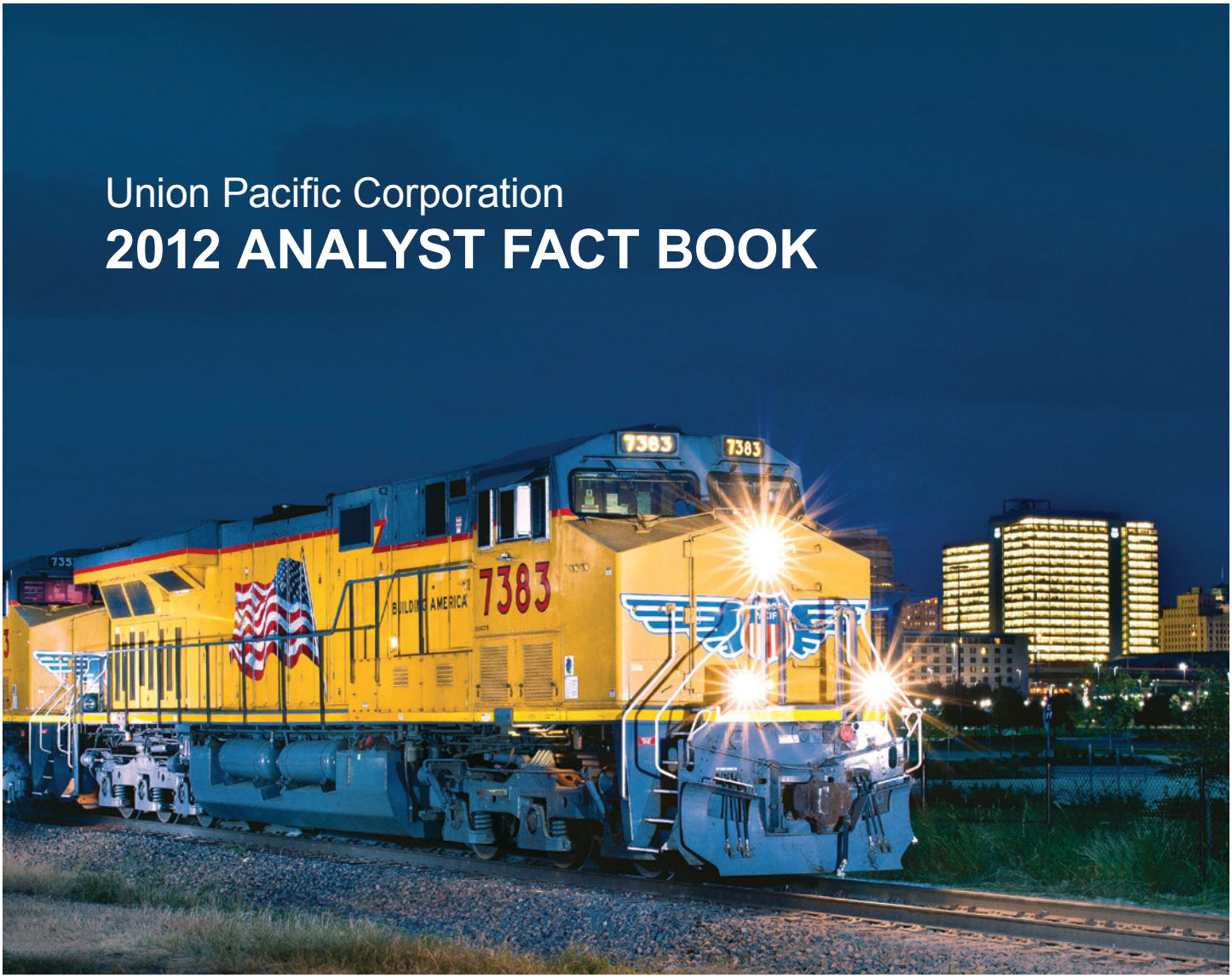
Union Pacific Corporation

2012 ANALYST FACT BOOK



BUILDING AMERICA®

Table of Contents

Overview

Markets

Investor Inquiries

Union Pacific's investor relations are coordinated through the Corporate Treasurer. Requests for interviews, investor kits and general information should be directed to:
(402) 544-4227 or (877) 547-7261
or investor.relations@up.com

Financials

Website Information

To receive new information as it becomes available, we invite you to regularly visit www.up.com. In the Investors section you can view online 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.

UNION PACIFIC

BUILDING AMERICA®

Company Overview

Union Pacific Railroad is the principal operating company of Union Pacific Corporation (NYSE: UNP), linking 23 states in the western two-thirds of the country by rail, providing a critical link in the global supply chain. From 2007-2012, Union Pacific invested $18 billion in its network and operations to support America's transportation infrastructure, including a record $3.7 billion in 2012. The railroad's diversified business mix includes Agricultural Products, Automotive, Chemicals, Coal, Industrial Products and Intermodal. Union Pacific serves many of the fastest-growing U.S. population centers, operates from all major West Coast and Gulf Coast ports to eastern gateways, connects with Canada's rail systems and is the only railroad serving all six major Mexico gateways. Union Pacific provides value to its roughly 10,000 customers by delivering products in a safe, reliable, fuel-efficient and environmentally responsible manner. This network, combined with a well-balanced and diverse traffic mix, makes UP the premier rail franchise in North America.

VISION

Building America

Our vision symbolizes the Union Pacific experience for all the people whose lives we touch. It reflects the importance of UP's rail transportation to America's economy, honors the generations that preceded us and is the promise for the generations that will follow us.

MISSION

The Men and Women of Union Pacific Are Dedicated to Serve

Union Pacific works for the good of our customers, our shareholders, and one another. Our commitment defines us and drives the economic strength of our company and our country.

Key Metrics and Facts

Key Financial and Operating Metrics	2012	2011	2010	2009	2008
Operating revenues *(millions)*	$20,926	$19,557	$16,965	$14,143	$17,970
Operating income *(millions)*	$6,745	$5,724	$4,981	$3,379	$4,070
Operating ratio	67.8%	70.7%	70.6%	76.1%	77.4%
Operating margin	32.2%	29.3%	29.4%	23.9%	22.6%
Revenue carloads *(thousands)*	9,048	9,072	8,815	7,786	9,261
Revenue ton-miles *(millions)*	521,111	544,397	520,400	479,188	562,631
Gross ton-miles (GTMs) *(millions)*	959,280	978,163	931,400	846,473	1,020,370
Fuel consumed in gallons *(millions)*	1,085	1,106	1,051	979	1,229
Average fuel price per gallon consumed	$3.22	$3.12	$2.29	$1.75	$3.15
Employees *(average)*	45,928	44,861	42,884	43,531	48,242
GTMs *(millions)* per employee	20.89	21.80	21.72	19.44	21.15
Average train speed *(miles per hour) (a)*	26.5	25.6	26.2	27.3	23.5
Average terminal dwell time *(hours) (a)*	26.2	26.2	25.4	24.8	24.9
Average rail car inventory *(thousands) (a)*	269.1	272.9	274.4	283.1	300.7

(a) As reported to the Association of American Railroads (AAR).

2012 Facts (As of 12/31/12)

Track Miles	
Route	31,898
Other main line	6,715
Passing lines and turnouts	3,124
Switching and classification yard lines	9,046
Total miles	50,753

Track miles of rail installed and replaced *	1,051
Track miles of rail capacity expansion	139
Track miles surfaced	11,049
New ties laid in replacement (thousands)	4,054
New ties laid in capacity and other projects (thousands)	382
Total new ties installed (thousands)	4,436
Track miles of continuous welded rail	28,434
Track miles under centralized traffic control	21,554

Rail Equipment

Locomotives	*Owned*	*Leased*	*Total*	*Average Age (yrs.)*
Multiple purpose	5,468	2,365	7,833	17.3
Switching	400	24	424	32.9
Other	77	57	134	32.8
Total locomotives	5,945	2,446	8,391	N/A

Freight cars	*Owned*	*Leased*	*Total*	*Average Age (yrs.)*
Covered hoppers	13,008	17,946	30,954	19.6
Open hoppers	9,484	3,998	13,482	27.8
Gondolas	6,341	5,168	11,509	23.0
Boxcars	4,621	1,603	6,224	27.5
Refrigerated cars	2,438	4,263	6,701	25.1
Flat cars	2,742	684	3,426	30.6
Other	104	375	479	N/A
Total freight cars	38,738	34,037	72,775	N/A

Highway revenue equipment	*Owned*	*Leased*	*Total*	*Average Age (yrs.)*
Containers	17,207	36,714	53,921	6.6
Chassis	9,245	27,748	36,993	7.6
Total highway revenue equipment	26,452	64,462	90,914	N/A

Financial Results

2012 was a historic milestone for Union Pacific, marking 150 years of rich history. It was our most profitable year on record, leading the U.S. rail industry in overall financial performance. Operating revenue reached an all-time high of $20.9 billion, up 7 percent versus 2011. Solid core pricing gains and increased fuel surcharge recovery drove the improvement, while volume levels were flat compared to 2011.

Operating expenses grew 3 percent, primarily driven by higher depreciation expense, wage and benefit inflation, and higher fuel prices. Efficiency gains and volume-related fuel savings partially offset these increases.

Combining solid core pricing gains, improved fuel recovery, and continued productivity improvements, UP generated record operating income of $6.75 billion in 2012, up more than $1 billion, or 18 percent versus 2011. For the first time in our history, we achieved a sub-70 operating ratio of 67.8 percent, improving 2.9 points compared to 2011.

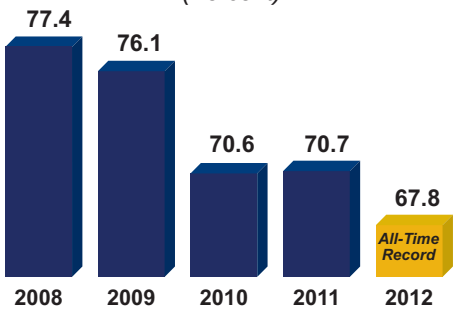
These achievements translated into record net income of $3.9 billion, surpassing the previous milestone set in 2011 and resulted in earnings of $8.27 per share for 2012. The Company also invested a record $3.7 billion in capital expenditures, driven by higher asset replacement costs and investments to support safety, service and growth initiatives. Our capital investments also included increased spending on Positive Train Control (PTC) in 2012. Our annual return on invested capital (ROIC) reached a new high of 14.0 percent, improving 1.6 points compared to the previous record set in 2011.

However, the year was not without its challenges. Domestic and global economic conditions, a significantly weaker coal market, and devastating drought conditions throughout most of our served territory hampered volume levels in certain market sectors. Our diverse portfolio of business, including shale-related crude oil and frac sand moves, automotive shipments, chemicals, and domestic intermodal traffic, offset the 14 percent and 4 percent decline in coal and agricultural volumes, respectively.

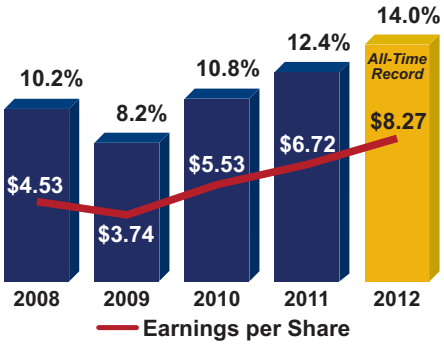
The Company's performance in 2012 generated strong free cash flow of $1.4 billion. UP rewarded its shareholders with increased financial returns including a 29 percent increase in dividends declared per share versus 2011 and $1.5 billion in share repurchases. UP's stock price reached new highs in 2012, increasing 19 percent, and outpaced the S&P by 5 points.

Operating Income
(Billions)

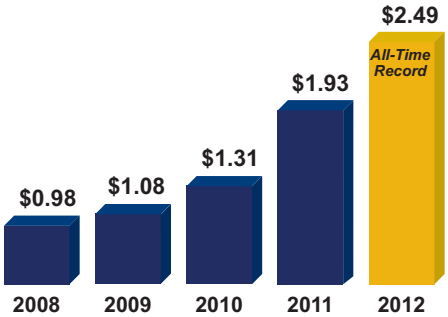
Operating Ratio
(Percent)



Return on Invested Capital



Declared Dividends Per Share



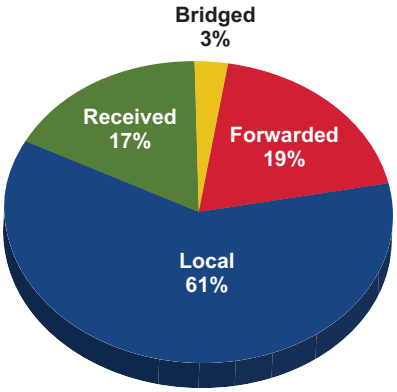
Track and Terminal Density

2012 Terminal Volumes

Major Classification Yards	Average Daily Volume (Cars)
North Platte, Nebraska	2,300
North Little Rock, Arkansas	1,600
Englewood (Houston), Texas	1,500
Fort Worth, Texas	1,400
Proviso (Chicago), Illinois	1,300
Livonia, Louisiana	1,300
Pine Bluff, Arkansas	1,200
Roseville, California	1,200
West Colton, California	1,100
Neff (Kansas City), Missouri	1,000

Major Intermodal Terminals	Annual Lifts
ICTF (Los Angeles), California	448,000
East Los Angeles, California	427,000
Global 4 (Joliet), Illinois	347,000
Dallas, Texas	310,000
Global I (Chicago), Illinois	306,000
Yard Center (Chicago), Illinois	273,000
Marion (Memphis), Tennessee	271,000
Global II (Chicago), Illinois	253,000
Mesquite, Texas	236,000
LATC (Los Angeles), California	230,000

Traffic Classification - 2012 Carloads



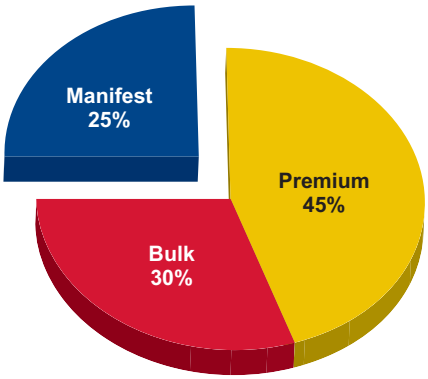
Local = UP Origin + UP Destination
Forwarded = UP Origin + Other Destination
Received = Other Origin + UP Destination
Bridged = Other Origin + UP Intermediate + Other Destination

Manifest Network

Eastport
Seattle
Portland
Duluth
Minneapolis/
St. Paul
Chicago
North
Platte
Omaha
Cheyenne
Salt
Lake
City
Oakland
Denver
St.
Louis
Salem
Kansas
City
Memphis
Los Angeles
Phoenix
Calexico
Ft. Worth
Dallas
El Paso
Shreveport
Longview
Nogales
San
Antonio
New Orleans
Houston
Eagle Pass
Laredo
Brownsville

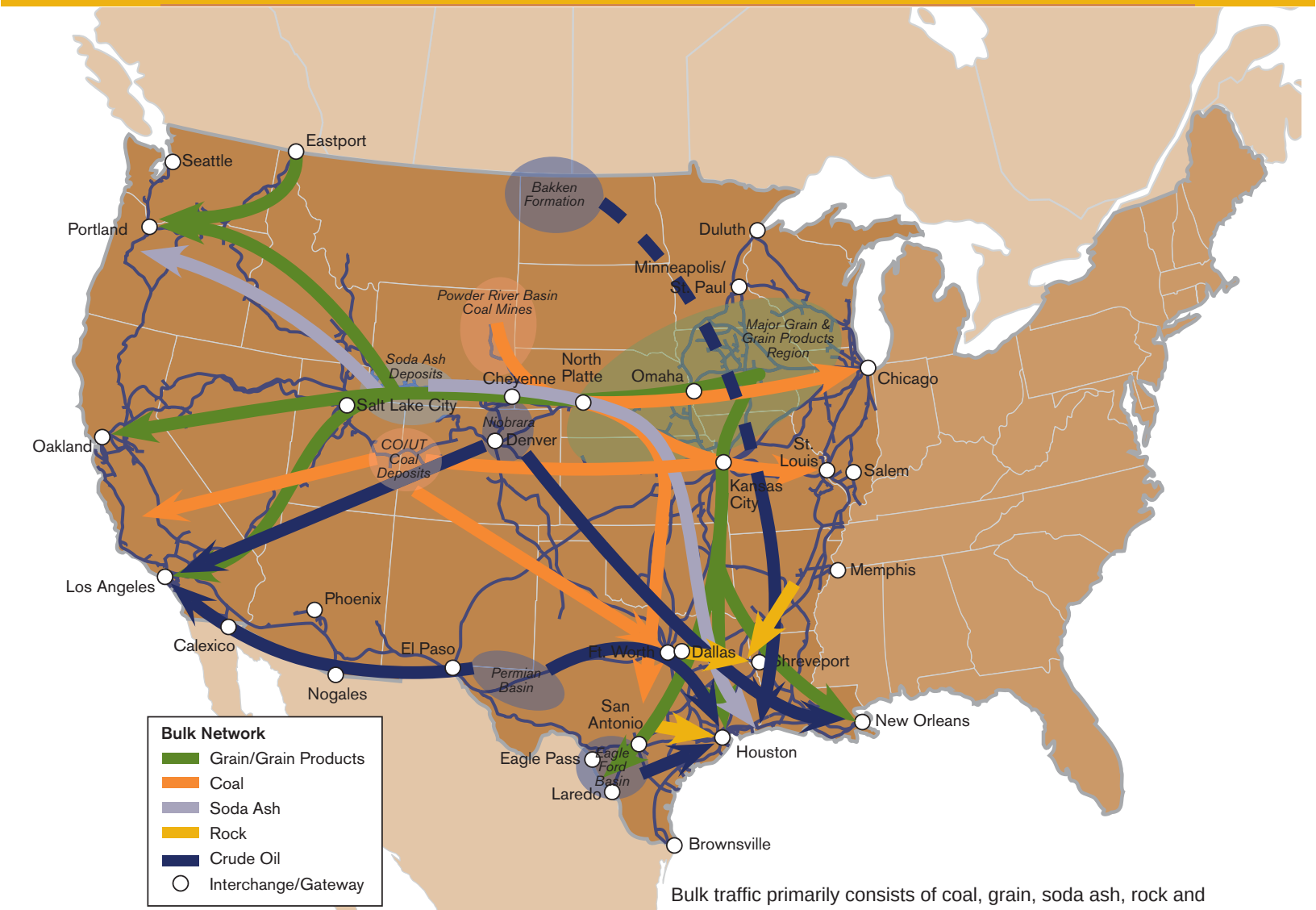
Network Terminals
Regional Terminals
Storage-in-Transit
Interchange/Gateway

Freight Traffic - 2012 Carloads

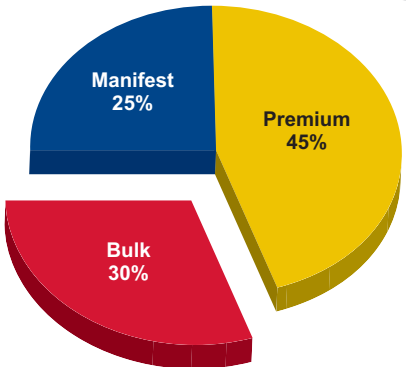


Manifest traffic includes individual carload or less-than-trainload business, involving commodities such as lumber, steel, paper, food and chemicals, all transported from thousands of locations across Union Pacific's network. The Railroad's extensive manifest infrastructure includes terminal locations throughout its system and storage-in-transit facilities in the Gulf Coast region, which allow our chemical customers to store their products at our facilities prior to final delivery. This unique aspect of UP's franchise serves customers in virtually every segment of the economy. Through rail industry partnerships, UP can access approximately 90 percent of the North American population. In 2012, manifest traffic represented 25 percent of the Company's volume and 41 percent of freight revenue.

Bulk Network

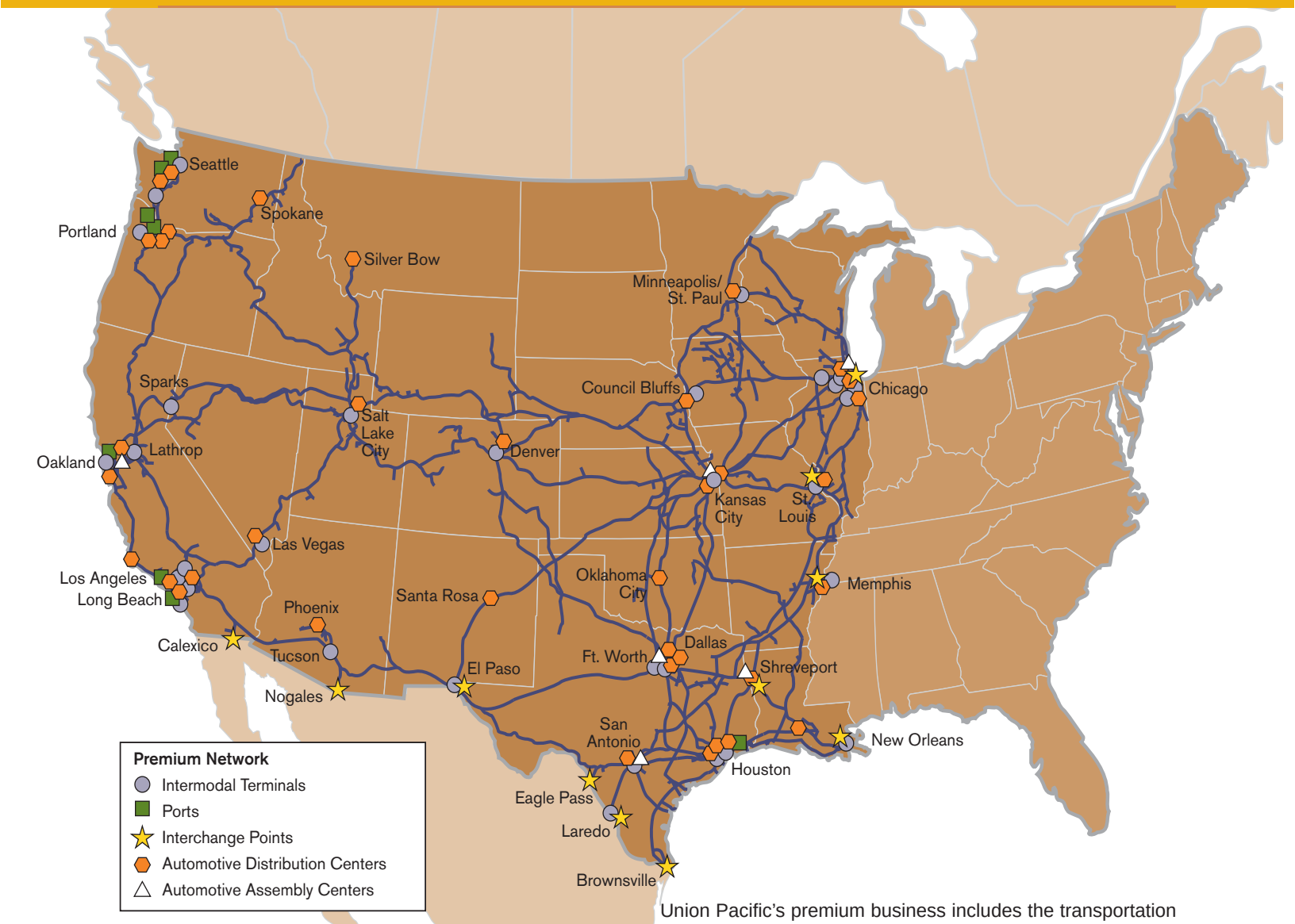


Freight Traffic - 2012 Carloads

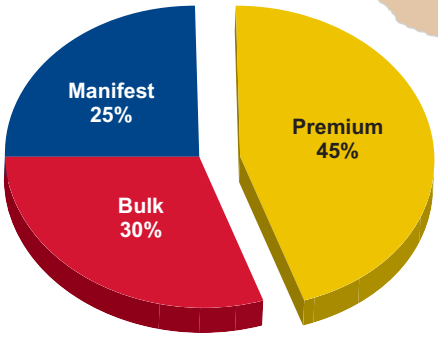


Bulk traffic primarily consists of coal, grain, soda ash, rock and crude oil shipped in unit trains – trains transporting a single commodity from one origin to one destination. Most of UP's coal traffic originates from the Southern Powder River Basin (SPRB) of northeastern Wyoming and the Uinta Basin of Colorado and Utah. Grain and grain products move out of the Midwest to domestic markets and for export to Mexico and elsewhere through ports in the Gulf Coast and Pacific Northwest (PNW). Producers mine soda ash near Green River, Wyoming destined for export through Gulf Coast and PNW ports. Rock trains move primarily in and around Texas. The majority of our crude oil unit trains currently move south to the Gulf area. The Railroad designed its bulk network to handle high-volume, efficient, point-to-point moves. Operating this network represents a core competency and franchise strength for UP. In 2012, bulk traffic represented 30 percent of the Company's volume and 30 percent of freight revenue.

Premium Network



Freight Traffic - 2012 Carloads



Union Pacific's premium business includes the transportation of finished vehicles, auto parts, intermodal containers and truck trailers. UP is the largest automotive carrier west of the Mississippi River. The Railroad's extensive franchise serves vehicle assembly plants and connects to West Coast ports and the Port of Houston to accommodate import and export shipments. UP's network directly accesses all six U.S./Mexico rail gateways, providing expedited handling of the growing cross-border automotive traffic. Intermodal and automotive import traffic benefits from excellent service in competitive long-haul routes connecting the West Coast ports and eastern gateways, particularly along the Sunset Corridor from Los Angeles to El Paso. Additionally, time-sensitive domestic intermodal shippers benefit from the ramp-to-ramp and door-to-door service UP provides across its network. In 2012, premium traffic represented 45 percent of the Company's volume and 29 percent of freight revenue.

Marketing Review

The strength of the Railroad's diverse franchise, strong customer service, and targeted capital investments that improve network fluidity and asset utilization created value for customers once again in 2012. Customer satisfaction levels reflect this value, as UP achieved a new, best-ever mark in its customer satisfaction index for the fifth consecutive year. The Company's continued focus on strengthening relationships with customers, targeting new business opportunities and enhancing its value proposition are reflected in continued core pricing gains and increased financial returns.

Higher fuel surcharge recoveries and core pricing gains of 4.5 percent on flat volumes combined to drive a 6 percent increase in freight revenue to $19.7 billion in 2012. Freight revenues and volumes increased for four of the Company's six business teams, led by Chemicals and Automotive shipments. Revenues for both Coal and Ag Products declined compared to 2011, driven by lower volumes.

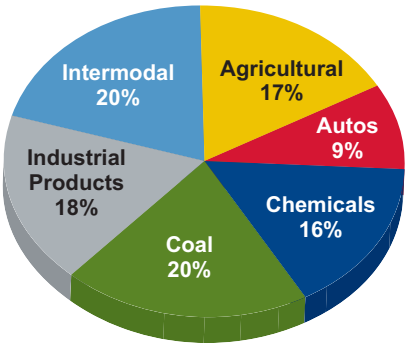
Chemical shipments were up 13 percent, driven by growth in crude oil shipments from the Bakken, Permian and Eagle Ford Shale formations primarily to the Gulf area, which increased over three fold from 2011. Increasing global competitiveness resulting from a cost advantage due to low natural gas prices drove increases in plastics and industrial chemical shipments.

Automotive shipments also increased 13 percent during 2012, driven by higher production and sales volumes. In addition, 2012 shipments compared favorably to 2011 due to lower shipments of international vehicles in 2011 following the disaster in Japan.

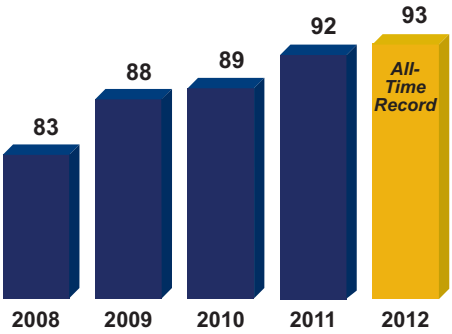
Increased shipments of non-metallic minerals (primarily frac sand) contributed to the 3 percent growth in Industrial Products volumes. An improving construction market drove an increase in lumber, cement and stone shipments relative to 2011. Lumber shipments increased 12 percent, driven by growth in housing starts during the year.

Intermodal traffic increased 2 percent, driven by a 3 percent increase in domestic traffic and flat international volumes. Recovering consumer demand along with conversions from truck to rail produced a third consecutive record year for domestic intermodal shipments. International volumes remained flat year-over-year as the loss of a customer contract in the first half of the year offset modest West Coast import growth.

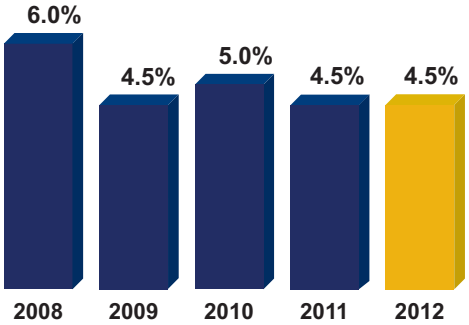
2012 Freight Revenue



Customer Satisfaction Index



Annual Core Pricing Trend

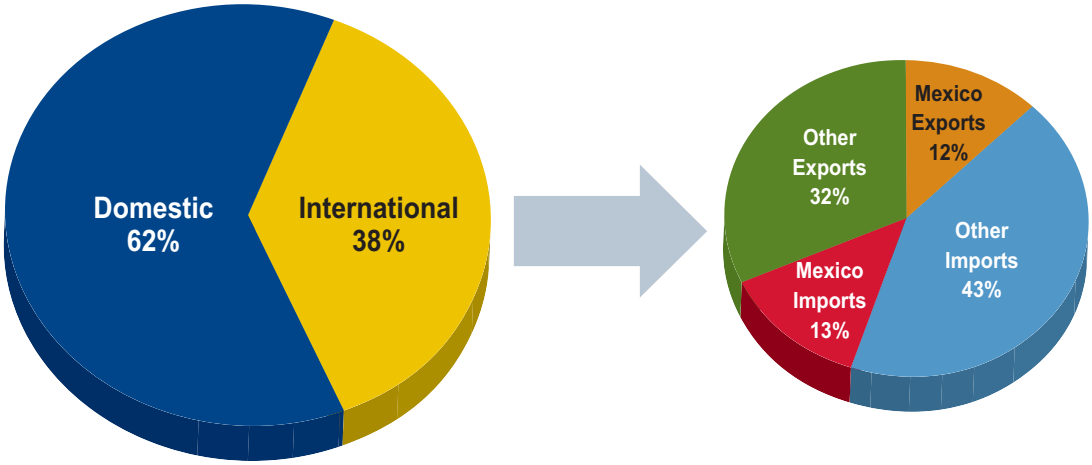


The 2012 drought reduced agricultural volume, driving a 4 percent year-over-year decline. The resulting tight supply of corn reduced livestock counts and lowered domestic feed grain shipments. Feed grain and wheat exports also declined with improved world supply and higher U.S. commodity prices.

Coal volume declined 14 percent compared to 2011, driven by above average coal stockpiles due to an unseasonably warm winter and low natural gas prices, which caused some displacement of coal in electricity production. The loss of two contracts also contributed to the decline. Conversely, exports to Europe and Asia increased from approximately 5 million tons in 2011 to roughly 8 million tons in 2012.

UP's competitive service offerings and strong value proposition enable us to support existing customers and enter into new markets with attractive returns. From 2007 to 2012, UP's core price improvements averaged between 4.5 and 6 percent. The Company successfully competed for and repriced 80 percent of the $350 million legacy business that came up for renewal at the beginning of 2013. The Company remains committed to achieving future core pricing gains that, at a minimum, meet reinvestible levels.

2012 Carload Composition



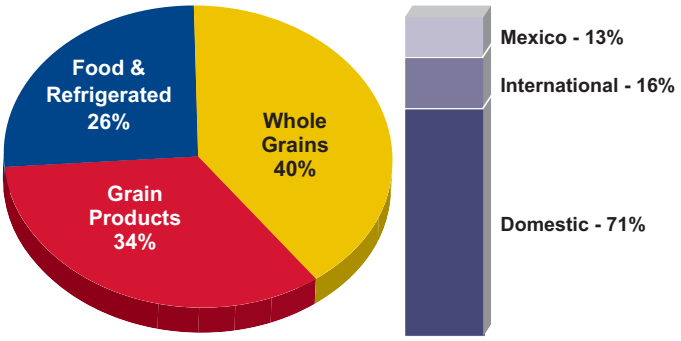
Annual Summary by Quarter

	Freight Revenue *(millions)*	Revenue Ton Miles *(millions)*	Revenue Carloads *(thousands)*	Average Revenue per Car
1Q2011	$4,248	132,765	2,189	$1,941
2Q2011	4,595	132,163	2,247	2,045
3Q2011	4,836	140,045	2,341	2,066
4Q2011	4,829	139,424	2,295	2,103
FY2011	**$18,508**	**544,397**	**9,072**	**$2,040**
1Q2012	$4,823	132,707	2,218	$2,175
2Q2012	4,913	126,629	2,258	2,176
3Q2012	5,019	133,306	2,331	2,153
4Q2012	4,931	128,469	2,241	2,200
FY2012	**$19,686**	**521,111**	**9,048**	**$2,176**
Pct Change vs. 2011	**6%**	**(4%)**	**0%**	**7%**

Agricultural

Transportation of grains, commodities, and food and beverage products generated 17 percent of the Railroad's 2012 freight revenue. Union Pacific accesses most major grain markets, linking Midwest and western U.S. producing areas to export terminals in the PNW and Gulf Coast ports, as well as Mexico. Unit grain trains, which transport a single commodity efficiently between producers and export terminals or domestic markets, represent around 40 percent of Agricultural shipments. UP also serves significant domestic markets, including grain processors, animal feeders and ethanol producers in the Midwest, West, South and Rocky Mountain states.

2012 Carloads



Union Pacific's unique franchise, coupled with ownership of the largest refrigerated boxcar fleet in the industry, creates a competitive advantage in the shipment of perishables. Union Pacific offers two premium services for these products. Produce Railexpress carries fresh produce from the West Coast to New York. Express Lane moves dairy products, canned goods, wine, frozen foods and some fresh produce from the West Coast to destinations in the East and Southeast. These two services directly access California and Washington, which produce over 60 percent of the nation's fresh fruits and vegetables. The Railroad also transports frozen meat and poultry from the Midwest and Mid-South to the West Coast for export.

UP considers Canada and Mexico important extensions of its domestic markets through alliances with other railroads. In 2012, 56 percent of Agricultural shipments to and from Mexico consisted of southbound moves. This traffic mix primarily consisted of shipments of soybeans, corn, soybean meal, wheat, dried distillers grains with solubles (DDGS) and rice. Shipments of beer accounted for most of the northbound agricultural shipments from Mexico.

Agricultural Line Density Map

Lane density based on carloadings. Line thickness depicts traffic density.

Agricultural revenue declined 1 percent in 2012, driven by a 4 percent reduction in volume. Total wheat shipments decreased 19 percent compared to 2011, reflecting softer exports as the foreign wheat market improved from the weather affected crop of 2011. Additionally, corn shipments declined 11 percent for the year, reflecting the impact of the U.S. drought that reduced production in UP served origins.

Ethanol shipments declined in the second half of 2012, driven by lower gasoline demand, reduced exports and higher corn prices. A 7 percent increase in food & refrigerated products, including growth in imported beer from Mexico and a strong domestic harvest of fresh potatoes, partially offset these declines.

The shipment of perishables is a highly truck-competitive market, as customers require fast, reliable transit times. Improvement of the Railroad's network performance creates opportunities to capture market share from trucks in this service-sensitive sector. During 2012, UP reduced the cycle time on its 64-ft. refrigerated fleet by 11 percent, or 4.2 days, improving asset utilization as well as the Company's value proposition to customers. Our premium perishable services, Produce Railexpress and Express Lane, provided more than 95

percent on-time or early service reliability in 2012.

More than half of UP's agricultural business moves on the Railroad's manifest network. This network allows shippers of all sizes to benefit from access to efficient, value-added rail service, and allows the Railroad to effectively compete for food and grain products business.

2013 Market Drivers

In early 2013, the USDA projected a record corn crop of 14.5 billion bushels during 2013/2014, approximately one-third more than the previous crop harvest. A crop of this size would also surpass the current record crop of 13.1 billion bushels harvested in 2009. While the second half of the year offers upside with the potential return to trend line crop yields, Agricultural Products volumes in the first half of 2013 will continue to be adversely impacted by the 2012 drought.

The tight supply of corn has reduced livestock counts and is anticipated to drive fewer domestic feed grain shipments during the first half of 2013. Export demand should be weaker for corn, soybeans and wheat through the first half of 2013, a continuation of lower export shipments experienced during the last half of 2012.

Second half results will depend on harvest yields in the United States and throughout the world. Ethanol shipments will continue to be dependent upon gasoline demand and corn prices. Shipments of meals and oils should see upside with the increase of U.S. biodiesel production as well as a consumer preference for healthier canola oil.

Both of UP's premium perishable service offerings should see volume growth in 2013, driven by continued improvement in transit times. The increasing demand for UP's competitive service offering has led to the decision to purchase 225 new refrigerated boxcars in 2013.

Paul Hammes,
VP & GM Agricultural

Given current economic projections, what are the most significant opportunities and challenges for the Agricultural Products group over the next 2-3 years?

Agricultural Products volumes are highly correlated with population growth and food consumption, which have relatively predictable growth. However, numerous factors such as weather, regional GDP and currency values continue to make it an economic sector with a high degree of variability.

However, prospects for higher U.S. grain production over the next few years are still favorable, which will create opportunities to fill the need for growing world food demand. Increased production is also forecasted as a result of shifting crop acres, acreage growth and higher crop yields. The trend line yield for corn production has an upward slope, driven primarily by advances in biotech corn hybrids. If current trend lines are achieved in the upcoming years, Union Pacific will likely benefit from these growth opportunities.

While the sustainability of biofuels is no longer solely dependent upon subsidies or mandates, there is uncertainty with how the renewable fuel standard will impact corn-based ethanol production. The rail opportunities for ethanol will also depend upon Brazil's ability to supply imports of advanced ethanol, the world demand for corn-based ethanol, and the ability of the U.S. market to handle E-15 blends.

Grain, soybean meal, ethanol, DDGS and meat will provide export opportunities over the next few years as population growth in Asian countries coupled with standard of living improvements are expected to drive continued demand for these products.

We expect volume growth in the food and refrigerated markets to be driven by an increasing population base and further penetration into the historically truck-served perishables market. Additionally, we offer door-to-door service in cooperation with Union Pacific Distribution Services, allowing greater reach into the refrigerated truck markets. We expect demand to grow and are well positioned to handle it with the largest, most modern refrigerated boxcar fleet in the United States.

Export Grain Flows

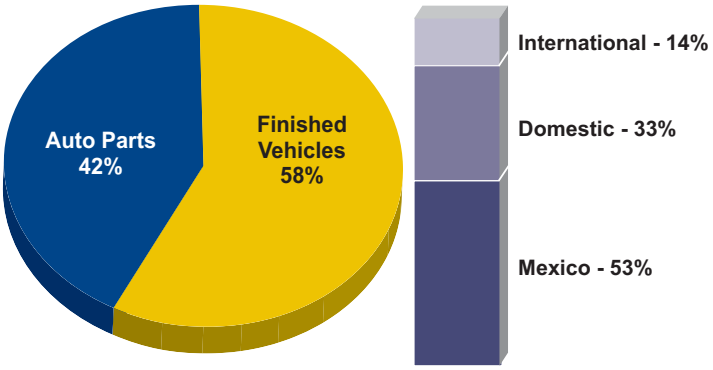
Annual Summary by Quarter - Agricultural

	Freight Revenue *(millions)*	Revenue Ton Miles *(millions)*	Revenue Carloads *(thousands)*	Average Revenue per Car
1Q2011	$807	22,606	238	$3,386
2Q2011	849	22,548	237	3,580
3Q2011	814	20,991	223	3,655
4Q2011	854	21,949	236	3,630
FY2011	**$3,324**	**88,094**	**934**	**$3,561**
1Q2012	$858	21,909	234	$3,664
2Q2012	854	21,212	233	3,665
3Q2012	783	19,349	218	3,596
4Q2012	785	18,937	215	3,647
FY2012	**$3,280**	**81,407**	**900**	**$3,644**
Pct Change vs. 2011	**(1%)**	**(8%)**	**(4%)**	**2%**

Automotive

Automotive shipments generated 9 percent of Union Pacific's 2012 freight revenue. Union Pacific is the largest automotive carrier west of the Mississippi River and operates or accesses over 40 vehicle distribution centers. The Railroad's extensive franchise directly serves six vehicle assembly plants and connects to West Coast ports, Mexico gateways, and the Port of Houston to accommodate both import and export shipments. In addition to transporting finished vehicles, UP provides expedited handling of automotive parts in both boxcars and intermodal containers destined for Mexico, the U.S. and Canada. Approximately 70 percent of all new vehicles use rail for delivery, with UP handling nearly 75 percent of the western U.S. rail automotive market share.

2012 Carloads



The average age of U.S. light vehicles is just under 11 years, the oldest in recorded history. Pent-up consumer demand, low interest rates, better fuel efficiency and technological product features drove new light vehicle sales in the U.S. to 14.4 million vehicles in 2012. Volume growth driven by the increase in light vehicle sales, core pricing gains and fuel surcharges drove a 20 percent improvement in Union Pacific's automotive freight revenue. Finished vehicle shipments grew 13 percent while automotive parts shipments increased 14 percent. Higher production and sales levels drove the growth in volume. In addition, 2012 shipments compared favorably to 2011 due to lower shipments of international vehicles in 2011 following the disaster in Japan.

During 2012, approximately two-thirds of UP's automotive volume crossed an international border, driven primarily by traffic to and from Mexico which represented approximately half of overall automotive volumes. This included shipments of finished vehicles as well as parts and materials moving in intermodal or boxcar/flatcar service.

In 2012, Union Pacific continued production of the AutoFlex© rail car that originally began in 2011. The AutoFlex©, designed by Union Pacific, is a convertible multi-level rail car that can be adjusted to accommodate bi-level (large vehicles) or tri-level (small vehicles) transport with the same rack structure. The AutoFlex©, which was first placed into service during 2012, improves safety, service and security and demonstrates UP's leadership in, and commitment to, the automotive industry.

Automotive Line Density Map

Lane density based on carloadings. Line thickness depicts traffic density.

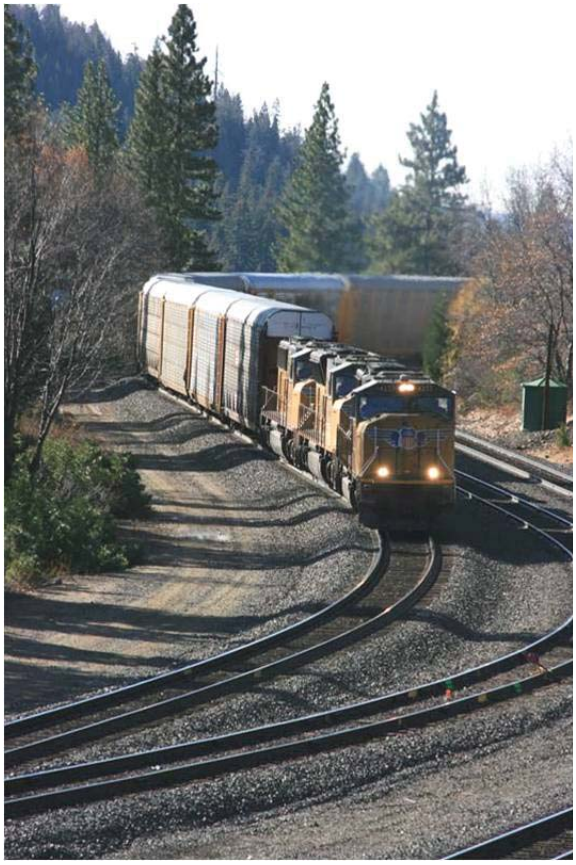
2013 Market Drivers

As of April, IHS Global Insight Inc. projects improvement in economic conditions and forecasts a 6 percent increase in U.S. light vehicle sales and a 3 percent increase in North American light vehicle production during 2013. Auto production within Mexico should also see continued growth, reflecting capacity expansion by manufacturers. With UP handling approximately 90 percent of all cross-border automotive rail boxcar traffic with Mexico, this represents a future growth opportunity for the Company.

Automotive

While light vehicle sales have grown over the past few years, sales of finished autos during 2012 were still 2.1 million below a pre-recession volume of 16.5 million sold in 2006. Coupled with the oldest light vehicle fleet in recorded U.S. history, UP is well positioned for future growth.

Growth opportunities also exist with the Railroad subsidiaries: Insight Network Logistics (INL), ShipCarsNow (SCN) and Union Pacific Distribution Services (UPDS). These companies offer supply chain logistic services for major automotive manufacturers. Additionally, SCN continues to make inroads into the used car remarketing area by providing management and coordination services for vehicle auction companies and rental car firms, both domestically and internationally. All three subsidiaries are marketed jointly with UP's rail services and assist manufacturers in meeting customers' changing inventory needs while providing continued growth opportunities. Extending UP's reach beyond the Railroad's physical boundaries to customers that are not rail-served promotes vertical integration and new market development.



Linda Brandl,
VP & GM Automotive

Given current economic projections, what are the most significant opportunities and challenges for the Automotive group over the next 2-3 years?

Union Pacific's industry-leading automotive franchise, with its unparalleled network, facilities, equipment and access to demand markets, will continue to deliver a premium service that positions us for future growth. This growth is being driven by pent-up demand, lower interest rates, better access to credit, as well as the attractiveness of new, redesigned, fuel-efficient models with technology that is in high demand.

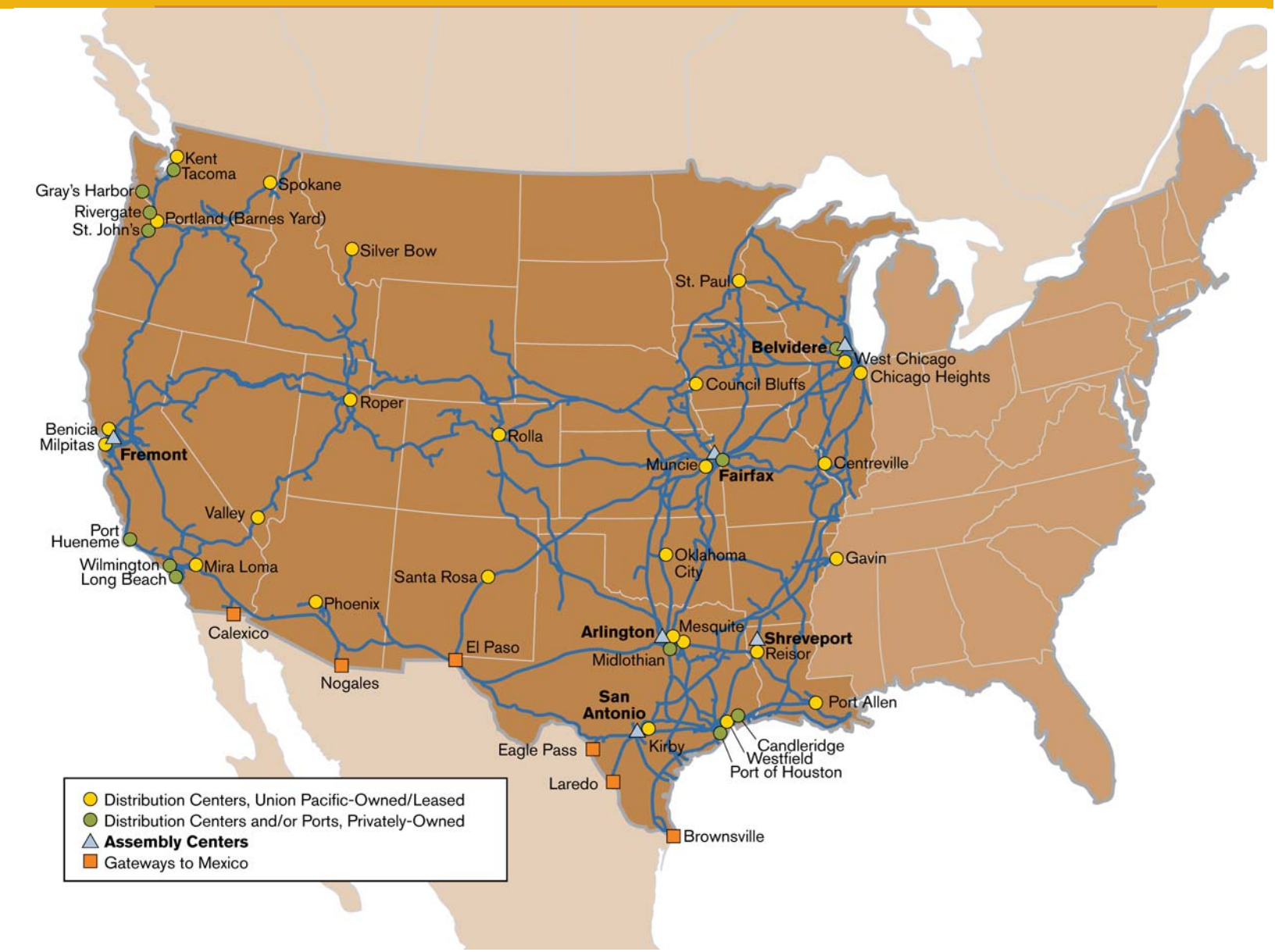
Currency fluctuations and a desire to build closer to U.S. demand are creating a change in production patterns from Asia and Europe to North America. With over $11 billion of foreign direct investments in automotive manufacturing and tier parts suppliers within Mexico announced during 2012, production of finished autos in the country is projected to increase from 2.9 million vehicles in 2012 to 3.9 million by 2017.

Of this production, a significant portion will be destined to the country's NAFTA trading partners – the U.S. and Canada. An increase in assembled vehicles production within Mexico not only drives an increase in northbound vehicle shipments, but also presents both a southbound and northbound opportunity for automotive parts shipments. Within this global supply chain, UP's North/South and East/West service franchise will continue to provide integral connections to these key markets.

Global production trends have the potential to alter transportation flows, due to increased production in Mexico and China. Along with our existing offices in Mexico, the Company has an established sales office in Shanghai, China to further cultivate relationships with Chinese automotive original equipment manufacturers and suppliers in anticipation of increasing import volumes of parts and vehicles over the longer term.

With projections for continued growth, making the appropriate capital investments in facilities, track infrastructure and the multi-level fleet is key to efficiently handling anticipated volume increases. Continued investment in freight car rebuilds and new AutoFlex© rail cars will also provide needed industry capacity to handle the projected sales growth.

Automotive Facilities and Assembly Centers



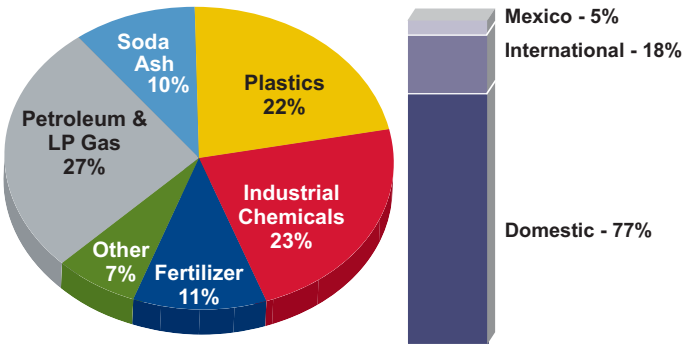
Annual Summary by Quarter - Automotive

	Freight Revenue *(millions)*	Revenue Ton Miles *(millions)*	Revenue Carloads *(thousands)*	Average Revenue per Car
1Q2011	$342	3,177	157	$2,175
2Q2011	381	3,205	165	2,321
3Q2011	379	3,218	160	2,364
4Q2011	408	3,404	171	2,378
FY2011	**$1,510**	**13,004**	**653**	**$2,311**
1Q2012	$430	3,657	180	$2,390
2Q2012	475	3,860	190	2,505
3Q2012	436	3,596	181	2,407
4Q2012	466	3,829	187	2,487
FY2012	**$1,807**	**14,942**	**738**	**$2,448**
Pct Change vs. 2011	**20%**	**15%**	**13%**	**6%**

Chemicals

Chemical shipments generated 16 percent of Union Pacific's freight revenue in 2012. Volume gains, fuel surcharges and core price improvements drove a 15 percent increase in revenue from chemical shipments compared to 2011. The Railroad's unique franchise serves the chemical producing areas along the Gulf Coast, where roughly two-thirds of the Company's chemical business originates, terminates or travels. UP's chemical franchise also accesses chemical producers in the Rocky Mountains and on the West Coast. The Company's chemical shipments include four broad categories: Petrochemicals, Fertilizer, Soda Ash and Other.

2012 Carloads



Petrochemicals, which makes up 72 percent of UP's chemical business, is comprised of industrial chemicals, plastics, petroleum products including crude oil, and liquid petroleum gases. At present, these products move primarily to and from the Gulf Coast region. Barges, pipelines, and, to a lesser extent, trucks, provide transportation alternatives for some of these commodities.

The industrial chemicals market consists of segments of basic, intermediate and specialty chemicals produced by, and shipped to, both large and small customers. Plastics shipments support the automotive, housing, as well as the durable and disposable consumer goods markets. UP is an important link in the plastics supply chain through its ownership and operation of rail storage-in-transit (SIT) facilities. Plastics customers utilize these SIT yards for intermediate storage of plastic resins, giving UP a distinct advantage as the Company has more SIT capacity than any other railroad.

Chemicals Line Density Map

Lane density based on carloadings. Line thickness depicts traffic density.

Strengthening industrial production and the availability of low cost natural gas feedstock helped spur growth in UP's petrochemical business in 2012. The most significant driver of growth during 2012 was the increased shipments of crude oil from the Bakken, Permian and Eagle Ford Shale formations primarily destined to the Gulf area. Union Pacific's crude oil shipments increased over three-fold in 2012 versus 2011.

Fertilizer movements originate in the Gulf Coast region, the western U.S. and Canada (through interline access) for delivery to major agricultural users in the Midwest and western U.S., as well as abroad. Fertilizer and related materials represented 11 percent of the Railroad's chemical carload business in 2012.

Soda ash accounted for 10 percent of UP's chemical business in 2012. This product originates in southwestern Wyoming and California, destined for chemical and glass producing markets in North America and abroad. UP directly serves the world's largest natural soda ash reserve and production region at Green River, Wyoming.

Other shipments of sodium products, phosphorus rock and sulfur made up the remaining 7 percent of chemicals volumes transported in 2012.

2013 Market Drivers

UP's chemical franchise is positioned as one of the Company's stronger growth markets for 2013 due to the availability of low cost natural gas feedstock as well as the continued development and increased production of crude oil from North American shale formations. Strength in certain U.S. market sectors including automotive, housing and consumer products is also expected to have a positive impact on overall demand for plastics and industrial chemical products.

While crude oil volumes ramped up substantially in 2012, the pace of growth will moderate considerably in 2013. However, the year should offer volume upside as crude production out of the Bakken continues to increase and as additional origins and destinations come online, most notably in the Niobrara region of Wyoming and Colorado and the Permian Basin shale formation in Texas. To support ongoing development, we'll continue to invest in our network to ensure timely, consistent service for our customers. As with many other investments, these network enhancements will be utilized by our diverse portfolio.

Other commodities within our chemicals portfolio also have potential for growth in 2013. Shipments of soda ash should experience marginal domestic growth coupled with stronger upside for exports to Asia. Fertilizer shipments could also rebound, with volumes dependent upon a return to more normal moisture levels that could drive a return to traditional input levels of fertilizer volumes for U.S. crop production.

Beth Whited,
VP & GM Chemicals

Given current economic projections, what are the most significant challenges and opportunities for the Chemicals group over the next 2-3 years?

With unparalleled infrastructure including terminals, regional yards, SIT facilities, access to key ports, a wide geographic reach, and a strong customer value proposition, we are well positioned for future growth opportunities. We're increasing our investments in the South to strengthen and enhance our network, supporting not only our Chemical franchise but also various other commodities that move through that region.

The chemicals industry is dependent on the cost of raw feedstock, which is currently very favorable for U.S. chemicals production, as evidenced by the significant number of ethylene, polyethylene, and propylene expansion projects recently announced in Texas and Louisiana. Announced investments are anticipated to come online beginning in 2016, offering potential growth opportunities for the Company going forward.

Even with expanding pipeline capacity to transport North American crude oil, we expect a growing demand for crude-by-rail. Oil producers' belief in the sustainability of rail movements is evident in the billion dollar plus investment in rail terminals and the continuing demand for new tank cars. The long-term viability of crude-by-rail is also supported by the flexibility and speed that rail service offers, allowing shippers to take advantage of arbitrage opportunities. Overall, growth in crude-by-rail shipments will depend on continued development and drilling activity, pipeline capacity, crude oil and natural gas prices, arbitrage opportunities that exist with market price differentials, and overall economic and global market conditions.

In addition, the longer-term global demand for potash is projected to grow. China, Brazil and India, which currently account for 40 percent of worldwide imports of potash, are anticipated to lead that demand, as the drive to increase crop yields to meet the needs of a growing population base continues.

Annual Summary by Quarter - Chemicals

	Freight Revenue *(millions)*	Revenue Ton Miles *(millions)*	Revenue Carloads *(thousands)*	Average Revenue per Car
1Q2011	$664	14,568	223	$2,974
2Q2011	703	14,953	233	3,024
3Q2011	720	14,855	233	3,087
4Q2011	728	15,166	232	3,131
FY2011	**$2,815**	**59,542**	**921**	**$3,055**
1Q2012	$768	16,045	241	$3,184
2Q2012	795	16,793	261	3,044
3Q2012	841	17,608	275	3,064
4Q2012	834	17,649	265	3,146
FY2012	**$3,238**	**68,095**	**1,042**	**$3,107**
Pct Change vs. 2011	**15%**	**14%**	**13%**	**2%**

Coal

The transportation of coal and petroleum coke generated $3.9 billion, or approximately 20 percent of Union Pacific's freight revenue during 2012.

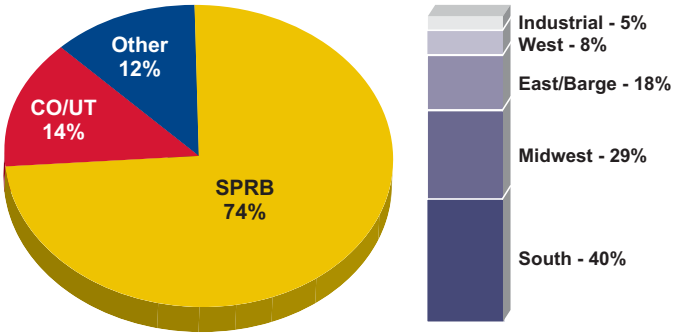
The Railroad's network supports the transportation of coal and petroleum coke to independent and regulated power companies and industrial facilities throughout the U.S. Through interchange gateways and ports, UP's reach extends to eastern U.S. utilities, Mexico, Europe and Asia. Water terminals allow the Railroad to move western U.S. coal east via the Mississippi and Ohio Rivers, as well as the Great Lakes. Export coal moves through West Coast ports to Asia and through Mississippi River terminals and Houston to Europe. With its unrivaled access, UP has the ability to merge the best of rail and barge or rail direct economics to competitively deliver coal to a broad base of customers around the world.

Coal traffic originating in the Southern Powder River Basin (SPRB) area of Wyoming is the largest segment of UP's coal business, comprising 74 percent of total carloads in 2012. This reliable, low-cost, low-sulfur coal is attractive to utilities in the competitive electricity generation market. Coal produced in the Uinta Basin region of Colorado and Utah is the second largest source of UP coal volume, representing 14 percent in 2012. This mostly sub-surface coal is relatively high in BTUs (British Thermal Unit) and low in sulfur content. The remaining traffic consists of coal forwarded to UP from other carriers, shipments from southern Wyoming's Hanna Basin, Southern Illinois coal, and petroleum coke from oil refineries throughout the country.

Coal Line Density Map

Lane density based on carloadings. Line thickness depicts traffic density.

2012 Carloads



Above average coal stockpiles due to an unseasonably warm winter and low natural gas prices, which caused some displacement of coal in electricity production, drove a 14 percent decline in overall coal shipments. The loss of two contracts to a competitor was also a contributing factor. Although coal shipments from the Southern Power River Basin (SPRB) decreased 15 percent, coal volumes from the Colorado and Utah mines increased 2 percent year-over-year due to growth in export shipments.

Petroleum coke is a residual of the oil refining process. It is a source of high sulfur fuel for electricity generation and is used by industrial customers in the production of aluminum, steel and cement. This traffic originates mainly on the Gulf Coast, as well as in Oklahoma, Kansas, Wyoming and California, principally at refineries and a limited number of processing and distribution facilities. The primary destination is Texas; however, shipments also move to the Midwest, California and Louisiana. Petroleum coke shipments decreased 7 percent in 2012 compared to 2011, primarily due to changes in the type of crude used in refining and a major outage at one of our largest refining customers.

Average revenue per car increased 11 percent during the year driven by core pricing gains and fuel surcharge recoveries which helped offset a large portion of the 14 percent decline in volume.

2013 Market Drivers

2013 coal volumes are expected to be down slightly compared to 2012. The loss of a customer contract totaling more than 10 million tons on an annual basis will have a negative impact on year-over-year volume levels. Conversely, a potential increase in basic coal demand due to more normal weather patterns and continued economic recovery should help mitigate a portion of the contract loss. In addition, higher natural gas prices could potentially drive further upside for our 2013 coal volumes.

Doug Glass,
VP & GM Coal

Given current economic projections, what are the most significant opportunities and challenges for the Coal group over the next 2-3 years?

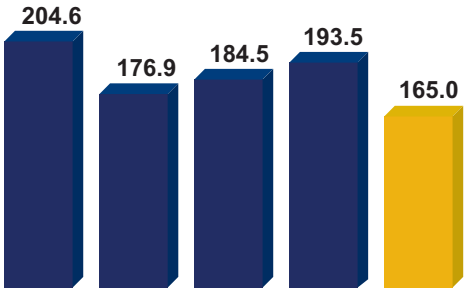
Proposed domestic power plant emission regulations will continue to challenge the coal industry in the years to come. However, the policies put forth thus far impact older, smaller, coal-based power plants that are predominately found in the eastern U.S. that cannot justify the capital investments required to improve emission controls. While UP has potential exposure to plant closures in the western U.S., these figures are relatively small by Eastern standards. In addition, the Company currently does not provide SPRB coal to any of the Eastern coal utilities slated for closure.

Through 2012, Union Pacific has lost roughly 2 to 3 million annual tons of coal due to plant retirements. Other announced retirements from our served customers totaling approximately 10 million tons could occur over the next five years. However, since the announced closure dates are at least two or more years out, the impending closure of these plants will depend on demand and actual regulations in effect at the time of proposed closure. If these plants are retired, their coal tonnage could be absorbed by newer, cleaner and more efficient plants within the UP network that are currently operating with considerable excess capacity, without any corresponding loss in coal demand.

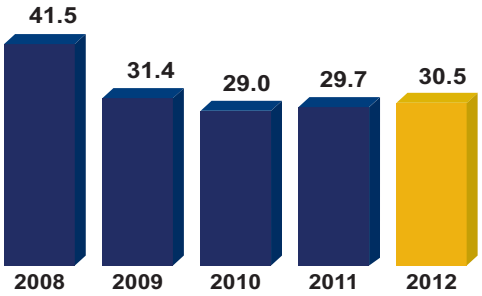
While there are currently challenges and uncertainties within the industry, coal will remain an important source of power generation for the U.S. and other countries. Potential growth opportunities for UP's coal franchise lay in export coal and the potential to backfill Eastern coal with the relatively cheaper and cleaner burning SPRB coal. New facilities slated to come online over the next five years could also be a growth driver. In addition, expansion of our export business represents an 8 million ton opportunity over the same timeframe, with the potential to be even higher if more terminal capacity comes online in the Pacific Northwest and Mexico.

As new developments unfold, we will continue to focus on meeting and exceeding customer expectations through innovative supply chain solutions, "world class" service, ongoing productivity initiatives and expanded use of new technologies.

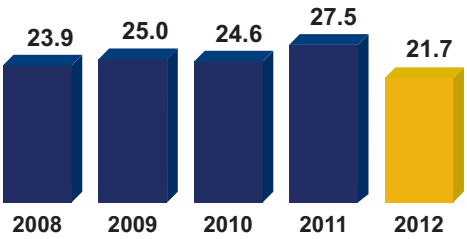
SPRB Coal Tonnage
(Millions)



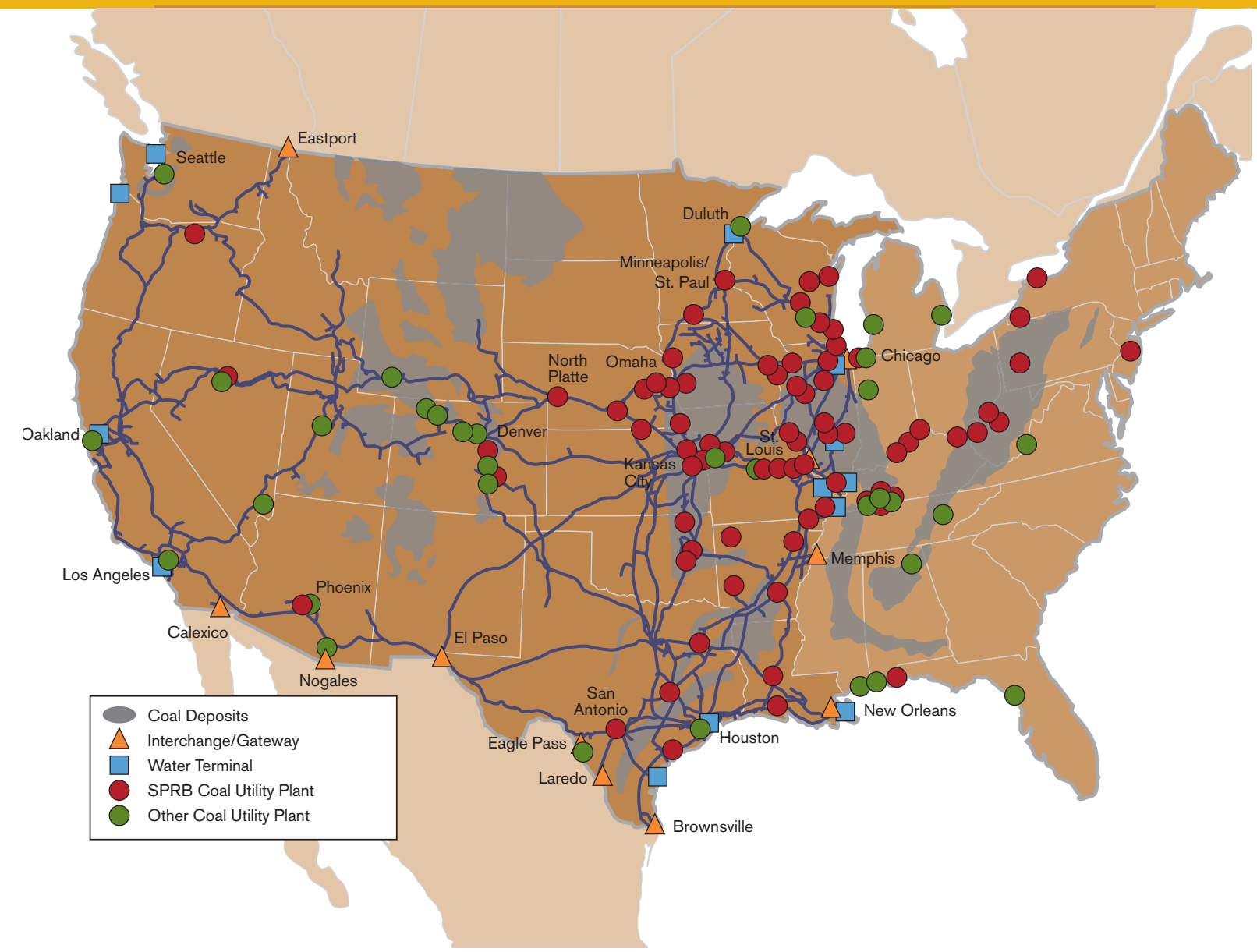
CO/UT Coal Tonnage
(Millions)



Other Coal Tonnage
(Millions)



Key End-Use Markets



Annual Summary by Quarter - Coal

	Freight Revenue *(millions)*	Revenue Ton Miles *(millions)*	Revenue Carloads *(thousands)*	Average Revenue per Car
1Q2011	$952	58,270	538	$1,770
2Q2011	950	54,730	496	1,916
3Q2011	1,112	63,274	572	1,945
4Q2011	1,070	62,293	558	1,917
FY2011	**$4,084**	**238,567**	**2,164**	**$1,888**
1Q2012	$995	54,379	495	$2,010
2Q2012	869	46,322	412	2,109
3Q2012	1,058	55,468	501	2,111
4Q2012	990	51,297	463	2,141
FY2012	**$3,912**	**207,466**	**1,871**	**$2,092**
Pct Change vs. 2011	**(4%)**	**(13%)**	**(14%)**	**11%**

Industrial Products

Union Pacific's extensive rail network facilitates the movement of numerous commodities between thousands of origin and destination points throughout North America. The Industrial Products group consists of several product categories, including construction products, minerals, consumer goods, metals, lumber, paper, and other miscellaneous goods. In 2012, the Industrial Products business group generated 18 percent of Union Pacific's total freight revenue.

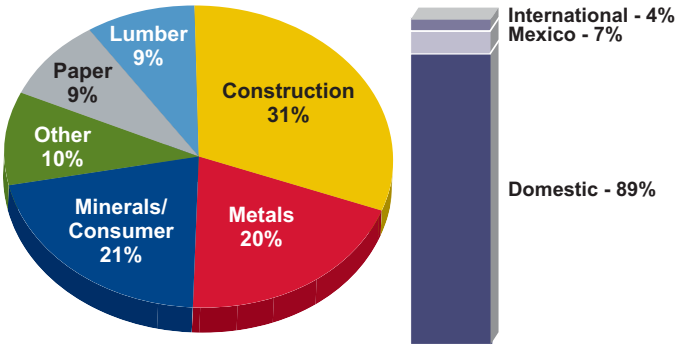
UP has an extensive network of transload terminals where products can be offloaded from railcars and onto trucks and vice versa, allowing Union Pacific to serve customers who do not have direct rail access but wish to take advantage of the cost-effective, rail-based supply chains that Union Pacific can provide.

Commercial, residential and governmental infrastructure investments drive shipments of steel, aggregates, cement and wood products. Industrial and light manufacturing plants receive steel, non-ferrous materials, minerals and other raw materials. Consumer spending draws paper and packaging commodities, as well as appliances, into the major metropolitan areas. Lumber shipments originate primarily in the PNW and western Canada and move throughout the U.S. for use in new home construction, repairs and remodeling. Oil and gas drilling generates demand for raw steel, finished pipe, frac sand, stone, and drilling fluid commodities. Global demand for commodities allows us to move ores and concentrates for export and domestic production. In addition, the Railroad provides safe and efficient transportation for governmental entities and waste companies.

Industrial Products Line Density Map

Lane density based on carloadings. Line thickness depicts traffic density.

2012 Carloads



Macro-economic factors such as industrial production typically drive demand for many components of the Industrial Products group. In 2012, U.S. industrial production grew 3.6 percent, driving a 3 percent increase in industrial products carloads during the year. Core pricing gains and higher fuel surcharges drove average revenue per car up 7 percent versus 2011. These factors generated a 10 percent increase in total Industrial Products freight revenue compared to 2011.

Shipments of non-metallic minerals, primarily frac sand, grew 28 percent in response to increased horizontal drilling activity for energy products. Increased construction activity led to higher demand for shipments of cement and stone compared to 2011. An approximate 25 percent growth rate in annual U.S. housing starts contributed to the 12 percent increase in lumber shipments.

Shipments of steel were slightly down from 2011 levels as lower demand for export scrap and mine production issues during the second half of the year offset increases in the first half driven by higher demand for steel coils and plate for pipe and auto production.

Industrial Products

2013 Market Drivers

As economic conditions improve, demand for products such as lumber, rock, cement, steel and minerals should increase. April IHS Global Insight Inc. projections forecast housing starts to increase 24 percent and industrial production to grow 3.2 percent year-over-year. Domestic drilling activity, which drives demand for frac sand and contributes to growth in steel shipments and rock, is expected to increase but will depend on market prices of crude oil and natural gas. Union Pacific serves the premier sources of the highest quality frac sand in the upper Midwest. We continue to work with a number of customers to expand production of this critical material used in the drilling process.

An improving housing market should boost lumber shipments, with growth in construction expected to support increases in rock, metals, and other related markets. Metals should also benefit from projected growth in the auto industry.

As a result of diminished federal funding, fewer shipments of uranium tailings for the Department of Energy under the Moab Uranium Mill Tailings Remedial Action Project are anticipated during the year, contributing to a decline in hazardous waste volumes. Expiration of federal subsidies should also negatively impact our wind component business in 2013.

Brad Thrasher,
VP & GM Industrial Products

Given current economic projections, what are the most significant opportunities and challenges for the Industrial Products group over the next 2-3 years?

In 2012, annual housing starts grew to 780,000, still well below historically sustainable levels of around 1.4-1.6 million. As a result, UP's lumber and stone shipments were 40 percent below normalized levels at the end of 2012. Current estimates show housing starts returning to that normal run rate by 2015, offering significant upside for lumber and panel shipments. Stone, cement, rebar, and structural steel shipments should also experience growth with rebounding highway, commercial and residential construction activity.

Domestic oil and natural gas drilling activity will be driven by market prices and production efficiencies, potentially driving growth in shipments of frac sand, drilling-related minerals, and pipe products to key shale regions served by Union Pacific, including the Eagle Ford, Permian, Niobrara formations, as well as shale plays in the eastern U.S.

In addition, the new abundance of lower cost domestic energy is attracting foreign investment into the construction of production facilities within the U.S. These energy cost benefits, in concert with an efficient transportation network, should provide growth opportunities in the future. Waste markets also offer upside as shrinking local landfill capacities and local trucking challenges create a void that rail can fill.

Finally, our business development efforts should continue to bring new business to the Railroad, including truckload conversions. Union Pacific Distribution Services (UPDS) will play a vital role in allowing us to reach non-rail served customers. Longer-term, our flexibility and agility in participating in emerging markets, combined with developing new relationships and service offerings, should create growth opportunities across most of our industrial market sectors.

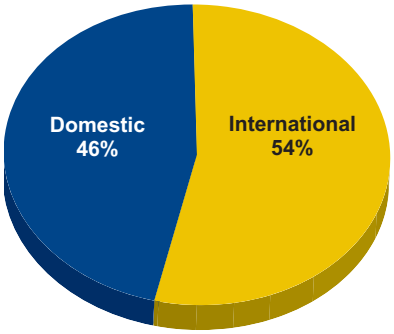
Annual Summary by Quarter - Industrial Products

	Freight Revenue *(millions)*	Revenue Ton Miles *(millions)*	Revenue Carloads *(thousands)*	Average Revenue per Car
1Q2011	$690	15,105	263	$2,628
2Q2011	803	17,001	297	2,697
3Q2011	863	17,746	305	2,832
4Q2011	810	16,971	281	2,878
FY2011	**$3,166**	**66,823**	**1,146**	**$2,762**
1Q2012	$863	17,688	290	$2,977
2Q2012	917	18,455	316	2,907
3Q2012	879	17,772	299	2,933
4Q2012	835	17,009	280	2,978
FY2012	**$3,494**	**70,924**	**1,185**	**$2,947**
Pct Change vs. 2011	**10%**	**6%**	**3%**	**7%**

Intermodal

Union Pacific's Intermodal franchise includes two segments: international and domestic. International business consists of import and export container traffic that mainly passes through West Coast ports served by UP's extensive terminal network. Domestic business includes container and trailer traffic picked up and delivered within North America for intermodal marketing companies (primarily shipper agents and logistics companies), as well as truckload carriers. Less-than-truckload and package carriers with time-sensitive business requirements are also an important part of domestic shipments. Together, international and domestic intermodal business generated 20 percent of UP's freight revenue in 2012.

2012 Units



International traffic primarily moves in 20, 40 or 45-foot shipping containers through ports on the West Coast. Domestic shipments move in 53-foot containers or trailers to and from points within the U.S., Canada and Mexico.

Union Pacific's network includes several key intermodal lanes. The Railroad's East/West lanes run between the West Coast and Chicago or Texas and interchange connections to the eastern U.S. The North/South intermodal lanes operate between Los Angeles and the Pacific Northwest, as well as Chicago and the upper Midwest and locations south in Texas and Mexico. UP also directly accesses all six Mexican gateways and serves most of the major metropolitan areas in the western two-thirds of the U.S. Virtually all routes are competitive with other railroads and are comparable to shipping distances on highways.

Intermodal Line Density Map

Lane density based on carloadings. Line thickness depicts traffic density.

In early 2011, Union Pacific rolled out the Mutual Commitment Program to domestic intermodal customers. In exchange for off-season volume commitments, UP guarantees container availability during peak season at pre-determined pricing. In the first two years of the program, UP was successful in providing participating customers all of their needed box capacity throughout the domestic peak season.

Improved fuel surcharge provisions, core pricing gains and volume growth contributed to a 10 percent increase in intermodal freight revenue in 2012. Overall, volume grew 2 percent compared to 2011. Domestic traffic increased 3 percent due to better market conditions and continued conversion of freight from truck to rail. Volume levels from international traffic remained flat year-over-year as the loss of a customer contract in the first half of the year offset modest West Coast import growth. Peak season volume experienced in 2012 was similar to that of recent years but well below historical peak levels.

2013 Market Drivers

UP's value proposition, competitive service offerings, and integrated network should continue to drive freight conversions from truck to rail. The motor carrier industry is facing continued challenges from regulations. Highway congestion and a deteriorating infrastructure also present service challenges for the industry. Rail shipments move reliably and consistently over a right-of-way privately owned, maintained and controlled. UP's

environmental advantage and better fuel efficiency also create a more economically viable option relative to truck.

The outlook for International Intermodal will be driven by economic conditions, consumer confidence and global trade. A stronger economy and an improved housing market are also expected to generate opportunities in 2013.

To support current volumes and provide for future growth, UP continues to invest in its intermodal network, including construction of second main track on the Sunset Route. At year-end 2012, the project was over 70 percent completed.

John Kaiser,
VP & GM Intermodal

Given current economic projections, what are the most significant opportunities and challenges for the Intermodal group over the next 2-3 years?

The intermodal business continues to be a long-term growth driver for the Railroad. It presents one of the larger potential areas for volume growth as well as margin improvement.

Union Pacific's Intermodal group is committed to delivering truck-competitive service that is responsive, consistent and reliable. Our comprehensive network provides international customers superior market coverage and the best value for access to most major U.S. population centers. International volume growth is driven by global trade, which should continue to grow, despite economic weakness in recent years. Various industry forecasts project steady transpacific growth over the next five years in the range of 4 to 6 percent annually. We believe diversions resulting from the Panama Canal expansion in 2015 will not have a material impact on our overall growth prospects.

Improved throughput processes combined with targeted capital investments in our intermodal network favorably positions us to capture volume growth opportunities going forward. One of those targeted capital investments is the new Santa Teresa, NM intermodal terminal and fueling facility, which is scheduled to open in early 2014. Integrated along our Sunset Route, this new intermodal terminal will have an annual capacity of 250,000 lifts. The facility provides southern New Mexico with an inland port that will serve as a strategic focal point for goods moving across the nation, and will support continued intermodal growth opportunities in and out of Mexico.

In addition, Union Pacific continues to add and expand its service offerings. UP currently serves twice as many major markets than its competitor in the western United States due to its broader service network. This improved service should accommodate additional growth through continued truckload conversions. We've identified seven to ten million annual truckloads that may be converted in our served territory. Longer-term, our improved service products and network strength should continue to support opportunities for volume growth at improved margin levels.

Intermodal Terminals and Traffic Flows

Annual Summary by Quarter - Intermodal

	Freight Revenue *(millions)*	Revenue Ton Miles *(millions)*	Revenue Carloads *(thousands)*	Average Revenue per Car
1Q2011	$793	19,039	770	$1,031
2Q2011	909	19,726	819	1,108
3Q2011	948	19,961	848	1,119
4Q2011	959	19,641	817	1,175
FY2011	**$3,609**	**78,367**	**3,254**	**$1,109**
1Q2012	$909	19,029	778	$1,169
2Q2012	1,003	19,987	846	1,185
3Q2012	1,022	19,513	857	1,192
4Q2012	1,021	19,748	831	1,229
FY2012	**$3,955**	**78,277**	**3,312**	**$1,194**
Pct Change vs. 2011	**10%**	**0%**	**2%**	**8%**

Mexico

Union Pacific's unique franchise serves all six major gateways to Mexico, connecting directly to the two largest Mexican railroads. In 2012, 42 percent of UP shipments to and from Mexico interchanged with Ferrocarril Mexicano (Ferromex or FXE). The remaining 58 percent interchanged with Kansas City Southern de Mexico (KCSM). Union Pacific retains a minority ownership interest in Ferromex. Cross-border traffic with Mexico totaled approximately 10 percent of UP's overall 2012 volume.

Cooperation with FXE and KCSM, along with other smaller railroads, allows UP to capture opportunities created by the North American Free Trade Agreement (NAFTA) and by Mexico's competitive position in today's global economic landscape. The Mexican railroads continue to invest in equipment, facilities and track to improve service and performance, which should generate market share gains from trucks and create new business opportunities.

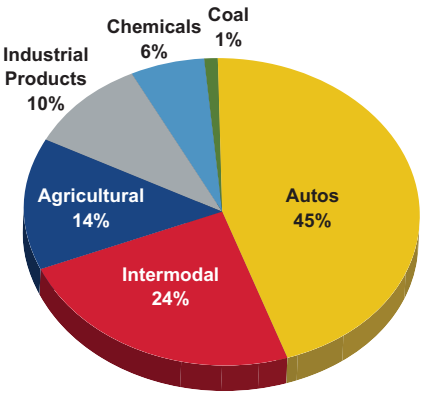
Traffic to and from Mexico includes a diversified mix of commodities within each of Union Pacific's six business teams.

Northbound shipments, which have grown during the past six years with increased Mexican manufacturing, drives a little over half of UP's overall cross-border traffic with Mexico. Finished vehicles and auto parts, beer and food products, and manufactured goods represent almost 90 percent of these northbound moves. Southbound shipments primarily consist of auto parts, corn, dry feed ingredients, intermodal, steel, plastics, minerals, meals and oils and soda ash.

Mexico Line Density Map

Lane density based on carloadings. Line thickness depicts traffic density.

2012 Carloads



Mexico volumes increased 5 percent in 2012 after growing 9 percent in 2011. Freight revenue grew 8 percent in 2012 to over $1.9 billion. Automotive shipments represent the largest share of UP's Mexico volume and revenue, and was also the largest contributor to 2012 volume and revenue growth. UP handles roughly 90 percent of the automotive rail boxcar market share in and out of Mexico, with around half of total UP automotive volumes associated with cross-border traffic with Mexico. Intermodal revenue continued its solid growth trend with revenues and volumes increasing 18 percent and 6 percent, respectively. Agricultural Products experienced a 5 percent volume and 2 percent revenue decline due to lower corn exports driven by lower crop production in the U.S. during the second half of 2012 due to drought conditions in many growing regions.

2013 Market Drivers

Union Pacific expects growth in Mexico traffic to continue in 2013. The combination of additional Mexico automotive production capacity and a projected 6 percent increase in U.S. auto sales should drive growth in vehicle and parts volumes. First half grain export volumes will continue to be adversely affected by the 2012 drought. Assuming a return to more normalized U.S. yields, Mexican population growth and insufficient local crop production should drive higher U.S. grain exports to Mexico during the second half of the year, improving UP's southbound shipments of corn, soybeans, DDGS and wheat.

Mexico

Mexican government infrastructure programs, private sector construction projects and higher commodity prices, combined with a more stable peso exchange rate and increased demand from manufacturing, are expected to improve southbound shipments of scrap, steel, plastics, soda ash, paper, minerals, construction materials, sand, cardboard and other products; while northbound shipments of household appliances and steel are also expected to increase.

Union Pacific's current strategies focus on maintaining excellent service to support core pricing gains, developing new business and retaining current business. Foreign investment in Mexico is forecasted to increase to $22.5 billion in 2013. Mexico's strategic location relative to final consumer markets and several new manufacturing plants coming online suggest that markets such as the manufacturing industry, food, steel, coal/coke and mining minerals should grow in 2013. UP's unparalleled network reach and value proposition provide a distinct advantage that should allow the Company to participate in this anticipated volume growth.

Bernardo Ayala,
VP Mexico Markets

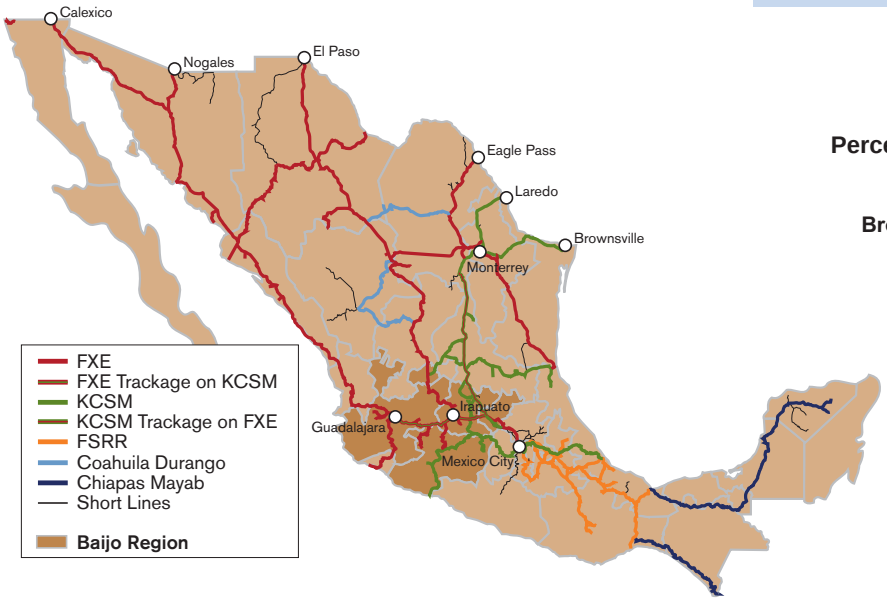
Given current economic projections, what are the most significant opportunities and challenges for Mexico Market growth over the next 2-3 years?

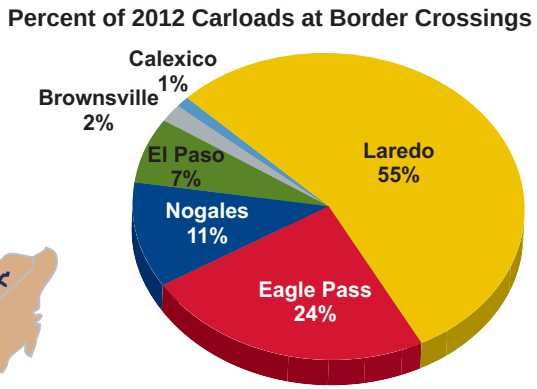
Mexico continues to be America's second-largest export market after Canada and the third-largest trading partner behind Canada and China. The Import Price Index for China, which tracks prices of goods imported to the United States, has trended up, implying more expensive Asian imports. Nearshoring in Mexico results in shortened transit times, which translates into lower inventory costs and better consistency. These attributes have helped increase Mexico's share of U.S. imports over the past four years to almost 12 percent. In total, approximately 80 percent of Mexico's exports in 2012 went to the U.S., while 50 percent of Mexico's foreign direct investment from 2000-2012 came from the United States.

In 2012, Mexico produced 2.9 million finished autos, with most of the product consumed in the United States. Companies such as Nissan, Ford, Audi, Chrysler, Honda, Mazda, General Motors, and Caterpillar, among others, have made the decision to invest in Mexico due to projected economic growth and its competitive positioning for manufacturing abroad. Vehicles assembled in Mexico are projected to reach 3.9 million by 2017.

Building upon our franchise strengths, customer relationships, and a sales and marketing presence strategically located throughout Mexico, we provide excellent service to existing customers. We also offer a compelling product to new companies that have decided to invest in Mexico as they seek competitive production alternatives.

With our existing franchise and continuous efforts to develop new products, we are well-positioned to effectively handle current business as well as expected volume growth. As worldwide economic trends continue to improve and Mexico's competitive position strengthens, our commitment to meeting customer needs should drive continued growth opportunities in the coming years.





In 2012, UP operated an efficient and fluid network, with a continued focus on improving service and customer satisfaction. In an effort to build upon that success, UP continuously evaluates its network to identify additional improvement opportunities.

System velocity, as reported to the AAR, improved 4 percent in 2012 compared to 2011, driving improved network efficiency and fluidity. The Company demonstrated agility and resiliency in managing the dynamic volume shifts including strong growth in the South and lower coal shipments in the North.

In 2012, carloads were flat while gross ton-miles decreased 2 percent, primarily driven by the 14 percent decline in coal volumes. The average number of employees increased 2 percent in 2012. Work related to increased capital investments, including PTC, accounted for over half of the increase. We also hired and trained nearly 4,000 new employees to offset attrition system-wide and handle volume growth in the Southern Region.

Safety

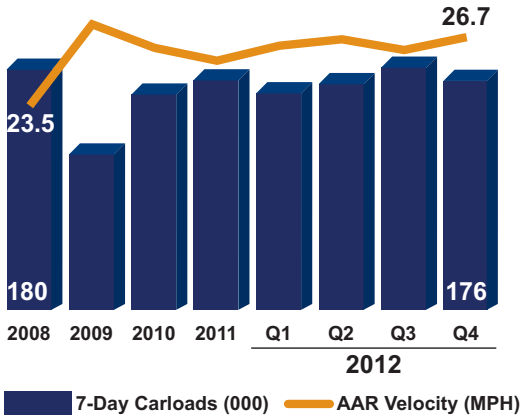
Positive safety performance benefits all aspects of Union Pacific's business, from velocity, productivity and service to employees, customers and communities. UP's focus on safety creates a culture that emphasizes safe practices and behaviors, and resulted in record employee safety in 2012.

Reportable employee injury incident rates fell 12 percent versus 2011 to a new record level, reflecting our ongoing training efforts, employee engagement, process improvements, capital investments, and continued implementation of Total Safety Culture (TSC), which promotes safety among employees by implementing best practices. In addition, we also reduced the number of severe injuries to a record low in 2012.

The Company's reportable rail equipment incident rate improved 2 percent compared to 2011. Track-caused derailments declined, reflecting investments in maintaining and improving our infrastructure. We continue to apply a multifaceted approach to identifying and mitigating risk, including the use of advanced technology such as lasers, ultrasound and acoustic vibration monitoring, as well as visual inspection by dedicated track safety experts.

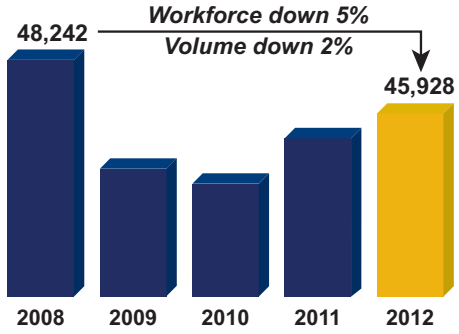
Conversely, our crossing accident rate increased 13 percent versus 2011. The combination of increased rail traffic in the South, which has a higher grade crossing density than our overall network, and growth in highway traffic, have increased

Service Excellence

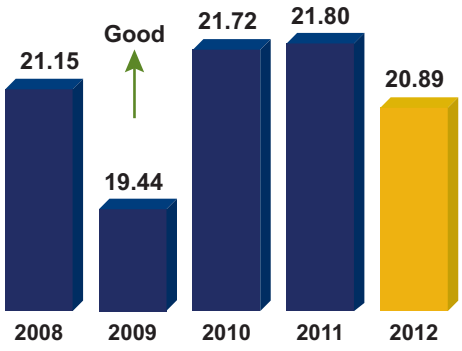


** as reported to the AAR*

Total Employees



GTMs Per Employee
(Millions)



our grade crossing incident exposure. Progress has been made in identifying and isolating high risk locations and improving these crossings. We closed 237 grade crossings in 2012. In addition, the Company continues to engage in public education efforts such as Operation Lifesaver and UP CARES to improve public safety.

Fuel Efficiency

Improvements in the Railroad's operating practices save fuel and reduce emissions. The implementation of automatic locomotive shutdown technology, locomotive assignment to trains on a tons-per-axle basis and distributed power (DPU) equipped locomotives, all contribute to this effort.

The use of newer, more fuel efficient locomotives also helps save fuel. Union Pacific operates the cleanest and most modern fleet in North America. Since 2000, UP has spent approximately $6.5 billion to purchase more than 3,700 locomotives that meet EPA Tier 0, Tier 1, Tier 2, or Tier 3 guidelines. Reduced fuel consumption is also expected from emerging technologies, such as wheel/rail lubrication and aerodynamic enhancements. In 2012, our fuel consumption rate was flat with 2011, primarily driven by the 14 percent decline in coal volumes, which is our most fuel efficient commodity.

Network Operations & Productivity

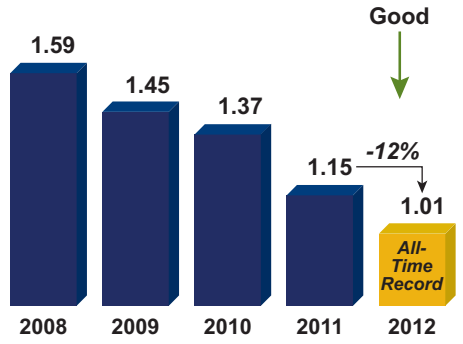
Operational efficiencies and implementation of DPU lead to fuel savings and improve the efficiency of locomotive and crew resources by increasing train length without jeopardizing performance. DPU trains handled almost 60 percent of gross-ton-miles hauled in 2012, despite a 13 percent decrease in coal revenue-ton-miles. In 2012, DPU helped increase train sizes to record levels for grain, intermodal and automotive.

UP also benefited from a record low number of slow order miles in 2012, a 30 percent reduction from 2011. Improving the condition of infrastructure improves customer service, safety, and generates capacity to support volume growth.

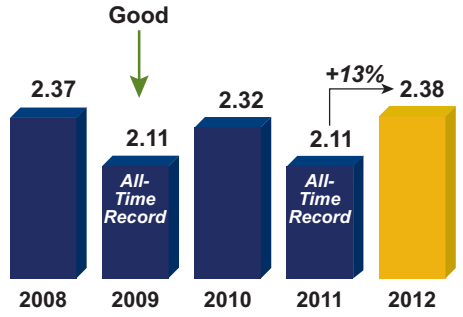
In 2012, traffic in our Southern Region grew 5 percent, despite flat overall volumes, due to increased chemicals, crude oil, frac sand, intermodal, automotive, and cross-border Mexico shipments. A large portion of our growth capital investment in 2012 was deployed to the Southern Region to meet this growing demand, particularly in the shale-related energy arena.

Growth-oriented capital expansion in the South totaled over $225 million dollars in 2012, increasing 3-fold from spending

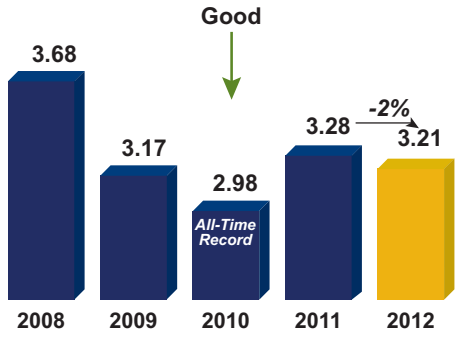
Employee Safety
(Reportable Personal Injury Incidents Per 200,000 Employee-Hours)



Public Safety
(Crossing Accidents Per Million Train Miles)



Rail Equipment Safety
(Reportable Rail Equipment Incidents Per Million Train Miles)



levels in 2011. New capacity in West Texas and Louisiana facilitates inbound and outbound loads to and from the Permian Basin, as well as growing crude oil unit train moves to St. James, Louisiana. The ability to handle the shifts in traffic emphasizes the Company's network strength as a shared resource, well-positioned to support growth in each of the six business groups.

To facilitate growth while maintaining service excellence, Union Pacific focuses on six critical operating initiatives executed with the UP Way: standard work, resource readiness, reducing variability, leveraging technology, capital effectiveness, and employee engagement. The UP Way engages employees to improve safety, service, and productivity by providing the methods and tools to identify problems and solve them at the root cause level.

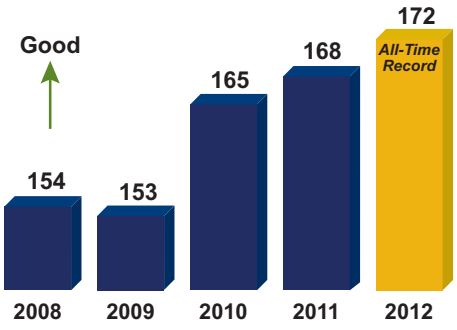
Technology

Technology enables the Company to continually focus on improving all aspects of its operations. One area in particular includes better defect detection. Locomotive diagnostics can be downloaded remotely and transmitted to a rules engine for analysis. These diagnostics are taken from sensors that monitor critical locomotive components, providing real-time, constant monitoring while issuing notifications when failures occur. Along with decreasing troubleshooting time, diagnostics reduce departure delays, en route failures, maintenance hours, time offline and maintenance or repair severity.

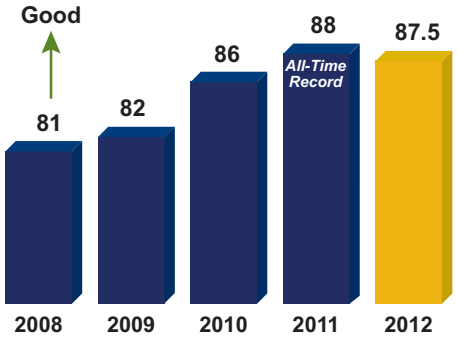
In addition, current wayside detection and thermal imaging technologies measure characteristics such as wheel and bearing temperature and wheel geometry, to help identify defects before derailments occur. UP is currently working on the implementation of a new photographic imaging detection system to provide comprehensive monitoring of axles, wheels, brakes, couplers, springs and other components.

Currently, one of the industry's largest technology undertakings is PTC, which includes significant spending on software, hardware and systems development. PTC is a legislative mandate contained within the Rail Safety Improvement Act of 2008 that requires railroad carriers to implement the system by the end of 2015. The mandate aims to enhance safety by ensuring a train operates within authorized limits as it traverses PTC-equipped territories. Integration with other railroads adds complexity and cost, as equipment must flow unimpeded across territories, while under the control of its respective PTC system.

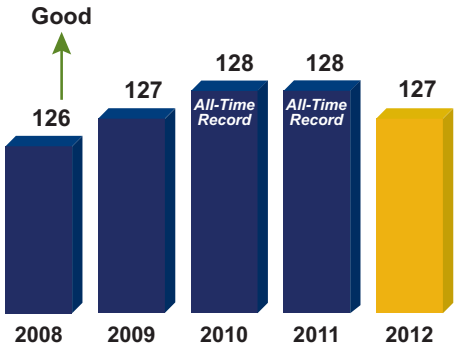
Intermodal Train Size
(Boxes)



Manifest Train Size
(Cars)



Coal Train Size
(Cars)



Capital Investments

Capital investments in Union Pacific's network enhance safety, service and network efficiency, while also expanding capacity to meet the transportation needs of current and future customers. Investments include the replacement, improvement and expansion of track and facilities, as well as the acquisition of new locomotives and freight cars.

Union Pacific's capital spending is broadly classified into three categories: replacement, growth and productivity, and PTC. Replacement capital enhances safety and efficiency by replacing current infrastructure, such as track, facilities and equipment. Growth capital targets the future needs of the company and its customers, supporting both volume expansion and network efficiencies. Equipment acquisitions can be categorized as either replacement or growth and productivity.

2012 Summary: $3.7 billion

In 2012, Union Pacific invested a record $3.7 billion in capital. Approximately $1.7 billion was spent on the engineering replacement program, including installation of nearly 4.1 million new ties and replacing 1,050 track miles of rail to improve track infrastructure and reduce slow orders, further enhancing safety and reliability. Additional replacement capital spending consisted of locomotive purchases, fleet overhauls, upgrades, and servicing facilities, as well as replacements and improvements to freight cars and other assets.

Spending on growth and productivity initiatives totaled more than $1 billion. The Company advanced efforts on double-tracking the Sunset Corridor and the Blair Subdivision to improve network capacity and efficiency along its two primary East-West routes. In addition, the Company invested more than $225 million in capacity and commercial facility infrastructure in its Southern Region to support its growing, diverse mix of business in the area. Growth spending also included construction activity on our new Santa Teresa, New Mexico terminal that, when completed, will include a fueling facility and intermodal ramp. Union Pacific also acquired new equipment, including 200 new road locomotives, 900 covered hoppers, 408 gondolas, 269 AutoFlex© tri-levels, 125 open top hoppers and 20 refrigerated boxcars.

PTC investments totaled $349 million in 2012.

2013 Outlook: $3.6 billion

Replacement capital in 2013 is expected to total around $2.2 billion. The engineering replacement program is projected to be around $1.7 billion and includes the installation of around 3.8 million ties and replacement of roughly 1,000 track miles of rail. The remaining replacement capital is for locomotive purchases, fleet overhauls, upgrades and servicing facilities, as well as other equipment needs.

Union Pacific anticipates spending around $1 billion for growth and productivity initiatives. Major projects include continued work on the Santa Teresa, New Mexico facility, additional double-track on the Sunset Corridor, as well as various mainline and terminal projects in the South to support the company's diverse and growing business in the area.

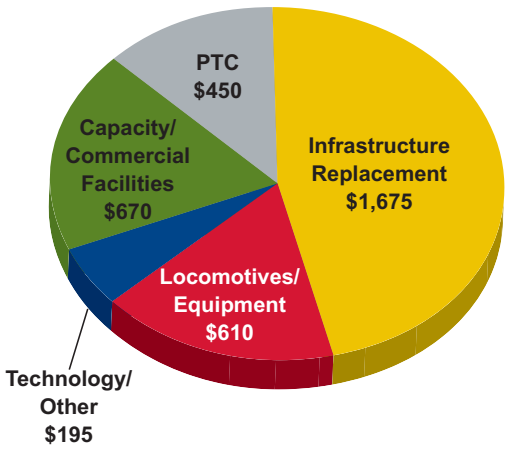
The Company plans to acquire 100 new road locomotives, which will improve fleet reliability and fuel efficiency, reduce emissions and expand distributed power capability. Planned acquisitions of new equipment include approximately 900 new freight cars, including AutoFlex© auto racks. These equipment acquisitions will not only serve as replacements for older assets but will also help meet future business growth.

Spending on PTC is expected to be about $450 million in 2013, which primarily consists of signal and telecommunications infrastructure installations and locomotive hardware installations. Through 2012, Union Pacific invested nearly $750 million of the $2 billion estimate for total spend on PTC.

Five-Year Outlook

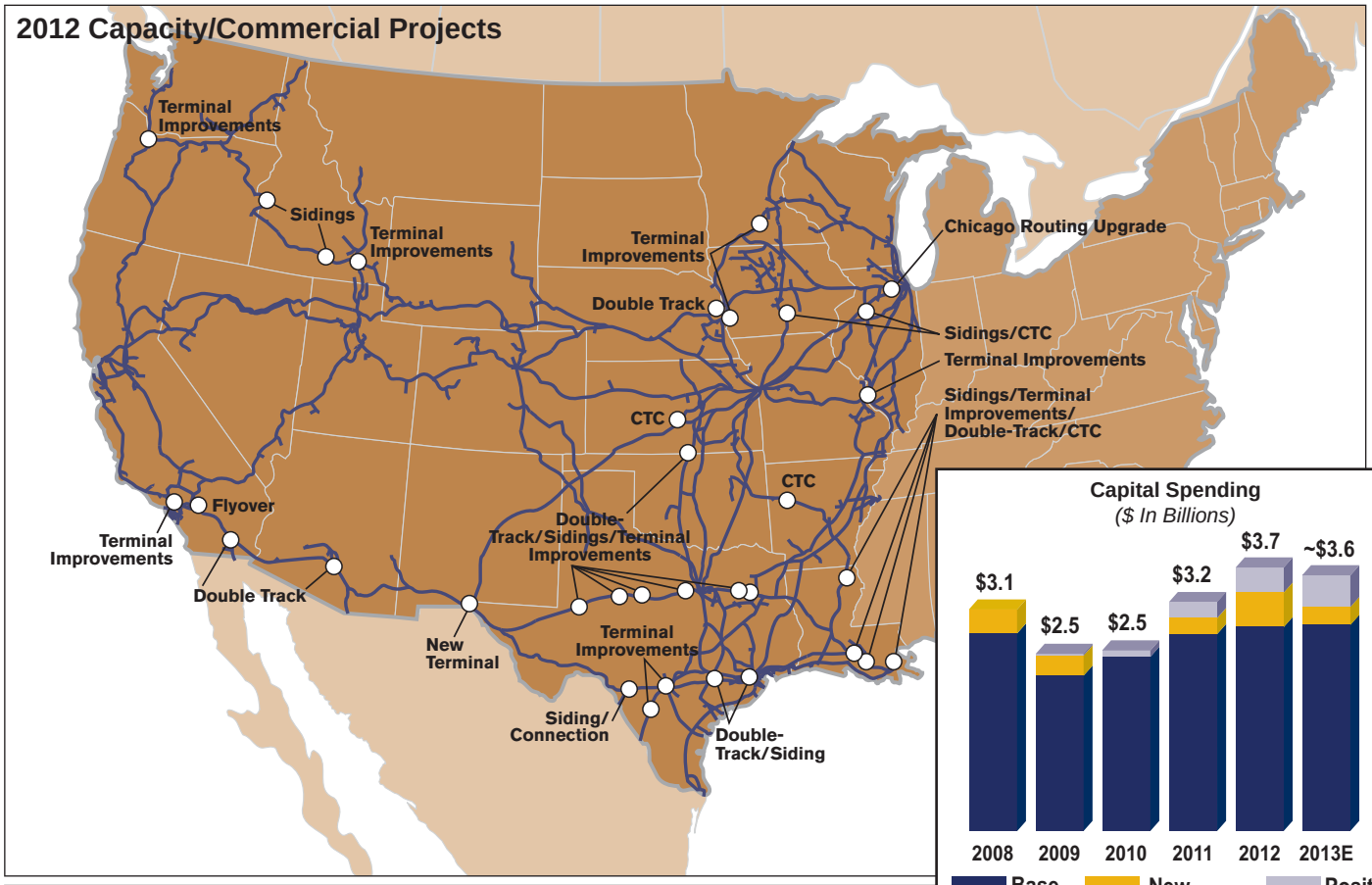
Longer-term, we project a capital expenditure program that averages around 16 to 17 percent of revenue over the next five years. Capital spending may be revised if business conditions warrant or if new laws or regulations affect our ability to generate sufficient returns on these investments.

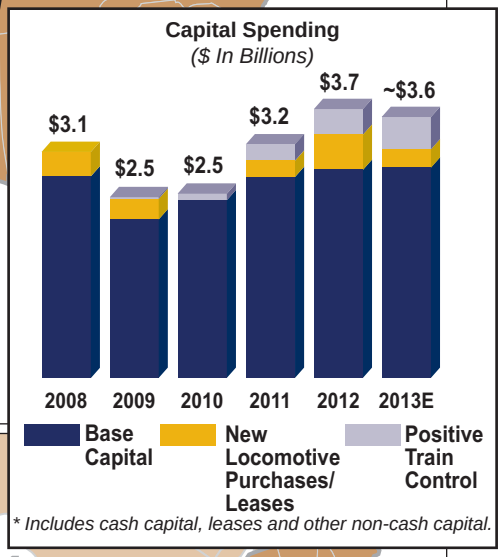
2013 Capital Investments
(Millions)



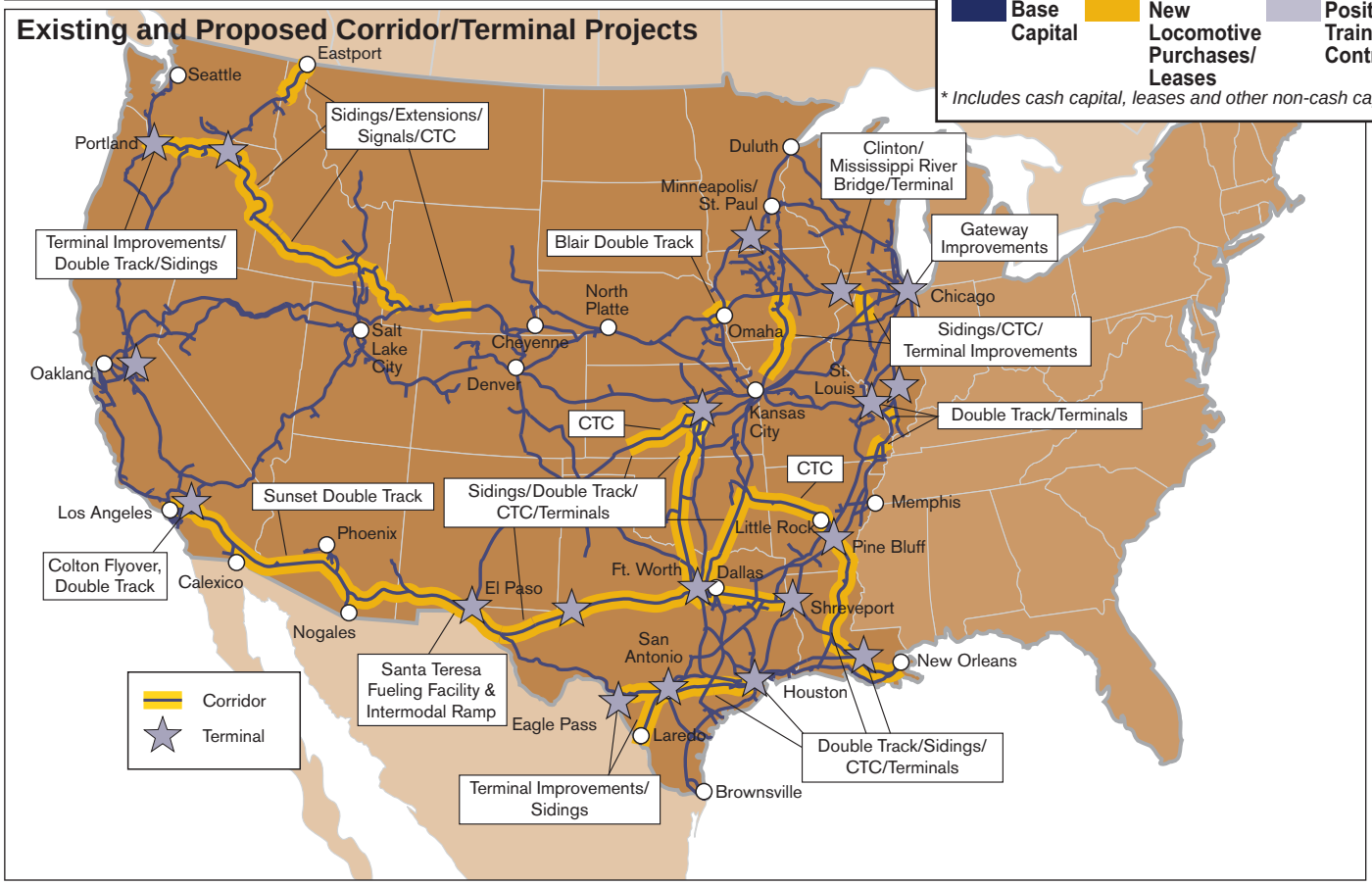
Capacity and Commercial Projects

2012 Capacity/Commercial Projects





Existing and Proposed Corridor/Terminal Projects



SELECTED FINANCIAL DATA

Union Pacific Corporation and Subsidiary Companies

Millions, Except per Share Amounts, Carloads, Employee Statistics, and Ratios	***2012***	*2011*	*2010*	*2009*	*2008*
For the Year Ended December 31					
Operating revenues [a]	**$ 20,926**	$ 19,557	$ 16,965	$ 14,143	$ 17,970
Operating income	**6,745**	5,724	4,981	3,379	4,070
Net income	**3,943**	3,292	2,780	1,890	2,335
Earnings per share - basic	**8.33**	6.78	5.58	3.76	4.57
Earnings per share - diluted	**8.27**	6.72	5.53	3.74	4.53
Dividends declared per share	**2.49**	1.93	1.31	1.08	0.98
Cash provided by operating activities	**6,161**	5,873	4,105	3,204	4,044
Cash used in investing activities	**(3,633)**	(3,119)	(2,488)	(2,145)	(2,738)
Cash used in financing activities	**(2,682)**	(2,623)	(2,381)	(458)	(935)
Cash used for common share repurchases	**(1,474)**	(1,418)	(1,249)	-	(1,609)
At December 31					
Total assets	**$ 47,153**	$ 45,096	$ 43,088	$ 42,184	$ 39,509
Long-term obligations	**24,157**	23,201	22,373	22,701	21,314
Debt due after one year	**8,801**	8,697	9,003	9,636	8,607
Common shareholders' equity	**19,877**	18,578	17,763	16,801	15,315
Additional Data					
Freight revenues [a]	**$ 19,686**	$ 18,508	$ 16,069	$ 13,373	$ 17,118
Revenue carloads (units) (000)	**9,048**	9,072	8,815	7,786	9,261
Operating ratio (%) [b]	**67.8**	70.7	70.6	76.1	77.4
Average employees (000)	**45.9**	44.9	42.9	43.5	48.2
Financial Ratios (%)					
Debt to capital [c]	**31.2**	32.4	34.2	37.0	36.8
Return on average common shareholders' equity [d]	**20.5**	18.1	16.1	11.8	15.2

[a] Includes fuel surcharge revenue of $2.6 billion, $2.2 billion, $1.2 billion, $0.6 billion, and $2.3 billion for 2012, 2011, 2010, 2009, and 2008, respectively, which partially offsets increased operating expenses for fuel. Fuel surcharge revenue is not comparable from year to year due to implementation of new mileage-based fuel surcharge programs in each respective year. See 2012 SEC Form 10-K for more information.

[b] Operating ratio is defined as operating expenses divided by operating revenues.

[c] Debt to capital is determined as follows: total debt divided by total debt plus equity.

[d] Return on average common shareholders' equity is determined as follows: Net income divided by average common shareholders' equity.

CONSOLIDATED STATEMENTS OF INCOME *(unaudited)*

Union Pacific Corporation and Subsidiary Companies

Millions,	2012				
Except Per Share Amounts and Percentages	***1st Qtr***	***2nd Qtr***	***3rd Qtr***	***4th Qtr***	***Full Year***
Operating Revenues					
Freight revenues	$ 4,823	$ 4,913	$ 5,019	$ 4,931	**$ 19,686**
Other revenues	289	308	324	319	**1,240**
Total operating revenues	5,112	5,221	5,343	5,250	**20,926**
Operating Expenses					
Compensation and benefits	1,211	1,151	1,188	1,135	**4,685**
Fuel	926	882	880	920	**3,608**
Purchased services and materials	526	542	542	533	**2,143**
Depreciation	427	433	447	453	**1,760**
Equipment and other rents	296	299	300	302	**1,197**
Other	216	190	200	182	**788**
Total operating expenses	3,602	3,497	3,557	3,525	**14,181**
Operating Income	1,510	1,724	1,786	1,725	**6,745**
Other income	16	21	28	43	**108**
Interest expense	(135)	(135)	(137)	(128)	**(535)**
Income before income taxes	1,391	1,610	1,677	1,640	**6,318**
Income taxes	(528)	(608)	(635)	(604)	**(2,375)**
Net income	$ 863	$ 1,002	$ 1,042	$ 1,036	**$ 3,943**
Share and Per Share					
Earnings per share - basic	$ 1.81	$ 2.11	$ 2.21	$ 2.21	**$ 8.33**
Earnings per share - diluted	$ 1.79	$ 2.10	$ 2.19	$ 2.19	**$ 8.27**
Weighted average number of shares - basic	477.8	473.8	472.0	468.8	**473.1**
Weighted average number of shares - diluted	481.4	477.2	475.2	472.0	**476.5**
Dividends declared per share	$ 0.60	$ 0.60	$ 0.60	$ 0.69	**$ 2.49**
Operating Ratio	70.5%	67.0%	66.6%	67.1%	**67.8%**
Effective Tax Rate	38.0%	37.8%	37.9%	36.8%	**37.6%**

Refer to the Union Pacific Corporation 2012 SEC Form 10-K for additional information, including audited financial statements and related footnotes.

CONSOLIDATED STATEMENTS OF INCOME *(unaudited)*

Union Pacific Corporation and Subsidiary Companies

Millions,	2011				
Except Per Share Amounts and Percentages	***1st Qtr***	***2nd Qtr***	***3rd Qtr***	***4th Qtr***	***Full Year***
Operating Revenues					
Freight revenues	$ 4,248	$ 4,595	$ 4,836	$ 4,829	**$ 18,508**
Other revenues	242	263	265	279	**1,049**
Total operating revenues	4,490	4,858	5,101	5,108	**19,557**
Operating Expenses					
Compensation and benefits	1,167	1,166	1,193	1,155	**4,681**
Fuel	826	904	916	935	**3,581**
Purchased services and materials	475	516	506	508	**2,005**
Depreciation	395	401	408	413	**1,617**
Equipment and other rents	302	283	293	289	**1,167**
Other	188	196	207	191	**782**
Total operating expenses	3,353	3,466	3,523	3,491	**13,833**
Operating Income	1,137	1,392	1,578	1,617	**5,724**
Other income	15	26	17	54	**112**
Interest expense	(141)	(148)	(142)	(141)	**(572)**
Income before income taxes	1,011	1,270	1,453	1,530	**5,264**
Income taxes	(372)	(485)	(549)	(566)	**(1,972)**
Net income	$ 639	$ 785	$ 904	$ 964	**$ 3,292**
Share and Per Share					
Earnings per share - basic	$ 1.31	$ 1.61	$ 1.87	$ 2.01	**$ 6.78**
Earnings per share - diluted	$ 1.29	$ 1.59	$ 1.85	$ 1.99	**$ 6.72**
Weighted average number of shares - basic	489.6	488.4	484.2	480.7	**485.7**
Weighted average number of shares - diluted	494.1	492.4	488.1	484.7	**489.8**
Dividends declared per share	$ 0.38	$ 0.475	$ 0.475	$ 0.60	**$ 1.93**
Operating Ratio	74.7%	71.3%	69.1%	68.3%	**70.7%**
Effective Tax Rate	36.8%	38.2%	37.8%	37.0%	**37.5%**

Refer to the Union Pacific Corporation 2012 SEC Form 10-K for additional information, including audited financial statements and related footnotes.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Union Pacific Corporation and Subsidiary Companies

Millions, Except Share and Per Share Amounts as of December 31,	***2012***	*2011*
Assets		
Current assets:		
Cash and cash equivalents	**$ 1,063**	$ 1,217
Accounts receivable, net	**1,331**	1,401
Materials and supplies	**660**	614
Current deferred income taxes	**263**	306
Other current assets	**297**	189
Total current assets	**3,614**	3,727
Investments	**1,259**	1,175
Properties:		
Land	**5,105**	5,098
Road	**40,829**	38,744
Equipment	**9,823**	8,988
Technology and other	**1,522**	1,614
Accumulated depreciation	**(15,282)**	(14,510)
Net Properties	**41,997**	39,934
Other assets	**283**	260
Total assets	**$ 47,153**	$ 45,096
Liabilities and Common Shareholders' Equity		
Current liabilities:		
Accounts payable	**$ 825**	$ 819
Accrued wages and vacation	**376**	363
Income and other taxes	**368**	482
Dividends payable	**318**	284
Accrued casualty costs	**213**	249
Debt due within one year	**196**	209
Interest payable	**172**	197
Equipment rents payable	**95**	90
Other	**556**	624
Total current liabilities	**3,119**	3,317
Debt due after one year	**8,801**	8,697
Deferred income taxes	**13,108**	12,368
Other long-term liabilities	**2,248**	2,136
Commitments and contingencies		
Total liabilities	**27,276**	26,518
Common shareholders' equity:		
Common shares, $2.50 par value, 800,000,000 authorized; 554,558,034 and 554,270,763 issued; 469,465,273 and 479,929,530 outstanding, respectively	**1,386**	1,386
Paid-in-surplus	**4,113**	4,031
Retained earnings	**22,271**	19,508
Treasury stock	**(6,707)**	(5,293)
Accumulated other comprehensive loss	**(1,186)**	(1,054)
Total common shareholders' equity	**19,877**	18,578
Total liabilities and common shareholders' equity	**$ 47,153**	$ 45,096

Refer to the Union Pacific Corporation 2012 SEC Form 10-K for additional information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Union Pacific Corporation and Subsidiary Companies

Millions, for the Years Ended December 31,	***2012***	*2011*	*2010*
Operating Activities			
Net income	**$ 3,943**	$ 3,292	$ 2,780
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	**1,760**	1,617	1,487
Deferred income taxes and unrecognized tax benefits	**887**	986	672
Other operating activities, net	**(160)**	(298)	(483)
Changes in current assets and liabilities:			
Accounts receivable, net	**70**	(217)	(518)
Materials and supplies	**(46)**	(80)	(59)
Other current assets	**(108)**	178	(17)
Accounts payable and other current liabilities	**(185)**	395	243
Cash provided by operating activities	**6,161**	5,873	4,105
Investing Activities			
Capital investments	**(3,738)**	(3,176)	(2,482)
Acquisition of equipment pending financing	**(274)**	(85)	-
Proceeds from sale of assets financed	**274**	85	-
Proceeds from asset sales	**80**	108	67
Other investing activities, net	**25**	(51)	(73)
Cash used in investing activities	**(3,633)**	(3,119)	(2,488)
Financing Activities			
Common share repurchases	**(1,474)**	(1,418)	(1,249)
Dividends paid	**(1,146)**	(837)	(602)
Debt repaid	**(758)**	(690)	(1,412)
Debt issued	**695**	486	894
Debt exchange	**-**	(272)	(98)
Other financing activities, net	**1**	108	86
Cash used in financing activities	**(2,682)**	(2,623)	(2,381)
Net change in cash and cash equivalents	**(154)**	131	(764)
Cash and cash equivalents at beginning of year	**1,217**	1,086	1,850
Cash and cash equivalents at end of year	**$ 1,063**	$ 1,217	$ 1,086
Supplemental Cash Flow Information			
Non-cash investing and financing activities:			
Cash dividends declared but not yet paid	**$ 318**	$ 284	$ 183
Capital lease financings	**290**	154	-
Capital investments accrued but not yet paid	**136**	147	125
Cash paid during the year for:			
Interest, net of amounts capitalized	**$ (561)**	$ (572)	$ (614)
Income taxes, net of refunds	**(1,552)**	(625)	(936)

Refer to the Union Pacific Corporation 2012 SEC Form 10-K for more information.

FINANCIAL AND OPERATING STATISTICS *(unaudited)*
Union Pacific Corporation and Subsidiary Companies

	2012				
Financial and Revenue Statistics	*1st Qtr*	*2nd Qtr*	*3rd Qtr*	*4th Qtr*	***Full Year***
Operating revenues *(millions)*	$ 5,112	$ 5,221	$ 5,343	$ 5,250	**$ 20,926**
Operating expenses *(millions)*	$ 3,602	$ 3,497	$ 3,557	$ 3,525	**$ 14,181**
Operating ratio *(%)*	70.5	67.0	66.6	67.1	**67.8**
Compensation and benefits *(millions)*	$ 1,211	$ 1,151	$ 1,188	$ 1,135	**$ 4,685**
Compensation and benefits/Operating revenue *(%)*	23.7	22.0	22.2	21.6	**22.4**
Freight revenue/Average employees *(000)*	105.7	107.3	108.6	107.0	**428.6**
Fuel expense *(million)*	$ 926	$ 882	$ 880	$ 920	**$ 3,608**
Average fuel price per gallon consumed *[a]*	$ 3.23	$ 3.21	$ 3.19	$ 3.25	**$ 3.22**
Freight revenues *(millions)*	$ 4,823	$ 4,913	$ 5,019	$ 4,931	**$ 19,686**
Average revenue per car	$ 2,175	$ 2,176	$ 2,153	$ 2,200	**$ 2,176**
Freight revenue/Revenue ton-mile *(cents)*	$ 3.63	$ 3.87	$ 3.77	$ 3.85	**$ 3.78**
Effective tax rate *(%)*	38.0	37.8	37.9	36.8	**37.6**
Debt to capital *(%) [b]*	32.0	33.0	32.7	31.2	**31.2**
Adjusted debt to capital *(%) [c]*	40.1	40.6	40.2	39.1	**39.1**
Operating Statistics					
Revenue carloads *(thousands)*	2,218	2,258	2,331	2,241	**9,048**
Revenue ton-miles *(billions)*	133	127	133	128	**521**
Gross ton-miles *(billions)*	241	234	245	239	**959**
Average train speed *(miles per hour) [d]*	26.3	26.6	26.1	26.7	**26.5**
Average system dwell (hours) [d]	26.4	25.5	26.0	26.8	**26.2**
Average rail car inventory *(thousands)* [d]	275.4	268.6	268.0	264.4	**269.1**
Fuel consumed *(millions of gallons)*	279	265	267	274	**1,085**
Employees *(average)*	45,642	45,797	46,205	46,067	**45,928**
GTMs per employee *(millions)*	5.27	5.12	5.31	5.19	**20.89**

[a] Including taxes and transportation costs.

[b] Debt to capital is computed as follows: total debt divided by total debt plus equity.

[c] Adjusted debt to capital is determined as follows: total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation divided by total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation plus equity.

[d] As reported to the Association of American Railroads.

FINANCIAL AND OPERATING STATISTICS *(unaudited)*
Union Pacific Corporation and Subsidiary Companies

	2011				
Financial and Revenue Statistics	*1st Qtr*	*2nd Qtr*	*3rd Qtr*	*4th Qtr*	***Full Year***
Operating revenues *(millions)*	$ 4,490	$ 4,858	$ 5,101	$ 5,108	**$ 19,557**
Operating expenses *(millions)*	$ 3,353	$ 3,466	$ 3,523	$ 3,491	**$ 13,833**
Operating ratio *(%)*	74.7	71.3	69.1	68.3	**70.7**
Compensation and benefits *(millions)*	$ 1,167	$ 1,166	$ 1,193	$ 1,155	**$ 4,681**
Compensation and benefits/Operating revenue *(%)*	26.0	24.0	23.4	22.6	**23.9**
Freight revenue/Average employees *(000)*	96.4	102.2	106.3	107.5	**412.6**
Fuel expense *(million)*	$ 826	$ 904	$ 916	$ 935	**$ 3,581**
Average fuel price per gallon consumed *[a]*	$ 2.88	$ 3.29	$ 3.18	$ 3.16	**$ 3.12**
Freight revenues *(millions)*	$ 4,248	$ 4,595	$ 4,836	$ 4,829	**$ 18,508**
Average revenue per car	$ 1,941	$ 2,045	$ 2,066	$ 2,103	**$ 2,040**
Freight revenue/Revenue ton-mile *(cents)*	$ 3.19	$ 3.48	$ 3.45	$ 3.47	**$ 3.40**
Effective tax rate *(%)*	36.8	38.2	37.8	37.0	**37.5**
Debt to capital *(%) [b]*	33.8	32.8	33.6	32.4	**32.4**
Adjusted debt to capital *(%) [c]*	41.7	40.9	41.4	40.7	**40.7**
Operating Statistics					
Revenue carloads *(thousands)*	2,189	2,247	2,341	2,295	**9,072**
Revenue ton-miles *(billions)*	133	132	140	139	**544**
Gross ton-miles *(billions)*	235	239	251	253	**978**
Average train speed *(miles per hour) [d]*	26.1	26.1	24.6	25.6	**25.6**
Average system dwell (hours) [d]	26.4	25.6	26.2	26.5	**26.2**
Average rail car inventory *(thousands)* [d]	268.4	271.9	274.4	274.1	**272.9**
Fuel consumed *(millions of gallons)*	278	265	277	286	**1,106**
Employees *(average)*	44,045	44,971	45,507	44,922	**44,861**
GTMs per employee *(millions)*	5.34	5.32	5.51	5.62	**21.80**

[a] Including taxes and transportation costs.

[b] Debt to capital is computed as follows: total debt divided by total debt plus equity.

[c] Adjusted debt to capital is determined as follows: total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation divided by total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation plus equity.

[d] As reported to the Association of American Railroads.

NON-GAAP DEFINITIONS

The following are non-GAAP financial measures under SEC Regulation G and Item 10 of SEC Regulation S-K, and may not be defined and calculated by other companies in the same manner. Management believes these measures provide an alternative presentation of the results that more accurately reflect ongoing Company operations. These should be considered in addition to, not a substitute for, the reported GAAP results.

Free Cash Flow

Cash provided by operating activities (adjusted for the reclassification of our receivables securitization facility), less cash used in investing activities and dividends paid. Management believes this is an important measure in evaluating our financial performance and measures our ability to generate cash without additional external financings.

Return on Invested Capital

Net income plus interest expense, plus interest on present value of operating leases, plus receivable securitization fees, less taxes on interest and fees divided by average equity plus average debt, plus average value of sold receivables, plus average present value of operating leases. Management believes this is an important measure for evaluating the efficiency and effectiveness of the Corporation's long-term capital investments, and we currently use ROIC as a performance criteria in determining certain elements of compensation for our executive officers and senior management.

Debt to Capital

Total debt divided by total debt plus equity. Management believes this is an important measure in evaluating our balance sheet strength and is important in managing our credit ratios and financing relationships.

Adjusted Debt to Capital

Total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation divided by total debt plus net present value of operating leases plus after-tax unfunded pension and OPEB obligation plus equity. Operating leases were discounted using 6.0% at December 31, 2012 and 6.2% at both December 31, 2011 and 2010. Management believes this is an important measure in evaluating the total amount of leverage in our capital structure including off-balance sheet lease obligations.

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

Non-GAAP Measures Reconciliation to GAAP

Free Cash Flow

Millions	***2012***	*2011*	*2010*
Cash provided by operating activities	**$ 6,161**	$ 5,873	$ 4,105
Receivables securitization facility [a]	**-**	-	400
Cash provided by operating activities adjusted for the receivables securitization facility	**6,161**	5,873	4,505
Cash used in investing activities	**(3,633)**	(3,119)	(2,488)
Dividends paid	**(1,146)**	(837)	(602)
Free cash flow	**$ 1,382**	$ 1,917	$ 1,415

[a] Effective January 1, 2010, a new accounting standard required us to account for receivables transferred under our receivables securitization facility as secured borrowings in our Consolidated Statements of Financial Position and as financing activities in our Consolidated Statements of Cash Flows. The receivables securitization facility is included in our free cash flow calculation to adjust cash provided by operating activities as though our receivables securitization facility had been accounted for under the new accounting standard for all periods presented.

Return on Invested Capital as Adjusted (ROIC)

Millions, Except Percentages	***2012***	*2011*	*2010*	*2009*	*2008*
Net income	**$ 3,943**	$ 3,292	$ 2,780	$ 1,890	$ 2,335
Add: Interest expense	**535**	572	602	600	511
Add: Interest on present value of operating leases	**190**	208	222	232	299
Add: Receivable securitization fees	**-**	-	-	9	23
Less: Taxes on interest	**(273)**	(293)	(307)	(306)	(300)
Net operating profit after taxes as adjusted (a)	**$ 4,395**	$ 3,779	$ 3,297	$ 2,425	$ 2,868
Average equity	**$ 19,228**	$ 18,171	$ 17,282	$ 16,058	$ 15,386
Add: Average debt	**8,952**	9,074	9,545	9,388	8,305
Add: Average value of sold receivables	**-**	-	200	492	592
Add: Average present value of operating leases	**3,160**	3,350	3,574	3,681	3,737
Average invested capital as adjusted (b)	**$ 31,340**	$ 30,595	$ 30,601	$ 29,619	$ 28,020
Return on invested capital as adjusted (a/b)	**14.0%**	12.4%	10.8%	8.2%	10.2%

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

Non-GAAP Measures Reconciliation to GAAP

Debt to Capital

Millions, Except Percentages		***2012***		2011		*2010*
Debt (a)	**$**	**8,997**	$	8,906	$	9,242
Equity		**19,877**		18,578		17,763
Capital (b)	**$**	**28,874**	$	27,484	$	27,005
Debt to capital (a/b)		**31.2%**		32.4%		34.2%

Adjusted Debt to Capital, Reconciliation to GAAP

Millions, Except Percentages		***2012***		2011		*2010*
Debt	**$**	**8,997**	$	8,906	$	9,242
Net present value of operating leases		**3,096**		3,224		3,476
Unfunded pension and OPEB		**679**		623		421
Adjusted debt (a)	**$**	**12,772**	$	12,753	$	13,139
Equity		**19,877**		18,578		17,763
Adjusted capital (b)	**$**	**32,649**	$	31,331	$	30,902
Adjusted debt to capital (a/b)		**39.1%**		40.7%		42.5%

CAUTIONARY INFORMATION

The 2012 Analyst "Fact Book" provides additional explanatory information regarding Union Pacific that may not be available, included or directly derived from information in the Company's Annual Report. The information provided is supplemental in nature and is not, and should not be considered or deemed to be better than that available in the Company's publicly available reports filed with the SEC. Additionally, some of the information in the Fact Book is derived from the Company's audited financial statements, but the Fact Book and its contents have not been, and should not be considered, audited.

This document includes statements about the Corporation's future that are not statements of historical fact, including specifically the statements regarding the Corporation's expectations with respect to challenges and opportunities for each of the Corporation's commodity groups, including Mexico business; market drivers in 2013; and capital investments in 2013 and over the next five years. These statements are, or will be, forward-looking statements as defined by the Securities Act of 1933 and the Securities Exchange Act of 1934. Forward-looking statements also generally include, without limitation, information or statements regarding: projections, predictions, expectations, estimates or forecasts as to the Corporation's and its subsidiaries' business, financial, and operational results, and future economic performance; and management's beliefs, expectations, goals, and objectives and other similar expressions concerning matters that are not historical facts.

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, including expectations regarding operational and financial improvements and the Corporation's future performance or results are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statement. Important factors, including risk factors, could affect the Corporation's and its subsidiaries' future results and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements. Information regarding risk factors and other cautionary information are available in the Corporation's Annual Report on Form 10-K for 2012, which was filed with the SEC on February 8, 2013. The Corporation updates information regarding risk factors if circumstances require such updates in its periodic reports on Form 10-Q and its subsequent Annual Reports on Form 10-K (or such other reports that may be filed with the SEC).

Forward-looking statements speak only as of, and are based only upon information available on, the date the statements were made. The Corporation assumes no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information. If the Corporation does update one or more forward-looking statements, no inference should be drawn that the Corporation will make additional updates with respect thereto or with respect to other forward-looking statements. References to our website are provided for convenience and, therefore, information on or available through the website is not, and should not be deemed to be, incorporated by reference herein.

The Company's financial statements are included solely as a convenience. The financial statements should be read in conjunction with the notes to the Financial Statements and Supplementary Data in Item 8 of the Company's 2012 Annual Report on Form 10-K.