

CONSOLIDATED STATEMENTS OF INCOME

Union Pacific Corporation (millions except per share, unaudited)

For the year ended December 31, 2005	1	2	3	4	Total Year
Operating Revenues	\$ 3,152	\$ 3,344	\$ 3,461	\$ 3,621	\$ 13,578
Operating Expenses					
Salaries, Wages and Employee Benefits	1,099	1,075	1,093	1,108	4,375
Equipment and Other Rents	353	340	356	353	1,402
Depreciation	289	292	294	300	1,175
Fuel and Utilities	539	597	673	753	2,562
Materials and Supplies	135	128	140	143	546
Casualty Costs	95	104	109	103	411
Purchased Services and Other Costs	329	340	315	328	1,312
Total Operating Expenses	2,839	2,876	2,980	3,088	11,783
Operating Income	313	468	481	533	1,795
Other Income - Net	20	29	42	54	145
Interest Expense	(132)	(128)	(124)	(120)	(504)
Income Before Income Taxes	201	369	399	467	1,436
Income Taxes	(73)	(136)	(30) (a)	(171)	(410)
Net Income	\$ 128	\$ 233	\$ 369	\$ 296	\$ 1,026
Basic Earnings Per Share	\$ 0.49	\$ 0.89	\$ 1.40	\$ 1.11	\$ 3.89
Diluted Earnings Per Share	\$ 0.48	\$ 0.88	\$ 1.38	\$ 1.10	\$ 3.85
Average Basic Shares Outstanding	261.4	262.8	264.0	265.6	263.4
Average Diluted Shares Outstanding	264.3	265.6	267.1	268.9	266.5

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(b)	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 - Net	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

Refer to the Union Pacific Corporation 2005 Annual Report for additional information.

(a) Includes a \$118 million tax expense reduction in the estimated deferred income tax liability.

(b) Includes a \$247 million pre-tax (\$154 million after-tax) charge for unasserted asbestos-related claims.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Union Pacific Corporation (millions of dollars, unaudited)

As of December 31	2005	2004
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 773	\$ 977
Accounts Receivable, Net	747	545
Materials and Supplies	331	309
Current Deferred Income Taxes	304	288
Other Current Assets	170	178
Total Current Assets	2,325	2,297
Investments	806	767
Properties		
Total Cost	41,697	39,907
Accumulated Depreciation	(9,722)	(8,893)
Net Properties	31,975	31,014
Other Assets	514	518
Total Assets	\$35,620	\$34,596
Liabilities and Common Shareholders' Equity		
Current Liabilities		
Accounts Payable	\$ 783	\$ 590
Accrued Wages and Vacation	415	384
Accrued Casualty Costs	478	419
Income and Other Taxes	212	208
Dividends and Interest	252	256
Debt Due Within One Year	656	150
Equipment Rents Payable	130	130
Other Current Liabilities	458	394
Total Current Liabilities	3,384	2,531
Other Liabilities and Shareholders' Equity		
Debt Due After One Year	6,760	7,981
Deferred Income Taxes	9,482	9,180
Accrued Casualty Costs	876	884
Retiree Benefits Obligations	855	885
Other Long-Term Liabilities	556	480
Commitments and Contingencies		
Common Shareholders' Equity	13,707	12,655
Total Liabilities and Common Shareholders' Equity	\$35,620	\$34,596

Refer to the Union Pacific Corporation 2005 Annual Report for additional information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Union Pacific Corporation (millions of dollars, unaudited)

For the years ended December 31	2005	2004
Operating Activities		
Net Income	\$1,026	\$ 604
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,175	1,111
Deferred Income Taxes	320	359
Net Gain from Asset Sales	(135)	(69)
Other, Net	58	156
Changes in Current Assets and Liabilities, Net	151	96
Cash Provided by Operating Activities	2,595	2,257
Investing Activities		
Capital Investments	(2,169)	(1,876)
Proceeds from Asset Sales	185	145
Other Investing Activities, Net	(63)	(1)
Cash Used in Investing Activities	(2,047)	(1,732)
Financing Activities		
Dividends Paid	(314)	(310)
Debt Repaid	(699)	(588)
Debt Issued	-	745
Net Proceeds from Equity Compensation Plans	262	80
Financings, Net	(1)	(2)
Cash Used in Financing Activities	(752)	(75)
Net Change in Cash and Cash Equivalents	(204)	450
Cash and Cash Equivalents at the Beginning of Year	977	527
Cash and Cash Equivalents at the End of Year	\$ 773	\$ 977
Changes in Current Assets and Liabilities, Net		
Accounts Receivable, Net	\$ (201)	\$ (40)
Materials and Supplies	(22)	(42)
Other Current Assets	12	101
Accounts, Wages, and Vacation Payable	224	100
Other Current Liabilities	138	(23)
Changes In Current Assets And Liabilities, Net	\$ 151	\$ 96
Supplemental Cash Flow Information		
Non-Cash Capital Lease Financings	\$ -	\$ -
Non-Cash Financing Activities, Cash Dividends Declared but not yet Paid	78	76
Cash (Paid) Received During the Year For:		
Interest	(510)	(517)
Income Taxes, Net	(29)	187

Refer to the Union Pacific Corporation 2005 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. Free cash flow should be in addition to, rather than a substitute for, cash provided by operating activities. The following table reconciles cash provided by operating activities (GAAP measure) to free cash flow (non-GAAP measure):

	2005	2004
Cash Provided By Operating Activities	\$ 2,595	\$ 2,257
Cash Used In Investing Activities	(2,047)	(1,732)
Dividends Paid	(314)	(310)
Free Cash Flow	234	215

FINANCIAL & OPERATING STATISTICS

Union Pacific Corporation (unaudited)

For the years ended December 31

2005

2004

Financial and Revenue Statistics	2005				Full Year	2004				Full Year
	1	2	3	4		1	2	3	4	
Operating Revenues (millions)	\$3,152	\$3,344	\$3,461	\$3,621	\$13,578	\$2,893	\$3,029	\$3,076	\$3,217	\$12,215
Operating Expenses (millions)	\$2,839	\$2,876	\$2,980	\$3,088	\$11,783	\$2,579	\$2,670	\$2,658	\$3,013(a)	\$10,920
Operating Margin (%)	9.9	14.0	13.9	14.7	13.2	10.9	11.9	13.6	6.3(a)	10.6
Salaries and Benefits (millions)	\$1,099	\$1,075	\$1,093	\$1,108	\$ 4,375	\$1,011	\$1,048	\$1,057	\$1,051	\$ 4,167
Salaries and Benefits/Op. Rev. (%)	34.9	32.1	31.6	30.6	32.2	34.9	34.6	34.4	32.7	34.1
Commodity Revenue/Employee (thousands)	\$ 60.9	\$ 63.8	\$ 65.9	\$ 69.8	\$ 260.5	\$ 59.3	\$ 60.0	\$ 60.1	\$ 62.6	\$ 241.9
Fuel Expense (millions)	\$ 498	\$ 558	\$ 629	\$ 708	\$ 2,393	\$ 354	\$ 403	\$ 426	\$ 501	\$ 1,684
Avg. Fuel Price Per Gallon (b)	\$ 1.45	\$ 1.67	\$ 1.88	\$ 2.08	\$ 1.77	\$ 1.02	\$ 1.16	\$ 1.25	\$ 1.46	\$ 1.22
Commodity Revenue (millions)	\$3,004	\$3,196	\$3,301	\$3,456	\$12,957	\$2,777	\$2,901	\$2,944	\$3,070	\$11,692
Average Revenue Per Car	\$1,306	\$1,337	\$1,357	\$1,428	\$ 1,358	\$1,214	\$1,225	\$1,223	\$1,282	\$ 1,236
Commodity Revenue/ Revenue Ton-Mile (cents)	2.19	2.34	2.39	2.54	2.36	2.06	2.13	2.12	2.24	2.14
Effective Tax Rate (%)	36.3	36.9	7.5(c)	36.6	28.6	20.3	33.3	36.1	17.7	29.4
Debt to Capital (%) (d)					35.1					39.1
Lease Adjusted Debt to Capital % (e)					43.6					45.1

Operating Statistics

Revenue Carloads (thousands)	2,300	2,391	2,433	2,419	9,543	2,288	2,368	2,408	2,394	9,458
Revenue Ton-Miles (billions)	138	137	138	136	549	134	136	139	137	546
Gross Ton-Miles (billions)	258	260	263	263	1,044	252	261	263	262	1,038
Average Train Speed (miles per hour) (f)	21.1	21.2	21.6	20.5	21.1	21.9	21.3	21.8	20.5	21.4
Average System Dwell (hours)(f)	29.5	27.4	28.1	29.8	28.7	29.8	30.9	30.1	31.2	30.5
Average Rail Car Inventory (f)				326,486						
Fuel Consumed (millions of gallons)	344	335	334	340	1,353	348	346	340	343	1,377
Average Employees	49,294	50,093	50,106	49,494	49,747	46,838	48,383	49,021	49,067	48,329
GTMs per Employee (millions)	5.24	5.19	5.26	5.30	20.98	5.38	5.39	5.36	5.34	21.47

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(a) Includes a \$247 million pre-tax (\$154 million after-tax) charge for unasserted asbestos-related claims.

(b) Including taxes and transportation costs.

(c) Includes a \$118 million tax expense reduction in the estimated deferred income tax liability.

(d) Debt to capital is computed as follows: total debt divided by total debt plus equity.

(e) 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.

(f) As reported to the Association of American Railroads. On October 1, 2005, the rail car inventory measurement was standardized for all reporting railroads. Rail car inventory for prior periods was not recalculated.