3,431	2,966	3,806	3,748	3,965	3,555	4,080	4,229	4,298	3,853	4,136
Cumulative	3,295	6,726	9,692	13,498	3,748	7,713	11,268	15,348	4,229	8,527	12,380	16,516

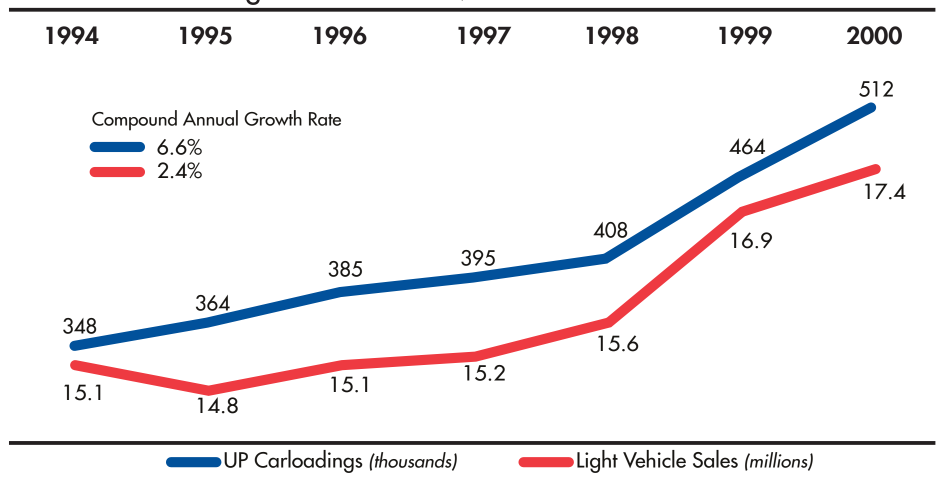
CARLOADINGS *(thousands)*

	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	159	165	140	177	170	184	167	186	199	214	196	206
Cumulative	159	324	464	641	170	354	521	707	199	413	609	815

AVERAGE REVENUE/CARLOADING *(dollars)*

	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	1,448	1,473	1,450	1,471	1,491	1,492	1,430	1,507	1,456	1,437	1,425	1,483
Cumulative	1,448	1,461	1,458	1,461	1,491	1,492	1,472	1,481	1,456	1,446	1,439	1,450

North American Light Vehicle Sales/UP Finished Vehicle Carloads*

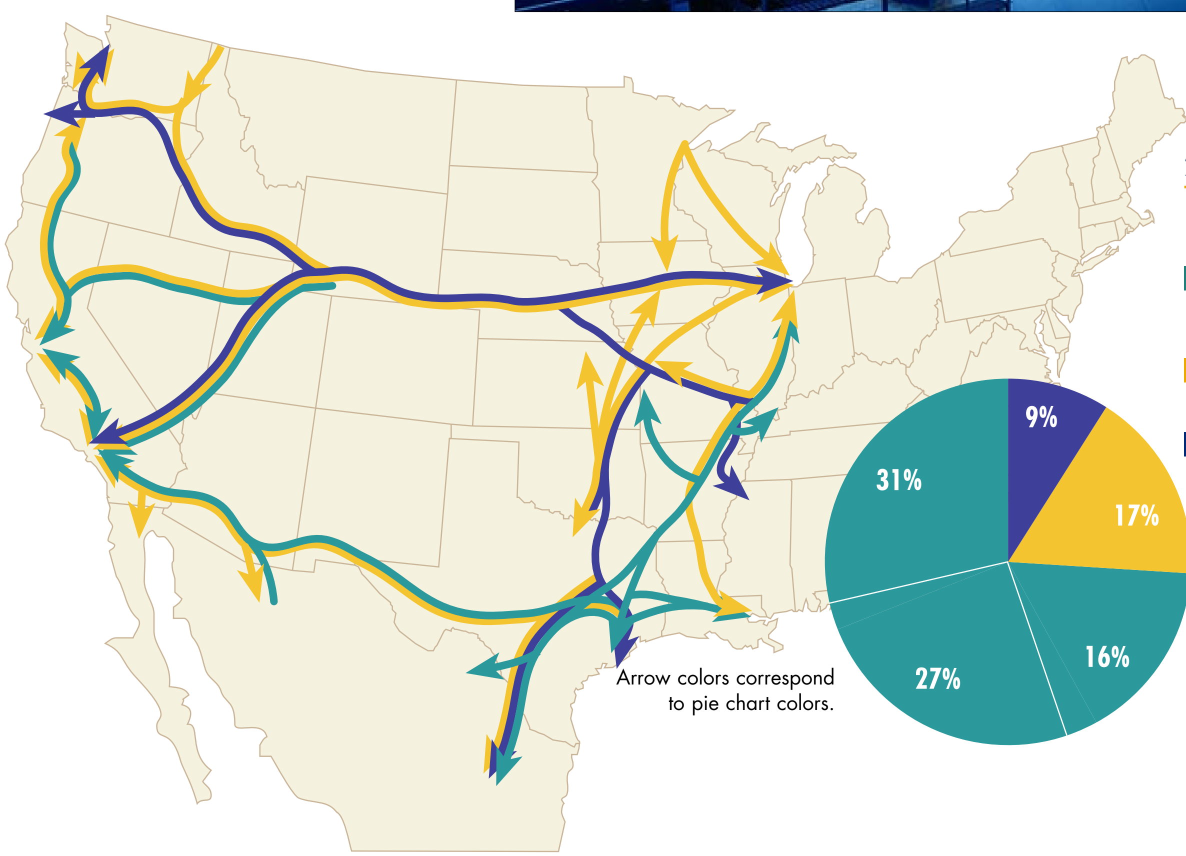


* UP, SP & CNW pro forma for years 1994 through 1996

CHEMICALS

2000 Review

- Despite late-year weakening in the economy, carloads increased 1% as a result of strong export demand and improved service levels.
- Expanding facilities and upgrading track in the Bloomington, Texas area and the Houston to New Orleans corridor has increased efficiency at switching yards, removed capacity bottlenecks, and added storage capacity contributing to a 4% increase in plastics carloads.
- The high price of natural gas and petroleum products, coupled with the slowing economy during the last half of 2000 resulted in a 1% decrease in liquid and dry carloads.
- Soda ash carloads were off by 1% as the slowing economy resulted in a flat domestic soda ash market. During the fall of 2000, a new jointly served soda ash facility opened in Parachute, Colorado that will add approximately one million tons of production to the marketplace.
- Increased export demand for soda ash via Portland and domestic market share gains led to an 8% increase in revenue.
- Depressed demand for farm commodities drove fertilizer carloads down 2% for the year. In addition, the significant increase in natural gas prices resulted in reduced nitrogen production.



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2000 Carloads

- Liquid and Dry (31%)
- Plastics (27%)
- Liquid Petroleum Products (16%)
- Fertilizers and Related Products (17%)
- Soda Ash (9%)

Key Market Factors

- Plastics customers depend on reliable rail service and railroad-provided storage-in-transit (SIT) yards for intermediate storage of plastic resins.
- Fertilizer and related products are produced and imported in the Gulf Coast and the western U.S. and Canada and are shipped to major agricultural areas.
- 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.
- UP directly serves Green River, Wyoming, the primary soda ash producing region in the United States. Domestic demand for soda ash is relatively constant. Export markets to Asia, Europe and Mexico, though volatile, provide growth opportunity.

2001 Outlook

- Plastics shipments are expected to weaken due to the weakening U.S. economy – specifically, reduced auto sales and lower housing starts.
- Fertilizer business is expected to be flat, due to crop surpluses, production cutbacks, and weak agricultural markets.
- Rising export demand for soda ash should increase shipments above 2000 levels. The primary driver is increased demand from both Asia and Europe which will be supplied from the Portland export terminal.
- To optimize capacity and meet expected plastics growth in the Los Angeles chemical region, UP is building the Valla, California transload facility. This facility will raise UP's transload capacity in the Los Angeles Basin by 1,600 cars annually.

COMMODITY REVENUE *(millions of dollars)*

	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	390	383	384	378	401	396	398	400	412	424	412	392
Cumulative	390	773	1,157	1,535	401	797	1,195	1,595	412	836	1,248	1,640

REVENUE TON-MILES *(millions)*

	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	12,553	12,571	12,576	11,642	13,153	13,096	13,238	13,761	13,532	13,623	13,168	12,897
Cumulative	12,553	25,124	37,700	49,342	13,153	26,249	39,487	53,248	13,532	27,155	40,323	53,220

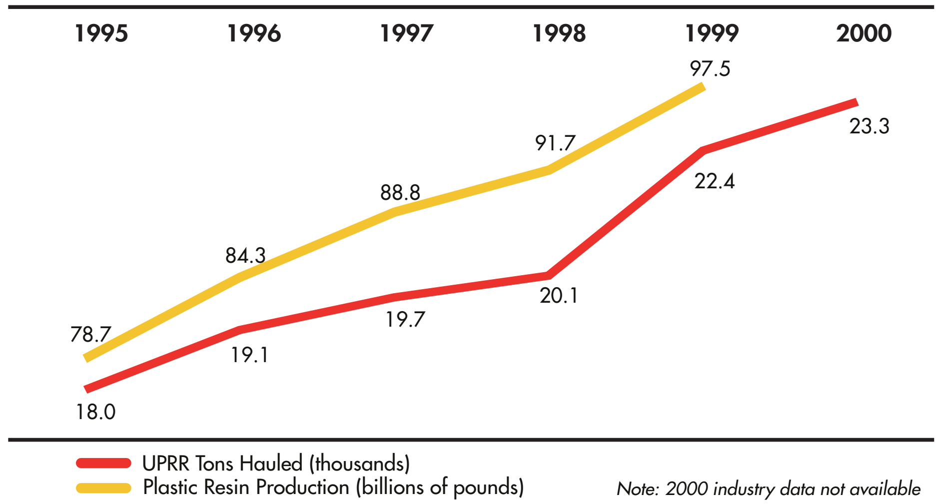
CARLOADINGS *(thousands)*

	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	223	226	232	218	225	233	238	234	232	244	237	223
Cumulative	223	449	681	899	225	458	696	930	232	476	713	936

AVERAGE REVENUE/CARLOADING *(dollars)*

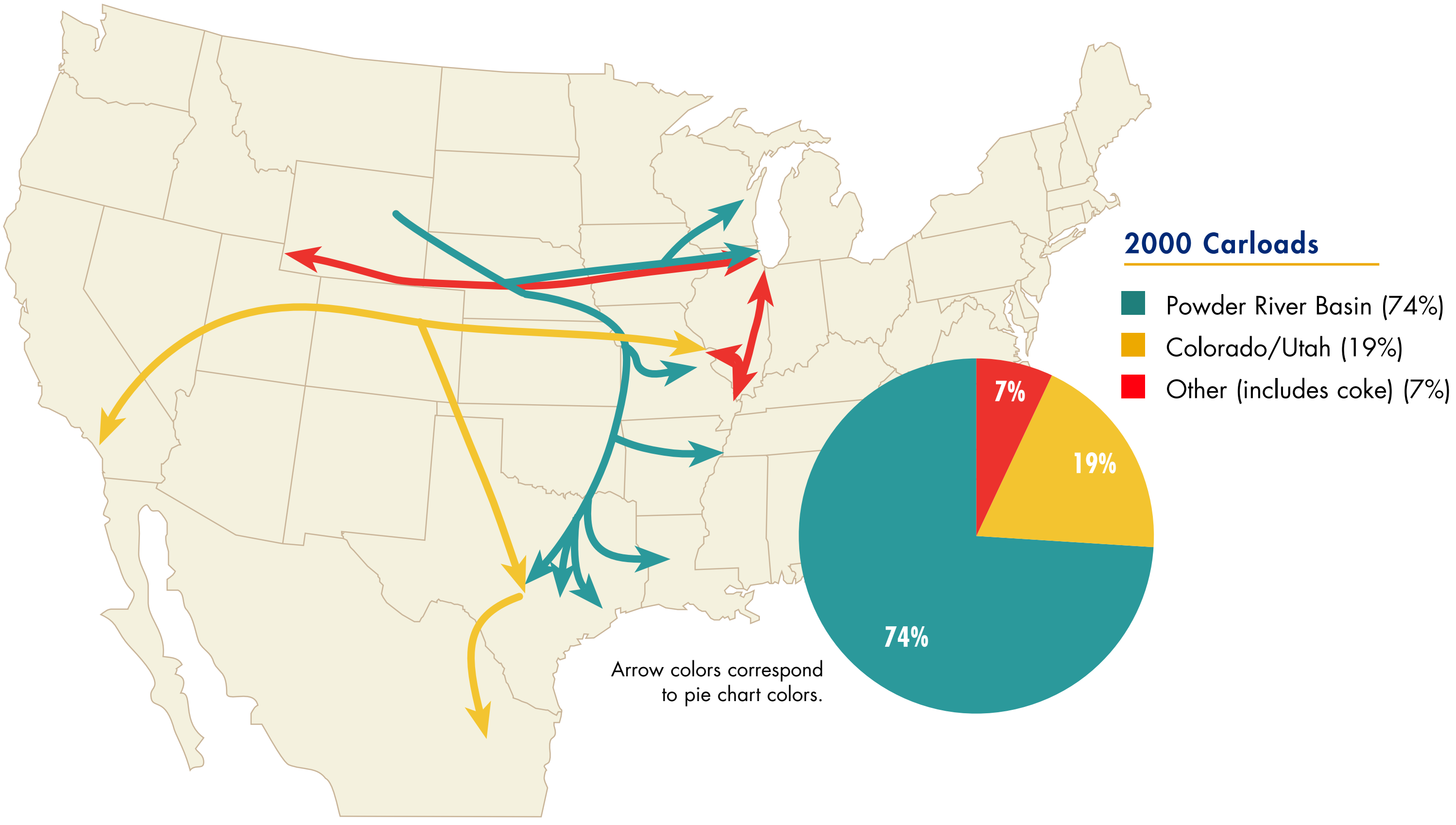
	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	1,750	1,692	1,658	1,733	1,781	1,701	1,673	1,708	1,777	1,741	1,738	1,753
Cumulative	1,750	1,721	1,699	1,708	1,781	1,741	1,717	1,715	1,777	1,759	1,752	1,752

Plastics Growth



2000 Review

- In 2000, Union Pacific coal volume grew 3% to 212 million tons. Growth in Wyoming's Powder River Basin (PRB) coal led the way with a record 144 million tons originated, a 7% increase over 1999.
- Colorado/Utah coal volume was flat due to mine production issues during the first half of 2000.
- PRB coal train productivity improved slightly to 13,645 tons per train in 2000. Since 1995, PRB train productivity has grown nearly 14%, reflecting the increased use of longer trains and high-capacity aluminum cars.
- Track capacity expansion between Gibbon, Nebraska and Marysville, Kansas was completed in 2000, resulting in a 46% increase in train speed and a 20% increase in daily trains moving through this coal corridor.
- Coal train cycle performance continued its strong improvement during 2000, averaging 96.3%, compared to 86.5% in 1999.



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Key Market Factors

- Union Pacific provides transportation service between most of the coal-producing regions in the western U.S. and utilities and industrial facilities in 27 states. The PRB represents the largest and fastest growing segment of the market, as utilities continue to favor the low cost and low-sulfur content of the coal mined there.
- The Railroad also moves high-BTU, low-sulfur coal from Colorado and Utah to domestic utilities and through West Coast ports for export to the Pacific Rim. Colorado coal is exported to Mexico via Eagle Pass, Texas, and PRB coal is exported to Europe through Mississippi River barge terminals.

2001 Outlook

- Continued improvement is expected for PRB coal volumes, as recent capacity improvements and strong service performance support growing demand for low-sulfur western coal. Growth is expected both from new and existing customers.
- Productivity improvement should continue as more and longer distributed-power (DP) trains are utilized. Radio-controlled locomotives are placed at the rear of DP trains to allow train size to be expanded and asset utilization to be increased.
- Capital spending in 2001 will focus on increasing the capacity at the South Morrill, Nebraska rail yard. In addition, double track projects will be completed between South Morrill and Shawnee Junction, Wyoming – the line south of the PRB coal mines.

COMMODITY REVENUE *(millions of dollars)*

	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	497	488	516	495	564	533	559	512	529	490	586	549
Cumulative	497	985	1,501	1,996	564	1,097	1,656	2,168	529	1,019	1,605	2,154

REVENUE TON-MILES *(millions)*

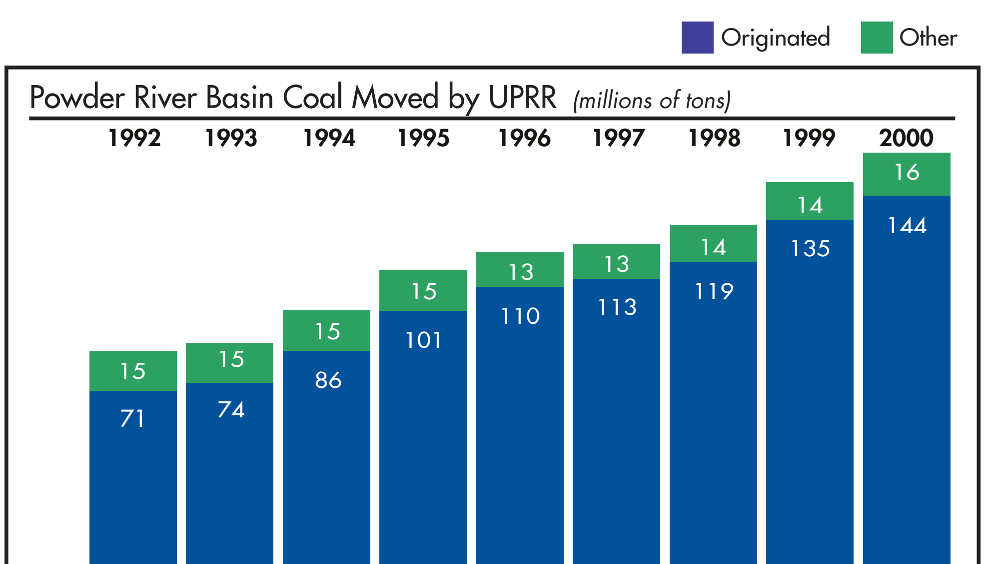
	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	41,634	41,480	45,370	44,609	47,608	45,654	48,222	47,890	48,580	44,934	54,323	50,879
Cumulative	41,634	83,114	128,484	173,093	47,608	93,262	141,484	189,374	48,580	93,514	147,837	198,716

CARLOADINGS *(thousands)*

	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	442	427	449	449	477	448	478	469	480	439	513	498
Cumulative	442	869	1,318	1,767	477	925	1,403	1,872	480	919	1,432	1,930

AVERAGE REVENUE/CARLOADING *(dollars)*

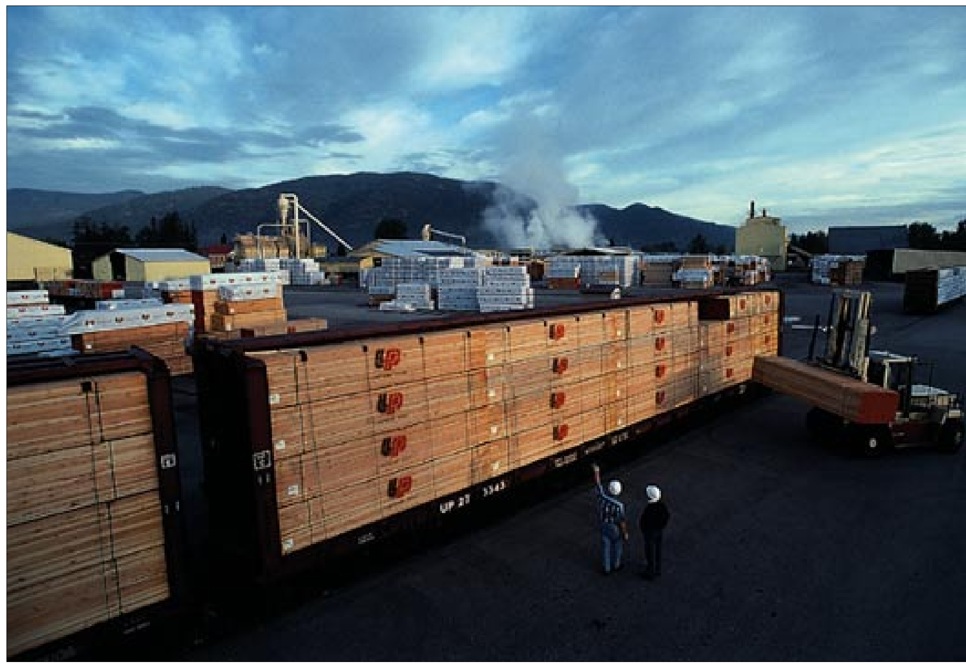
	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	1,124	1,143	1,148	1,104	1,183	1,188	1,172	1,090	1,103	1,115	1,141	1,101
Cumulative	1,124	1,133	1,138	1,130	1,183	1,185	1,181	1,158	1,103	1,109	1,120	1,116



Total	86	89	101	116	123	126	133	149	160

2000 Review

- A strong economy in the first half of the year contributed to 5% revenue growth. First half revenues were up 10% due to a rebound in the steel market and continued strength in the construction market.
- Improved service levels, particularly due to the successful implementation of the 5-7-9 Strategy, enabled UP to capture truck share in lumber, paper and cement.
- Consumer products volumes increased 17% due primarily to improved cotton production, as crop conditions in 2000 improved significantly over 1999.
- The steel market rebounded in early 2000 resulting in a 16% increase in carloads, despite a weak fourth quarter reflecting the slowing U.S. economy.
- Paper and lumber revenues were up 10% in the first half of the year due to a strong domestic economy. Second half revenues were essentially flat as a result of the economic slowdown. High natural gas prices in the PNW and historically low lumber prices resulted in numerous customer plant shutdowns in the fourth quarter.



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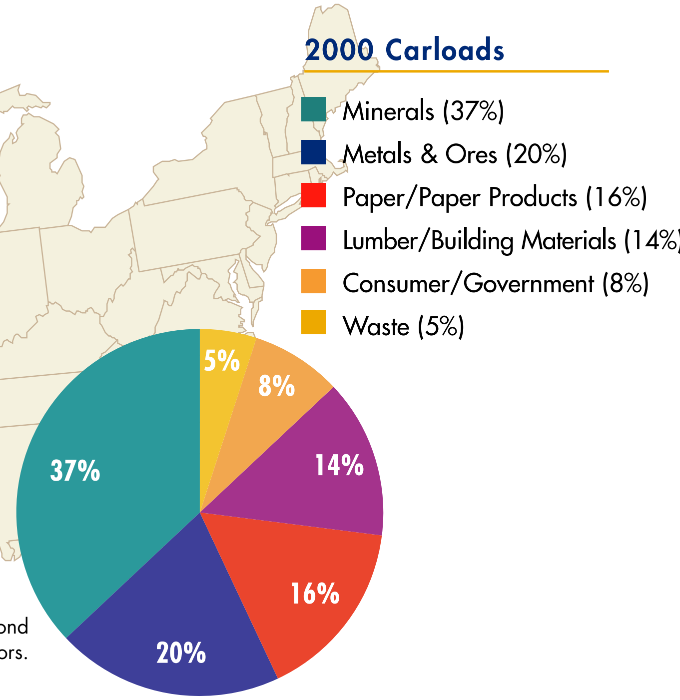


Key Market Factors

- Industrial Products covers a broad range of commodities – from bulk products like stone, cement, minerals, waste and scrap to higher-value shipments like lumber, paper and consumer goods. For most commodities, trucks provide a competitive transportation alternative. Market share growth hinges on providing consistent, reliable service.
- Bulk commodities like rock often move in unit train service from origin to a transload facility in major metropolitan areas. Demand is driven by construction activity and peaks during the warmer months.
- Most other commodities move in manifest train service and rely on UP's extensive network of rail terminals to move between thousands of shippers and customers across North America. Demand is driven primarily by macro-economic conditions but experiences seasonal peaks.

2001 Outlook

- In general, the slowing economy is expected to impact demand in 2001, with volumes improving as the economy rebounds.
- Continued strength in highway construction projects in the southwest should continue to create growth opportunity in the stone, sand and gravel business.
- High crude oil prices should continue to create demand for tubular steel and non-metallic minerals. In addition, higher natural gas prices have reinvigorated the transmission pipe market. However, reduced automotive demand and other economic factors are expected to adversely affect shipments from many of our steel customers.
- Population growth in key markets served by the UP system should continue to grow lumber, cement, roofing products and metals markets, somewhat offsetting the impact from the overall slowing housing market.

COMMODITY REVENUE *(millions of dollars)*

	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	433	466	455	431	449	474	493	480	492	525	502	466
Cumulative	433	899	1,354	1,785	449	923	1,416	1,896	492	1,017	1,519	1,985

REVENUE TON-MILES *(millions)*

	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	17,627	18,356	18,417	16,875	17,950	19,180	19,573	19,794	20,310	20,723	19,401	18,322
Cumulative	17,627	35,983	54,400	71,275	17,950	37,130	56,703	76,497	20,310	41,033	60,434	78,756

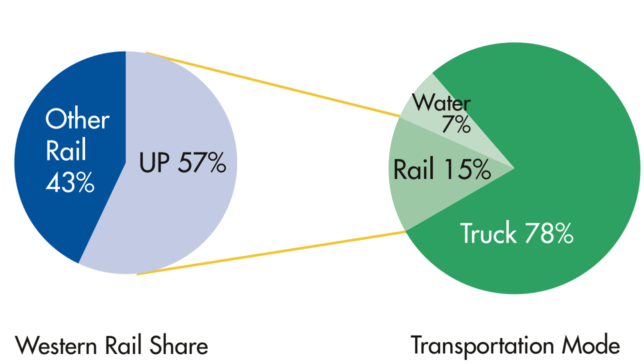
CARLOADINGS *(thousands)*

	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	314	342	349	315	327	353	365	353	355	376	363	337
Cumulative	314	656	1,005	1,320	327	680	1,045	1,398	355	731	1,094	1,431

AVERAGE REVENUE/CARLOADING *(dollars)*

	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	1,381	1,362	1,303	1,365	1,373	1,345	1,350	1,360	1,387	1,398	1,383	1,382
Cumulative	1,381	1,371	1,348	1,352	1,373	1,359	1,356	1,357	1,387	1,392	1,389	1,387

Industrial Products: Western Market Share

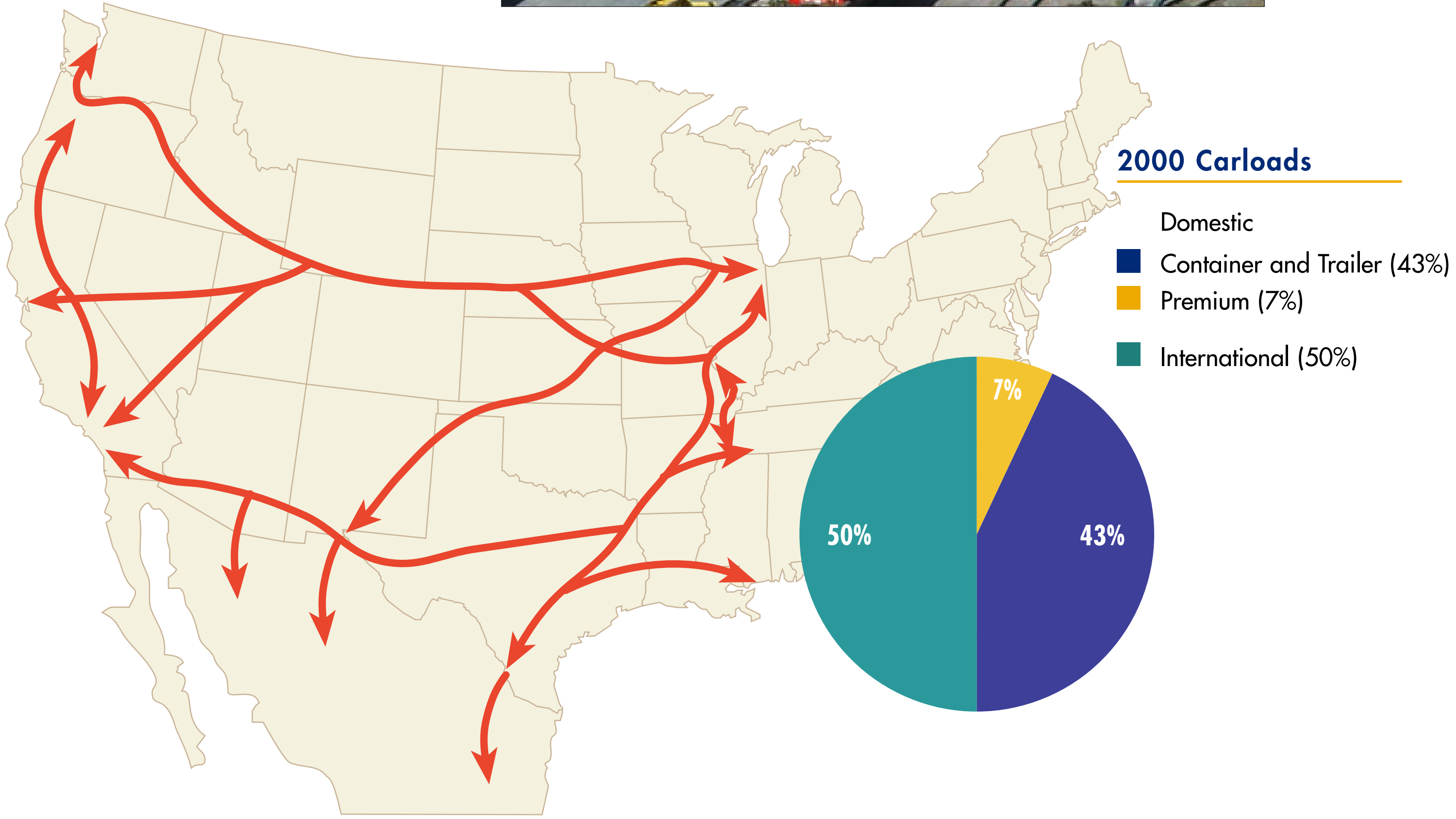


A majority of the western industrial products market currently moves by truck. This provides significant opportunity to increase market share through new service offerings and improvements in cycle time and service variability.

INTERMODAL

2000 Review

- Economic strength, cycle time improvements and strong demand combined to produce a 7% increase in intermodal volume and an 11% increase in revenue.
- Average revenue per car increased 4% due to longer hauls and demand-driven price increases.
- In 2000, the international market segment enjoyed double-digit growth, which was fueled by a strong U.S. economy and continued recovery of Asian markets.
- Less-Than-Truckload and Premium intermodal volume was up 14%, led by a new premium service offering between the Southeast and California.
- Third party and Truckload revenue grew 7%, primarily due to strong EMP growth and demand-driven price increases.
- The Railroad went 164 consecutive days without missing a single sort for UPS, breaking the previous industry record by over two months.
- Terminal expansion during 2000 in the Los Angeles, Oakland, Seattle and Chicago areas enabled Union Pacific to support the increased demand from our customers while positioning the Railroad for future growth.



Key Market Factors

- **International:** Consists of international container traffic handled by steamship customers.
- **Domestic:** Two key domestic market segments:
  - *Domestic Container and Trailer:* Includes domestic container traffic handled by Intermodal Marketing Companies (IMC) and Truckload carriers. The EMP product line continues to grow in this market segment due to our success in converting trailer business to EMP containers (see graph below).
  - *Premium:* Primarily Less-Than-Truckload and package carriers with time-sensitive business needs. Service performance and reliability drive premium business growth.

2001 Outlook

- Continued import/export growth is anticipated in our International segment.
- Premium, Third-Party and Truckload Domestic market segments offer opportunities for growth, contingent upon U.S. economic conditions and continued service performance.
- New products and market expansion activities through UP's Outreach Programs will extend our market reach and provide market penetration and growth opportunities.

COMMODITY REVENUE *(millions of dollars)*

	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	362	379	385	390	388	426	459	452	441	471	506	491
Cumulative	362	741	1,126	1,516	388	814	1,273	1,725	441	912	1,418	1,909

REVENUE TON-MILES *(millions)*

	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	15,482	16,276	16,148	16,224	16,014	17,472	17,886	17,847	17,029	17,832	18,370	17,818
Cumulative	15,482	31,758	47,906	64,130	16,014	33,486	51,372	69,219	17,029	34,861	53,231	71,049

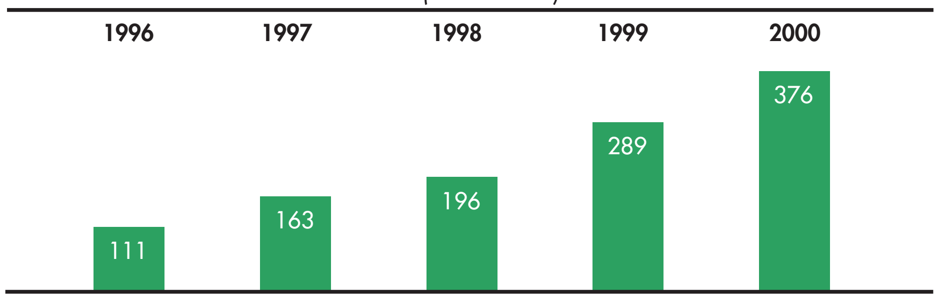
CARLOADINGS *(thousands)*

	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	599	643	640	649	626	681	719	712	687	727	767	735
Cumulative	599	1,242	1,882	2,531	626	1,307	2,026	2,738	687	1,414	2,181	2,916

AVERAGE REVENUE/CARLOADING *(dollars)*

	1998				1999				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	603	590	602	601	620	624	638	636	642	647	661	667
Cumulative	603	596	598	599	620	622	628	630	642	645	650	655

EMP Domestic Container Loads *(in thousands)*

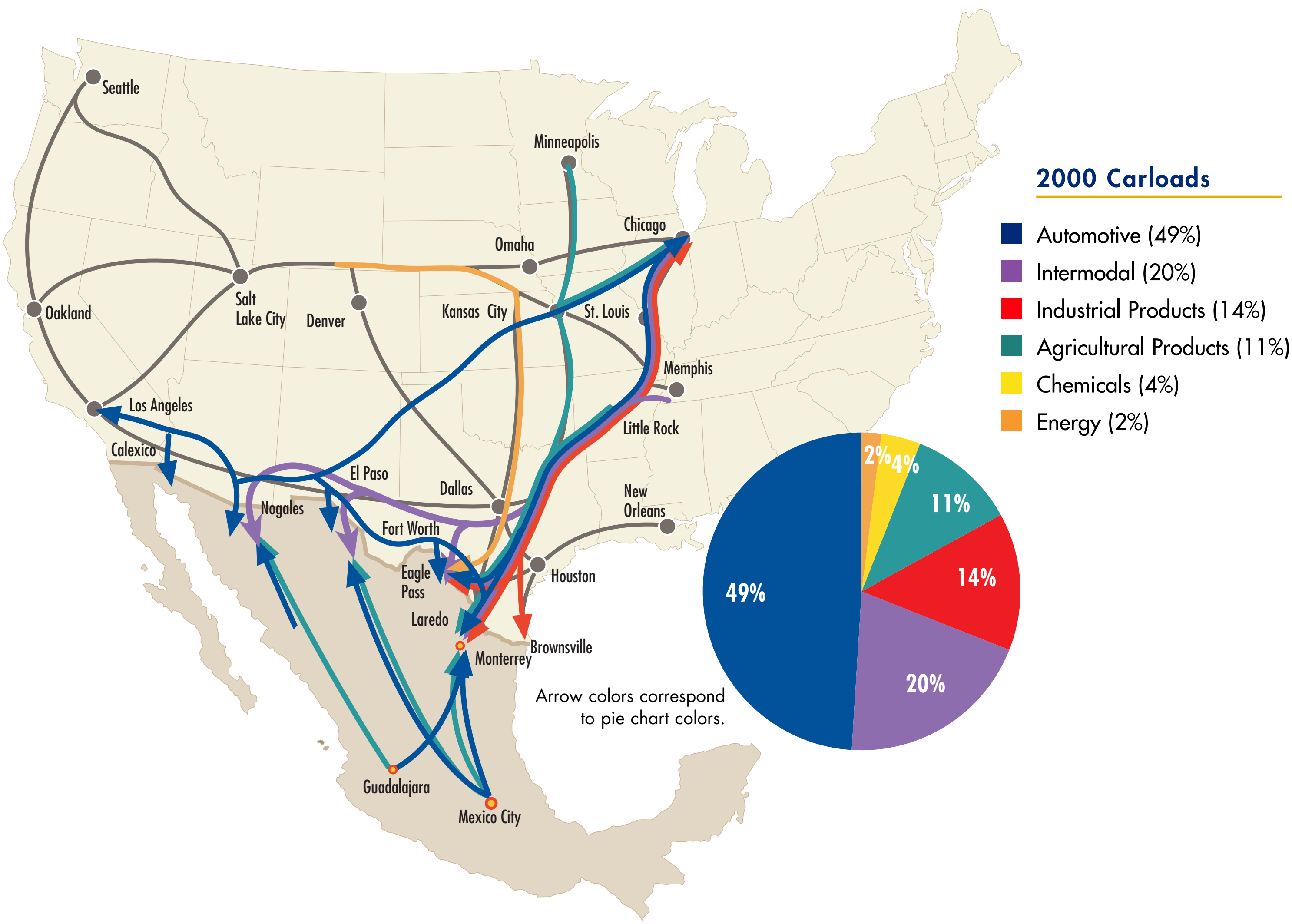


EMP is an equipment management program sponsored by Union Pacific and Norfolk Southern that provides intermodal containers to shippers using an Internet reservation system. EMP offers customers a truck-equivalent container and the economic benefits of double-stack train service. Full-year utilization of last year's fleet additions and improvements in cycle times are expected to help meet projected growth in demand in 2001.

MEXICO

2000 Review

- Rail business with Mexico increased 19% to $850 million in 2000, driven by significant improvements in service performance both north and south of the border. Top gainers include Autos, up 39%; Agricultural Products, up 20%; and Intermodal, up 12%.
- UP and Transportacion Ferroviaria Mexicana (TFM), in cooperation with the automotive industry, implemented a new run-through train of finished autos and auto parts from Mexico through St. Louis, to Chicago and eastern destinations, improving transit times by approximately two days.
- Trans-Border Express was introduced in connection with TFM offering 48' EMP doublestack container service in and out of Mexico. The entire process is automated, including customs clearance and equipment ordering. For the Mexico portion of the move, per diem and door delivery are bundled in the rate, which makes equipment management easier for the customer.
- UP and TFM began a run-through intermodal train between Mexico City and Chicago, which improved the service by over one day each direction. The train is pre-cleared at the border and provides our customers faster service in this important corridor.
- Improvements in cycle time and service increased the customer satisfaction index for Mexican customers from 82 to 85 year-over-year.



Arrow colors correspond to pie chart colors.

Key Market Factors

- Union Pacific serves all six major gateways to Mexico, connecting to the two largest Mexican railways. Union Pacific has the most efficient route between Mexico and the Chicago connections to Canada and the eastern railroads.
- The Mexican rail network comprises five railroads (see map) and is now 90% privatized. The privatization process has resulted in a more efficient transportation system well-positioned to compete for the northbound and southbound business opportunities created by the North American Free Trade Agreement (NAFTA). The Mexican railroads are and have been making substantial investments in track structure, equipment and facilities to improve service, equipment utilization, safety and damage prevention.
- The Mexico land transportation market is estimated to be over $6 billion per year in size and consists of a broad range of commodities from raw materials to finished goods. Trucks are the dominant transportation mode with a 63% share.
- The rail market is well-positioned for growth as the Mexican economy expands and rail service within the country continues to improve. Continued foreign investment in manufacturing and further privatization in the petrochemical and utility industries provide opportunities.
- Additional progress is expected in 2001 to facilitate Mexico growth, including implementation of more run-though trains and electronic data interchange between U.S. and Mexican carriers.
- Implementation of Automatic Manifest System (AMS), continues, which automates the customs clearance process for rail import shipments and permits rail carriers, customs brokers and U.S. Customs to electronically exchange shipment information – allowing advance review of shipments for release or examination.
- Ferrocarril Mexicano (FXE), a 26% owned subsidiary of UP, continues implementation of Despacho Anticipado at key gateways. When fully implemented, northbound rail shipments will be cleared with U. S. Customs and billed with the connecting U. S. rail carrier prior to the interchange of the shipments at the Mexican gateways. TFM has begun implementation of a similar process.
- UP, TFM and FXE have been working with receivers of grain products to improve their facilities to receive trainload quantities of agricultural products – so they can benefit from improved service and economies of rail.