Union Pacific Corporation

2004 ANALYST FACT BOOK

BUILDING AMERICA℠

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Contact for Portfolio Managers and Financial Analysts

Union Pacific's analyst relations are coordinated by the Corporate Treasurer at the executive offices. Requests for interviews, general information, offering memoranda, bond circulars and other publications should be directed to:

Investor Relations: (402) 544-4227 or (877) 547-7261

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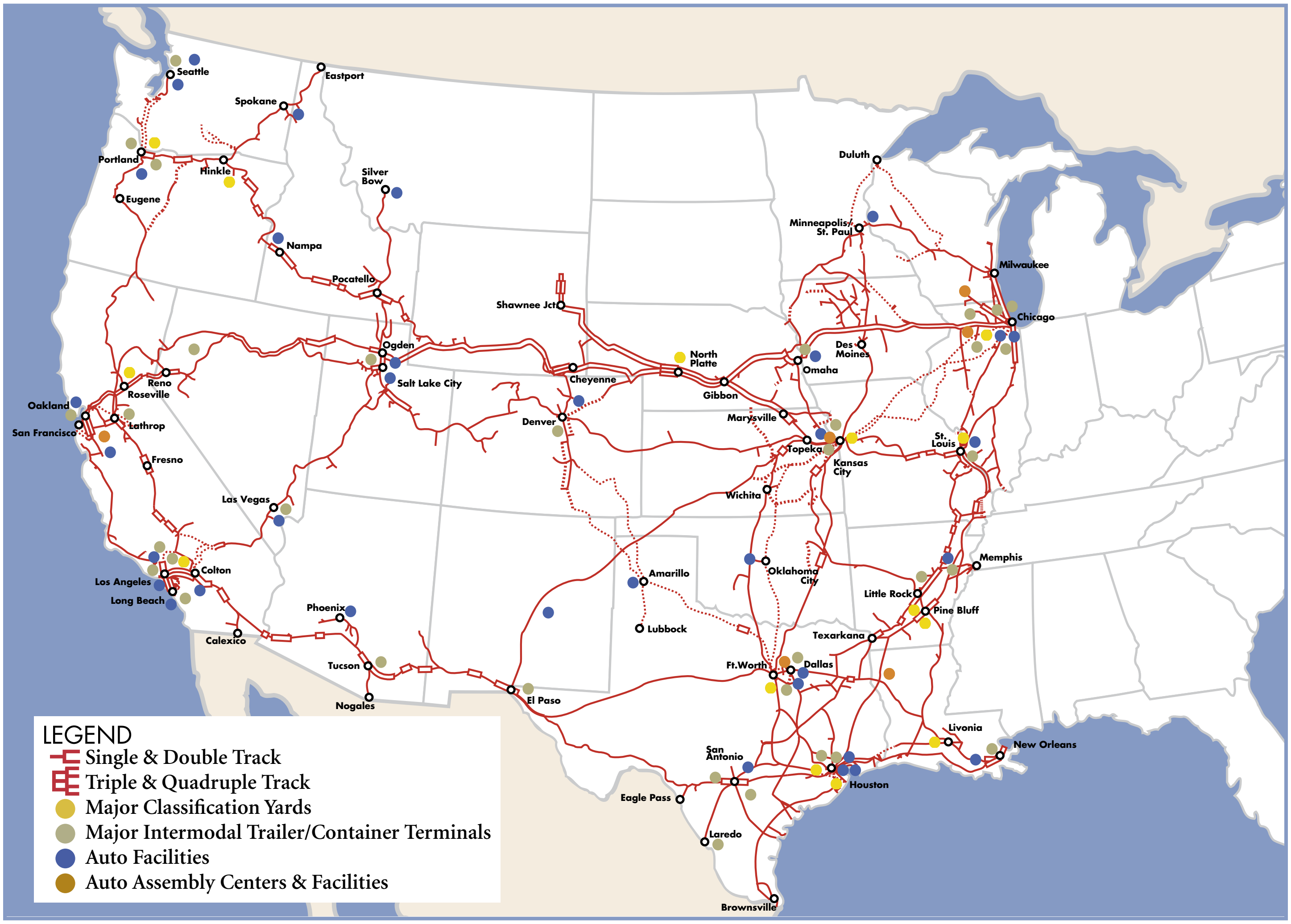
This report may contain statements about future expectations or results of the Corporation that are not statements of historical fact. These statements are, or will be, forward-looking statements as defined by the federal securities laws and include, without limitation, expectations as to increased returns, revenue growth, cost savings and earnings and similar projections; estimates or forecasts relating to the Corporation's business, operations or performance; expectations as to continued or increasing demand for rail transportation in excess of supply; expectations regarding operational improvements, including the network management initiatives that have been or will be implemented to improve system velocity, customer service and shareholder returns; expectations regarding fuel price; and the time by which certain objectives will be achieved. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times that, or by which, such performance or results will be achieved. Forward-looking information is subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. More detailed information regarding forward-looking information and such risks and uncertainties is contained in the filings made by the Corporation with the Securities and Exchange Commission, which are available on the Corporation's web site. The Corporation assumes no duty to update any statements or information provided in this report.

SYSTEM MAP & UP FACTS



TRACK MILES (As of 12/31/04)

Main Line	27,415
Branch Line	5,201
Yards, Sidings, & Other Main Lines	21,261
Total	**53,877**
Track Miles of Rail Installed and Replaced	
New	689
Used	336
Track Miles of Continuous Welded Rail	27,203
Track Miles Under Centralized Traffic Control	18,548
Track Miles Ballasted	8,943
Ties Installed & Replaced (000)	4,775

EQUIPMENT OWNED OR LEASED AT YEAR END

Locomotives	7,682
Freight Cars:	
Covered Hoppers	37,504
Boxcars	20,879
Open-Top Hoppers	19,431
Gondolas	15,970
Other	10,856
Average Age of Equipment (Years)	
All Locomotives	14.7
Road Locomotives - Core Fleet	10.5
Freight Cars	23.0

COMPANY OVERVIEW

BUILDING AMERICA℠

Headquartered in Omaha, Nebraska, Union Pacific Corporation owns one of America's leading transportation companies, Union Pacific Railroad Company (Railroad). The Railroad is the largest in North America, covering nearly 33,000 route miles in 23 states across the western two-thirds of the United States. Supporting the nation's economy, Union Pacific has a strategically advantageous route structure that links every major West Coast and Gulf Coast port to some of the fastest growing U.S. population centers. The Railroad serves the East through major gateways in Chicago, St. Louis, Memphis and New Orleans. In addition, UP is the only railroad that serves all six major Mexican gateways, operating key north/south corridors which interchange traffic with the Canadian and Mexican rail systems. UP reaches north into Canada through the Eastport gateway, as well as through exchange points in Minnesota, Wisconsin and Illinois. That network, combined with a well-balanced and diverse traffic mix, makes UP the premier rail franchise in North America.

Union Pacific's freight traffic consists of bulk, manifest and premium business. Bulk traffic is primarily the shipment of coal, grain, rock or soda ash in unit trains. A key strength of the franchise is access to the coal fields in the Southern Powder River Basin (SPRB) region of northeastern Wyoming. Growth of SPRB coal tonnage hauled by UP has averaged nearly 6% over the past five years reflecting the coal's low-cost production and low sulfur content. UP's rail lines in the Midwest provide direct routes from major grain-producing areas to domestic markets, Mexico and ports of export in the Gulf Coast and Pacific Northwest.

Manifest traffic is individual carload or less than-train-load business, including commodities such as lumber, steel, paper and food, that are transported from thousands of locations on Union Pacific's vast network. Union Pacific also has broad coverage in the large chemical-producing areas along the Gulf Coast.

The transportation of finished vehicles and intermodal containers is part of the Railroad's premium business. Leveraging the automotive network enables Union Pacific to deliver more than 80% of the finished vehicles sold west of the Mississippi River. Competitive long-haul routes between the West Coast ports and eastern gateways, particularly along the Sunset Corridor from Los Angeles to El Paso, enable the Railroad to serve the fast-growing market for Asian imports.

The strength of this diverse franchise and efficient utilization of the Railroad's capacity will enable the Company to provide its customers with a reliable and valuable service product that drives improved financial returns.

YEAR IN REVIEW

2004 Recap

Union Pacific reported record revenues in 2004 of $12.2 billion, a 6 percent increase over 2003. One factor was a 3 percent increase in Average Revenue per Car (ARC), which was driven by higher fuel surcharge recovery and better yields. Revenue from five of the six commodity groups grew in 2004, with four groups — Agricultural Products, Automotive, Industrial Products and Intermodal achieving best ever yearly revenue levels. Volumes increased by 1 percent, as records for 7-day carloadings were set every month in 2004, peaking in November with an all-time weekly record of more than 194,000 carloads. Gross ton-miles grew 2 percent versus 2003 and exceeded 1 trillion for the second consecutive year.

The Company's financial performance was affected by high energy prices and continued operational inefficiencies. High diesel fuel prices increased operating expenses by $416 million over 2003. However, fuel surcharge programs recovered over 50 percent of this increased fuel expense from customers in the form of higher revenue. Service issues, including increased hiring and training efforts, added approximately $300 million in operating expenses during 2004.

Surging freight demand in the latter part of 2003 strained network resources and slowed system velocity, resulting in a shortage of train crew personnel and locomotive power. Tactical plans were initiated to add resources, graduating nearly 5,000 new conductors into train service and acquiring almost 400 new locomotives during 2004. In some of the most constrained parts of the Railroad, additional steps were taken to manage network flows and volumes. For example, the number of trains operating on the Sunset Corridor between Southern California and Texas, where demand was particularly strong, was reduced to improve fluidity.

Service issues are also being addressed strategically through several network management initiatives. One of these is UP's Unified Plan, which takes a "clean sheet" approach to redesigning the Railroad's transportation plan. Working with a transportation consulting firm called Multi-Modal, the objective of the redesign is to reduce the total workload on the network, increase velocity, decrease terminal dwell time and improve the achievability of the transportation plan. Quality tools, such as the industrial engineering process known as Lean management, are also being used to simplify operations and balance network demands.

Union Pacific's customers have a role in the network management initiatives as well. For example, customer load and unload capabilities must be matched with projected traffic flows to avoid terminal congestion. Additionally, the Railroad is working to manage which volumes move across the network to better match UP's capacity with the demand.

During 2004, Union Pacific spent $1.88 billion in cash capital for track, facility and terminal maintenance, capacity expansion

FINANCIAL SUMMARY

Union Pacific Corporation	*2004*	*2003*	*2002*
Operating Revenues (millions of dollars)	$12,215	$11,551	$11,159
Operating Income (millions of dollars) (a)	$1,295	$2,133	$2,253
Operating Margin (a)	10.6%	18.5%	20.2%
Revenue Carloads (thousands)	9,458	9,239	9,131
Average Employees	48,295	46,371	47,298
Average Diesel Fuel Price (per gallon)	$1.22	$0.92	$0.73
Capital Investments (millions of dollars) (b)	$1,876	$1,940	$1,820

(a) 2004 results include the $247 million pre-tax asbestos charge.
(b) Includes non-cash capital lease financings of $188 million and $126 million in 2003 and 2002, respectively.

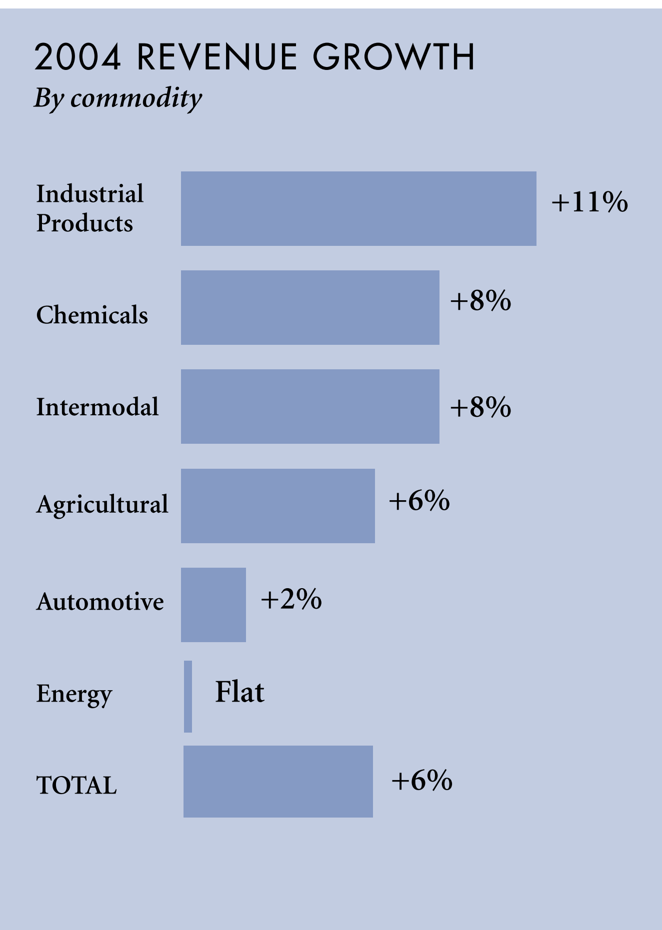
in constrained corridors, equipment upgrades and additions as well as the development and implementation of new technologies. Free cash flow, after the payment of an increased dividend, was $215 million. Debt-to-capital, adjusted for leases, was basically flat year-over-year at 45.1 percent.

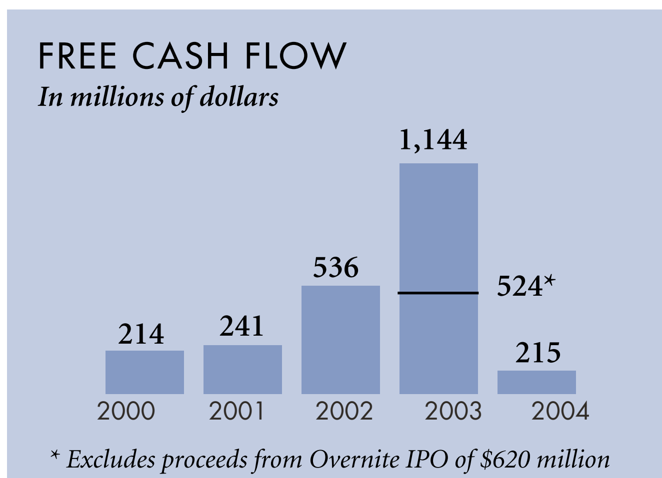
2005 Outlook

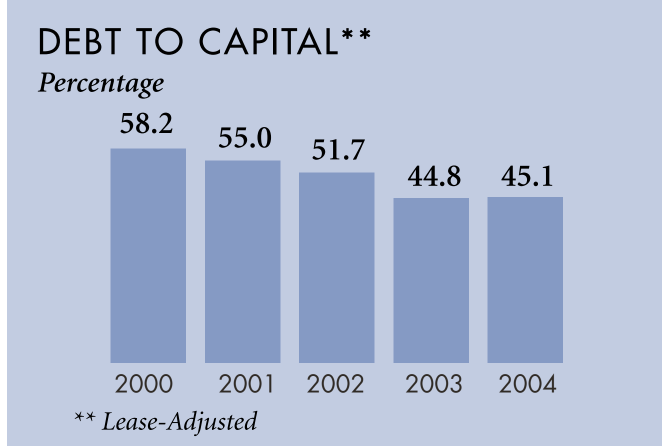
In early January of 2005, a massive storm hit California and Nevada, damaging the rail system and temporarily shutting down five of the Railroad's six routes in and out of Los Angeles. Two of these routes, the Coastal and Caliente routes, required extensive reconstruction. Although this storm temporarily slowed network improvement efforts, monthly train speed increased by two miles per hour from December 2004 to April 2005.

For the first quarter of 2005, Union Pacific reported earnings per share of $0.48 on revenue growth of 9 percent. For the full year, the Company is targeting 8 to 9 plus percent revenue growth with the largest percentage increases in revenue expected to come from Energy, Intermodal and Industrial Products. First quarter diesel fuel averaged $1.45 per gallon versus $1.02 per gallon in the first quarter of 2004, which increased fuel expense by $149 million. The Railroad's fuel surcharge recovery programs offset roughly $136 million of the added costs.

Resource additions will continue in 2005 with 2,000 conductors and 1,900 engineers expected to enter train service. Net of attrition, the average annual workforce is expected to increase by about 1 percent over 2004 levels. Cash capital expenditures in 2005 are expected to total $2.1 billion. In addition, 315 locomotives and over 4,000 freight cars will be acquired through lease arrangements.







SAFETY

Union Pacific's first priority is to operate safely. During 2004, a year when thousands of new train crew personnel were hired and record volumes were moved, the number of new claims for lost work days due to injuries declined by 9 percent. Incidents reportable to the Federal Railroad Administration (FRA) also decreased. The approach with new employees incorporates training, communication and quality assurance. Through additional hands-on field training, one-on-one performance reviews and sharply focused on-the-job coaching, we are providing more effective employee training and development.

We were able to better control track and equipment-related derailments by employing new technology to identify potential mechanical and track defects before failure. From sophisticated wayside detectors that identify wheel wear and temperature, to specialized on-track vehicles that evaluate and communicate track conditions, we have incorporated the latest technology into our quality assurance process. Operating practice improvements have also been implemented. We have accelerated skill development and promoted situational awareness in train and yard crews through the use of state-of-the art train simulators, evaluation of tapes that record train handling and emphasis on crew communication.

Trespasser incidents declined by 11 percent versus 2003, while grade crossing accidents were up slightly. The Railroad has a continuous focus on public safety, working to reduce grade-crossing incidents by closing 333 crossings and upgrading another 300 crossings. During 2004, we also trained 2,800 law-enforcement personnel in accident investigation procedures, educated over 470,000 citizens on the risks associated with highway-rail crossings and conducted more than 100 traffic blitzes with local law enforcement agencies to deter motorists from unsafe driving at crossings. In 2005, efforts continue to close and upgrade crossings, sustain and maintain visibility at crossings and install video cameras on locomotives. We will also enhance public education on crossing safety.

SAFETY STATISTICS

	2004	*2003*	*2002*
New Claims with Lost Work Day Cases	679	744	871
FRA Reportable Incidents (per 200,000 person hours)	1.85	2.16	2.57
FRA Reported Derailments (per million train miles)	4.47	4.18	4.41
Trespasser Incidents (per million train miles)	1.22	1.46	1.49
FRA Reported Grade Crossing Accidents (per million train miles)	2.67	2.61	2.81

NETWORK MANAGEMENT

Beginning in 2004, and continuing today, Union Pacific's approach to velocity improvement has been two-pronged. Tactically, the focus is to improve the health of critical resources — crews, locomotives, freight cars and track. Strategically, the priority is to manage the volumes flowing onto the Railroad as well as optimize the transportation network.

Resource Supply and Productivity

Last year, Union Pacific trained and graduated nearly 5,000 conductors and 680 engineers. Locomotive and freight car resources were also augmented, adding almost 400 new locomotives, as well as 350 short-term surge power units, to help improve operations. Older car types were replaced and capacity was added in growth areas such as refrigerated boxcars and center-beam flat cars used for hauling lumber.

In 2005, additional trainmen, locomotives and freight cars are being added, bringing resource levels for these critical assets to generally appropriate levels. A tight engineer supply is expected until the end of June, when 1,100 of the 2,000 engineers to be added in 2005 are expected to enter service.

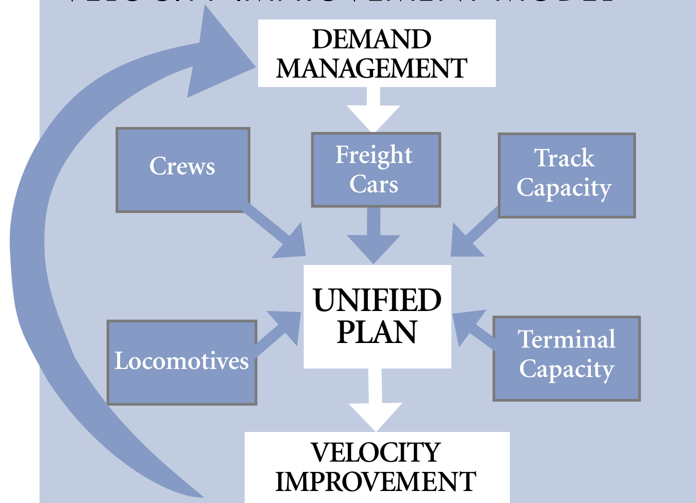
Union Pacific's long-standing commitment to productivity has not been lost in this time of resource additions. These resources are a vital part of the Company's strategy to improve network operations and, once in place, will be the focal part of the network initiatives designed to increase network velocity as well as resource productivity.

RESOURCE SUPPLY

	2004	*2005**
CREW GRADUATIONS		
Trainmen	4,979	2,000
Engineers	680	1,900
LOCOMOTIVES		
New	393	317
FREIGHT CARS		
Hoppers, Reefers, Boxcars, Wells, Auto Racks	5,000	4,200

*Estimates

VELOCITY IMPROVEMENT MODEL



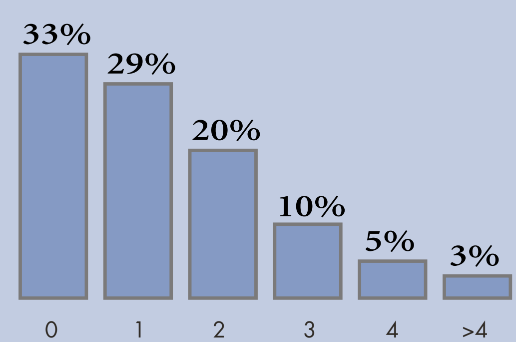
The Unified Plan

The centerpiece of UP's network initiatives is the redesign of the transportation plan (or T-Plan), which is the playbook for train operations. Working with Multi-Modal, the Company is taking a "clean sheet" approach to its scheduled network with the goals of:

- reducing the total workload,
- increasing velocity,
- decreasing terminal dwell time, and
- improving plan achievability.

UP'S SCHEDULED NETWORK

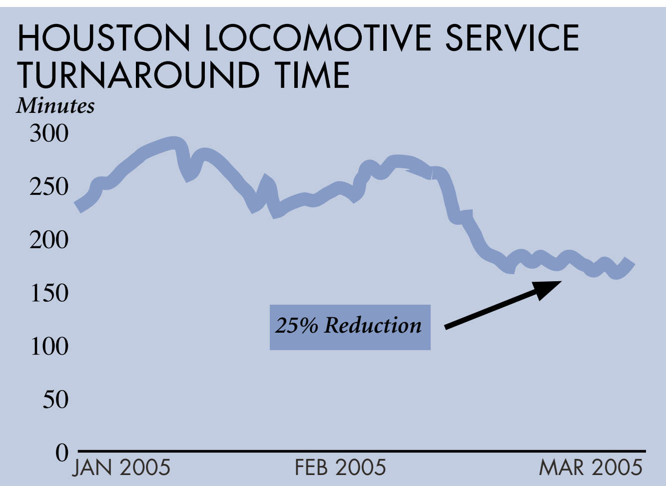
Work events/train – pre-Unified Plan



Network Management

At the beginning of 2005, only a third of UP's regularly scheduled trains moved from origin to destination without stopping along the way to pick up or set out cars (a work event) while 18 percent stopped three or more times. In addition, manifest cars were switched an average of three times before arriving at their ultimate destination — every switch expensive and time consuming. Through the Unified Plan effort, more trains are being designed that go straight to destination and car switches are being reduced.

The top-level network analysis was completed at the end of March. Over the next several months, changes will be made to four major components of network operations — Autos, Manifest, Mexico and Intermodal. In April, implementation of the Auto plan was initiated and the Manifest plan is scheduled for cut-over in May. The rest of the operational changes are scheduled for completion in the second and third quarters — with continued refinement throughout the year. This will be an ongoing process as the Railroad continues to match demand and capacity.



Lean Management

Complementing the Unified Plan effort, the Company is also leveraging industrial engineering principles, called Lean management, in its most constrained facilities. Using Lean, bottlenecks in terminal processes are identified that limit productivity and velocity. Because a facility will only produce at the speed of its slowest process, Lean techniques start by measuring component production rates to find the point of greatest constraint. Once the bottleneck is identified, action is focused on accelerating that particular component's production until it is no longer the bottleneck. Then, focus moves to the next constraint and the process repeats itself, increasing total capacity.

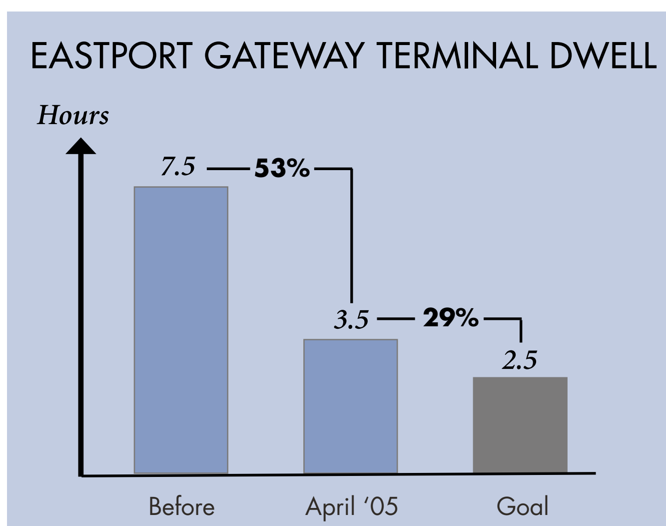
For example, Lean projects completed at two Chicago intermodal ramps achieved a 25 percent improvement in terminal capacity — without significant capital investment. Similar processes were completed at the Centennial Yard in Fort Worth, and work is ongoing at yards in Houston, Tucson and El Paso. Application of the process at a Houston servicing facility has produced a 25 percent reduction in the average time required to service a locomotive. This improvement in maintenance increases locomotive availability to serve customers. This work is ongoing, and the Company plans to review all major locomotive shops, servicing facilities, and classification yards during 2005.

Gateway Strategy

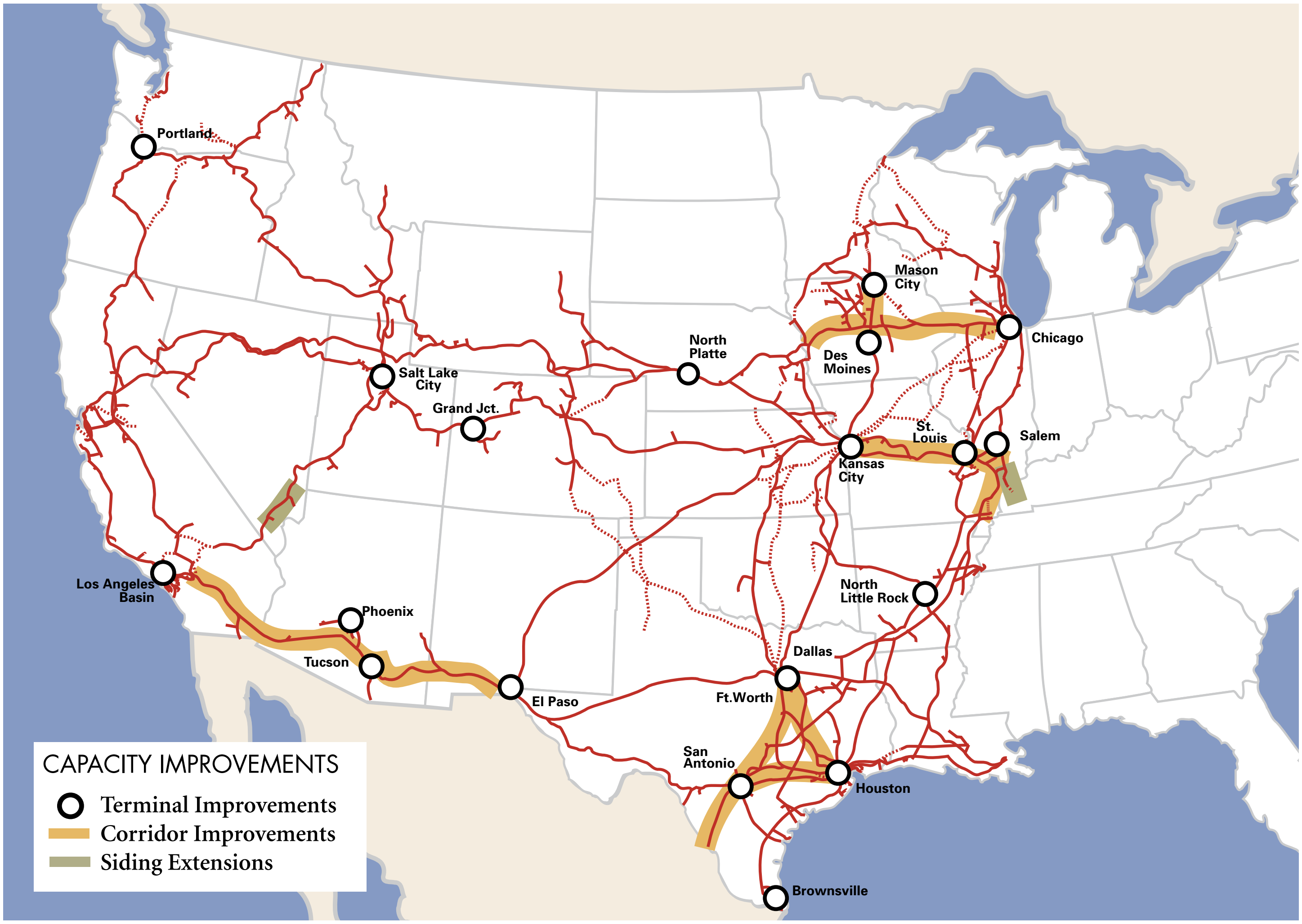
Beyond its physical network, UP is also working with other railroads to improve operations at major gateways. Considering that 40 percent of UP's business involves another railroad, fluid operations at the point of interchange are critical.

These efforts were started with the Canadian Pacific, working to improve throughput at the Eastport Gateway, which has seen a 35 percent increase in volume since 2000. Applying Lean principles, the customs clearance process was identified as the primary point of constraint. Breakdowns in communication flows between customers, the railroads and brokers often resulted in insufficient customs documentation and trains waiting at the border.

Changes made to improve this procedure have virtually eliminated this bottleneck, resulting in a 53 percent reduction in terminal dwell time. Previous traffic levels have nearly doubled to seven trains per day, enabling carloads moving through the gateway to increase by over 40 percent during the first four months of 2005. Additionally, both UP and CP have made capital investments in sidings and track upgrades to further support growth in this corridor. A similar process will be rolled out at all major gateways, beginning with New Orleans.



CAPACITY IMPROVEMENTS



2005 Capacity Improvements

Union Pacific's 2005 capital budget includes $2.1 billion of cash capital. Of this, approximately $1.3 billion will be spent for track improvements across our 33,000-mile system. The Company plans to remove and install 4.4 million ties, spread 6.8 million tons of rock ballast, replace 850 miles of rail and surface 7,800 miles.

The Company will also invest $290 million for capacity projects and $220 million on commercial facilities. Capital dollars are targeted at areas where the greatest growth has occurred over the last several years. On the Sunset route, another 50 miles of double track will be added, as well as terminal enhancements in Phoenix, Tucson and El Paso. Siding extensions are planned along the South Central Corridor from Los Angeles to Las Vegas to complement Sunset operations.

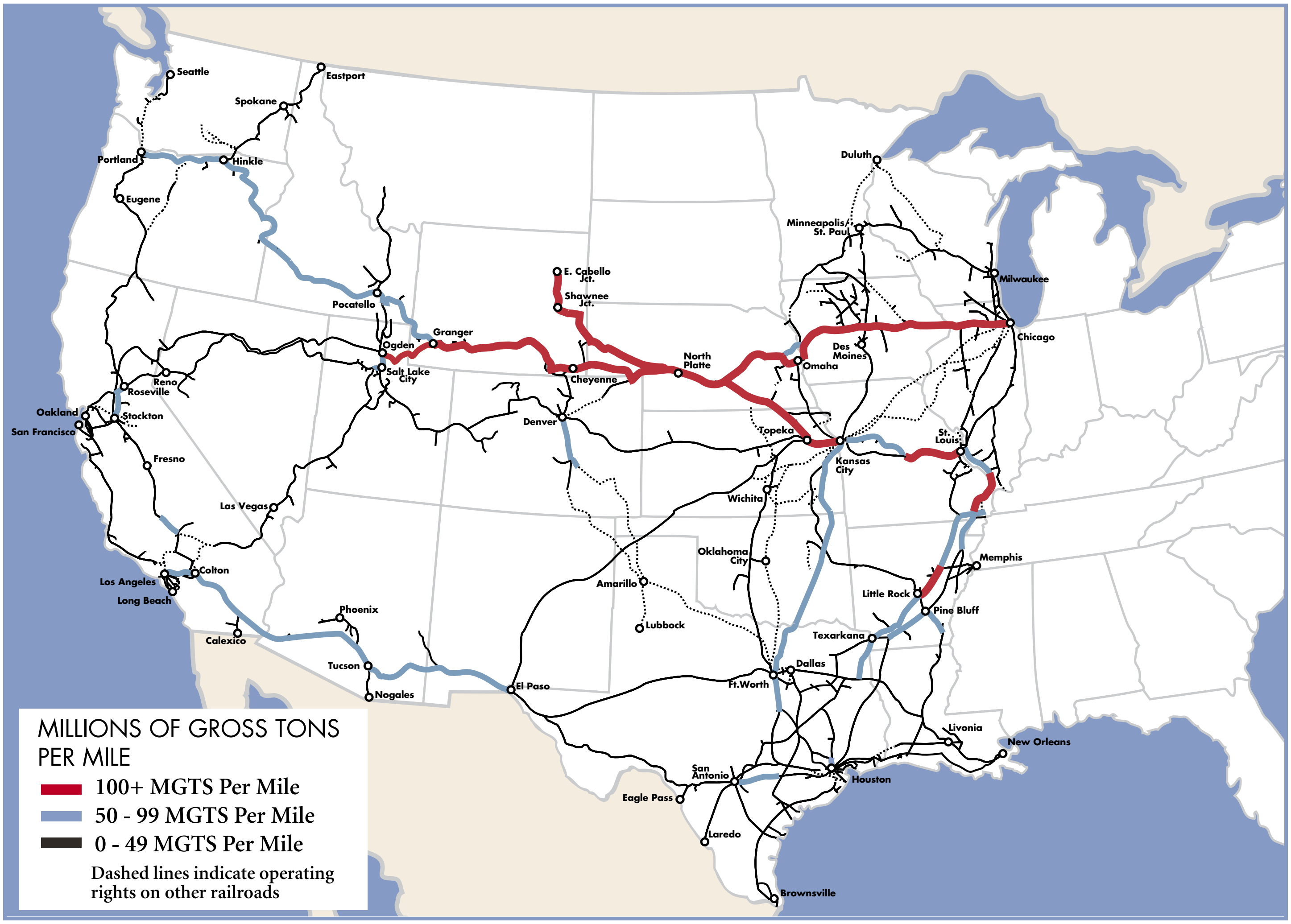
A third main line is being built in the North Platte yard to facilitate run through trains. Across Iowa, we are in the second year of a three-year signal upgrade program.

Work is underway in San Antonio to upgrade the yard, support intermodal expansion and facilitate the new Toyota plant scheduled to open in late 2006. New intermodal facilities are being built in Wilmer, Texas and Salt Lake City, Utah as well.

Capacity improvements in Kansas City and along the coal route to the Ohio River will support increased business levels. Southern Ilinois siding extensions will facilitate growth on the North-South corridor from Chicago to Texas.

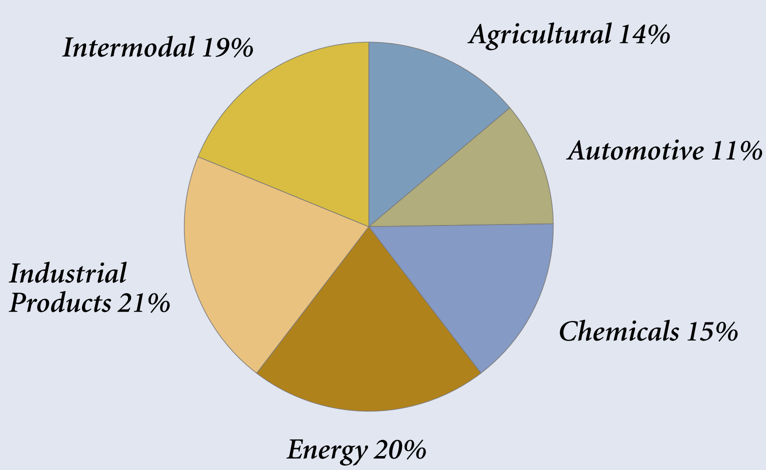
The Company plans to acquire 315 new locomotives and over 4,000 freight cars through various leasing arrangements.

DENSITY MAP



BUSINESS MIX

Commodity Revenue: $11.7 Billion



REVENUE OVERVIEW & OUTLOOK

Introduction

In 2004, Union Pacific handled unprecedented volume, setting carloading records each month. Despite the setback in January from the West Coast storm, that trend of strong volume growth has continued into 2005. Driving these volumes is booming trans-Pacific trade and a resurgent U.S. economy. With both GDP and Industrial Production projected to show continued strength through the end of the decade and China's economic expansion fueling trade, the demand outlook is very positive. The Union Pacific franchise is perfectly positioned to capitalize on this demand, serving the fastest growing states and cities in the United States, including places like Phoenix and Las Vegas, which are experiencing phenomenal growth. Access to Gulf and West Coast ports and unparalleled access to Mexico markets allows us to play a key role in the transportation of goods in an increasingly global economy.

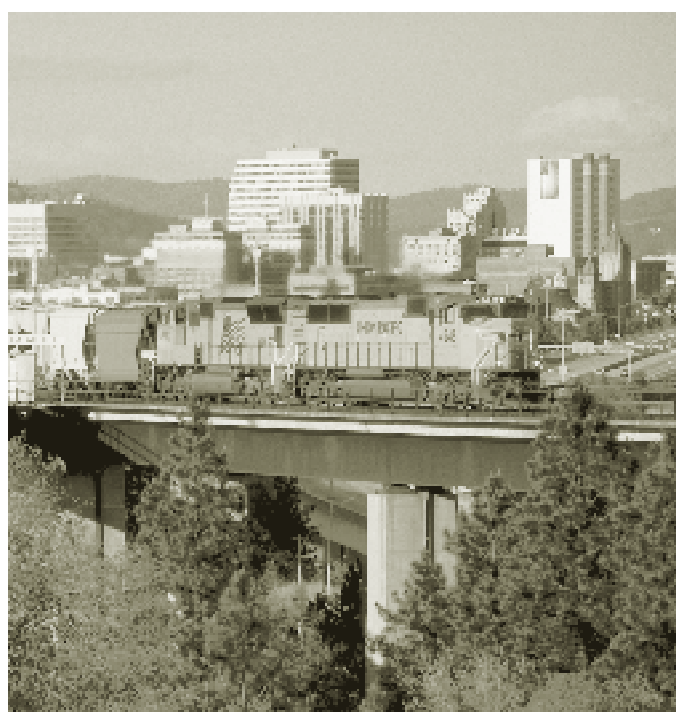
All signs point to having entered an era where demand for transportation services exceeds the capacity of the nation's infrastructure. The motor carrier industry is feeling the strain of this demand environment, as more restrictive regulations tighten driver supply and increase congestion on U.S. highways. At the same time, several of the nation's rail corridors are at or near capacity. With demand greater than supply, the challenge — and the opportunity — from a commercial perspective is to put together a mix of business that optimizes yield and also improves railroad velocity.

To accomplish this, our commercial strategy is evolving. In the past, we leveraged the economies of scale of greater volumes, while today we can utilize demand to drive yield improvement by replacing less profitable moves for higher yielding business whenever possible. We also want our pricing structure to take into account the impact that each piece of business has on velocity.

Contracts will become more strategic, designed to produce a solid return on investment sufficient to meet growing capital demands with escalations and fuel surcharges. The end result will be that the historic trend of price declines, followed in the past few years by modest price increases, should give way to a more robust pricing environment. We began to see the first fruit of this opportunity in 2004 and expect more progress in 2005. Improved yields will drive returns higher and help support investment in capacity where growing demand requires expansion or upgrading of our capabilities.

This new environment puts a premium on flexibility. This fits well with our recent emphasis over the past few years of transitioning business to public pricing. Tariffs give us maximum flexibility to bring business on or manage volumes, helping optimize traffic flows to improve velocity, throughput and yield. Public pricing also reduces the administrative burden that complex contracts can impose on both customers and the Railroad. Where we pursue contracts in the future, emphasis will be on terms and conditions that maximize flexibility. We are moving toward inclusion of fuel cost recovery mechanisms, volume caps and reasonable contract escalators that allow us to continue to invest in capacity where it is needed.

Demand for rail service has never been greater, increasing the value of our capacity and affording us the opportunity to choose which business we will handle. Operating initiatives, along with targeted capital expenditures where returns warrant, will allow us to increase capacity, putting more business on the railroad at higher levels of profitability.



REVENUE GROWTH
Agricultural

Commodity Profile

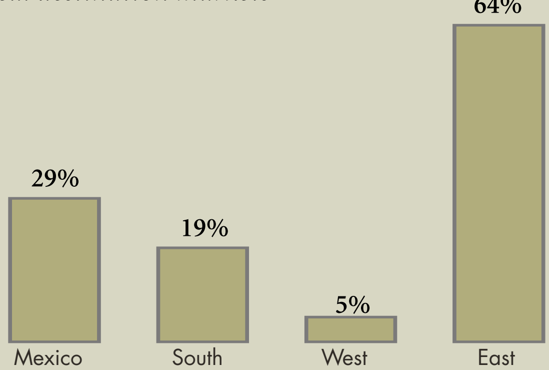
The transportation of agricultural products, including whole grains (for human and animal consumption), grain products and food and beverages, provided 14 percent of 2004 commodity revenue. With access to most major grain markets, the Railroad provides an important link between the Midwest and western producing areas and the primary Gulf Coast and Pacific Northwest (PNW) ports, 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 that are moved to major U.S. population centers for consumption. Express Lane and Wine Connection are UP's premium perishables service moving fruits, vegetables and wine 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.

Through its alliances, UP considers Canada and Mexico to be an extension of the domestic markets it serves. In 2004, agricultural carloads for Mexico were flat year-over-year. Improved demand for wheat and meal shipments into Mexico and increased beer shipments from Mexico were offset by declines in feed grains. Heightened competitive pressure, service challenges and a strong local crop in Mexico led to fewer feed shipments.

2004 CARLOAD GROWTH
Meal destination markets



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 2004, whole grain volumes were virtually flat versus the prior year as strength in domestic markets and the PNW were offset by declines in feed exports to the Gulf.

The ethanol market is continuing to evolve and grow as government mandates for increased ethanol production and state bans on alternative blending fuels have driven favorable economics for ethanol consumption. UP's ethanol shipments continue to show dramatic growth, increasing 20 percent in 2004.

During 2004, an additional 1,400 new and refurbished refrigerated boxcars were added to the Express Lane and Wine Connection fleet. Benefits from the updated equipment include the ability to handle more freight, improved customer satisfaction, yield growth, greater fuel efficiency and a reduction in customer damage claims. Since initiating the new equipment program, temperature failure claims have dropped by over 30 percent.

Agricultural

2005 Outlook

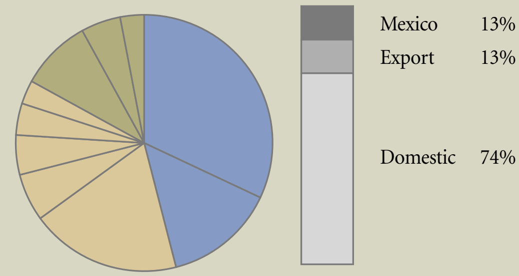
As rail demand expands, competition for UP's capacity becomes more intense. To enhance profitability and make every carload reinvestable, along with minimizing the administrative burden for customers, Agricultural Products continues to move more of its business to public pricing documents. In addition, all public documents, new contracts and renewed contracts will be subject to UP's standard fuel surcharge.

Ethanol will continue to be a strong focus for Union Pacific as growth in that commodity is expected during 2005. Millions of capital dollars have already been committed for origin infrastructure, complementing investments made in destination markets. Efforts with Eastern railroads should enable further market penetration.

Again in 2005, Express Lane and Wine Connection will be a primary focus in the overall growth strategy. Further truck market penetration and improved service are critical to expansion. Throughout 2005, an additional 1,000 new and 800 refurbished reefer cars will be placed into this service-sensitive market.

The export grain market continues to evolve. PNW exports of U.S. corn and soybeans remains strong due to high ocean freight rates and growing Chinese demand. Somewhat offsetting this strength is the expectation that Brazil and Argentina will gain share in the world soybean markets. The U.S. is on pace to produce a large wheat crop with exports improving modestly in a very competitive world environment. Continued efforts with Mexican railroads, Transportacion Ferroviaria Mexicana and Ferrocarril Mexicano, should enable UP to further expand the shuttle train network into Mexico as well.

2004 CARLOADS

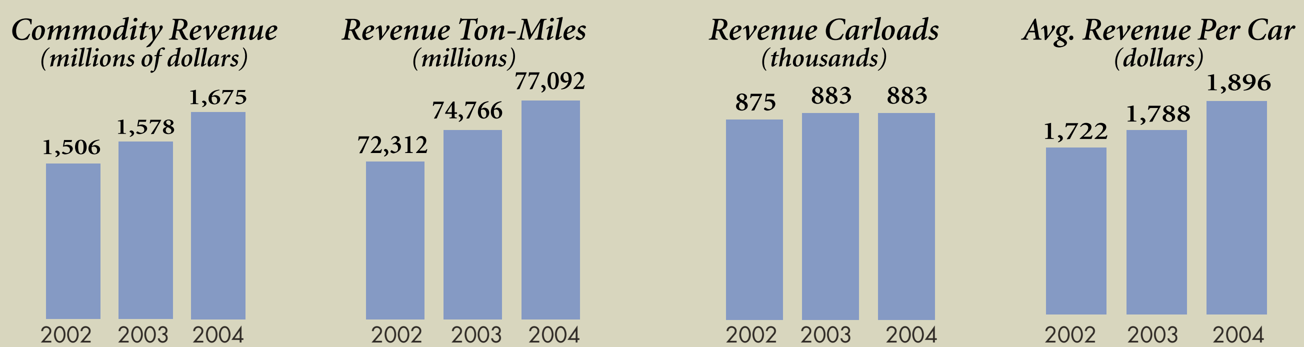


Whole Grain
Corn & Feed Grains 32%
Wheat & Food Grains 14%

Grain Products
Dry Feed Ingredients 19%
Wet Corn Milling 6%
Sugar & Liquid Feed 5%
Flour Mill Products 4%
Rice 3%

Food
Brewers & Food 9%
Frozen & Refrigerated 5%
Barley & Malt 3%

ANNUAL TOTALS



	2002				2003				2004			
QUARTERS	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th
***Commodity Revenue** (millions of dollars)*	369	354	373	410	373	374	411	420	411	399	394	471
***Revenue Ton-Miles** (millions)*	18,347	17,351	17,742	18,872	18,205	17,509	19,298	19,754	19,960	18,863	18,217	20,052
***Revenue Carloads** (thousands)*	217	211	214	233	214	206	225	238	230	215	209	229
***Average Commodity Revenue Per Car** (dollars)*	1,701	1,681	1,740	1,760	1,741	1,818	1,828	1,765	1,785	1,853	1,884	2,060

REVENUE GROWTH
Automotive

Commodity Profile

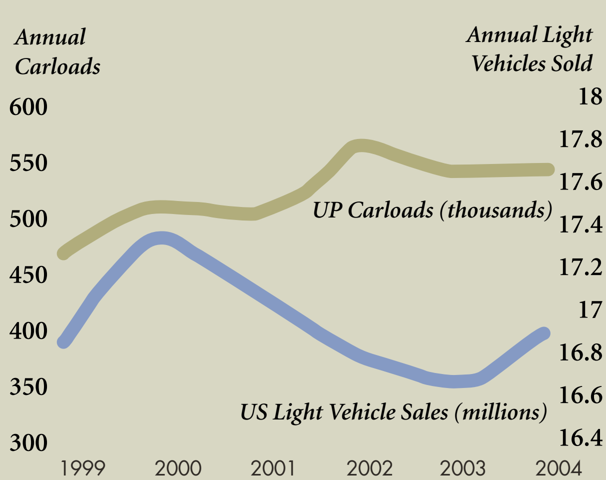
The transportation of finished vehicles and automotive parts and materials represented 11 percent of Union Pacific's total commodity revenue in 2004. Eighty percent of the automotive commodity revenue is associated with carload movements of primarily new vehicles that are moving from automotive assembly plants in the U.S., Mexico or Canada or from import processing facilities located mostly on the West Coast or Gulf Coast. The remaining 20 percent of the automotive commodity revenue reflects automotive parts and materials that UP transports from parts manufacturers to assembly plants via various rail transportation modes.

Union Pacific serves seven vehicle assembly plants and distributes vehicles from six West Coast ports and the Gulf port of Houston. UP now serves 41 vehicle distribution centers for railcar-to-truck haulaway operations for major domestic and international automotive manufacturers. The finished vehicles also move from or to Mexico and Canada and between Mexico and the eastern automotive rail carriers. The Railroad provides expedited handling of automotive materials in containers, boxcars and flatcars to on-line and Mexican automotive assembly plants from numerous origins in the U.S., Mexico and Canada.

Overall, North American new light vehicle sales in 2004 were up 1.5 percent, while U.S. sales were up 1.4 percent (driven by a 4 percent light truck increase) versus 2003. Total UP automotive shipments were up 1 percent associated with a 2 percent increase in auto parts moves, while finished vehicle shipments were essentially flat versus 2003. UP's western U.S. automotive rail market share remained over 80 percent for the third consecutive year.

US LIGHT VEHICLE SALES

Compared to UP Finished Vehicle Carloads



Union Pacific's automotive parts and materials shipments have increased by 14 percent over the last two years, 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, an annualized equivalent of approximately 100,000 truckloads has been converted. During 2004, a new RoadRailer program was implemented in conjunction with an eastern railroad to move automotive materials and parts to a North Central U.S. assembly plant.

Mexico continues to be an important automotive market as substantial volumes of both automotive materials and finished vehicles flow both north and south across the border. UP has consistently been the primary U.S. rail carrier in these corridors handling over 94 percent of all automotive traffic between the U.S. and Mexico in 2004.

Technology advancements continued to improve handling of vehicles at the large automotive distribution facilities in 2004. Radio frequency infrastructure to provide real-time vehicle information was completed at seven additional UP owned facilities, bringing the total to 28.

Automotive

2005 Outlook

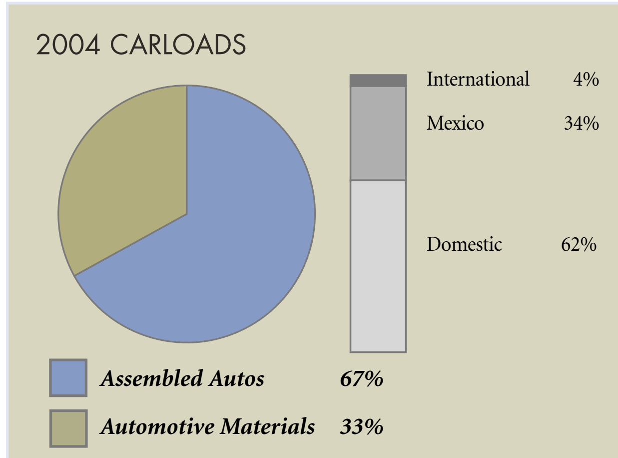
U.S. light vehicle sales are projected to be 16.8 million in 2005, slightly less than the 16.9 million sold in 2004. UP is well positioned with a diverse customer base, including domestic and import manufacturers, and is expected to attain a market share similar to 2004 levels.

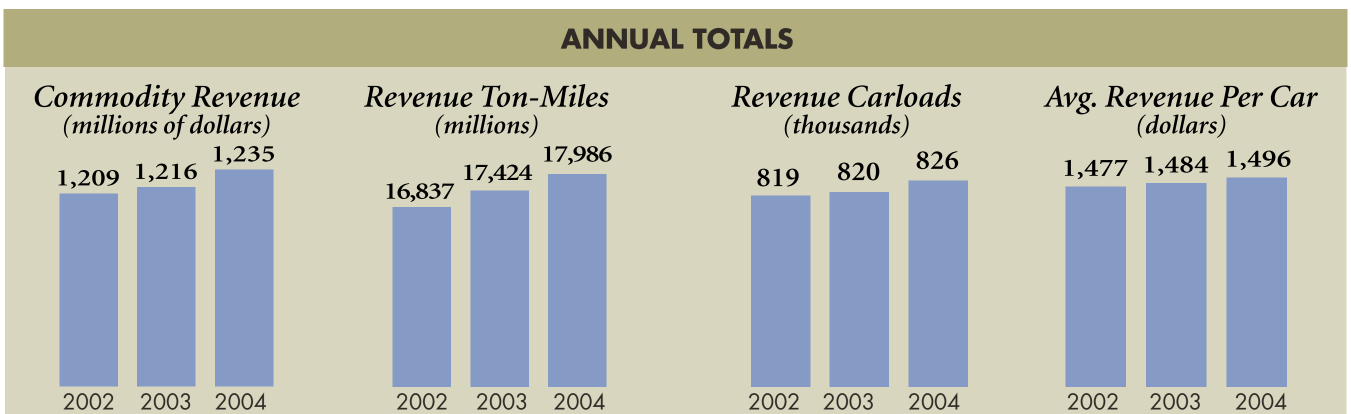
UP will continue to identify and pursue truck conversion opportunities associated with automotive material and parts. During 2005, new competitive services will be developed to take advantage of new higher capacity automotive boxcars currently being tested and evaluated. UP is also involved with current industry efforts to identify a more universal multilevel that could be utilized to move both low and high profile vehicles.

UP will continue to expand its reach in 2005 through alliance relationships with eastern rails. UP will pursue additional finished vehicle opportunities when economically justified and when existing facilities and equipment are underutilized.

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

Union Pacific is working to provide the appropriate infrastructure to handle additional traffic associated with new products at existing plants in the North Central U.S. and in North Central Mexico. In addition, infrastructure improvements will be made during 2005 and 2006 to accommodate a new plant near San Antonio. Shipments associated with these infrastructure improvements will be subsequent to 2005.





	2002				2003				2004			
QUARTERS	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th
***Commodity Revenue** (millions of dollars)*												
	283	325	285	316	302	320	276	318	297	326	288	324
***Revenue Ton-Miles** (millions)*												
	3,945	4,498	3,897	4,497	4,255	4,549	4,041	4,579	4,402	4,736	4,247	4,601
***Revenue Carloads** (thousands)*												
	193	219	193	214	207	214	190	209	203	217	196	210
***Average Revenue Per Car** (dollars)*												
	1,462	1,486	1,479	1,480	1,462	1,494	1,455	1,521	1,461	1,503	1,474	1,543

REVENUE GROWTH
Chemicals

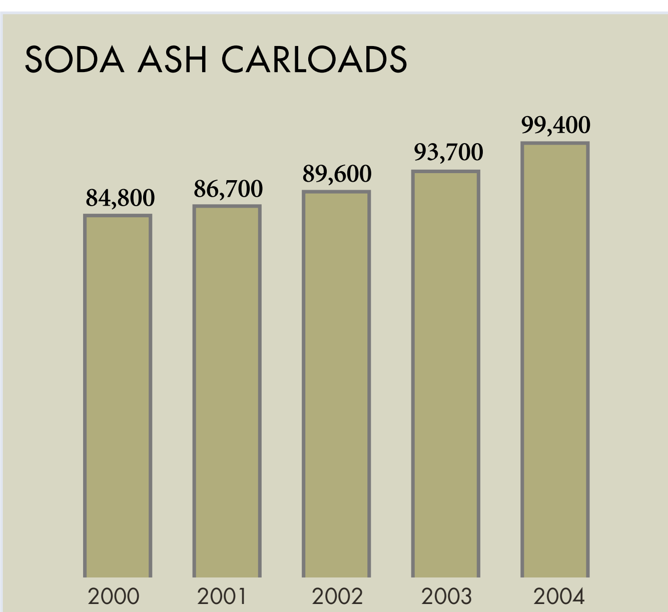
Commodity Profile

The transportation of chemicals provided 15 percent of Union Pacific's 2004 commodity revenue. The Railroad's franchise enables it to serve the large chemical megaplex along the Gulf Coast, as well as chemical producers in the Rocky Mountain and West Coast regions. Chemical shipments include a complex array of commodities that can be generally classified into three broad product categories. "Petrochemicals" comprise 72 percent of our chemicals business, and include liquid and dry chemicals, plastics, petroleum and liquid petroleum products. Fertilizers account for 17 percent and soda ash makes up the remaining 11 percent.

Petrochemicals move primarily to and from the Gulf Coast region. Barge, and to some extent, trucks provide transportation alternatives for some of these commodities. Given the maturity of these markets, share growth — when and where it is strategically desirable — is largely dependent upon new service offerings. An example would be chemical unit trains, referred to as "Pipeline" trains. Pipeline trains eliminate unnecessary terminal stops, reduce transit times and significantly improve asset utilization which in turn reduces network congestion, promotes system fluidity and increases velocity.

Natural gas prices have a dual impact on chemical production as natural gas is both a feedstock in many chemical production processes and also an energy source for multiple production plants.

During 2004, UP's chemical revenue grew 8 percent, driven by increased movements of soda ash and petrochemicals as well as the positive effect of price increases and fuel surcharges.



The liquid and dry market consists of several dozen segments of basic, intermediate and specialty chemicals produced by, and shipped to, both large and small customers. Strong demand from industrial manufacturers resulted in a 7 percent increase in this market during 2004.

Plastics shipments increased 3 percent in 2004 versus 2003, as automobile sales grew, housing starts were at record levels and demand for durable and disposable consumer goods were strong. As a result, producers reduced inventories in 2004 and used less storage-in-transit (SIT) than they had in recent years. Nevertheless, the strategic value of SIT to the plastics industry cannot be understated. Plastics customers utilize railroad SIT yards for intermediate storage of their plastic resins, and UP owns and operates more SIT capacity than any of the nation's other railroads.

Volumes of petroleum liquids and gases were up 9 percent compared to 2003 due to strong demand for these commodities.

Fertilizers are produced in, and imported through, the Gulf Coast, the western U.S. and Canada, and are shipped to major agricultural areas. Global market conditions resulted in a 3 percent increase in fertilizer carloadings in 2004 versus 2003. Domestic nitrogen and phosphate shipments were up and Canadian potash movements were very strong.

Soda ash carloadings increased 6 percent in 2004 as demand for both export and domestic soda ash continued the strength demonstrated in 2003. UP directly serves Green River, Wyoming, the largest soda ash reserve and producing region in the world.

Chemicals

Domestic demand for soda ash remained relatively constant and consistent while the less predictable export markets were active in 2004.

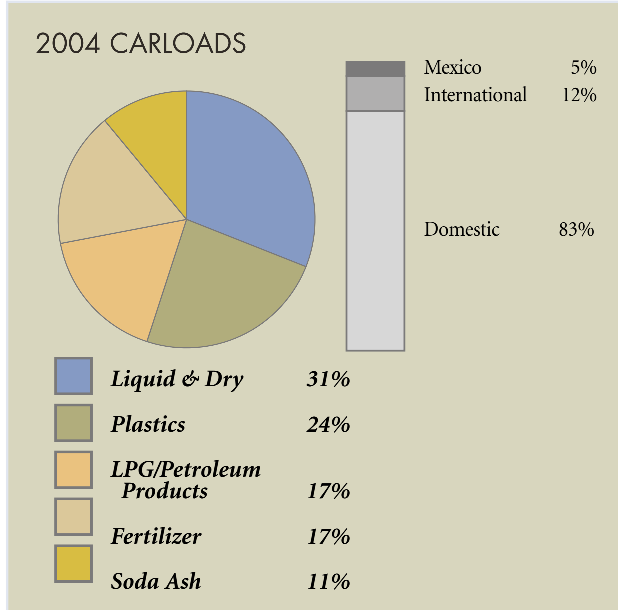
Implementation of our TRANSFLO transloading network continued in 2004 with the addition of four new sites. TRANSFLO is an ISO-9001:2000 registered transloader that allows UP to deliver the economics of rail transportation to non-rail served customers.

2005 Outlook

As the U.S. economy has remained relatively strong in 2005, so also has the demand for North American chemical production. North American chemical producers are also benefiting from the current relationship between global pricing for oil and natural gas. The petrochemicals business is expected to be strong throughout 2005 as demand for liquid and dry chemicals and plastics should remain brisk. In addition, positive trends in LPG and petroleum products shipments established in 2004 should continue with further development of the petrochemical industry in Mexico.

Fertilizer demand should be strong throughout 2005 as crop prices rise, providing farmers an incentive to reinvest in fertilizing compounds and products.

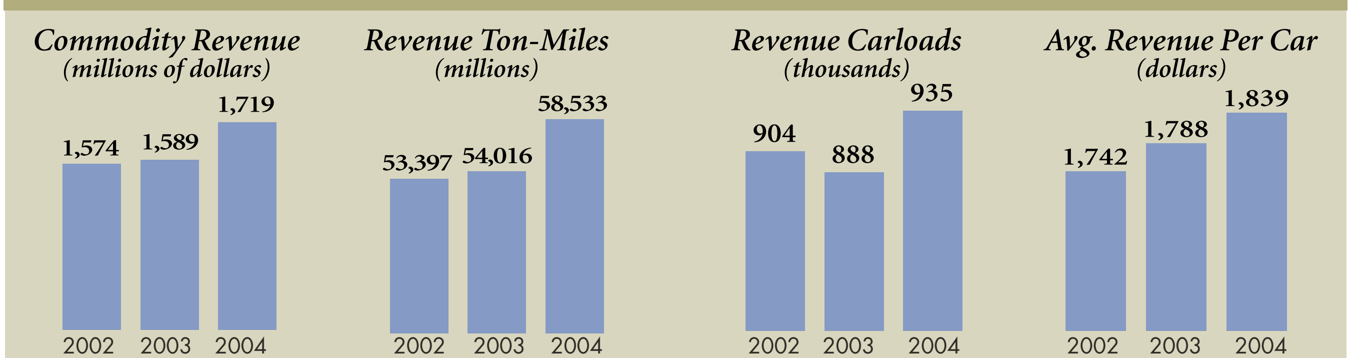
Soda ash shipments should increase further over 2004 as demand for both domestic and export products will exceed the levels achieved in previous years.



We will continue to launch initiatives to improve asset utilization and contribute to increased velocity and reduced congestion on our network.

Implementation of our TRANSFLO chemical transloading network will progress in 2005 as we improve existing facilities and open several new facilities.

ANNUAL TOTALS



	2002				2003				2004			
QUARTERS	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th
Commodity Revenue *(millions of dollars)*												
	385	402	399	388	395	393	400	401	410	429	433	447
Revenue Ton-Miles *(millions)*												
	12,906	13,715	13,615	13,161	13,482	13,499	13,464	13,571	14,071	14,828	14,892	14,742
Revenue Carloads *(thousands)*												
	217	233	231	223	219	226	225	218	224	238	240	233
Average Revenue Per Car *(dollars)*												
	1,771	1,728	1,729	1,742	1,796	1,743	1,780	1,836	1,833	1,799	1,803	1,921

REVENUE GROWTH
Energy

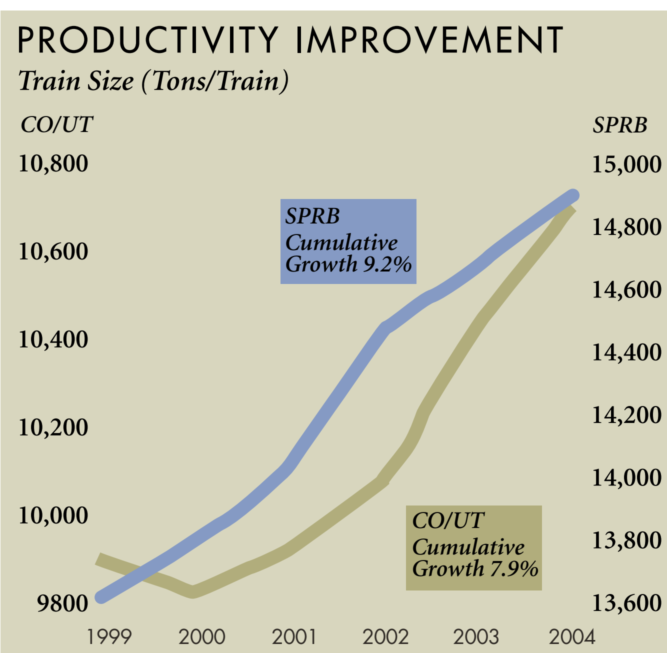
Commodity Profile

Coal and petroleum coke transportation accounted for 20 percent of Union Pacific's 2004 commodity revenue. The Railroad's geographic footprint positions it to transport coal destined for utilities and industrial facilities in 23 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 segment of UP's coal/coke franchise. In terms of tons originated, the SPRB represents 67 percent of the coal business due in large part to the favorable economics it generates for utilities. Going forward, the opportunities grow as markets in the East open due to declines in eastern coal production and as natural gas prices remain high.

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.

Total coal volume held steady in 2004 at 245 million tons despite net contract losses. In addition, the ability to serve strong demand for coal was restricted by railroad system capacity constraints throughout the year, resulting in constant SPRB volume in 2004.



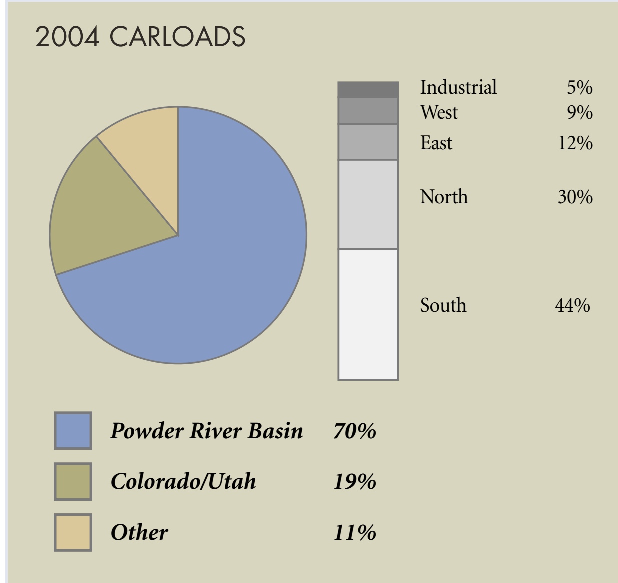
It also created a decline in coke shipments, PRB coal traffic received from the BNSF, and traffic originating out of southern Wyoming and southern Illinois. Volume from the Colorado/Utah area was the highlight with 4 percent growth in 2004.

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. Shipments of coke slipped 12 percent in 2004 to 3.5 million tons.

SPRB coal train productivity continued to improve with a 1.6 percent increase in average tons per train in 2004 to nearly 15,000 tons. This was driven by improvements in both cars per train and tons per car. Average train size increased by a little more than one car to 127 cars per train, while each car on average was loaded with nearly one additional ton of coal. Colorado/Utah trains experienced an even greater gain as the average train size increased 2.5 percent to almost 10,800 tons per train. This was achieved by running trains with an average of nearly two additional cars while also loading each car with an average of 0.5 more tons of coal.

Energy

Capacity expansion continued in 2004 with the completion of the Denver Bypass in early December. The completion of this bypass eliminates an inefficient trip into Denver's North Yard and provides a straight shot through Denver for Colorado/Utah traffic moving east.

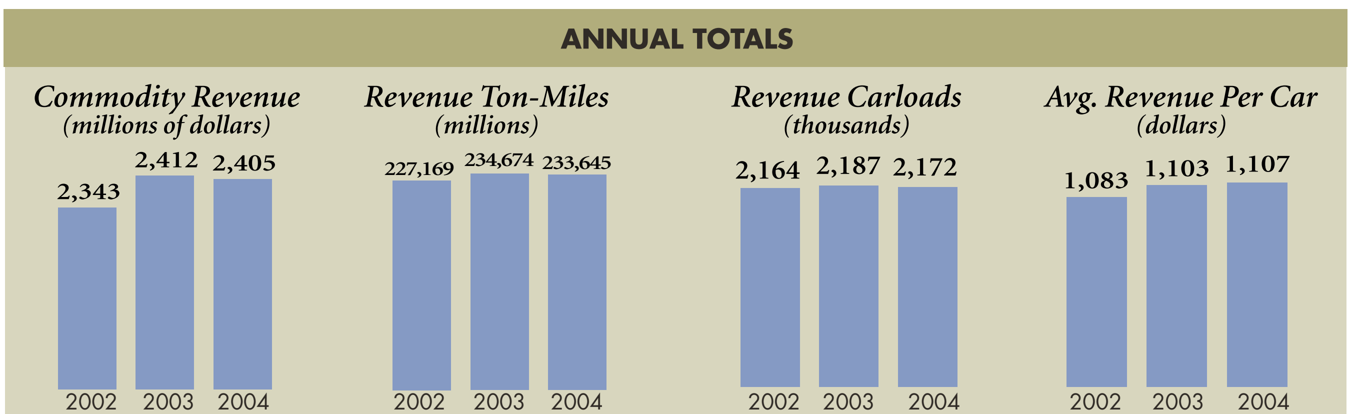


2005 Outlook

Coal volumes are expected to grow by approximately 20 million tons or 8 percent over last year. The growth is driven by continued strong demand for western coal from both the SPRB and Colorado/Utah. UP will continue to use Circular 111, the SPRB pricing mechanism introduced in 2004, in place of expiring contracts or for new business. Circular 112 will be utilized for spot shipments out of Colorado or Utah. In addition, UP's coal fuel surcharge will be included on all new coal business.

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.

2005 capital spending will focus on increasing the fluidity on the SPRB joint-line and increasing capacity across Iowa and in southern Illinois. To complement the Denver Bypass, several smaller projects will take place in Colorado to support the strong growth in this area and further improve overall velocity and capacity.



QUARTERS	2002 1st	2002 2nd	2002 3rd	2002 4th	2003 1st	2003 2nd	2003 3rd	2003 4th	2004 1st	2004 2nd	2004 3rd	2004 4th
Commodity Revenue *(millions of dollars)*	582	570	591	600	561	602	628	621	586	597	629	593
Revenue Ton-Miles *(millions)*	56,528	54,304	57,327	59,010	54,756	58,268	60,907	60,743	57,632	57,750	60,765	57,498
Revenue Carloads *(thousands)*	545	520	540	559	521	537	563	566	541	540	561	530
Average Revenue Per Car *(dollars)*	1,068	1,095	1,095	1,074	1,077	1,120	1,116	1,096	1,084	1,106	1,120	1,119

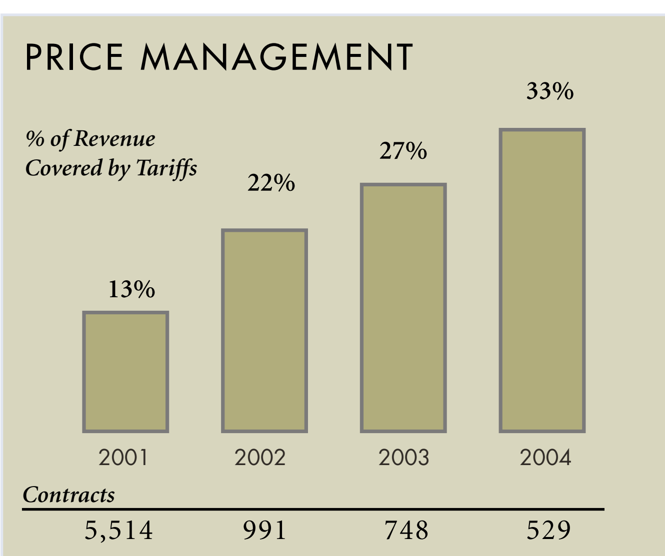
REVENUE GROWTH
Industrial Products

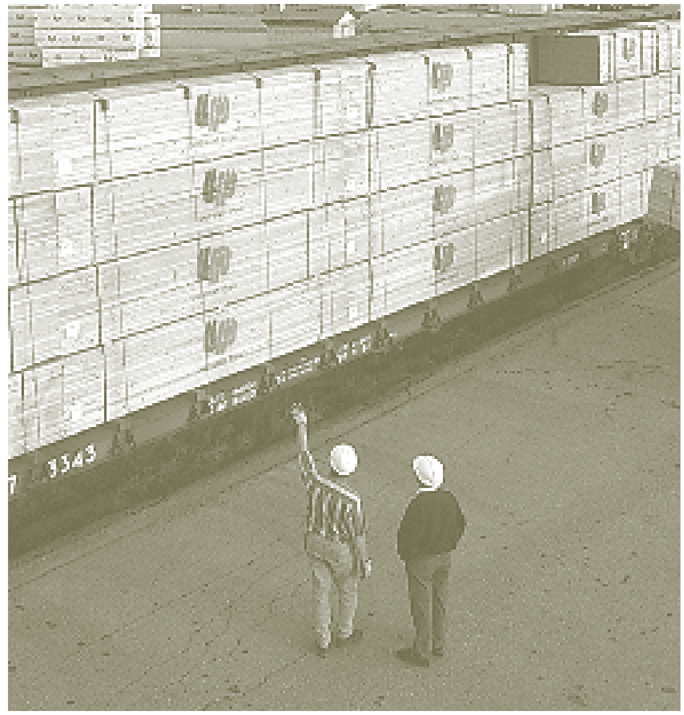
Commodity Profile

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. In 2004, industrial products provided 21 percent 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 typically peaks 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.

U.S. industrial production posted strong growth in 2004, increasing 4.1 percent, while Industrial Products carloads at the Railroad were up 3 percent. Demand exceeded supply for the year, which created a favorable environment for improving yields through pricing actions, selective business growth, and mixing our profitability upward through effective use of our constrained assets. Average revenue per car was up 8 percent, primarily due to price increases and fuel surcharges, resulting in an 11 percent increase in total revenue.





Driven by a continued strong housing market in 2004 and low interest rates, lumber revenues reached record levels, increasing 14 percent compared to 2003. Price increases, fuel surcharges and a profit improvement focus in the mix of business led to a 7 percent increase in average revenue per car.

The steel and scrap markets were also strong in 2004, as strong global market demand limited imports and spurred demand for domestic steel. Price increases, fuel surcharges and profitability mix also helped to push steel and scrap revenue up by 22 percent over 2003 levels, with average revenue per car up 10 percent.

Industrial sand demand led the growth in nonmetallic minerals, with strong oil and gas markets, flat glass for construction, and exports to Mexico for glass and foundry applications. Revenue increased 19 percent, with average revenue per car up 6 percent from price increases and fuel surcharges.

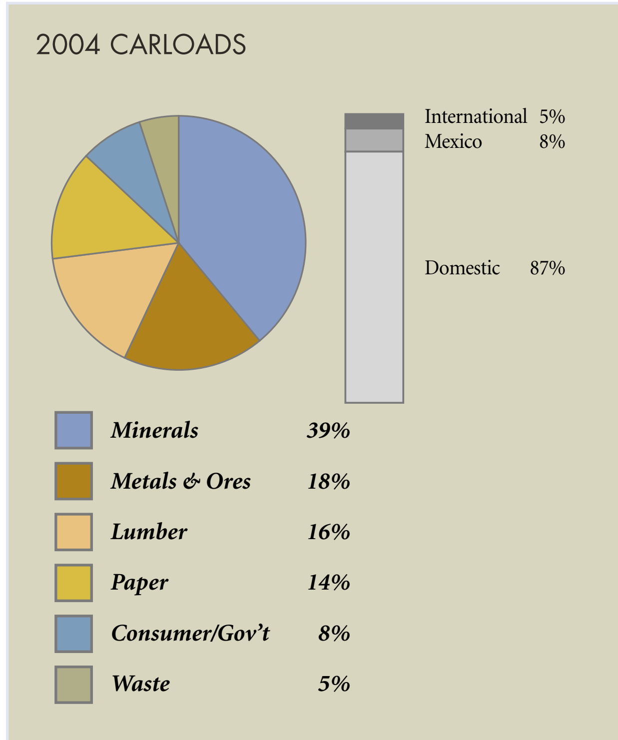
2005 Outlook

Leading economists are predicting U.S. industrial production growth of nearly 4 percent in 2005. This continued strong economic outlook should again benefit Union Pacific's Industrial Products

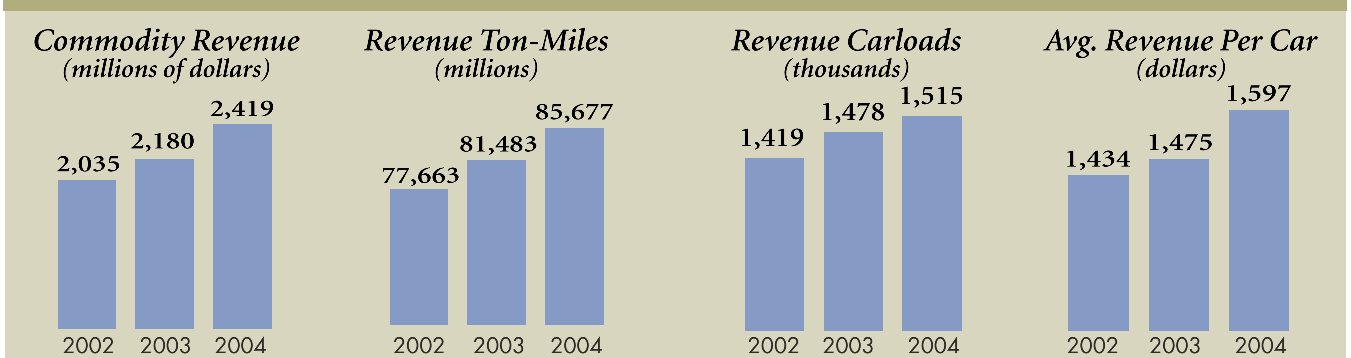
Industrial Products

business. With strong demand and tight network capacity, volume growth will be managed through effective utilization of the Railroad's assets and pricing initiatives. This environment should again be favorable for improving yields as well as extending the implementation of fuel surcharges. In addition, Industrial Products will expand its use of public pricing, further increasing price flexibility while making it easier for customers to do business with the Railroad.

Shipments of construction materials, including lumber, steel and aggregates, are projected to be strong in 2005 as Union 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 2005 are forecasted at 1.97 million, which would exceed 2004's record level of 1.95 million. Steel and scrap shipments will likely benefit from the value of the dollar, while the net import/export situation in China will be a wild card for the international market. Continued strength in highway construction projects in the Southwest and mid-South should create growth opportunities in the stone, sand and gravel business.



ANNUAL TOTALS



	2002				2003				2004			
QUARTERS	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th
Commodity Revenue *(millions of dollars)*												
	474	533	536	492	509	561	572	538	563	607	622	627
Revenue Ton-Miles *(millions)*												
	18,317	20,203	20,179	18,964	19,145	20,827	21,180	20,331	20,831	21,704	21,943	21,199
Revenue Carloads *(thousands)*												
	324	373	380	342	340	382	390	366	365	387	394	369
Average Revenue Per Car *(dollars)*												
	1,461	1,429	1,410	1,441	1,498	1,466	1,467	1,471	1,543	1,566	1,577	1,702

REVENUE GROWTH
Intermodal

Commodity Profile

Intermodal business, which represents 19 percent of Union Pacific's 2004 commodity revenue, is composed of three business segments — 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).

Our international business consists of imports and exports of goods moving in steel shipping containers through ports on the West and Gulf coasts. The domestic business segment consists of freight moving in 48 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.

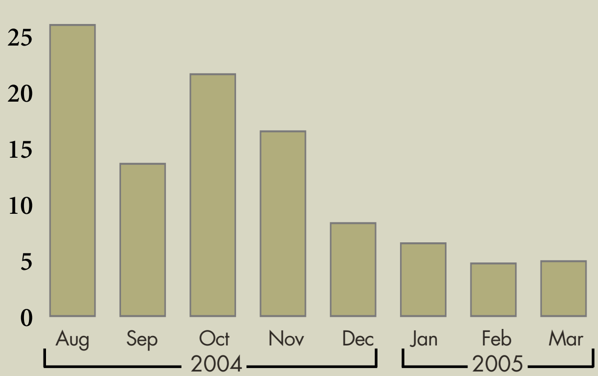
Union Pacific's key intermodal lanes run from Southern California to Texas, Memphis, Chicago, New Orleans, Kansas City and the Pacific Northwest. All major Mexico gateways are also served, creating a route structure that is better than any competing rail franchise and comparable to the highway network.

With a strong economy during 2004, intermodal carloads increased by 5 percent, while revenue grew 8 percent versus the prior year. Average revenue per car increased 3 percent due to price increases and fuel surcharges.

The international segment was driven primarily by the continued growth of imports from East Asia to the U.S. This segment grew 7 percent in volume and 9 percent in revenue.

TRAIN ARRIVAL TO CUSTOMER AVAILABILITY

Hours - East Los Angeles Terminal



The total domestic business segment grew 2 percent in volume and 6 percent in revenue on the strength of fuel surcharges and selective price increases. The domestic segment was also aided by the growth in transloaded import freight. This freight is unloaded from marine containers, stored in warehouses in Southern California and later loaded into domestic containers and trailers to move inland.

The premium segment of the domestic business was mixed as volume was lower by 3 percent, but revenue was up nearly 9 percent due to price increases and fuel surcharges.

Union Pacific is working to convert highway business to intermodal by developing priority rail service that competes with single-driver truck service. The Railroad's truck competitive Blue Streak product grew in 2004 to over 24,000 shipments, more than double 2003 loadings.

Union Pacific continues to improve yields, not only driving top line growth in 2004, but also focusing on operational efficiency. In 2004, efforts to reduce transportation costs led to a 5 percent increase in Intermodal train length and double-stacking of over 90 percent of containers transported. In addition, terminal efficiency efforts were initiated using Lean management to improve throughput at three Chicago and two Los Angeles terminals. In East Los Angeles, Union Pacific decreased the time from train arrival to customer availability by 75 percent, an average decrease of over 20 hours per container, from the second half of 2004 to the first quarter of 2005.

Intermodal

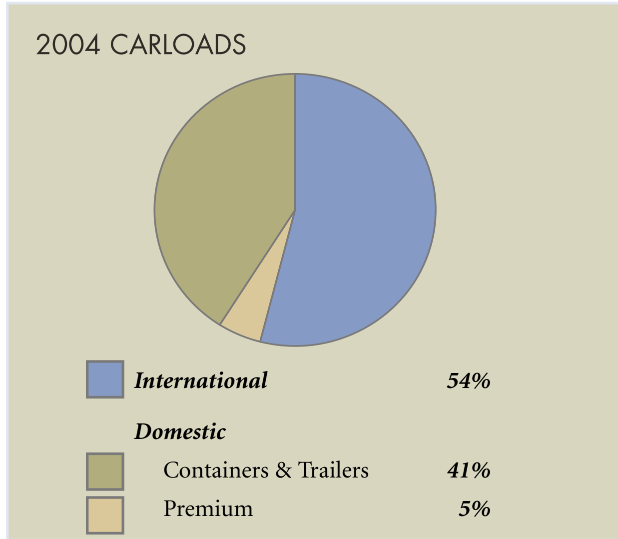
2005 Outlook

UP expects Intermodal growth and pricing opportunities to continue in 2005, driven by economic improvement, strength in imports and conversion of highway traffic to rail.

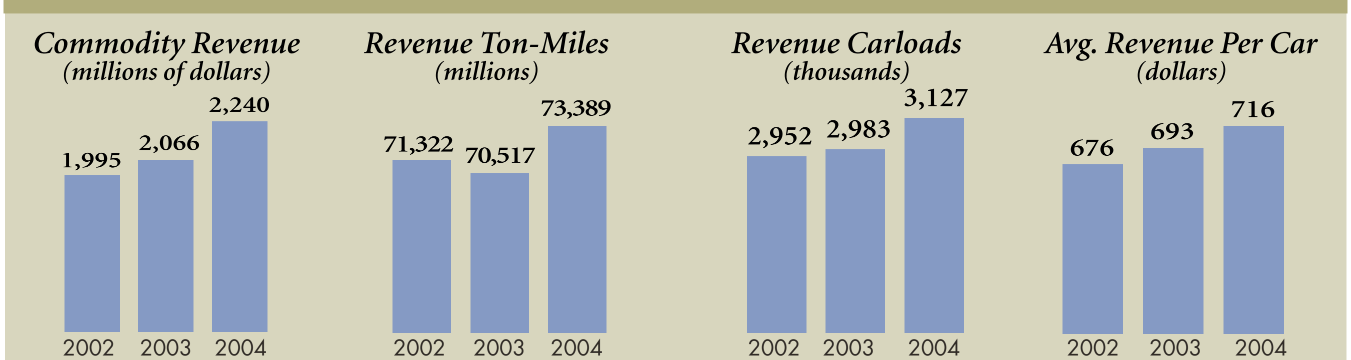
New for 2005 is a Gate Reservation process. This tool allows UP to meter traffic at the gate, avoiding congestion at terminals and better managing line capacity. The reservation system features a user friendly web application that will facilitate the request for and the management of customer reservations. Piloted in December of 2004, this system will be rolled out in 2005.

UP's premium Blue Streak volume is expected to almost double its growth in 2005 as shippers increasingly look to rail to fill capacity needs. The domestic rail segment should also benefit from business handled by the fast-growing truckload carrier segment as these carriers are more frequently utilizing railroads to handle the longer line-haul segment of their business. However, to meet customers' needs, continued service improvement is required.

In addition, longer-term trends favor intermodal service when factoring in population growth, highway congestion, environmental concerns and persistently high fuel costs. To support this growth, Union Pacific is making strategic capital investments. Construction is underway on two new Union Pacific intermodal facilities, one in Salt Lake City and the other in the Dallas area. Both terminals feature state-of-the-art technology, security and are strategically located to accommodate growth.



ANNUAL TOTALS



	2002				2003				2004			
QUARTERS	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th
Commodity Revenue *(millions of dollars)*	455	515	542	483	467	514	540	545	510	544	579	607
Revenue Ton-Miles *(millions)*	16,992	18,887	18,731	16,712	16,523	17,702	18,107	18,185	17,717	18,182	18,589	18,901
Revenue Carloads *(thousands)*	681	771	802	698	693	752	775	763	725	770	808	824
Average Revenue Per Car *(dollars)*	668	667	677	692	674	684	697	714	704	706	716	737

REVENUE GROWTH
Mexico

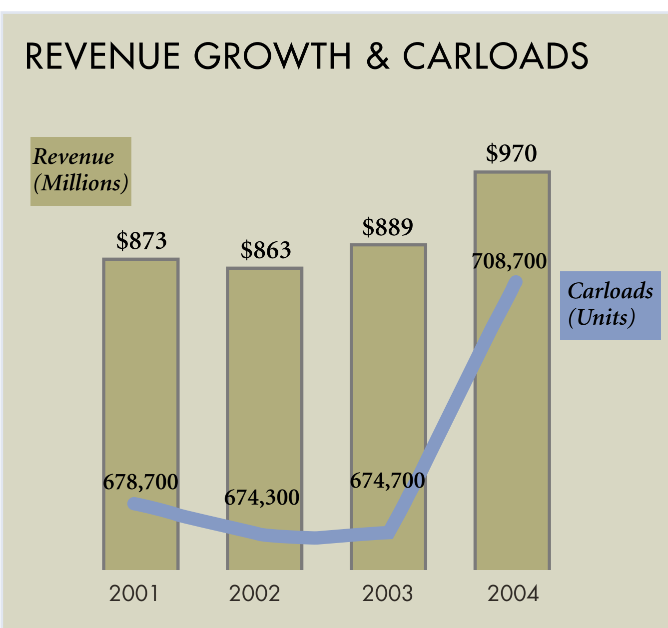
Commodity Profile

Union Pacific serves all six major gateways to Mexico, connecting directly to the two largest Mexican railways. Approximately 70 percent of the Railroad's Mexico traffic is exchanged with Transportacion Ferroviaria Mexicana (TFM), while the remaining 30 percent is exchanged with Ferrocarril Mexicano (Ferromex or FXE). UP's franchise provides the most efficient route between Mexico and the U.S./Canadian markets. The total land transportation market for Mexico is estimated at greater than $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 majority share of the current market.

We work closely with our Mexican rail connections to capture the opportunities created by the North American Free Trade Agreement (NAFTA). The Mexican railroads continue making substantial investments in track structure, equipment and facilities to improve service, equipment utilization, safety and damage prevention.

Strong demand for transportation from and to Mexico in 2004 provided increases in traffic and revenue. Included in the reporting for UP's six commodity groups are these Mexican shipments, which increased 5 percent or 34,000 cars, carried by strong Industrial

Product growth — up nearly 15,000 units or 15 percent, and Intermodal — up 10,000 units or nearly 8 percent. Strong cement, newsprint and wood fiber movements led Industrial Product increases, while Intermodal continued to convert truckload business to rail. Agricultural shipments to and from Mexico remained basically flat because of a strong Mexican grain crop. Automotive markets improved slightly versus 2003, and UP continues to handle over 94 percent of this volume.



2005 Outlook

Opportunities for growth in the rail market with Mexico will continue as our economies expand and rail service improves. Our focus in 2005 will be on our yield strategies and velocity improvement. Velocity improvements will be achieved by streamlining the border processes. As an example, Union Pacific is implementing through waybilling procedures to Mexico on southbound shipments and reduced free time for border clearance, as well as working with government agencies to increase hours of operation at the borders. These initiatives will contribute to better transit times, reduced failure costs, decreased congestion and enhanced security.

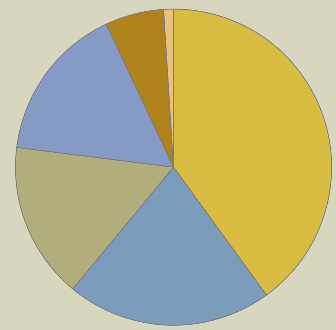
Mexico

The Agricultural Products team will continue its focus on grain shuttle train movements to Mexico, which are the most efficient method to deliver grain to customers.

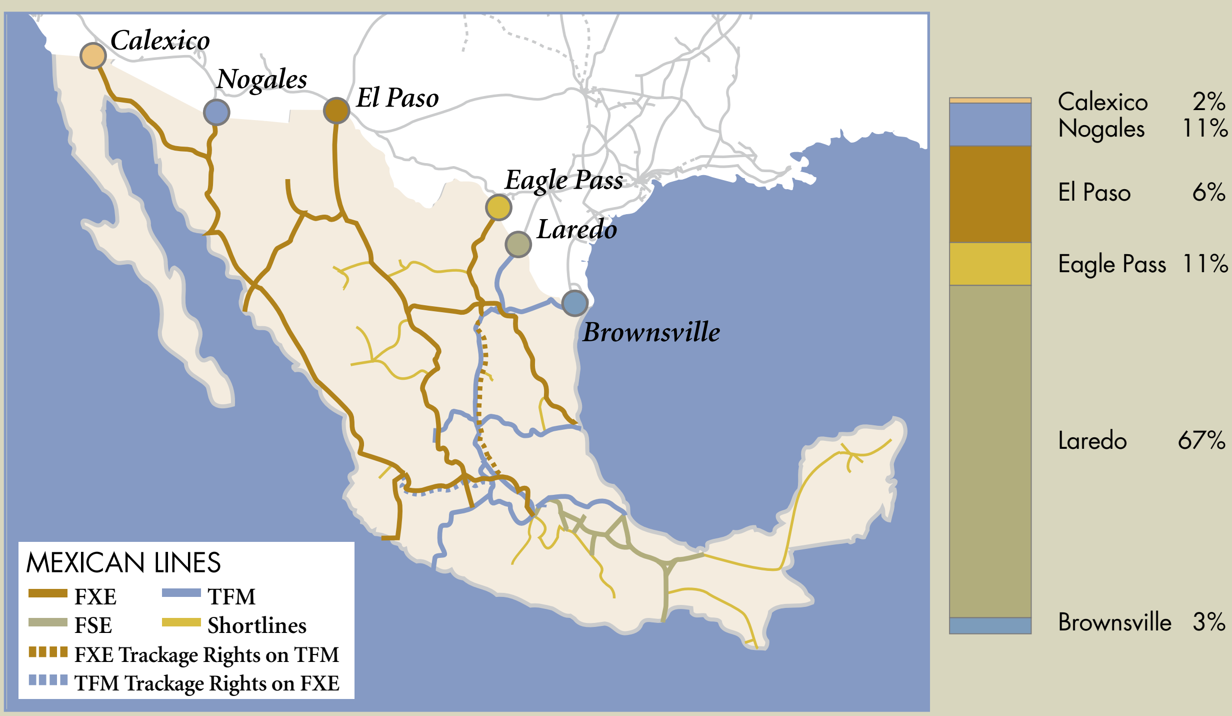
In addition to the velocity initiatives, yield improvements on Mexico traffic will be a priority. Strong demand across all market segments should enable the Railroad to enhance the profitability and reinvestability of its Mexico traffic through mix improvements.

We expect to continue to enhance our commercial relationships with the Mexican railroads in 2005. While the acquisition of the TFM by the KCS provides a potentially changing landscape, we will monitor the situation to ensure competition is maintained and our customers' routing options are preserved.

2004 CARLOADS



TRAFFIC BY GATEWAY (Carloads)



CONSOLIDATED STATEMENTS OF INCOME

Union Pacific Corporation (millions of dollars, unaudited)

For the year ended December 31, 2004	1	2	3	4	Total Year
Operating Revenues	$ 2,893	$ 3,029	$ 3,076	$ 3,217	**$ 12,215**
Operating Expenses					
Salaries, Wages and Employee Benefits	1,011	1,048	1,057	1,051	**4,167**
Equipment and Other Rents	327	362	354	331	**1,374**
Depreciation	274	277	278	282	**1,111**
Fuel And Utilities	389	435	459	533	**1,816**
Materials and Supplies	123	114	122	129	**488**
Casualty Costs	148	117	71	358(a)	**694**
Purchased Services and Other Costs	307	317	317	329	**1,270**
Total Operating Expenses	2,579	2,670	2,658	3,013	**10,920**
Operating Income	314	359	418	204	**1,295**
Other Income	28	8	30	22	**88**
Interest Expense	(135)	(130)	(132)	(130)	**(527)**
Income Before Income Taxes	207	237	316	96	**856**
Income Taxes	(42)	(79)	(114)	(17)	**(252)**
Net Income	**$ 165**	**$ 158**	**$ 202**	**$ 79**	**$ 604**
Basic Earnings Per Share	$ 0.64	$ 0.61	$ 0.78	$ 0.30	**$ 2.33**
Diluted Earnings Per Share	$ 0.63	$ 0.60	$ 0.77	$ 0.30	**$ 2.30**
Average Basic Shares Outstanding	258.7	258.9	259.0	259.8	**259.1**
Average Diluted Shares Outstanding	262.5	261.6	261.6	263.1	**262.2**

For the year ended December 31, 2003	1	2	3	4	Total Year
Operating Revenues	$ 2,736	$ 2,894	$ 2,956	$ 2,965	**$ 11,551**
Operating Expenses					
Salaries, Wages and Employee Benefits	964	952	977	999	**3,892**
Equipment and Other Rents	310	298	308	305	**1,221**
Depreciation	275	253	267	272	**1,067**
Fuel And Utilities	352	323	330	336	**1,341**
Materials and Supplies	103	99	104	108	**414**
Casualty Costs	101	105	109	101	**416**
Purchased Services and Other Costs	262	281	269	255	**1,067**
Total Operating Expenses	2,367	2,311	2,364	2,376	**9,418**
Operating Income	369	583	592	589	**2,133**
Other Income	13	4	15	46	**78**
Interest Expense	(151)	(149)	(140)	(134)	**(574)**
Income Before Income Taxes	231	438	467	501	**1,637**
Income Taxes	(83)	(163)	(167)	(168)	**(581)**
Income From Continuing Operations	148	275	300	333	**1,056**
Income From Discontinued Operations	7	13	17	218	**255**
Cumulative Effect Of Accounting Change	274	-	-	-	**$ 274**
Net Income	**$ 429**	**$ 288**	**$ 317**	**$ 551**	**$ 1,585**
Basic Earnings Per Share	$ 1.69	$ 1.13	$ 1.25	$ 2.15	**$ 6.23**
Diluted Earnings Per Share	$ 1.67	$ 1.10	$ 1.21	$ 2.12	**$ 6.04**
Average Basic Shares Outstanding (In Millions)	253.4	253.9	254.3	256.1	**254.4**
Average Diluted Shares Outstanding (In Millions)	256.2	271.7	265.0	259.9	**268.0**

Refer to the Union Pacific Corporation 2004 Annual Report for additional information.
(a) Includes the $247 million pre-tax asbestos charge.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Union Pacific Corporation (millions of dollars, unaudited)

As of December 31	2004	2003
Assets		
Current Assets		
Cash And Temporary Investments	**$ 977**	$ 527
Accounts Receivable, Net	**538**	498
Materials and Supplies	**309**	267
Current Deferred Income Taxes	**288**	518
Other Current Assets	**178**	279
Total Current Assets	**2,290**	2,089
Investments	**767**	726
Properties		
Total Cost	**39,907**	38,320
Accumulated Depreciation	**(8,893)**	(8,037)
Net Properties	**31,014**	30,283
Other Assets	**518**	396
Total Assets	**$34,589**	$ 33,494
Liabilities And Common Shareholders' Equity		
Current Liabilities		
Accounts Payable	**$ 590**	$ 511
Accrued Wages and Vacation	**384**	363
Accrued Casualty Costs	**419**	394
Income and Other Taxes	**208**	219
Dividends and Interest	**256**	252
Debt Due Within One Year	**150**	167
Equipment Rents Payable	**130**	128
Other Current Liabilities	**379**	422
Total Current Liabilities	**2,516**	2,456
Other Liabilities & Shareholders' Equity		
Debt Due After One Year	**7,981**	7,822
Deferred Income Taxes	**9,180**	9,102
Accrued Casualty Costs	**884**	595
Retiree Benefits Obligations	**893**	712
Other Long-Term Liabilities	**480**	453
Commitments & Contingencies		
Common Shareholders' Equity	**12,655**	12,354
Total Liabilities and Common Shareholders' Equity	**$34,589**	$ 33,494

Refer to the Union Pacific Corporation 2004 Annual Report for additional information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Union Pacific Corporation (millions of dollars, unaudited)

For the years ended December 31	**2004**	2003
Operating Activities		
Net Income	**$ 604**	$1,585
Adjustments To Reconcile Net Income To Net Cash Provided By Operating Activities:		
Income From Discontinued Operations	**-**	(255)
Cumulative Effect Of Accounting Change	**-**	(274)
Depreciation	**1,111**	1,067
Deferred Income Taxes	**359**	494
Cash Paid To Fund Pension Plan	**(100)**	(100)
Other, Net	**167**	(125)
Changes In Current Assets And Liabilities, Net	**96**	30
Cash Provided By Operating Activities	**2,237**	2,422
Investing Activities		
Capital Investments	**(1,876)**	(1,752)
Proceeds From Asset Sales	**145**	150
Proceeds From Sale Of Discontinued Operations	-	620
Other Investing Activities, Net	**19**	126
Cash Used In Investing Activities	**(1,712)**	(856)
Financing Activities		
Dividends Paid	**(310)**	(234)
Debt Repaid	**(588)**	(2,117)
Cash Received From Exercise Of Stock Options	**102**	216
Financings, Net	**721**	729
Cash Used In Financing Activities	**(75)**	(1,406)
Net Change In Cash And Temporary Investments	**450**	160
Cash And Temporary Investments At The Beginning Of Year	**527**	367
Cash And Temporary Investments At The End Of Year	**$ 977**	$ 527
Changes In Current Assets And Liabilities, Net		
Accounts Receivable, Net	**$ (40)**	$ 59
Materials And Supplies	**(42)**	10
Other Current Assets	**101**	(80)
Accounts, Wages, and Vacation Payable	**100**	79
Other Current Liabilities	**(23)**	(38)
Changes In Current Assets And Liabilities, Net	**$ 96**	$ 30
Supplemental Cash Flow Information		
Non-Cash Capital Lease Financings	**-**	$ 188
Cash (Paid) Received During The Year For:		
Interest	**$ (517)**	$ (587)
Income Taxes, Net	**187**	(51)

Refer to the Union Pacific Corporation 2004 Annual Report for additional information.

Note: Free cash flow is considered a non-GAAP financial measure by SEC Regulation G. We believe free cash flow is important in evaluating our financial performance and measures our ability to generate cash without additional external financings. The following table reconciles cash provided by operating activities (GAAP measure) to free cash flow:

	2004	2003
Cash Provided By Operating Activities	**$ 2,237**	$ 2,422
Cash Used In Investing Activities	**(1,712)**	(856)
Dividends Paid	**(310)**	(234)
Non-Cash Capital Lease Financings	-	(188)
Free Cash Flow	**215**	1,144
Proceeds From Sale Of Discontinued Operations	-	(620)
Net Free Cash Flow	**$ 215**	$ 524

FINANCIAL & OPERATING STATISTICS

Union Pacific Corporation (unaudited)

For the years ended December 31	2004					2003				
	1	2	3	4	**Total**	1	2	3	4	**Total**
Financial and Revenue Statistics										
Operating Revenues (millions)	$2,893	$3,029	$3,076	$3,217	**$12,215**	$2,736	$2,894	$2,956	$2,965	**$11,551**
Operating Expenses (millions)	$2,579	$2,670	$2,658	$3,013(a)	**$10,920**	$2,367	$2,311	$2,364	$2,376	**$9,418**
Operating Margin (%)	10.9	11.9	13.6	6.3(a)	**10.6**	13.5	20.1	20.0	19.9	**18.5**
Salaries and Benefits (millions)	$1,011	$1,048	$1,057	$1,051	**$4,167**	$964	$952	$977	$999	**$3,892**
Salaries and Benefits/Op. Rev. (%)	34.9	34.6	34.4	32.7	**34.1**	35.2	32.9	33.1	33.7	**33.7**
Commodity Revenue/Employee (thousands)	$59.3	$60.0	$60.1	$62.7	**$242.1**	$56.3	$59.0	$61.0	$61.8	**$238.1**
Fuel Expense (millions)	$353	$403	$426	$501	**$1,683**	$321	$293	$300	$307	**$1,221**
Avg. Fuel Price Per Gallon (cents)(b)	102	116	125	146	**122**	100	88	90	89	**92**
Commodity Revenue (millions)	$2,777	$2,901	$2,944	$3,070	**$11,692**	$2,607	$2,764	$2,827	$2,843	**$11,041**
Average Revenue Per Car	$1,214	$1,225	$1,223	$1,282	**$1,236**	$1,188	$1,193	$1,195	$1,204	**$1,195**
Commodity Revenue/ Revenue Ton-Mile (cents)	2.06	2.13	2.12	2.24	**2.14**	2.07	2.09	2.06	2.08	**2.08**
Effective Tax Rate (%)	20.3	33.3	36.1	17.7	**29.4**	35.9	37.2	35.8	33.5	**35.5**
Debt to Capital (%) (c)					**39.1**					**39.3**
Lease Adjusted Debt to Capital % (d)					**45.1**					**44.8**
Operating Statistics										
Revenue Carloads (thousands)	2,288	2,368	2,408	2,394	**9,458**	2,194	2,317	2,367	2,361	**9,239**
Revenue Ton-Miles (billions)	134	136	139	137	**546**	127	132	137	137	**533**
Gross Ton-Miles (GTMs in billions)	252	261	263	262	**1,038**	241	254	260	264	**1,019**
Average Train Speed (miles per hour) (e)	21.9	21.3	21.8	20.5	**21.4**	24.8	23.9	22.9	22.7	**23.6**
Average System Dwell (hours)(e)	29.8	30.9	30.1	31.2	**30.5**	25.2	25.6	27.6	28.6	**26.8**
System Inventory (e)	321,362	325,361	322,347	327,498	**324,142**	302,723	306,598	316,499	318,444	**311,066**
Fuel Consumed (millions of gallons)	348	346	340	343	**1,377**	319	332	335	344	**1,330**
Average Employees	46,838	48,383	49,021	48,943	**48,295**	46,270	46,859	46,369	45,982	**46,371**
GTMs per Employee (millions)	5.38	5.38	5.36	5.36	**21.48**	5.21	5.42	5.60	5.74	**21.97**

Refer to the Union Pacific Corporation 2004 Annual Report for additional information.

(a) Includes the $247 million pre-tax asbestos charge.
(b) Including taxes and transportation costs.
(c) Debt to capital is computed as follows: total debt divided by total debt plus equity.
(d) Lease adjusted debt to capital is computed as follows: total debt plus net present value of operating leases divided by total debt plus equity plus net present value of operating leases.
(e) As reported to the Association of American Railroads.