

OVERNITE TRANSPORTATION

OVERVIEW

Overnite Transportation, a nationwide regional carrier with premium long-haul capabilities and more than 165 service centers, is one of the nation's largest less-than-truckload (LTL) carriers. Overnite has approximately 11,600 full-time equivalent employees, and serves more than 45,000 points in all 50 states, Canada, Mexico, the U.S. Virgin Islands, Puerto Rico, and Guam. Union Pacific's purchase of Motor Cargo Industries, a strong LTL carrier with 30 service centers in 10 western states, complements Overnite's nationwide network and further improves its regional service capabilities.

During 2001, Overnite continued to improve its regional and inter-regional service products, reduced customer service response times, made significant improvements in billing, rating, and collections while maintaining an on-time service performance standard that is rated among the best in the industry. In spite of the effects of a global recession and the aftermath of the attacks of September 11, Overnite was one of the few LTL carriers to report improved earnings in 2001.



FINANCIAL REVIEW

Operating revenues grew \$20 million or 1.8 percent in 2001 to \$1.13 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 1.8 percent or \$19 million. Net income grew 5.5 percent to \$45.5 million, and the operating ratio remained flat with 2000 at 95.2%.

Salaries, Wages, and Benefits expense increased by 5 percent due to the annual wage increase, medical insurance inflation, and changes in the freight mix. Fuel and utilities expense decreased 8 percent or \$6 million due to lower prices and improved fuel economy, offset by increased miles driven. Equipment and other rent expense decreased 5 percent or \$5 million due to lower linehaul expense, associated with changes in linehaul mix, and reduced local purchased transportation expense, due to reduced strike activity in 2001. Materials and Supplies increased slightly due to an increase in maintenance costs. Other costs decreased \$6 million due to a reduction in additional costs incurred as a result of the Teamster job action, which dwindled in 2001.

OVERNITE TRANSPORTATION (excluding Motor Cargo)

Summary

Shipments (thousands)	7,906	Capital Expenditures (millions)	\$38
Tonnage (thousands)	3,959	Employees	11,600
Revenue (per hundredweight)	\$13.74	Fleet:	
Total Revenue (millions)	\$1,133	Tractors	4,900
Operating Ratio (%)	95.2	Trailers	19,000



Overnite Transportation Mission:

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.

DELIVERING VALUE IN TRANSPORTATION

In 2001, Overnite has continued its focus on improving service by enhancing transit times in over 3,000 lanes, improving its regional and inter-regional product, reducing customer service response times and adding new features to its Web site. In order to improve its strategic position as a nationwide regional carrier with premium long-haul service, Overnite opened three new service centers, two in California and one in Missouri. As evidence of Overnite's success, all of these efforts were achieved in spite of a difficult economic environment and while maintaining its 97-98% on-time performance. Overnite's 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 15,500 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.

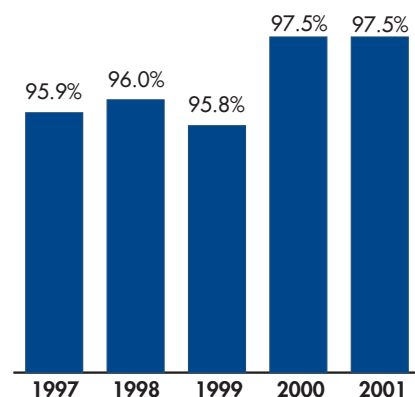
Assembly & Distribution

is a special logistical function for shippers requiring 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.

On-time Service Performance



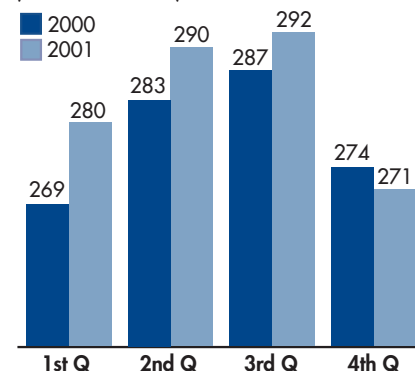
LABOR RELATIONS

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 2001, was ignored by 97 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 11,600 full time equivalent employee work force. Employees at 18 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.

For more information concerning Overnite's products and services visit www.overnite.com.

Revenue (millions of dollars)



FINANCIAL AND OPERATING STATISTICS

OVERNITE TRANSPORTATION COMPANY

for the year ended December 31						2001					2000				
	1	2	3	4	TOTAL	1	2	3	4	TOTAL	1	2	3	4	TOTAL

FINANCIAL AND REVENUE STATISTICS

Operating Revenues (millions of dollars)	\$280	\$290	\$292	\$271	\$1,133	\$269	\$283	\$287	\$274	\$1,113
Operating Expenses (millions of dollars)	\$271	\$274	\$274	\$260	\$1,079	\$268	\$266	\$267	\$259	\$1,060
Operating Ratio (%)	96.9	94.6	93.7	95.8	95.2	99.8	94.1	93.2	94.0	95.2
Average Fuel Price Per Gallon (cents)	90	88	83	66	82	86	83	92	98	90
Fuel Consumed (thousands of gallons)	14,854	14,320	14,180	13,858	57,212	14,493	14,453	14,038	14,185	57,169
Average Employees	11,427	11,548	11,689	11,718	11,595	11,101	11,182	11,297	11,459	11,260

MILLIONS OF POUNDS HAULED

Less-Than-Truckload	1,840	1,917	1,898	1,793	7,448	1,856	1,927	1,905	1,822	7,510
Truckload	124	119	117	111	471	122	135	133	124	514
TOTAL	1,964	2,036	2,015	1,904	7,919	1,978	2,062	2,038	1,946	8,024

AVERAGE REVENUE PER HUNDREDWEIGHT

Less-Than-Truckload	\$14.04	\$14.00	\$14.37	\$14.10	\$14.13	\$13.44	\$13.51	\$13.86	\$13.84	\$13.66
Truckload	7.20	8.01	7.89	7.31	7.60	6.21	7.25	7.56	7.61	7.17
TOTAL	13.61	13.66	13.99	13.70	13.74	13.00	13.10	13.45	13.44	13.25

SHIPMENTS (thousands)

Less-Than-Truckload	1,874	2,009	2,029	1,963	7,875	1,828	1,922	1,909	1,804	7,463
Truckload	8	9	8	6	31	7	8	9	8	32
TOTAL	1,882	2,018	2,037	1,969	7,906	1,835	1,930	1,918	1,812	7,495

Refer to the Union Pacific Corporation 2001 Annual Report for additional information.

Excludes Motor Cargo's results.

FINANCIAL AND OPERATING STATISTICS

OVERNITE TRANSPORTATION COMPANY

(millions of dollars, unaudited)

for the year ended December 31, 2001

		1	2	3	4	TOTAL
OPERATING REVENUES	Transportation	\$280	\$290	\$292	\$271	\$1,133
OPERATING EXPENSES	Salaries and Benefits	171	175	173	166	685
	Equipment and Other Rents	22	24	25	21	92
	Depreciation	12	12	12	11	47
	Fuel and Utilities	18	17	17	14	66
	Materials and Supplies	13	12	12	13	50
	Other Costs	35	34	35	35	139
	Total Operating Expenses	271	274	274	260	1,079
	Operating Income	\$9	\$16	\$18	\$11	\$54
	Net Income	\$8	\$13	\$14	\$11	\$46

for the year ended December 31, 2000

		1	2	3	4	TOTAL
OPERATING REVENUES	Transportation	\$269	\$283	\$287	\$274	\$1,113
OPERATING EXPENSES	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
	Total Operating Expenses	268	266	267	259	1,060
	Operating Income (Loss)	\$1	\$17	\$20	\$15	\$53
	Net Income	\$2	\$13	\$15	\$13	\$43

Refer to the Union Pacific Corporation 2001 Annual Report for additional information.

Excludes Motor Cargo's results.

FINANCIAL AND OPERATING STATISTICS

OVERNITE TRANSPORTATION COMPANY

(millions of dollars, unaudited)

as of December 31	2001	2000	1999
ASSETS			
Current Assets	\$503	\$464	\$419
Net Properties	432	441	459
Other Assets	21	26	25
Total Assets	\$956	\$931	\$903
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities	\$149	\$160	\$164
Debt Due After One Year - Third Parties	—	—	—
Other Liabilities	166	159	154
Shareholders' Equity	641	612	585
Total Liabilities and Shareholders' Equity	\$956	\$931	\$903

FINANCIAL AND OPERATING STATISTICS

OVERNITE TRANSPORTATION COMPANY

(millions of dollars, unaudited)

for the year ended December 31	2001	2000	1999
Cash Provided by Operating Activities	122	93	89
Cash Used in Investing Activities	(38)	(30)	(46)
Cash Used in Financing Activities	(81)	(63)	(46)
Net Change in Cash and Temporary Investments	\$3	\$ -	\$(3)

Refer to the Union Pacific Corporation 2001 Annual Report for additional information.

Excludes Motor Cargo's results.