

Union Pacific Corporation
2006 ANALYST FACT BOOK



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Company Vision Statement

Union Pacific is committed to be a railroad where:

- our customers want to do business,
- our employees are proud to work,
- shareholder value is created, and
- the safety of the public and our employees is our top priority.

Company Overview

Union Pacific Corporation (NYSE:UNP) owns one of America's leading transportation companies. Its principal operating company, Union Pacific Railroad, links 23 states in the western two-thirds of the country and serves the fastest-growing U.S. population centers.

Investor Inquiries

Union Pacific's analyst relations are coordinated through the Corporate Treasurer. Requests for interviews, investor packages and general information should be directed to:

(402)544-4227 or (877)547-7261 or investor.relations@up.com

Web Site Information

For immediate receipt of new information as it becomes available, we invite you to regularly visit www.up.com. In the Investors section, you can view on-line or download a variety of informative documents, including SEC filings, annual reports, proxy statements, quarterly earnings, press releases, company presentations and corporate governance information. For automatic updates, please subscribe to the Company's RSS (Really Simple Syndication) feed which provides links to new headlines and summaries through your news reader.

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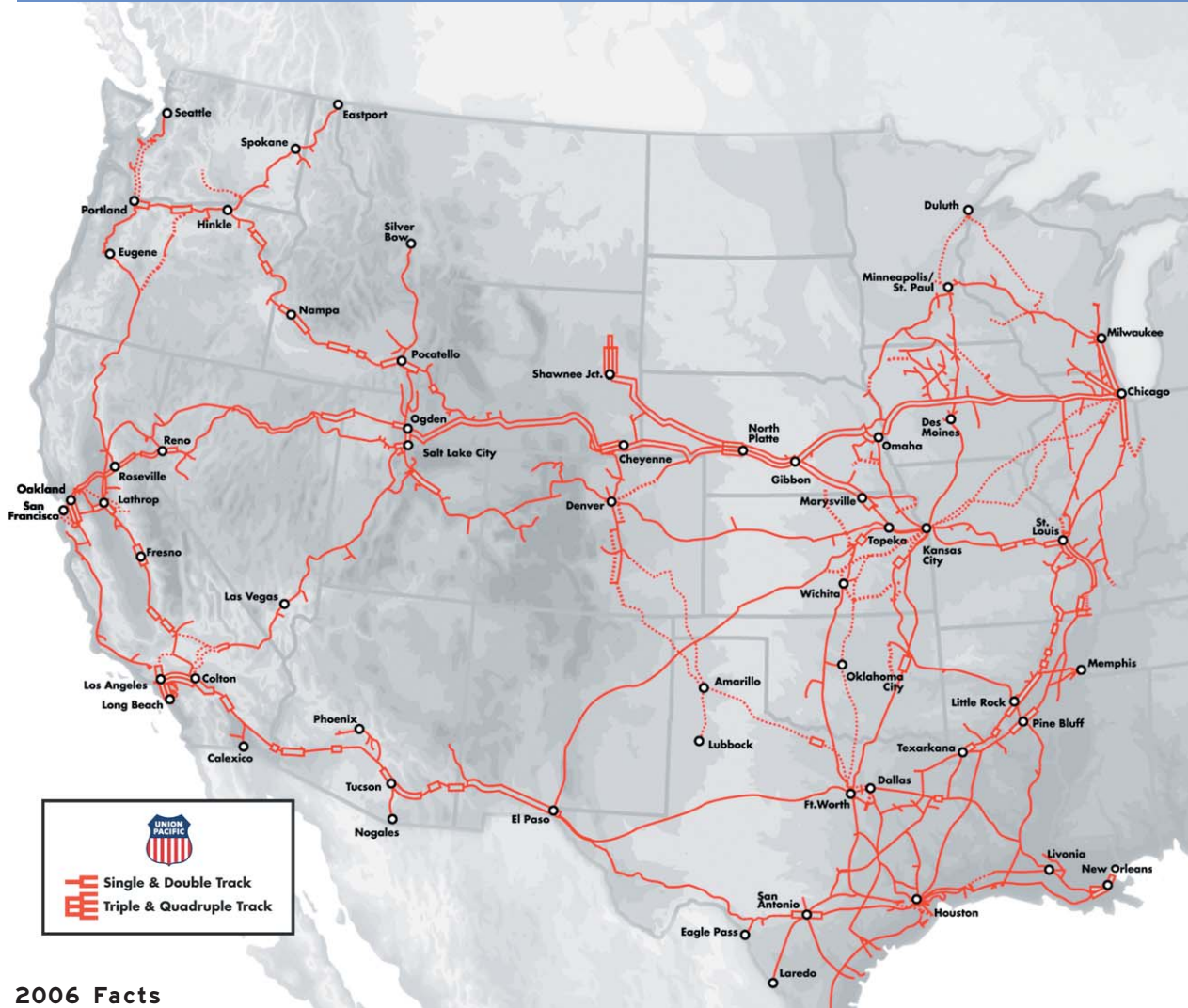
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System Map and Facts



2006 Facts

Track Miles (As of 12/31/06)

Main Line	27,318
Branch Line	5,021
Yards, sidings and other main lines	19,257
Total Track Miles	51,596

Track Miles of Rail Installed and Replaced

New	632
Used	361
Total	993

Track Miles of Continuous Welded Rail	27,567
Track Miles Under Centralized Traffic-Control	19,191
Track Miles Ballasted	8,239
Ties Installed and Replaced (thousands)	4,670

Equipment Owned Or Leased At Year End

Locomotives	8,475
Covered hoppers	38,785
Boxcars	24,342
Open-Top hoppers	19,012
Gondolas	14,884
Other	7,702
Total	104,725

Average Age of Equipment (Years)

All Locomotives	15.54
Road Locomotives - Core Fleet	11.53
Freight Cars	18.4

Company Overview

Headquartered in Omaha, Nebraska, Union Pacific Corporation owns one of America's leading transportation companies, the Union Pacific Railroad Company (Company, UP or Railroad). The Railroad links 23 states in the western two-thirds of the country and serves the fastest-growing U.S. population centers. Union Pacific's strategically advantageous route structure supports the nation's economy, linking every major West Coast and Gulf Coast port to some of the largest and 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 serving all six major Mexican gateways and operates key north/south corridors for interchange traffic with the Canadian and Mexican rail systems. UP reaches north into Canada through the Eastport gateway in Idaho, 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.

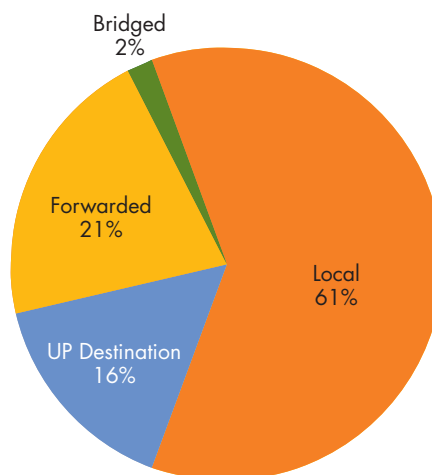
Union Pacific's freight traffic consists of bulk, manifest and premium business. Bulk traffic is primarily the shipment of coal, grain, rock and soda ash in unit trains. A key franchise strength is access to the Southern Powder River Basin (SPRB) coal fields of northeastern Wyoming. Growth of SPRB coal tonnage hauled by UP is expected to continue, reflecting the growing energy needs of the U.S. UP also provides direct routes from major grain-producing areas in the Midwest to domestic markets, Mexico and export ports 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, 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.

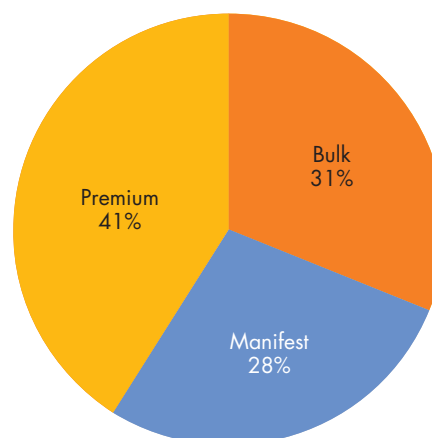
The Railroad's premium business is the transportation of finished vehicles, intermodal containers and truck trailers. UP's extensive automotive network facilitates delivery of approximately 77 percent of the rail shipped finished vehicles sold west of the Mississippi River. The Railroad also serves the fast-growing market for international imports with its competitive long-haul routes connecting the West Coast ports and eastern gateways, particularly along the Sunset Corridor from Los Angeles to El Paso.

The strength of this diverse franchise and efficient utilization of the Railroad's capacity enables the Company to provide its customers with a reliable and valuable service product that drives growing financial returns for our shareholders.

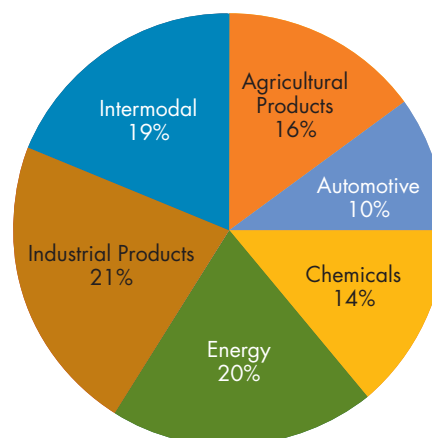
TRAFFIC CLASSIFICATION



FREIGHT TRAFFIC



BUSINESS MIX



The Year in Review

2006 Recap

Union Pacific's strategy to enhance the long-term value of the Company through profitable revenue growth and improved operating efficiency resulted in a "best ever" performance in nearly every key financial measure during 2006. For the year, Union Pacific reported revenue of \$15.6 billion, a \$2 billion increase from record 2005 levels. All six business groups achieved record annual revenue levels in 2006. Core price improvement, fuel surcharges, and a 3 percent volume increase drove revenue gains. Improved operating efficiency and greater service reliability also contributed to the Company's operating income growth, which increased more than 60 percent to \$2.9 billion. The Company's operating ratio improved 5.3 points versus 2005, to 81.5 percent.

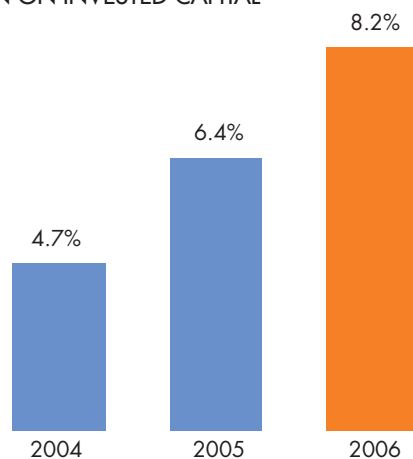
Operating performance improved in 2006 while moving record volume. Network fluidity measurements for 2006 show increased efficiency as average freight car dwell improved 5 percent and system velocity improved 0.3 mph. Strategic initiatives aimed at network simplification aided operational improvement.

Customer satisfaction ratings in 2006 reflected UP's improved operations. Customers rated the Company 8 points higher on customer satisfaction surveys than the previous year. Customers also benefited from the Customer Inventory Management System (CIMS), which was nearly 80 percent implemented throughout the system by the end of the year.

This technology solution increases terminal processing without adding physical capacity, by aiding in the reliability of shipments through reduced congestion and increased predictability.

Energy prices rose through most of the year, before falling during the fourth quarter. Union Pacific's average annual fuel price increased 16 percent to \$2.06 per gallon. At the end of 2006, about 90 percent of UP's customers were covered by some type of fuel surcharge program. Fuel conservation efforts also enabled UP to handle 3 percent volume growth while consuming only 1 percent more fuel.

RETURN ON INVESTED CAPITAL



* Please refer to page 36 for a reconciliation to GAAP.

Financial Summary

Union Pacific Corporation	2006	2005	2004
Operating Revenues (millions)	\$15,578	\$13,578	\$12,215
Operating Income (millions)	\$2,884	\$1,795	\$1,295 (a)
Operating Ratio	81.5%	86.8%	87.4% (a)
Operating Margin	18.5%	13.2%	10.6% (a)
Revenue Carloads (thousands)	9,852	9,544	9,458
Average Employees	50,739	49,747	48,329
Average Diesel Fuel Price (per gallon)	2.06	1.77	1.22
Capital Expenditures (millions)	\$2,242	\$2,169	\$1,876
Long-Term & Flexible Operating Leases (millions) (b)	\$443	\$691	\$526

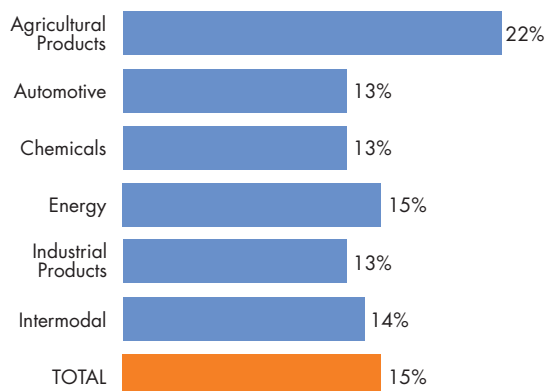
(a) Includes a \$247 million pre-tax (\$154 million after-tax) charge for unasserted asbestos-related claims.

(b) Represents the net present value of long-term operating leases for new equipment.

The Year in Review

During 2006, Union Pacific spent \$2.24 billion in cash capital for track, facility and terminal maintenance, capacity expansion, equipment upgrades and additions, as well as the development and implementation of new technologies. The Company also acquired 200 locomotives and approximately 2,100 freight cars under long-term operating leases with a net present value of around \$427 million. Additionally, UP contributed \$150 million to the employee retirement plan during 2006. Free cash flow, after dividends, increased \$282 million to \$516 million¹. Lease adjusted debt to capital improved 3.4 points, to 40.2 percent¹. Return on invested capital increased 2.5 points, to 8.2 percent¹.

2006 REVENUE GROWTH



2007 Outlook

The Company expects another year of improving operating efficiency gains will translate into strong financial performance and enhanced shareholder value. Despite mixed economic signals to start 2007, the Company remains confident in the demand for rail services. Union Pacific expects volume growth in coal, international intermodal, and ethanol shipments to continue throughout the year. Slower housing and auto markets could partially offset growth in those areas.

The Railroad will continue to manage network volumes and strive to increase returns across all six business groups. UP is targeting year-over-year commodity revenue growth of 4 to 6 percent, with flat volume or growth of up to 2 percent.

The Company took additional steps in January to further enhance shareholder value by increasing the dividend and implementing a share repurchase program. Quarterly dividends were increased 17 percent to \$0.35 per share. The Company also authorized the purchase of up to 20 million shares, about 7 percent of the total outstanding, by year-end 2009.

On April 19, 2007, Union Pacific reported diluted earnings per share of \$1.41 with revenue growth of 4 percent during the first quarter of 2007. For the full year, the Company is targeting diluted earnings per share growth of 10 to 15 percent from 2006. Union Pacific anticipates improving its operating ratio for the full year to below 80 percent.

The Railroad will continue to simplify operations and improve network efficiency. In addition, capacity expansion programs are needed to support long-term volume growth expectations as well as enhance overall network fluidity and throughput. Total capital (cash and leasing) spending in 2007 should total around \$3.2 billion, focused primarily on track maintenance and capacity expansion in targeted growth areas, specifically coal and intermodal. The Company is confident of the financial returns in this investment, and continues to target improvement in return on invested capital.

¹Please see the non-GAAP reconciliation section of this book beginning on page 35.