

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.