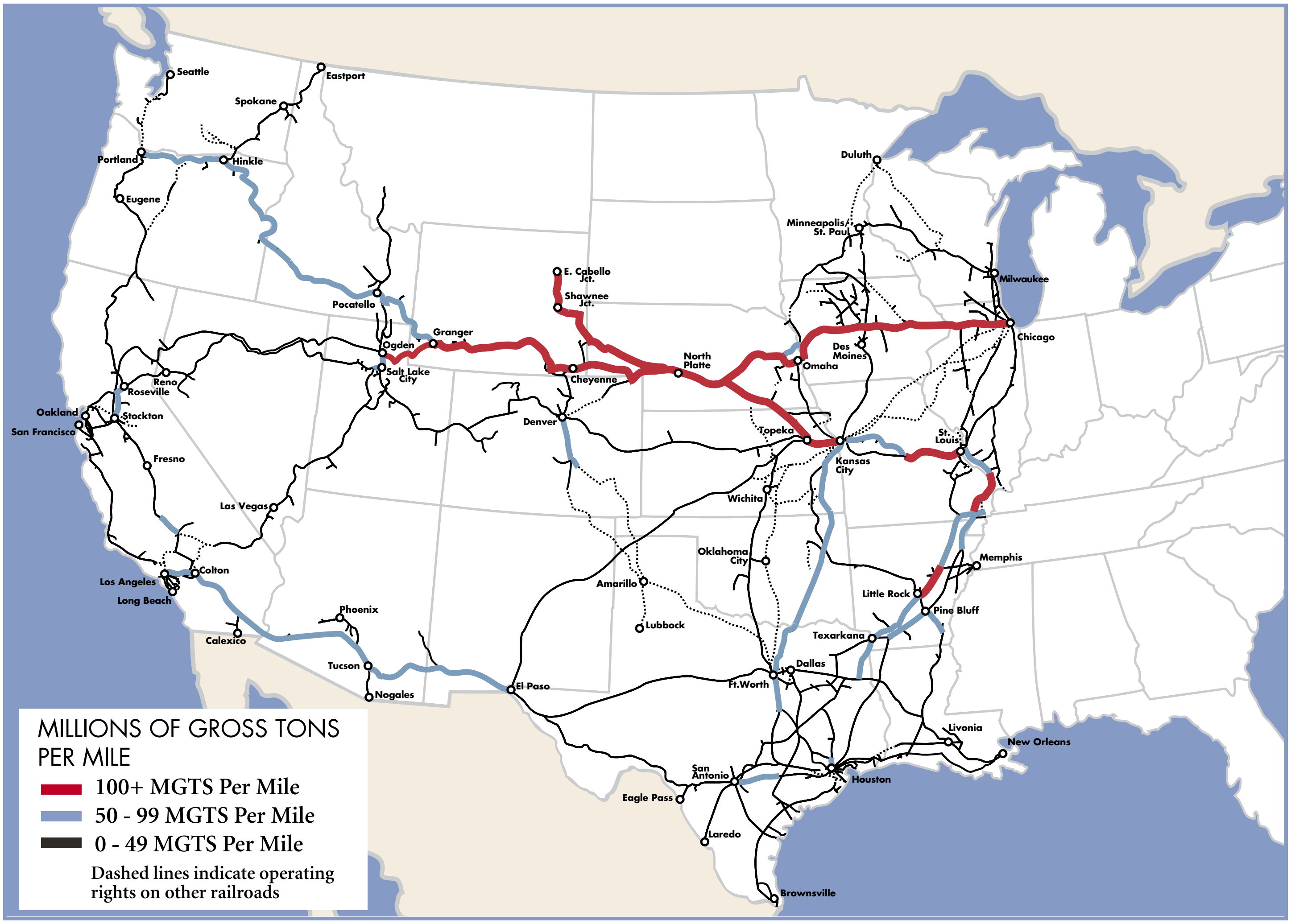
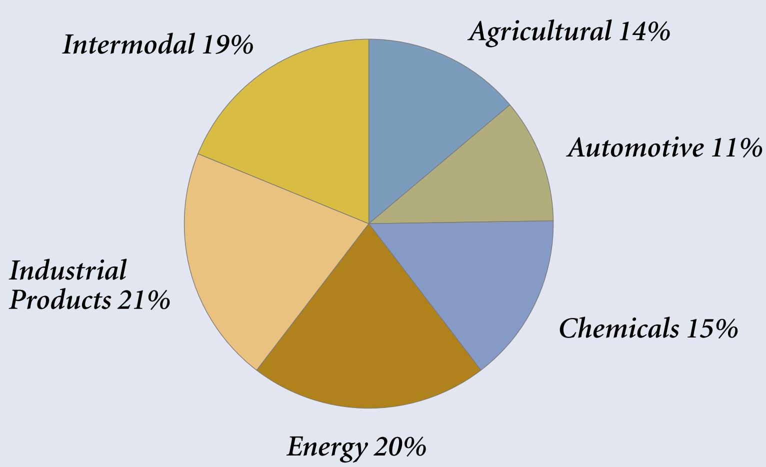
DENSITY MAP



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.

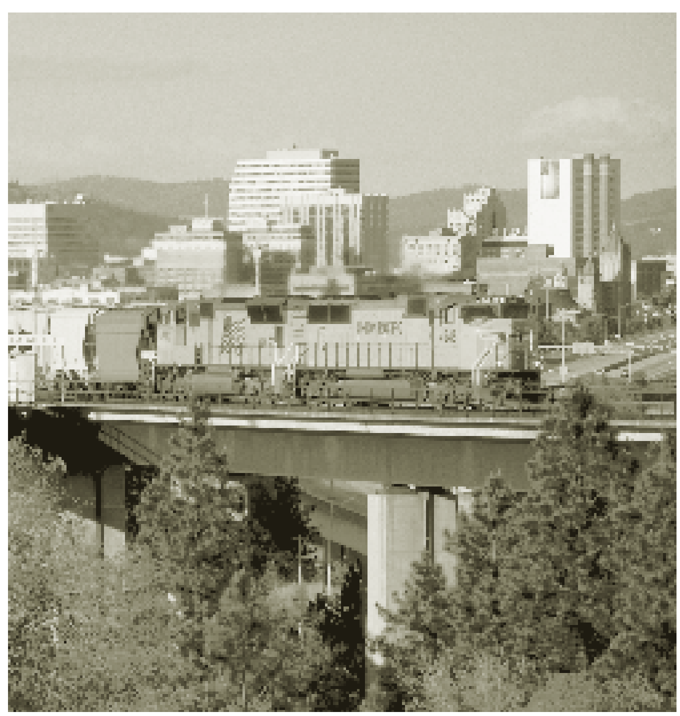
All signs point to having entered an era where demand for transportation services exceeds the capacity of the nation's infrastructure. The motor carrier industry is feeling the strain of this demand environment, as more restrictive regulations tighten driver supply and increase congestion on U.S. highways. 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

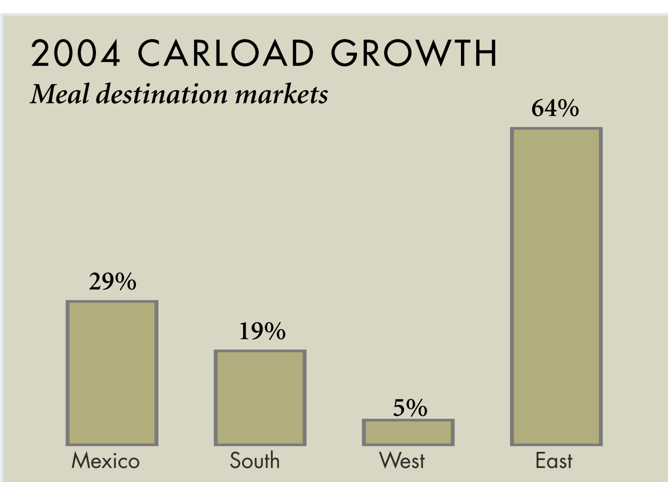
Commodity Profile

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.



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

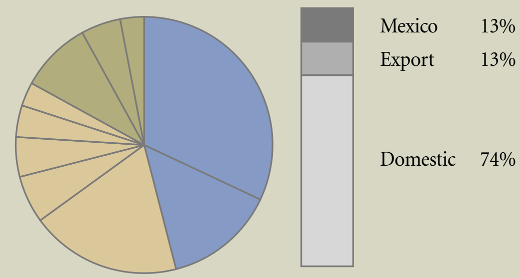
As rail demand expands, competition for UP's capacity becomes more intense. To enhance profitability and make every carload reinvestable, along with minimizing the administrative burden for customers, Agricultural Products continues to move more of its business to public pricing documents. In addition,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

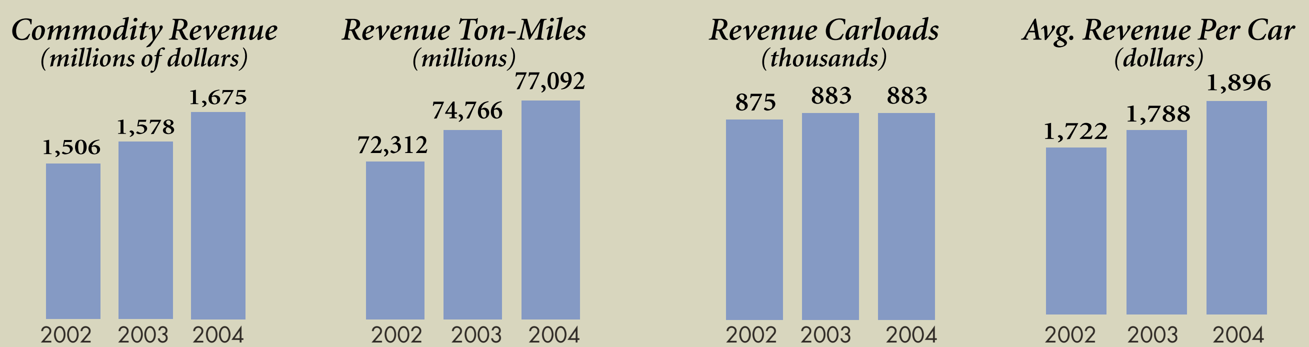


Whole Grain
Corn & Feed Grains 32%
Wheat & Food Grains 14%

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

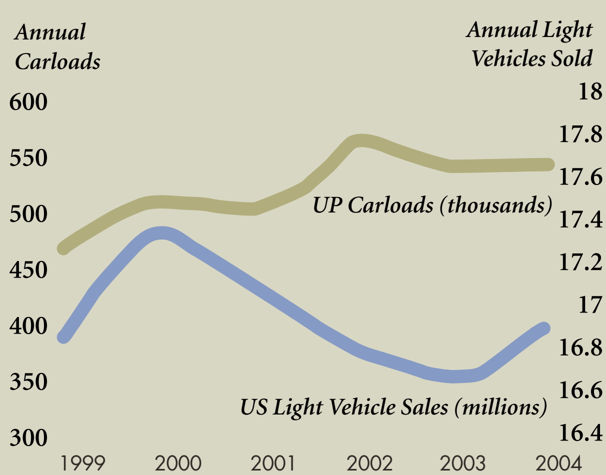
Commodity Profile

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

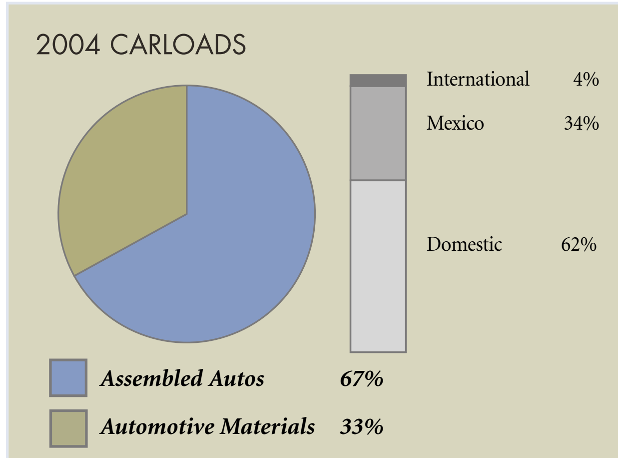
U.S. light vehicle sales are projected to be 16.8 million in 2005, slightly less than the 16.9 million sold in 2004. UP is well positioned with a diverse customer base, including domestic and import manufacturers, and is expected to attain a market share similar to 2004 levels.

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.

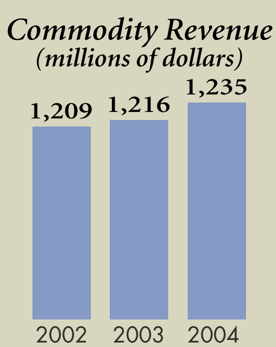
UP will continue to expand its reach in 2005 through alliance relationships with eastern rails. UP will pursue additional finished vehicle opportunities when economically justified and when existing facilities and equipment are underutilized.

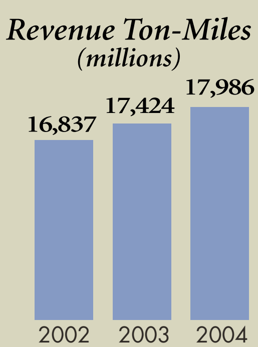
Insight Network Logistics and Union Pacific Distribution Services offer many supply chain logistics services for major automotive manufacturers. These products, combined with UP's rail services, assist manufacturers in meeting customers' changing inventory needs and provide growth opportunities.

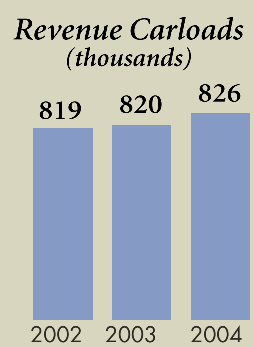
Union Pacific is working to provide the appropriate infrastructure to handle additional traffic associated with new products at existing plants in the North Central U.S. and in North Central Mexico. In addition, infrastructure improvements will be made during 2005 and 2006 to accommodate a new plant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

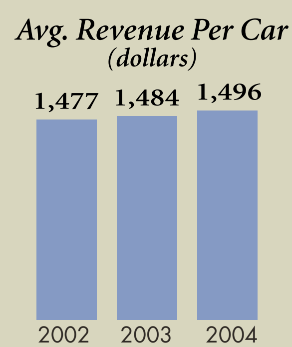


ANNUAL TOTALS









	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

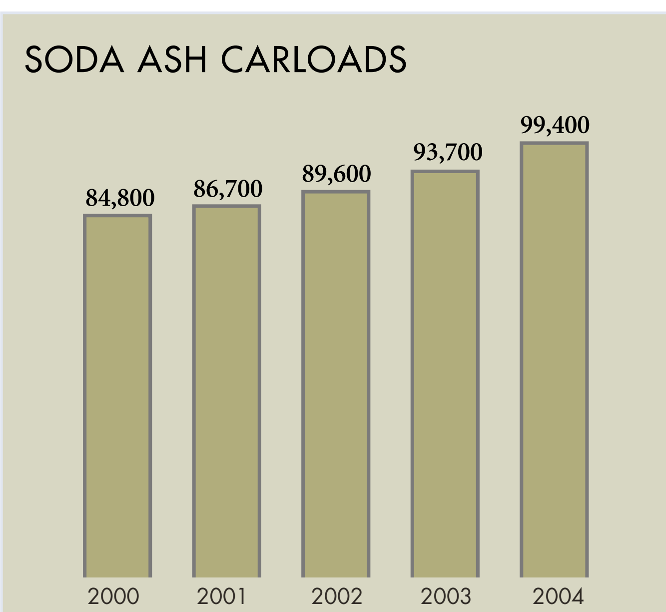
Commodity Profile

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.

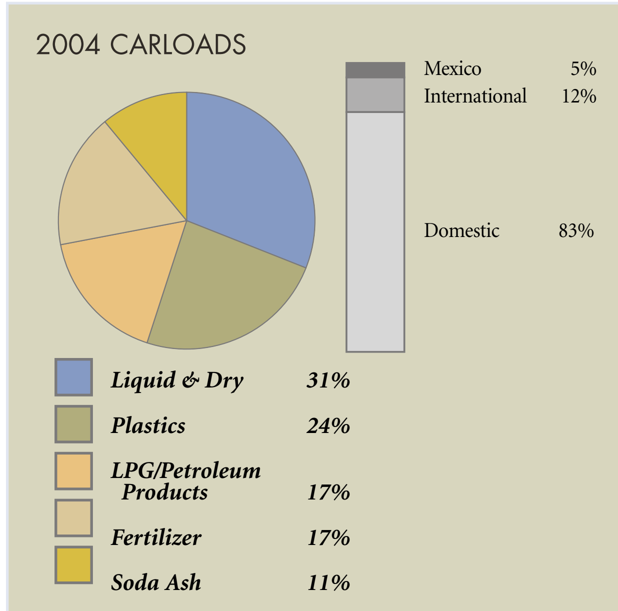
Implementation of our TRANSFLO transloading network continued in 2004 with the addition of four new sites. TRANSFLO is an ISO-9001:2000 registered transloader that allows UP to deliver the economics of rail transportation to non-rail served customers.

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.

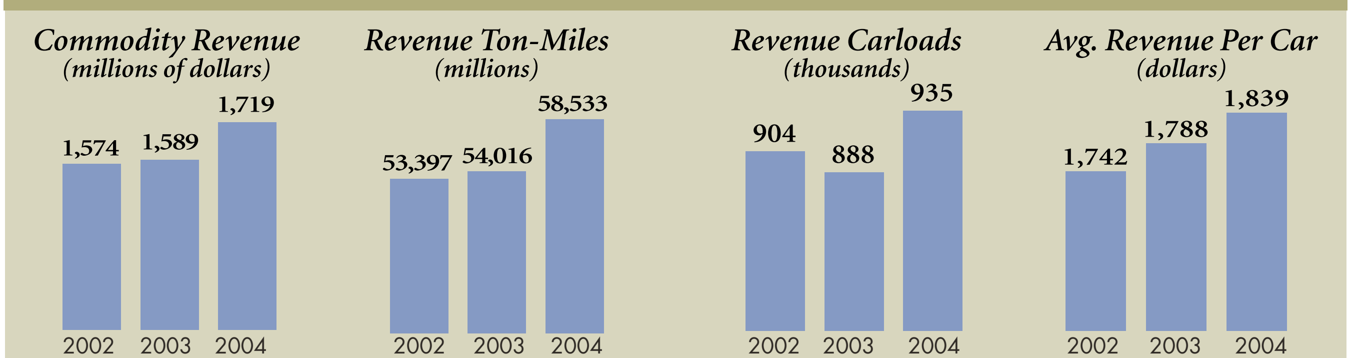
Soda ash shipments should increase further over 2004 as demand for both domestic and export products will exceed the levels achieved in previous years.



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.

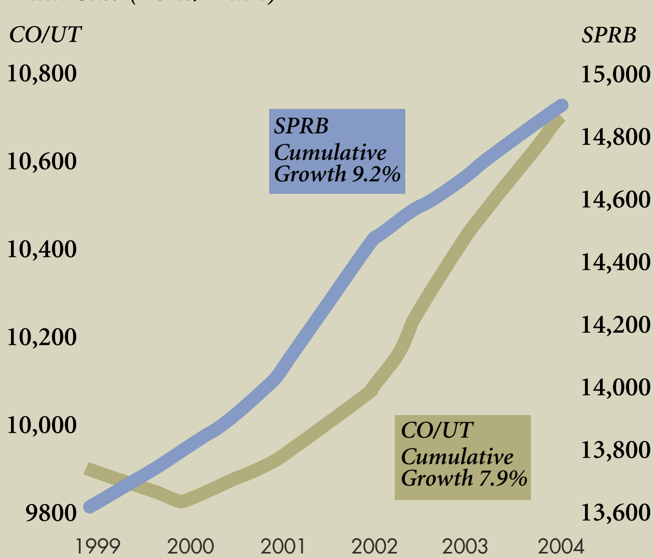
SPRB coal represents the largest segment of UP's coal/coke franchise. In terms of tons originated, the SPRB represents 67 percent of the coal business due in large part to the favorable economics it generates for utilities. Going forward, the opportunities grow as markets in the East open due to declines 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.

PRODUCTIVITY IMPROVEMENT

Train Size (Tons/Train)



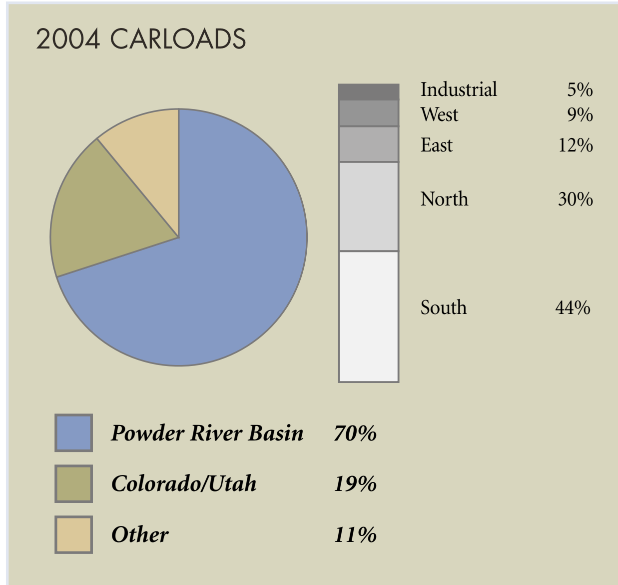
It also created a decline in coke shipments, PRB coal traffic received from the BNSF, and traffic originating out of southern Wyoming and southern Illinois. Volume from the Colorado/Utah area was the highlight with 4 percent growth in 2004.

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.



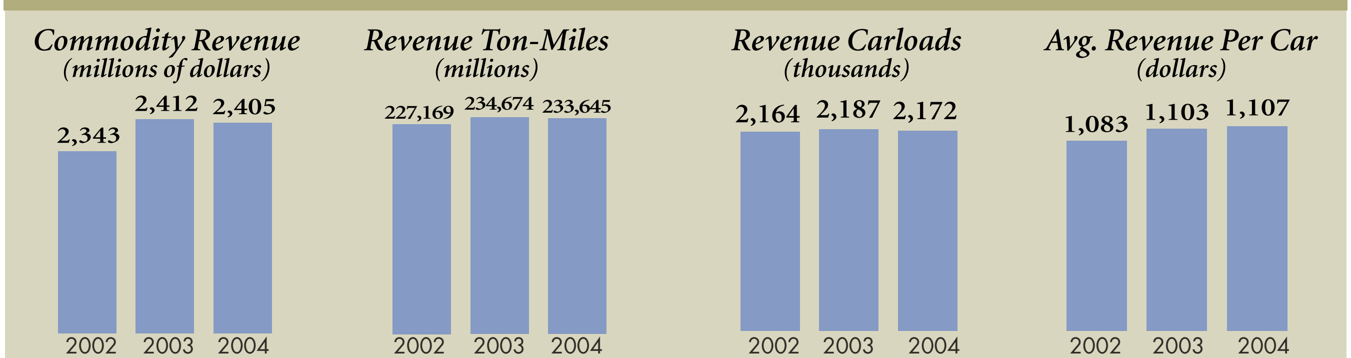
2005 Outlook

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.

ANNUAL TOTALS



	2002				2003				2004			
QUARTERS	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	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

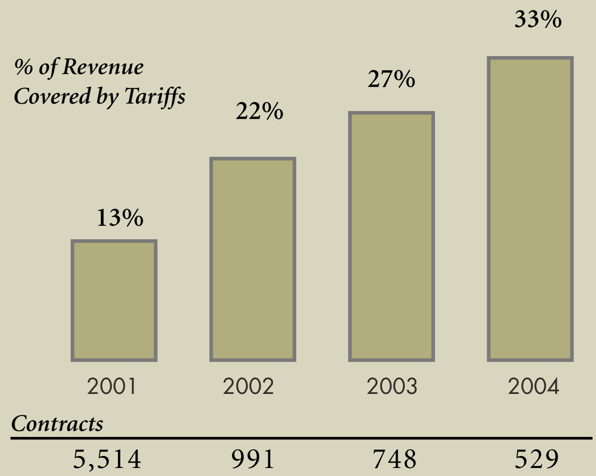
Commodity Profile

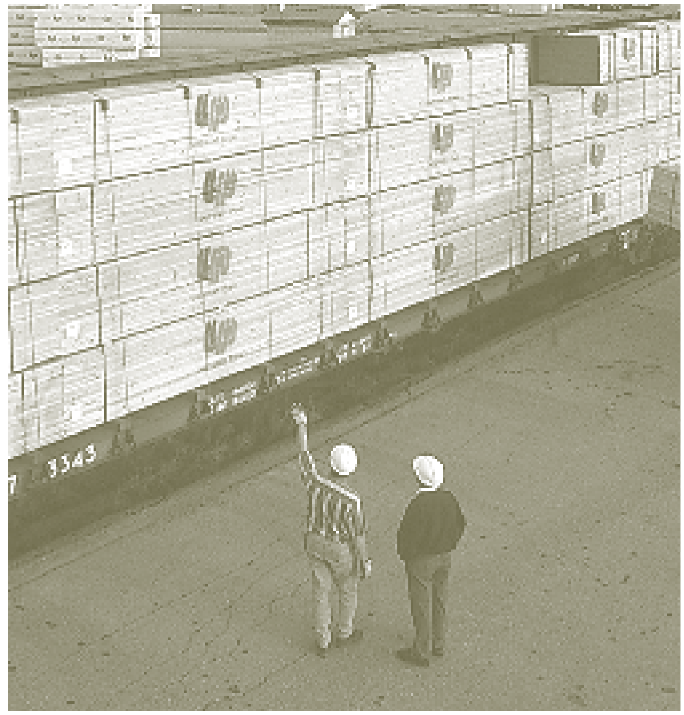
Industrial products covers a broad range of commodities, from bulk products like stone, cement, minerals, waste and scrap to higher-value shipments such as lumber, paper and government and consumer goods. The leading economic indicator for growth in this business group is U.S. industrial production. 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.

PRICE MANAGEMENT





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.

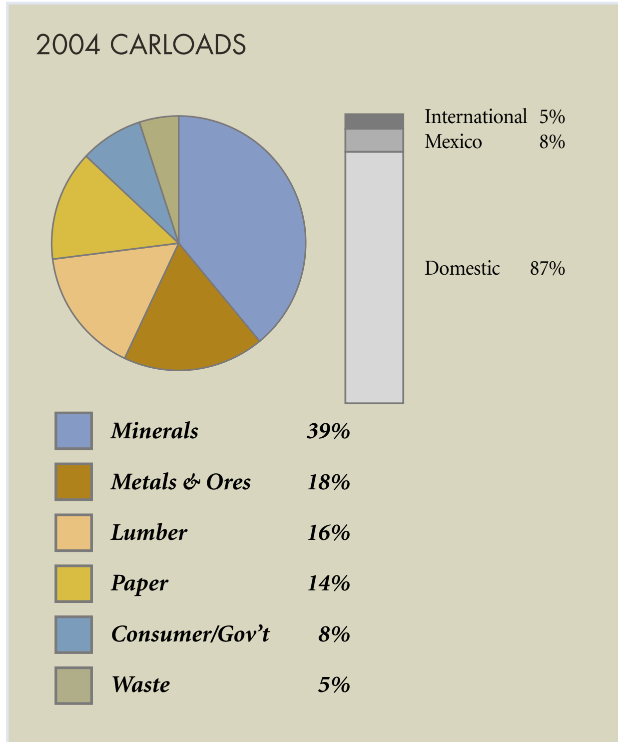
2005 Outlook

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

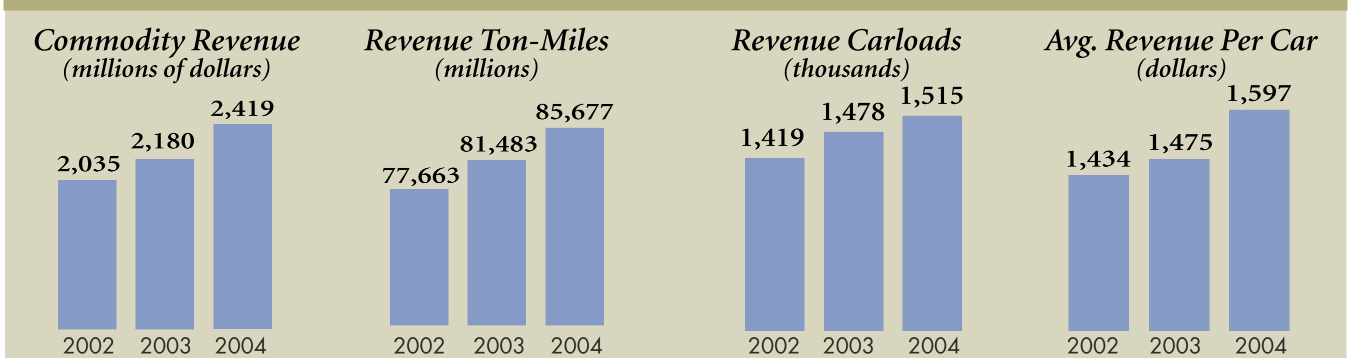
Industrial Products

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).

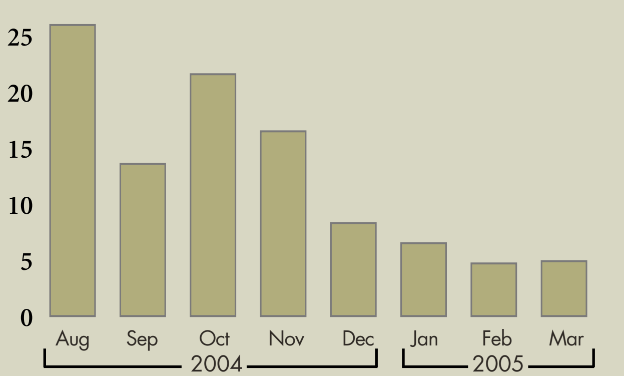
Our international business consists of imports and exports of goods moving in steel shipping containers through ports on the West and Gulf coasts. The domestic business segment consists of freight moving in 48 or 53 foot containers or trailers to and from points within the U.S., Canada and Mexico. Premium 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

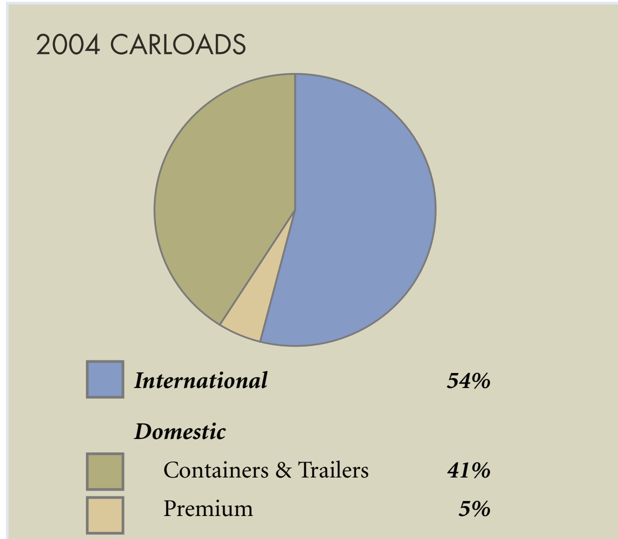
2005 Outlook

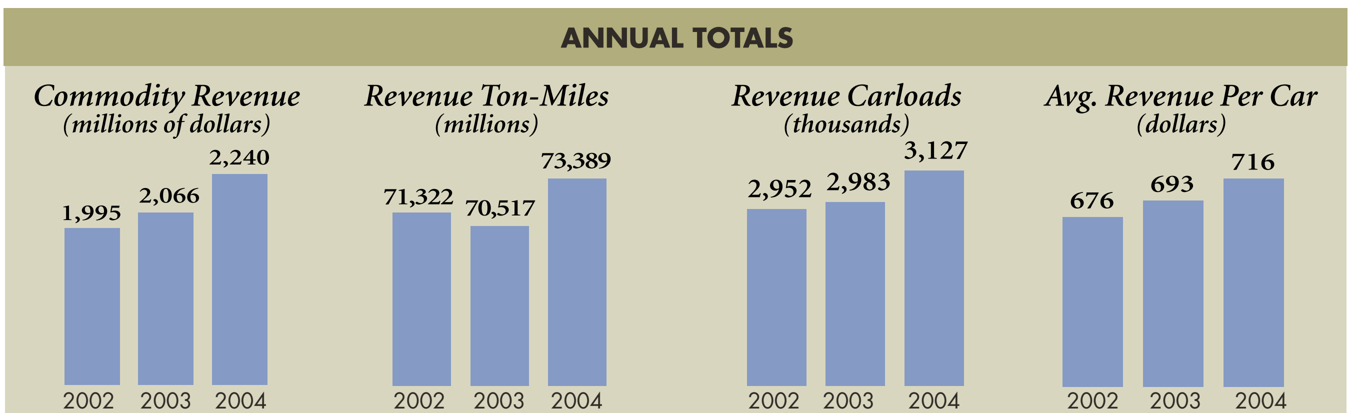
UP expects Intermodal growth and pricing opportunities to continue in 2005, driven by economic improvement, strength in imports and conversion of highway traffic to rail.

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.





	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

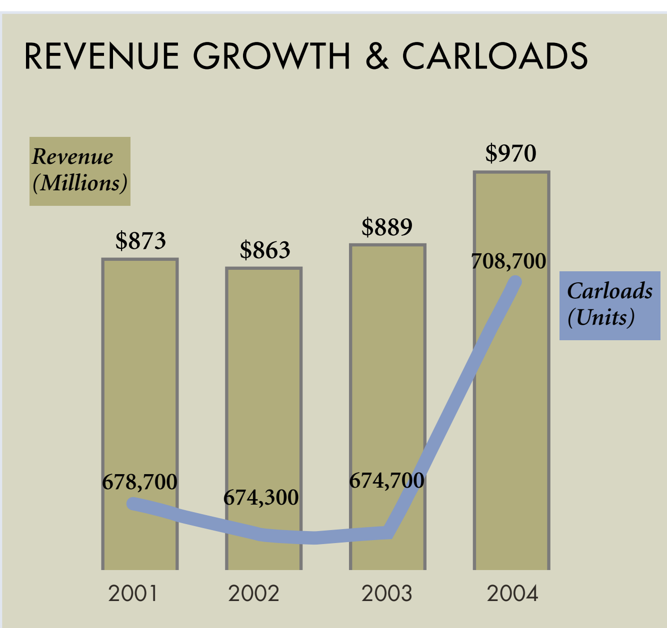
REVENUE GROWTH
Mexico

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.

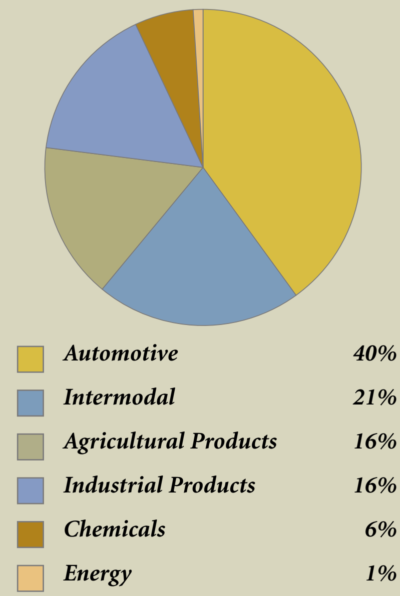
Mexico

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)