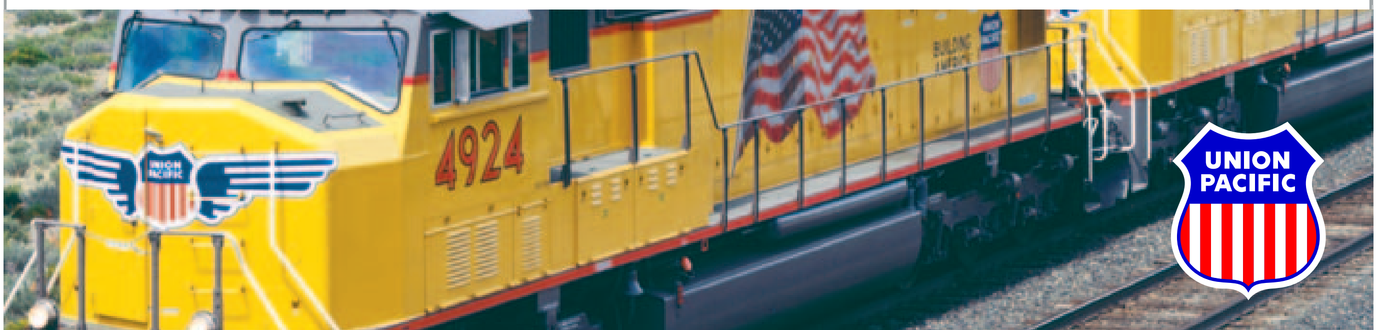
Union Pacific
2002 Financial and Operating Statistics

Union Pacific Railroad

Overnite Corporation

UNION PACIFIC RAILROAD OVERVIEW

Union Pacific is the largest railroad in North America, covering 23 states across the western two-thirds of the United States. The Union Pacific franchise has a strategically advantageous route



structure that serves customers in critical and fast-growing markets. That network, combined with a well-balanced and diverse traffic mix, makes Union Pacific the premier rail franchise in North America.

A key strength of the franchise is access to the coal fields in the Powder River Basin (PRB) region of northeastern Wyoming. Growth of PRB coal tonnage hauled by UP has averaged 8% over the past five years, reflecting PRB coal's low-production cost and low-sulfur content.

UP's rail lines in the Midwest and Plains states provide direct routes from major grain-producing areas to domestic markets, Mexico and to ports of export in the Gulf Coast and Pacific Northwest. Union Pacific also has broad coverage in the large chemical-producing areas along the Gulf Coast, hauling nearly 70% of all goods in this market.

To handle growing east-west inter-modal and automotive traffic, Union Pacific has competitive long-haul routes between all major West Coast ports and eastern gateways.

Leveraging the automotive network enables Union Pacific to deliver more than 80% of the finished vehicles sold west of the Mississippi River. By directly serving all six major gateways to Mexico and having the fastest and most direct route to and from the industrial Midwest and Mexico, the Railroad transports approximately 80% of all rail traffic crossing this southern border. UP also reaches north into Canada through the Eastport gateway, as well as through exchange points in Minnesota, Wisconsin and Illinois. Union Pacific's routes in the South and Southwest produce a single-line rail network serving the fastest growing population centers in this part of the country. Leveraging the strengths of this broad franchise is critical to successfully implementing the Yield Strategy which will allow Union Pacific to improve customer service, grow market share and achieve improved financial returns.

FINANCIAL SUMMARY

Union Pacific - Rail and Other Operations

	2002	2001	2000(b)
Operating Revenues (millions of dollars)	$11,159	$10,830	$10,765
Operating Income (millions of dollars)	$2,253	$2,018	$1,965
Operating Margin	20.2%	18.6%	18.3%
Revenue Carloads (thousands)	9,131	8,916	8,901
Average Employees	47,298	48,632	50,523
Capital Investments (millions of dollars)(a)	$1,850	$1,701	$1,867

(a) Includes long-term operating leases
(b) 2000 excludes the impact of a $115 million pre-tax work force reduction charge
Excludes results from Overnite Corporation

Union Pacific Mission:

Union Pacific is committed to be a railroad where: Customers want to do business, Employees are proud to work and Shareholder value is created.

FINANCIAL REVIEW

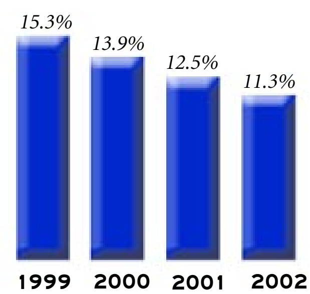
The Railroad's franchise diversity once again paid dividends in 2002 as commodity revenue grew to a record $10.7 billion, up 3% from 2001. In the face of an uncertain economic landscape and the disruption at the West Coast ports, five of the six business groups experienced growth during the year. Rail employee productivity, as measured by millions of gross-ton miles per employee, reached an all-time high in 2002 at 21.0, up nearly 7%. Employee safety continued its positive trend as reportable injuries per 200,000 man hours declined 17% from 2001 levels. In addition, continued focus on quality processes helped drive further reductions in failure costs, as measured by Cost of Quality, to 11.3% for 2002. These efforts, combined with other operational efficiencies, drove the operating margin for the Railroad and Other Operations up to 20.2%, the first year above 20% since the Southern Pacific merger.

Earnings momentum continued in 2002 as net income for the Railroad and Other Operations increased to a best-ever $1.25 billion, up from the $920 million reported in 2001. Excluding land sales to the Utah Transit Authority and Santa Clara Valley Transportation Authority, as well as various tax adjustments, net income rose by 18% over 2001 levels. Capital spending at the Railroad, excluding long-term operating leases, increased during 2002 to $1.817 billion from $1.687 billion in 2001, while free cash flow after dividends increased to $654 million from $321 million in 2001.

CHANGING THE GAME

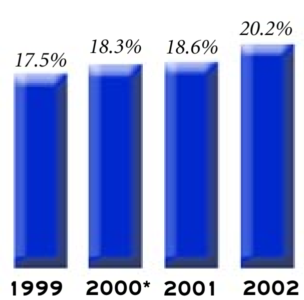
In 1999, when Union Pacific first began implementing the Yield Strategy, the traditional views of how to maximize railroad profitability were challenged. The goals of this strategy, to achieve improved operating margins and returns in excess of the cost of capital, could only be accomplished by focusing on the fundamentals. Those fundamentals include providing a premium service for a premium price, achieving a mix of business that maximizes profitability, leveraging volume across the system, increasing productivity and efficiently utilizing the assets of the Railroad. The **franchise** is in place, however, now we need to leverage **alliances**, improve **service reliability** and identify **business development** opportunities, all of which are critical to accomplishing these goals.

COST OF QUALITY



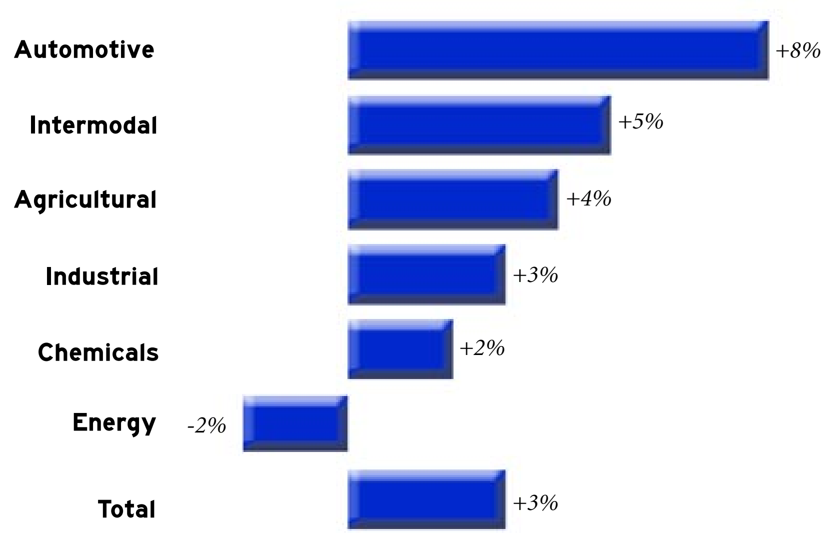
Rail & Other Operations
Failure costs as a Percentage of Revenue

OPERATING MARGIN



Rail & Other Operations
*Excluding $115 million pre-tax work force reduction charge

REVENUE GROWTH *(percent change vs 2001)*



Union Pacific Railroad

CHANGING THE GAME

The Franchise

CHANGING THE GAME

Alliances

In today's economy, customers require seamless service not only in the United States, but in Canada and Mexico as well. To expand and reach customers beyond the finite end points of the Union Pacific network, relationships have been formed with key transportation partners.

In 2002, UP and Transportacion Ferroviaria Mexicana (TFM) introduced an innovative service called MexDirect. This new service was designed to provide a shipment alternative to the premium-priced truck service between major markets in Mexico, the U.S. and Canada. With participation by Canadian Pacific, CSX and Norfolk Southern (NS), MexDirect provides steel and lumber customers with a single point of contact, a single bill and streamlined customs clearance at both borders.

Union Pacific also has rail alliances with Canadian National (CN) and Ferrocarril Mexicano (FXE). During 2002, UP, CN and NS introduced a new intermodal train service to Mexico for shippers in the eastern United States, trimming three days from the previous rail transit times. UP and FXE continue to leverage their partnership, positioning each for near-term growth through enhanced product offerings. With over 40% of Union Pacific's business interchanged with other carriers at some point during delivery, alliance partnerships are critical to providing seamless service.

CHANGING THE GAME

Service Reliability

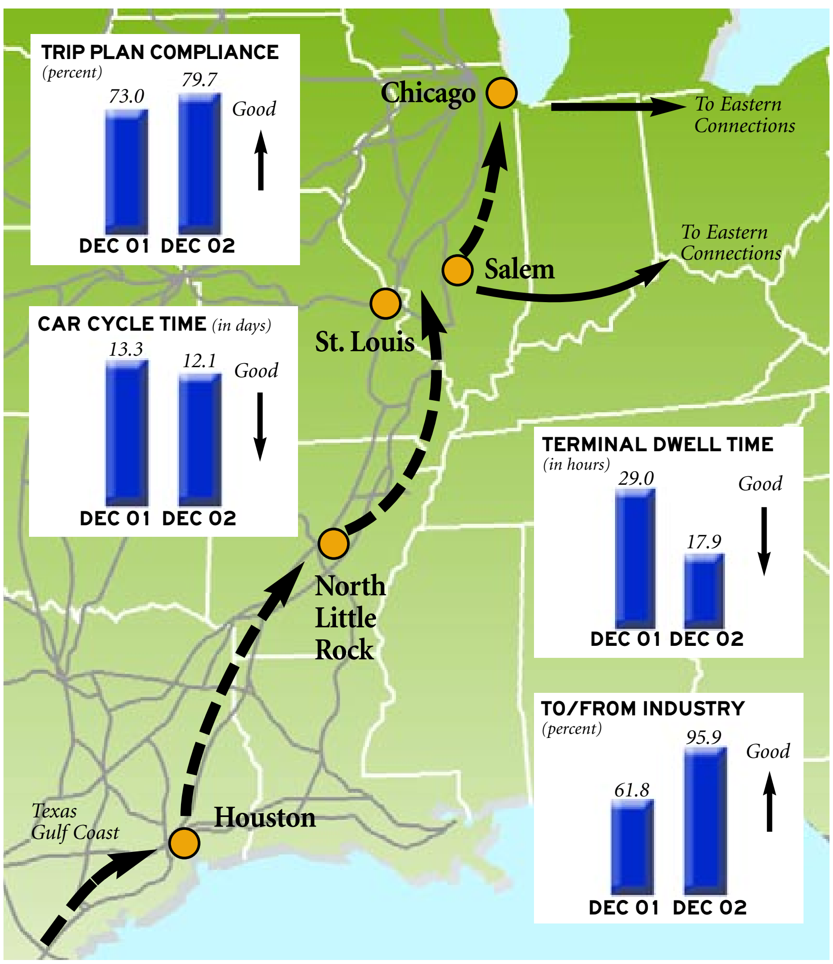
Reliable, consistent service is the key to capturing share from trucks, a market estimated at $90 billion annually. UP evaluated its network and targeted six different corridors on which it offers a strategic advantage over other railroads. The I-5 corridor, running along the West Coast, was UP's "proof of concept" for improving service performance corridor by corridor. By focusing on pick-up and delivery service at customers' facilities, over-the-road performance and critical car connections at terminals, service reliability has improved dramatically in this corridor.

In 2002, the successes and failures experienced on the I-5 corridor were translated into "best practices" that have been implemented on three additional corridors – the Overland, Gulf Coast and Mid-America – driving customer satisfaction levels for the Railroad to a seven year high of 78%. These service improvements correlate directly with the Railroad's internal measure for meeting customer expectations, the service delivery index, which improved 3 percentage points in 2002 to a best-ever 73%. Although still in the early stages of implementation, the Mid-America corridor is experiencing significant service improvements, as well as better asset utilization. Two additional corridors, the Oregon Trail and Heartland are scheduled for roll-out in 2003.

Business Development

The end result of "changing the game" is the ability to develop new business partners and penetrate new markets. Focusing on franchise strengths, synergies with alliance partners, new product development and service reliability has translated into top line growth opportunities. As described in the individual business sections that follow, each of the six business teams, as well as the Mexico team, have plans to expand their market share through business development initiatives.

MID-AMERICA CORRIDOR SERVICE INITIATIVE



THE FUTURE

With an uncertain economic outlook and high fuel prices, Union Pacific will face significant challenges in 2003. However, UP's dedication to achieving continued productivity gains, improved service reliability and increased customer satisfaction remains unchanged. In addition, the unparalleled franchise has positioned Union Pacific's stakeholders – customers, employees and shareholders – for a bright future in years to come.

DENSITY MAP

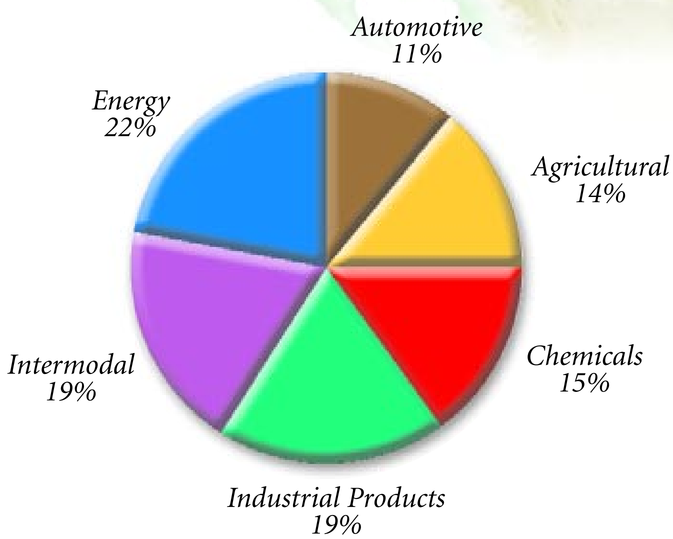
THOUSANDS OF GROSS TON-MILES (GTM'S) PER ROUTE MILE

- *100,000+ GTM's Per Route Mile*
- *50,000 - 99,999 GTM's Per Route Mile*
- *0 - 49,999 GTM's Per Route Mile*

Dashed lines indicate operating rights on other railroads

REVENUE MIX

COMMODITY REVENUE: $10.7 BILLION



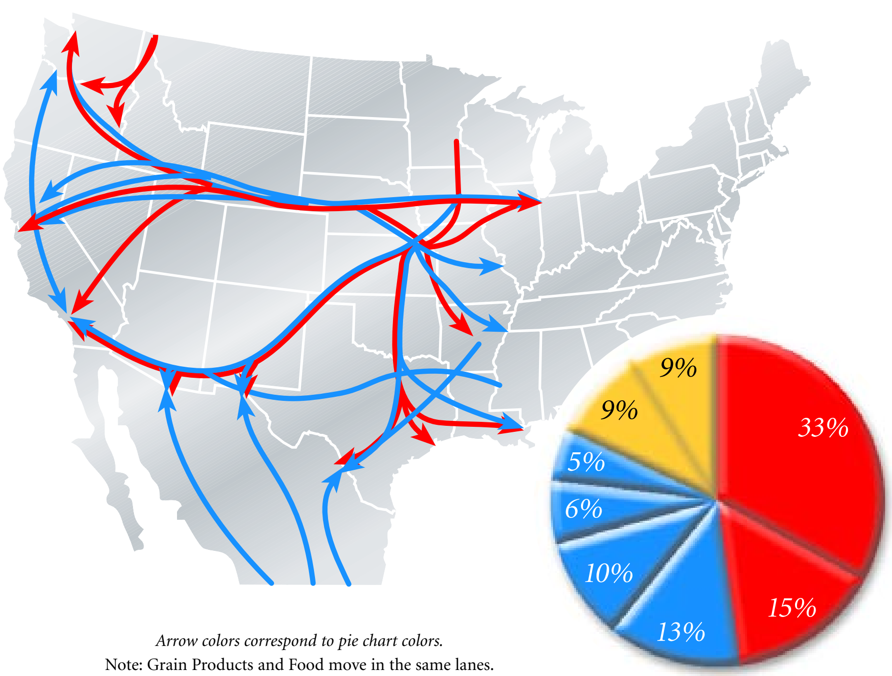
AGRICULTURAL

2002 REVIEW

- Whole grain traffic contracted 1% in 2002 due to continued softness in export demand and declines in grain processor business. However, a significant increase in feed grain movements into Mexico offset some of the decline.
- Grain Products experienced more than a 2% increase in carloads over 2001 levels. Overall, the business shifted to longer-haul, more profitable traffic including gains in ethanol, meal shipments to Mexico and cottonseed.
- Express Lane business continued to capture market share from truck taking an additional 7,500 trucks off the highway in 2002. More than 650 refrigeration cars were refurbished and placed back into service completing the first phase of UP's reefer strategy. Leveraging the equipment and improved market share drove a 14% increase in Express Lane revenue.

KEY MARKET FACTORS

- Union Pacific offers a critical link between producing areas in the Midwest, West, Pacific Northwest (PNW) and primary Gulf ports, as well as to Mexico. UP's domestic markets include grain processors and feeders, as well as ethanol producers, in the Midwest, West, South and Rocky Mountain states.
- Producers and consumers of food and beverages are distributed broadly across the Railroad system.
- Domestic and foreign crop production, grain prices and shipping rate spreads between the Gulf Coast and the PNW are primary factors affecting export grain traffic. Union Pacific's domestic traffic is driven largely by consistent service performance.



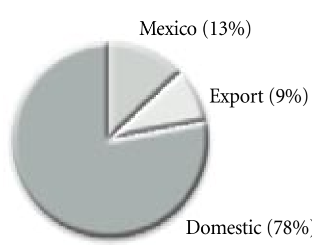
Arrow colors correspond to pie chart colors.
Note: Grain Products and Food move in the same lanes.

2002 CARLOADS

Whole Grain
Corn & Feed Grains (33%)
Wheat & Food Grains (15%)

Grain Products
Meals & Oils (13%)
Sweeteners (10%)
Proteins & Feed (6%)
Food Grain Products (5%)

Food
Canned/Packaged/Beverages (9%)
Fresh & Frozen Products (9%)



KEY MARKET FACTORS

continued

- Grain moves most efficiently in unit trains that shuttle continuously between producers and export terminals or domestic markets. Smaller shipments, including grain products and food and beverages, typically move in the manifest train network.

2003 OUTLOOK

- Express Lane and Wine Connection will continue to be a primary focus in the overall growth strategy. Further penetration of the truck market is critical to expansion and should be accomplished by reaching into new origin and destination markets and adding additional commodities. Throughout 2003, UP will continue to add new and refurbished cars to capture this service-sensitive market. Benefits from the updated equipment include improved customer satisfaction, revenue and price growth, a reduction in damage claims due to temperature failure and increased fuel efficiency. In addition, strategically locating freight car cleaning facilities will help reduce overall cycle times for the fleet.
- Union Pacific will also continue to focus on growth into Mexico. In partnership with FXE and TFM, UP expects to further expand its shuttle train network into Mexico. As part of the Express Lane expansion, fresh and frozen fruits and vegetables will begin to move both north and southbound. Northbound beer shipments should also continue to post strong growth for UP.

Commodity Revenue *(millions of dollars)*

	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	369	354	373	410	370	345	358	381	350	334	363	353
Cumulative	369	723	1,096	1,506	370	715	1,073	1,454	350	684	1,047	1,400

Revenue Ton-Miles *(millions)*

	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	18,414	17,413	17,805	18,942	17,332	16,558	17,024	18,193	17,581	16,433	16,972	16,279
Cumulative	18,414	35,827	53,632	72,574	17,332	33,890	50,914	69,107	17,581	34,014	50,986	67,265

Revenue Carloads *(thousands)*

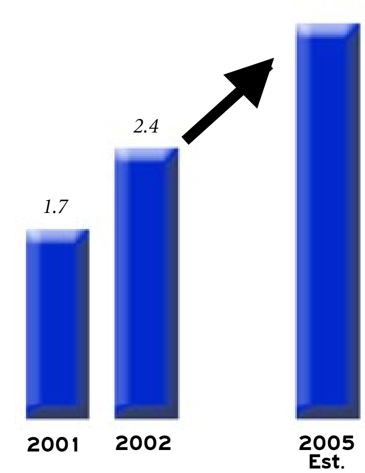
	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	219	212	216	234	219	212	214	231	221	213	217	222
Cumulative	219	431	647	881	219	431	645	876	221	434	651	873

Average Commodity Revenue Per Car *(dollars)*

	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	1,688	1,668	1,728	1,750	1,687	1,633	1,668	1,652	1,582	1,568	1,673	1,595
Cumulative	1,688	1,678	1,695	1,709	1,687	1,661	1,663	1,660	1,582	1,575	1,607	1,604

- As export demand for grain continues to fluctuate widely, alliances with other railroads will enable Union Pacific to compete in previously unserviced markets in the upper Midwest. Demand for domestic feed grain is expected to be strong in 2003.
- Union Pacific is positioned to capture a significant share of the double digit growth in the ethanol industry as it expands further into the gasoline market. Union Pacific will utilize North Platte to block ethanol shipments from the Midwest for movement into staging yards at destinations in the West.

U.S. ETHANOL CONSUMPTION
(billions of gallons)

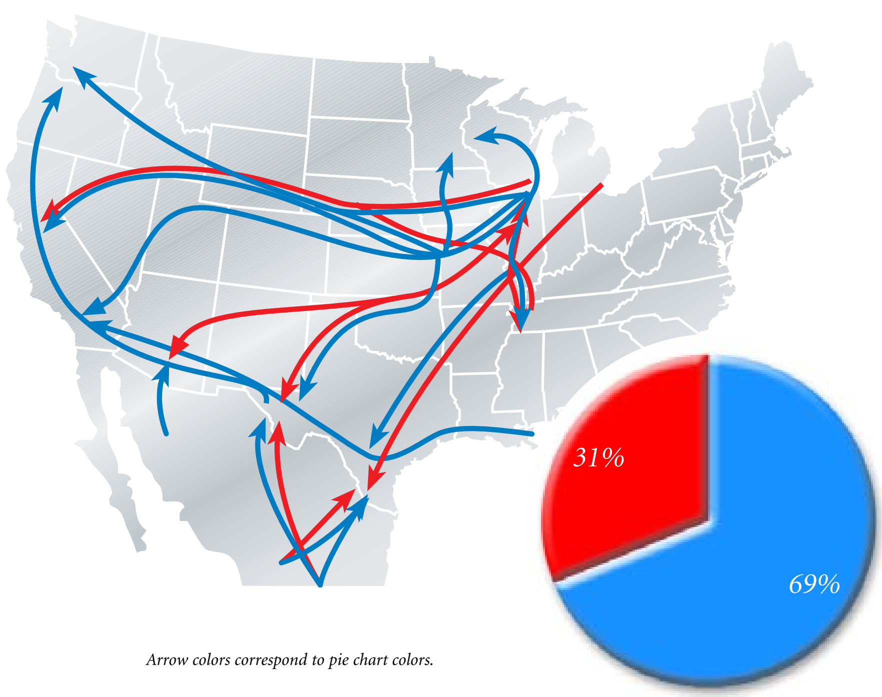


Source: Energy Information Administration & Industry Resources

AUTOMOTIVE

2002 REVIEW

- Automotive shipments rose 7% as the result of share gains in finished vehicles and automotive materials. Union Pacific's western U.S. rail market share gained 6 points to 81% in 2002. Overall, new light vehicle sales in the U.S. dropped 2% in 2002.
- Union Pacific and DaimlerChrysler finished the first full year of operations for the newly formed Insight Network Logistics Company, LLC (INL). INL successfully deployed its VinVision technology to manage and monitor over 2.5 million vehicle movements in 2002, driving waste and non-value added time from the distribution chain.
- Service network improvements allowed UP to convert auto materials business that traditionally moved by truck to rail. UP's premium automotive network provided products that deliver consistent, reliable service. Customers converted 35,000 truck loads of business off the highway to rail.
- Union Pacific continued to invest in technology in 2002 to improve network velocity. Radio frequency infrastructure was installed at 18 vehicle distribution centers to provide real time vehicle information to customers and haul away carriers, with additional facilities to be equipped in 2003. The continued focus on improving the distribution process allowed UP to reduce ramp dwell time by 12% in 2002.
- In 2002, UP continued to receive high marks from customers. Toyota awarded UP their President's Award as their top rail supplier for the third consecutive year. UP received the DaimlerChrysler Gold Award as a top rail supplier for the third consecutive year. In addition, General Motors awarded UP their Supplier of the Year award.



Arrow colors correspond to pie chart colors.

2002 CARLOADS

- *Assembled Autos (69%)*
- *Auto Materials (31%)*

KEY MARKET FACTORS

- Union Pacific is the largest carrier of finished vehicles west of the Mississippi River. The Railroad has 42 facilities strategically located to serve all major population centers in the western U.S. Union Pacific also serves seven assembly centers and distributes import vehicles from six West Coast ports and two Gulf ports.
- Mexico is an important automotive market for the Railroad as companies continue to produce vehicles for both domestic and U.S. consumption. Automotive materials flow north and south across the border bound for assembly centers in Mexico, the U.S. and Canada. UP handled over 90% of all automotive rail traffic between the US and Mexico in 2002.

2003 OUTLOOK

- North American light vehicle sales are expected to decline for the third year in a row. Union Pacific expects to offset industry weakness by leveraging its premium automotive network service product. The dedicated automotive network should allow UP to gain additional market share, focused specifically at taking automotive materials business off the highway.
- Supply chain logistics services, using UP's ongoing technology investments in support of the automotive industry should continue to enhance customers' "Fast-to-Market" strategies. These products should facilitate ongoing improvements in velocity and reliability for the entire distribution network.

Commodity Revenue *(millions of dollars)*

	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	283	325	285	316	276	301	253	288	290	307	280	305
Cumulative	283	608	893	1,209	276	577	830	1,118	290	597	877	1,182

Revenue Ton-Miles *(millions)*

	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	3,945	4,498	3,897	4,497	3,694	3,961	3,473	4,092	4,229	4,298	3,853	4,136
Cumulative	3,945	8,443	12,340	16,837	3,694	7,655	11,128	15,220	4,229	8,527	12,380	16,516

Revenue Carloads *(thousands)*

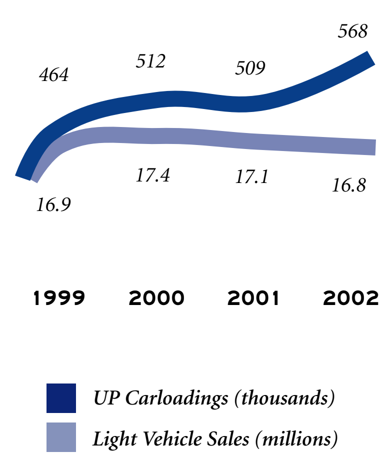
	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	193	219	193	213	185	199	177	202	199	214	196	206
Cumulative	193	412	605	818	185	384	561	763	199	413	609	815

Average Commodity Revenue Per Car *(dollars)*

	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	1,462	1,486	1,479	1,480	1,486	1,514	1,429	1,428	1,456	1,437	1,425	1,483
Cumulative	1,462	1,475	1,476	1,477	1,486	1,501	1,478	1,465	1,456	1,446	1,439	1,450

- The automotive materials business, with particular focus on Mexico, should provide opportunity for growth as UP develops supply chain solutions and new rail services for customers, allowing UP to capture additional market share from trucks.
- UP and its rail partners continue to provide seamless transportation solutions for the auto materials markets. UP also has increased the awareness of rail solutions with nontraditional rail customers and anticipates carload gains in 2003.

FINISHED VEHICLE GROWTH



CHEMICALS

2002 REVIEW

- Improved economic demand from 2001's recessionary levels resulted in a 3% increase in shipments of industrial chemicals and plastics.
- Increasing demand from industrial manufacturers resulted in a 3% increase in liquid and dry carloadings.
- Plastics carloadings increased 2% as demand for consumer durable goods improved during 2002.
- Liquid petroleum products carloadings increased by 10% due to strong domestic shipments and increased exports to Mexico.
- Soda ash carloads increased 3% as demand for both export and domestic soda ash improved.
- The West Coast port disruption and worldwide market conditions for potash drove fertilizer carloads down 1% for the year. In contrast, domestic nitrogen and phosphate shipments rose in 2002, as lower natural gas prices drove increased production of nitrogen products.

KEY MARKET FACTORS

- Natural gas prices impact chemical production whether as a feed stock component or as an energy source during plant production.
- Plastics customers depend on reliable rail service and railroad-provided storage-in-transit (SIT) yards for intermediate storage of plastic resins. UP's SIT capacity leads the industry, with some expansion planned in 2003.
- Fertilizers are produced and imported in the Gulf Coast and the western U.S. and Canada and are shipped to major agricultural areas.
- The liquid and dry market consists of 22 different segments of various intermediate chemicals produced by and shipped to a multitude of large and small customers.

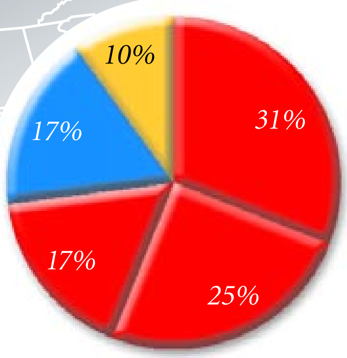
Arrow colors correspond to pie chart colors.

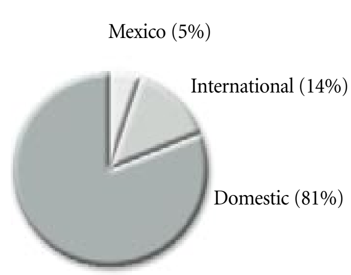
2002 CARLOADS

Liquid & Dry (31%)
Plastics (25%)
Liquid Petroleum Products (17%)

Fertilizers & Related Products (17%)

Soda Ash (10%)





KEY MARKET FACTORS

continued

- UP directly serves Green River, Wyoming, the largest soda ash producing region in the world. Domestic demand for soda ash is relatively constant. Export markets to Asia, Europe and Mexico, though volatile, provide growth opportunity.

2003 OUTLOOK

- Growth in plastics and liquid and dry chemicals shipments are contingent upon feed stock prices and economic recovery.
- Fertilizer demand is expected to improve with the completion and implementation of the 2002 Farm Bill, aimed at assisting farmers in investing in crop inputs.
- Liquid petroleum products are expected to strengthen through the development of the petrochemical industry domestically and in Mexico, while increased Ethanol blending in gasoline will bring changes to the traditional traffic flows.
- Continued demand for export and domestic soda ash should result in additional carload growth.
- Expansion of the "Pipeline" service into new lanes and continued focus on operational improvements in the Gulf Coast corridor will further improve asset utilization for customers and UP.
- Implementation of the "Transflo" transloading network will provide chemical customers with additional rail options. Transflo is an ISO-9001:2000 registered, rail centric transloader that delivers the economics of non-rail served customers.

Commodity Revenue *(millions of dollars)*

	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	385	402	399	389	390	386	393	376	412	424	412	392
Cumulative	385	787	1,186	1,575	390	776	1,169	1,545	412	836	1,248	1,640

Revenue Ton-Miles *(millions)*

	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	12,906	13,715	13,615	13,161	12,785	12,856	12,936	12,555	13,514	13,607	13,152	12,877
Cumulative	12,906	26,621	40,236	53,397	12,785	25,641	38,577	51,132	13,514	27,121	40,273	53,150

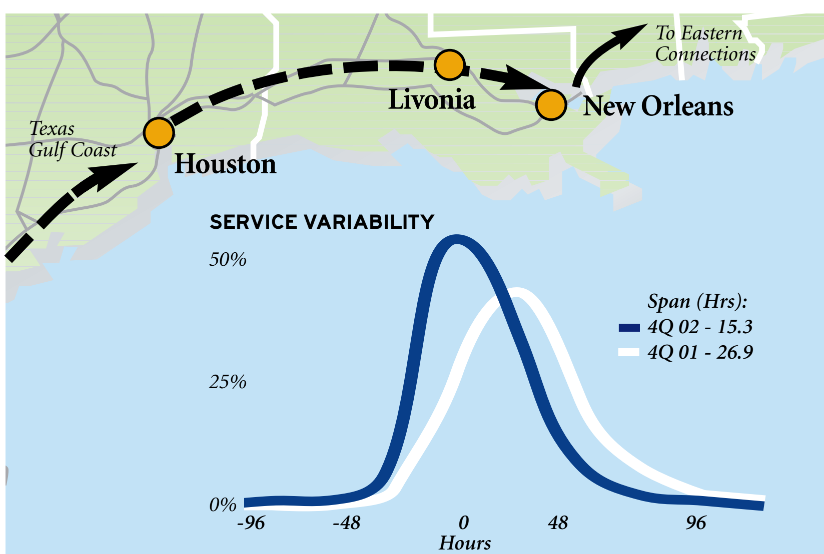
Revenue Carloads *(thousands)*

	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	217	233	231	223	219	222	225	213	232	244	237	223
Cumulative	217	450	681	904	219	441	666	879	232	476	713	936

Average Commodity Revenue Per Car *(dollars)*

	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	1,771	1,728	1,729	1,742	1,778	1,748	1,744	1,755	1,777	1,741	1,738	1,753
Cumulative	1,771	1,749	1,742	1,742	1,778	1,763	1,757	1,756	1,777	1,759	1,752	1,752

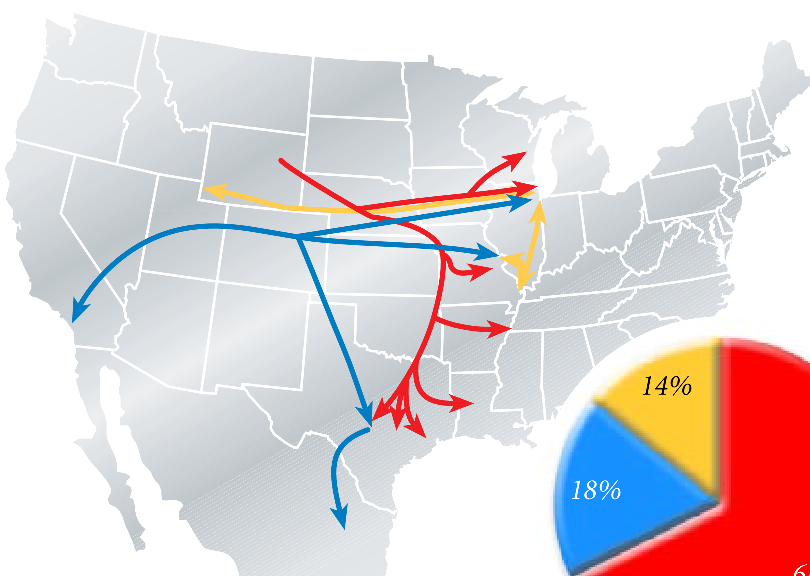
GULF COAST CORRIDOR



ENERGY

2002 REVIEW

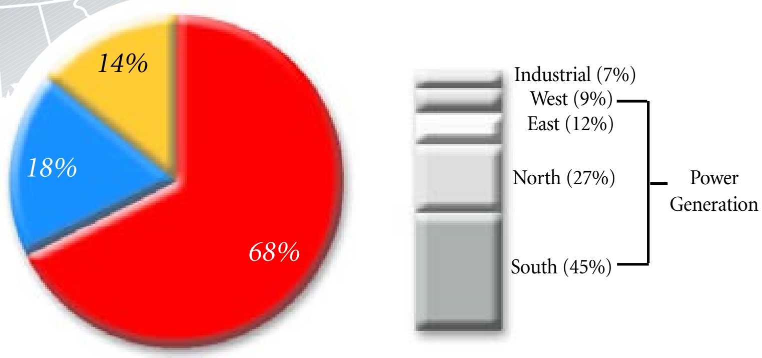
- In 2002, coal volume grew over 1% to 241 million tons, with coke traffic holding steady at 4 million tons. The significant growth region in 2002 was Wyoming's Powder River Basin (PRB) which set a record with 171 million tons originated.
- Soft demand for coal originating out of Colorado and Utah mines contributed to 1 million (2%) fewer tons being loaded from these areas in 2002 versus a year ago. This reduction reflects the decline in exports from the West Coast after the first quarter of 2002.
- PRB coal train productivity increased 3% in 2002 driven by continued improvements in both cars per train and tons per car. Average train size grew by nearly 3 cars while each car on average was loaded with nearly one additional ton of coal.
- Capacity expansion continued on the South Morrill Sub in 2002. Between South Morrill and North Platte, almost 32 miles of single track were expanded to double track. Additional capacity improvements were made on the East-West mainline through Iowa and the Cedar River Bridge.
- PRB cycle time performance improved almost 4 percentage points to a record 99%. Overall coal train velocity was up from 15.5 miles per hour in 2001 to 16.3 miles per hour in 2002.



Arrow colors correspond to pie chart colors.

2002 CARLOADS

- *Powder River Basin (68%)*
- *Colorado/Utah (18%)*
- *Other (includes Coke) (14%)*



KEY MARKET FACTORS

- Union Pacific provides transportation service between most of the coal-producing regions in the western U.S. and utilities and industrial facilities in 27 states. The PRB represents the largest and fastest growing segment of the market, as utilities continue to favor the low cost and low-sulfur content of the coal mined there. In addition, declining coal production in the East, as well as a lack of economically competitive alternatives for satisfying the growing demand for electricity, continue to favor western coal.
- The Railroad also moves high-BTU low-sulfur coal from Colorado and Utah to domestic utilities and industries. Colorado coal is exported to Mexico via Eagle Pass, Texas, and PRB coal is exported to Europe through Mississippi River Barge Terminals.

2003 OUTLOOK

- Volume growth from existing customers will be the key for 2003. A stronger economy, cooperative weather and inventory stock piles will play critical roles in determining volume growth for the year. Leveraging past and future capacity enhancements should assist in improving the already solid service performance and maintaining system fluidity with higher volumes.
- A continued focus on train size improvements, routing efficiencies, and recrew reductions should drive productivity performance in the upcoming year.
- Additional expansion of western coal to eastern utilities is expected through UP's partnerships with the eastern carriers.

Commodity Revenue *(millions of dollars)*

	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	582	570	591	600	593	577	611	618	529	490	586	549
Cumulative	582	1,152	1,743	2,343	593	1,170	1,781	2,399	529	1,019	1,605	2,154

Revenue Ton-Miles *(millions)*

	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	56,528	54,304	57,327	59,010	54,943	53,318	56,574	58,258	48,580	44,934	54,323	50,879
Cumulative	56,528	110,832	168,159	227,169	54,943	108,261	164,835	223,093	48,580	93,514	147,837	198,716

Revenue Carloads *(thousands)*

	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	545	520	540	559	537	516	549	559	480	439	513	498
Cumulative	545	1,065	1,605	2,164	537	1,053	1,602	2,161	480	919	1,432	1,930

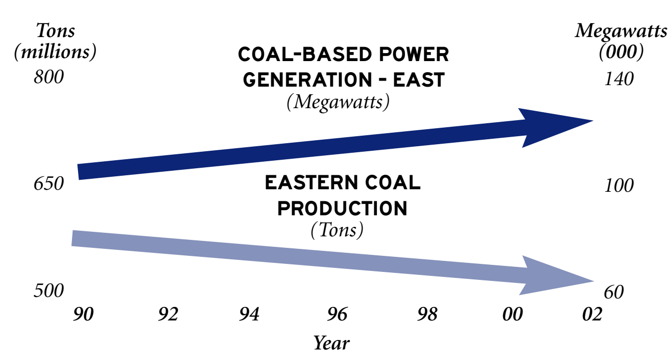
Average Commodity Revenue Per Car *(dollars)*

	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	1,068	1,095	1,095	1,074	1,106	1,117	1,113	1,107	1,103	1,115	1,141	1,101
Cumulative	1,068	1,081	1,086	1,083	1,106	1,111	1,112	1,111	1,103	1,109	1,120	1,116

- 2003 capital spending will focus on double tracking half of the remaining 13 miles of single track on the South Morrill Sub between North Platte and South Morrill.

The expansion of Dupo Yard is expected to be complete in 2003, increasing fluidity of business moving beyond St. Louis.

EASTERN COAL SHORTAGE



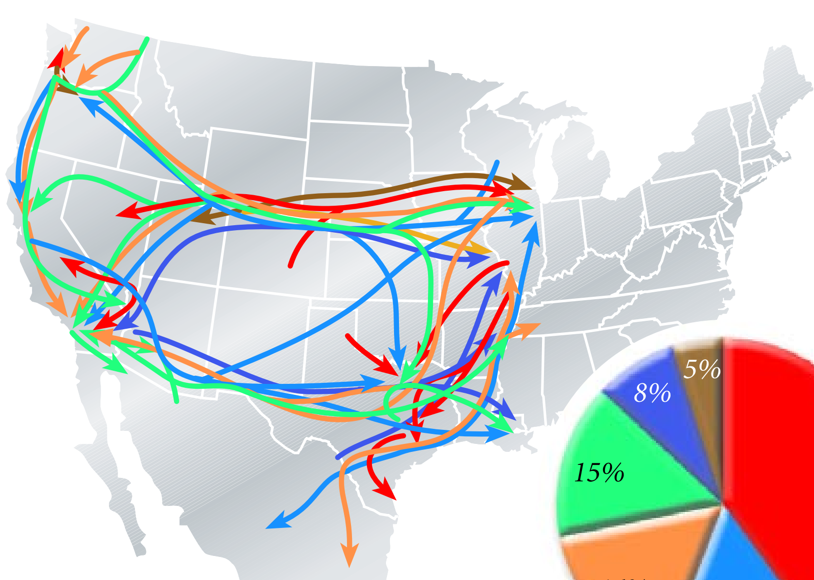
INDUSTRIAL PRODUCTS

2002 REVIEW

- Despite a decline in industrial production of 1% and the impact from a key steel customer's bankruptcy, carloads were up 1% in 2002. Average revenue per car was up 3% resulting in a 3% increase in total revenue.
- Lumber revenues increased 12% over 2001, driven by a strong housing market, aggressive sales penetration efforts, and increased production from the PNW and Canada.
- Improved service levels, particularly due to the continued success of the 5-7-9 strategy which focuses on reliable service along the West Coast, facilitated penetration efforts to convert truck share in lumber, paper and other key segments.
- Construction products' revenues showed strong growth due to strength in highway construction and market penetration in the Southwest and mid-South.
- The steel market improved in 2002, with domestic production and demand for Mexican steel increasing over the prior year, due in part to the Section 201 tariff.
- Continued focus on yield management resulted in a "win" for both a lumber customer and UP. Pooling the customer's centerbeam flat cars with UP's existing fleet significantly improved the utilization of these cars, driving increased efficiencies for both companies.

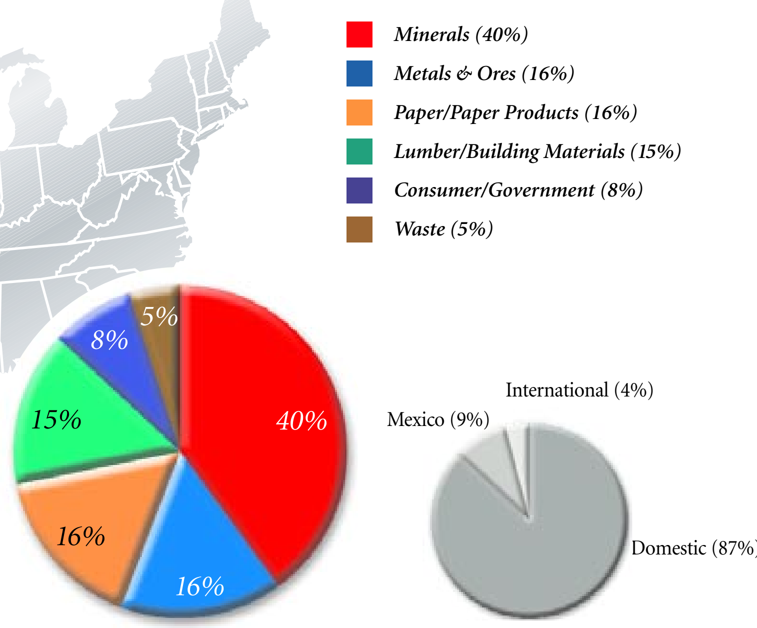
KEY MARKET FACTORS

- Industrial Products covers a broad range of commodities – from bulk products like stone, cement, minerals, waste and scrap to higher-value shipments like lumber, paper and consumer goods – with growth linked to U.S. industrial production.



Arrow colors correspond to pie chart colors.

2002 CARLOADS



KEY MARKET FACTORS

continued

For most commodities, trucks provide a competitive transportation alternative. Market share growth hinges on providing consistent, reliable service.

- Bulk commodities like rock often move in unit train service from origin to a transload facility in major metropolitan areas. Demand is driven by construction activity and peaks during the warmer months.
- Other commodities move in manifest trains and rely on UP's extensive network of rail terminals to move between thousands of shippers and customers across North America. Demand is generally driven by macro-economic conditions with seasonal peaks.

2003 OUTLOOK

- Population growth in key markets served by the UP system should continue to grow demand for lumber and steel.
- Continued strength in highway construction projects in the Southwest and mid-South should create growth opportunities in the stone, sand and gravel business.
- Government shipments are expected to increase significantly as a result of the war in Iraq.
- The uncertain economic outlook could be a significant barrier to market growth in 2003. The lumber market could be impacted by a slowdown in housing starts, which are forecast to be down from 2002 levels. Revenue growth will depend on penetrating new markets through continued service improvements, combined with the implementation of pricing plans.

Commodity Revenue *(millions of dollars)*

	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	474	533	535	493	472	523	513	462	492	525	502	466
Cumulative	474	1,007	1,542	2,035	472	995	1,508	1,970	492	1,017	1,519	1,985

Revenue Ton-Miles *(millions)*

	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	18,250	20,141	20,116	18,894	18,417	20,340	19,899	17,849	20,310	20,723	19,401	18,322
Cumulative	18,250	38,391	58,507	77,401	18,417	38,757	58,656	76,505	20,310	41,033	60,434	78,756

Revenue Carloads *(thousands)*

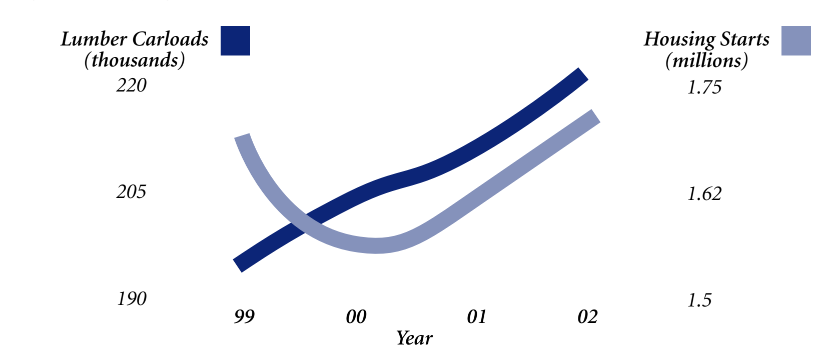
	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	323	371	378	341	336	374	368	327	355	376	363	337
Cumulative	323	694	1,072	1,413	336	710	1,078	1,405	355	731	1,094	1,431

Average Commodity Revenue Per Car *(dollars)*

	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	1,469	1,435	1,415	1,447	1,405	1,396	1,399	1,410	1,387	1,398	1,383	1,382
Cumulative	1,469	1,451	1,438	1,440	1,405	1,400	1,400	1,402	1,387	1,392	1,389	1,387

- Leveraging our strategy to penetrate imported steel, lumber and non-ferrous metals markets should continue to pay off in 2003 with double digit growth expected.
- In partnership with TFM, UP's recently launched MexDirect service is aimed squarely at capturing the premium-priced truck market on steel, lumber and wood products movements to and from Mexico.

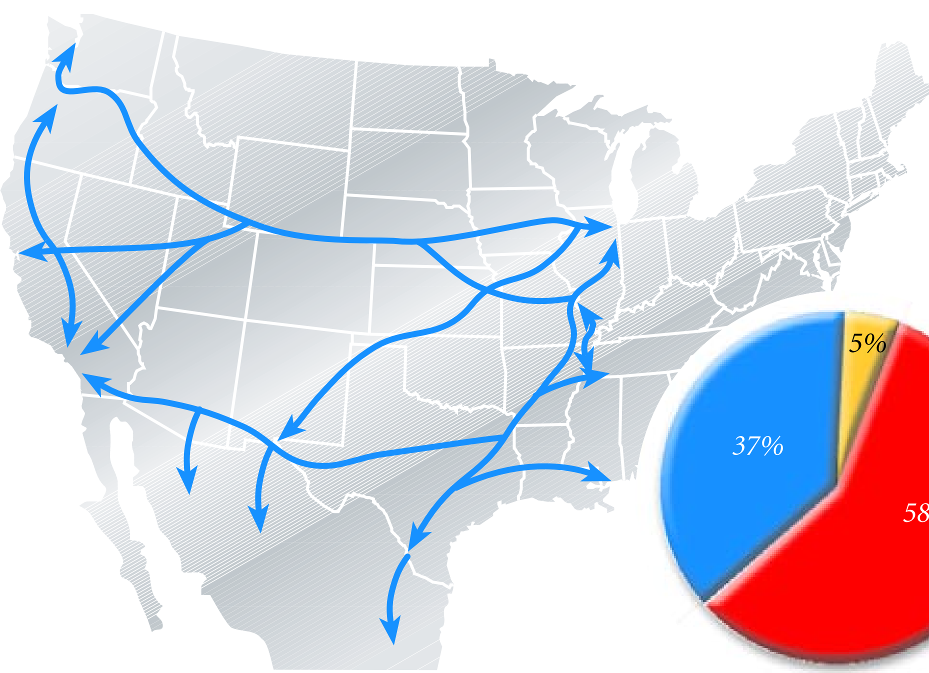
LUMBER GROWTH



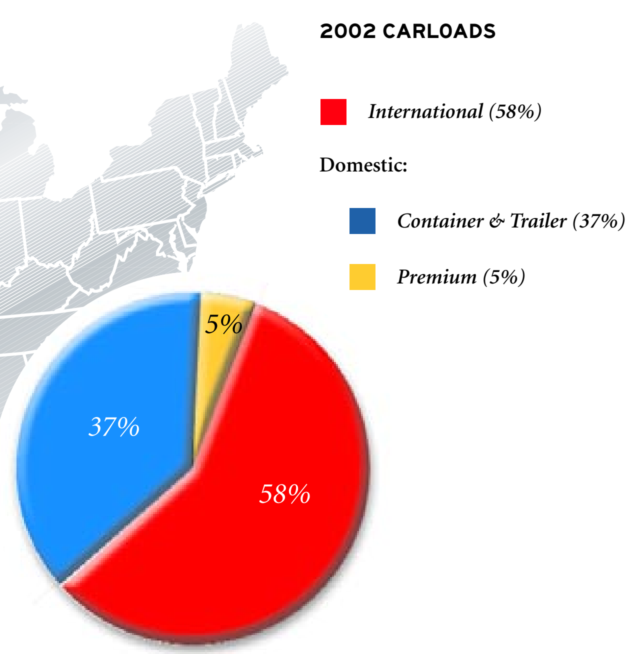
INTERMODAL

2002 REVIEW

- Despite the challenging economic climate in 2002, intermodal carloads increased by 4% and average revenue per car increased slightly resulting in revenue growth of 5% versus 2001.
- The international market segment continued its solid revenue growth driven by strong demand for imports and market share gains in some major intermodal lanes. These gains were partially offset by the significant disruption caused by the labor dispute at the West Coast ports during the fourth quarter.
- Blue Streak, UP's premium service Intermodal product, continued to win business from long haul trucks. By offering truck-like service and reliability, as well as equipment guarantees, UP handled more than 5,000 new shipments during 2002.
  In addition to Los Angeles to Atlanta, service was expanded in 2002 to include Los Angeles to Dallas and Memphis, as well as Northern California to Chicago and beyond to New York and New Jersey.
- Domestic revenue grew by 3% despite soft demand from a sluggish U.S. economy. In addition, UP's strategic decision to voluntarily convert low-margin trailer business to higher-margin container business captured additional market share from motor carriers.
- UP's Yield Strategy not only drove top line growth in 2002, but also focused on operational efficiency as average train length increased 5%, average lifts per container declined 4% and the percent of containers double stacked improved 3 percentage points.



Arrow represents key intermodal lanes.



KEY MARKET FACTORS

- International: Consists of international container traffic handled for steamship customers.
- Domestic: Two key domestic market segments:
  - Domestic container and trailer: Includes domestic container traffic handled by Intermodal Marketing Companies (IMC) and truckload carriers. The EMP product line continues to grow in this market segment due to our success in converting trailer business to EMP containers.
  - Premium: Primarily less-than-truckload and package carriers with time-sensitive business needs. Service performance and reliability drive premium business growth.

2003 OUTLOOK

- Continued Transpacific market growth is anticipated for our International segment. This growth should offset the 2002 loss of a major contract, contingent upon economic improvement.
- Expansion of the domestic container fleet and continued penetration of the truck market with Blue Streak products should generate both volume and price improvement.
- Premium, IMC and truckload domestic market segments offer opportunities for growth, contingent upon U.S. economic conditions.
- Continued focus on operational efficiency and asset utilization should drive margin improvement.

Commodity Revenue *(millions of dollars)*

	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	455	515	542	483	450	463	499	493	441	471	506	491
Cumulative	455	970	1,512	1,995	450	913	1,412	1,905	441	912	1,418	1,909

Revenue Ton-Miles *(millions)*

	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	16,992	18,887	18,731	16,712	16,547	16,995	17,666	17,458	17,029	17,832	18,370	17,818
Cumulative	16,992	35,879	54,610	71,322	16,547	33,542	51,208	68,666	17,029	34,861	53,231	71,049

Revenue Carloads *(thousands)*

	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	681	771	801	698	683	688	741	720	687	727	767	735
Cumulative	681	1,452	2,253	2,951	683	1,371	2,112	2,832	687	1,414	2,181	2,916

Average Commodity Revenue Per Car *(dollars)*

	2002				2001				2000			
	1	2	3	4	1	2	3	4	1	2	3	4
Quarterly	668	667	677	692	659	671	674	686	642	647	661	667
Cumulative	668	668	671	676	659	665	668	673	642	645	650	655

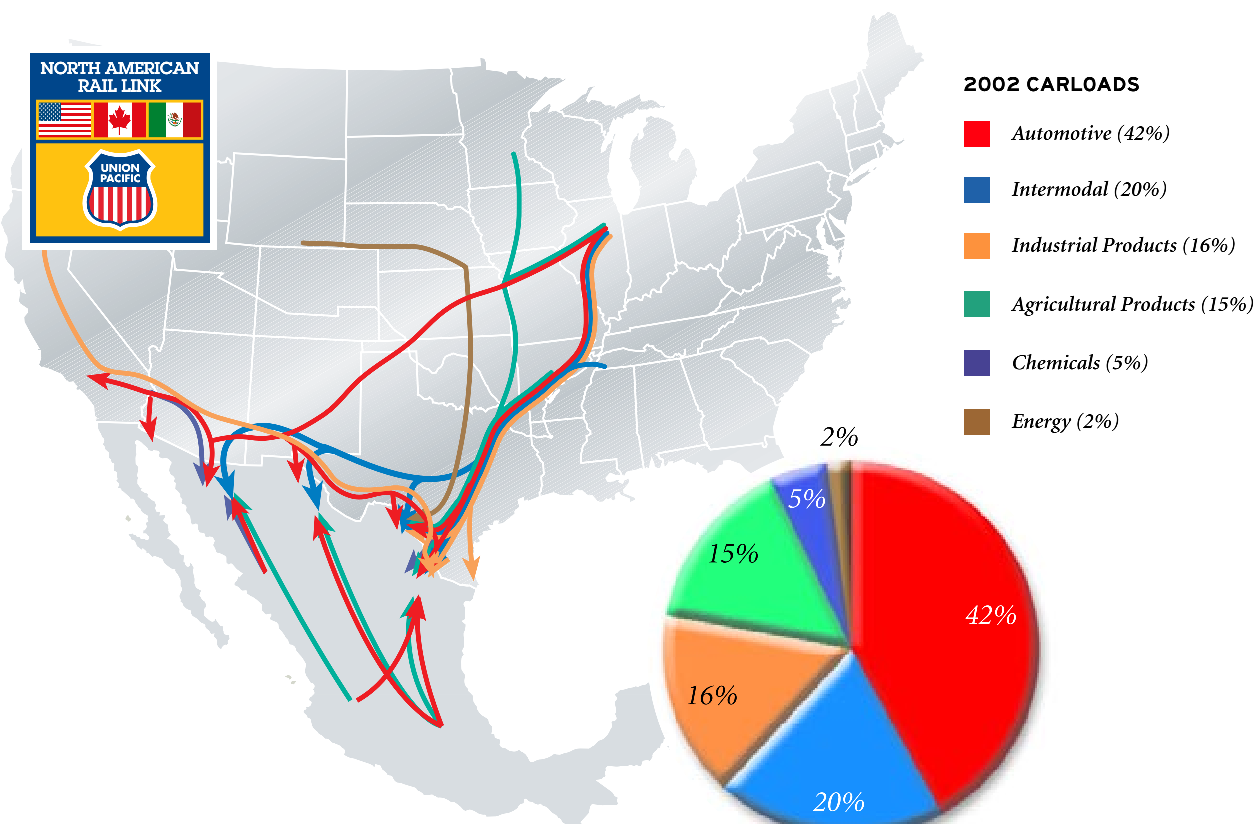
- The final phase of the Rochelle, Illinois intermodal facility, to be completed in the third quarter, will provide needed intermodal terminal capacity in the Chicago market and improve the efficiency of UP's service in the growing rail-truck freight market.

MAJOR GROWTH LANES

MEXICO

2002 REVIEW

- Growth in Mexico's agricultural products, chemicals and industrial products business groups helped to offset the impact that plant closings and production declines had in the automotive group. Overall Mexico revenues for the year were up 1% versus 2001, and excluding automotive were up 7%.
- Union Pacific became the first U.S. railroad to be certified under Customs-Trade Partnership Against Terrorism (C-TPAT). C-TPAT is a cooperative endeavor between the trade community and the U.S. Customs Service to develop, enhance and maintain effective security processes throughout the global supply chain.
- Union Pacific's integrated marketing and sales efforts with Mexico have been successful as approximately 39,000 trucks annually have been converted to new rail business.
- During 2002, four new train products began serving the Mexico marketplace. New trains include the Detroit premium automotive train, Memphis to Laredo/Mexico intermodal train, Salem to Vanegas automotive run-through train and the Laredo to West Coast premium-manifest train.



Arrow colors correspond to pie chart colors.

2002 REVIEW

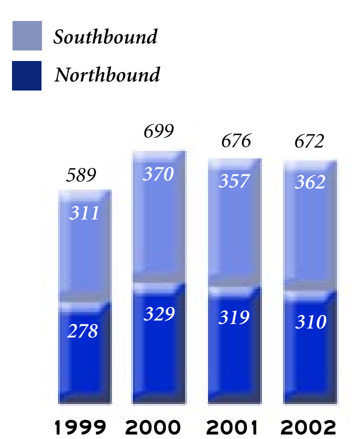
continued

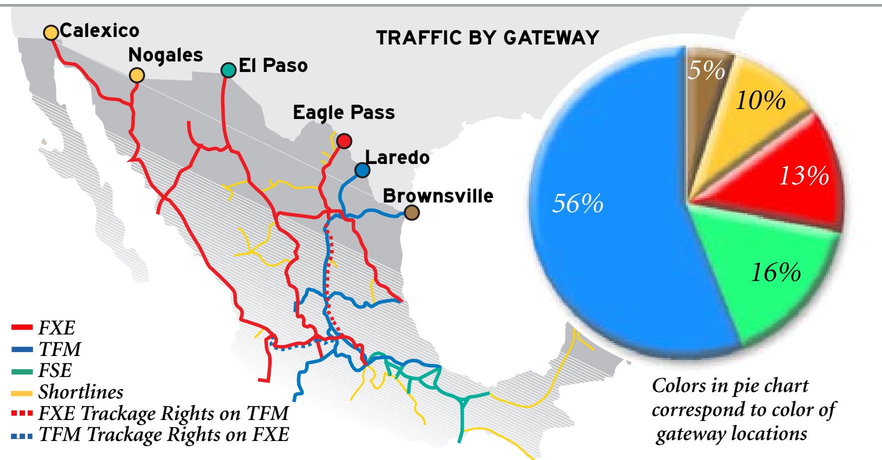
- Also, in partnership with TFM, UP introduced a product called MexDirect. The MexDirect service offering includes through rates on steel and various forest products, a single point of contact, a single bill, easy to understand information on how to do business in Mexico and multiple warehouse and transload options.
- Agricultural Products efforts with Mexico grain receivers has increased the number of grain shuttle shipments from only two percent in 2000 up to 29 percent in 2002. Grain shuttle trains are an efficient method to deliver grain because trains load and unload in a short period of time increasing throughput and delivery.
- Continued focus on service and operational efficiency helped drive the Mexico customer satisfaction index to a record 87%.

KEY MARKET FACTORS

- Union Pacific serves all six major gateways to Mexico, connecting to the two largest Mexican railways.

MEXICO TRAFFIC *(carloads in thousands)*





Union Pacific has the most efficient route between Mexico and the Chicago connections to Canada and the eastern railroads.

- The Mexican rail network comprises five railroads, each providing efficient transportation service to compete for the northbound and southbound business opportunities created by the North American Free Trade Agreement (NAFTA). The Mexican railroads continue to make substantial investments in track structure, equipment and facilities to improve service, equipment utilization, safety and damage prevention.
- The Mexico land transportation market is estimated to be over $6 billion per year and consists of a broad range of commodities from raw materials to finished goods. Trucks are the dominant transportation mode with a 63% share.

2003 OUTLOOK

- The rail market is well positioned for growth as the Mexican economy expands and rail service within the country continues to improve. Continued foreign investment in manufacturing and further privatization in the petrochemical and utility industries provide opportunities.
- Growth in 2003 will be facilitated by capturing additional market share currently held by trucks and by focusing on the ease of doing business. The business development group, established in 2001, will target auto parts, industrial products and intermodal opportunities.
- FXE, in which UP has a 26% ownership interest, will complete implementation of the Interline Settlement System (ISS) in 2003. ISS allows shippers to use through rates for shipments to/from Mexico similar to domestic shipments, while the railroad collects from the shipper/receiver and electronically pays the other railroads in the route.
- UP, TFM and FXE continue to work with receivers of grain products to improve their facilities to enable them to receive trainloads of agricultural products – so they can benefit from improved service and economies of rail.
- UP and its southern alliance partners will continue to leverage intermodal and industrial products service offerings, focused on capturing additional share from trucks. In addition, conversion of auto parts movements from trucks should provide growth in 2003.

FINANCIAL AND OPERATING STATISTICS

Union Pacific – Rail and Other Operations

for the year ended December 31	2002					2001				
	1	2	3	4	Total	1	2	3	4	Total
Financial and Revenue Statistics										
Operating Revenues (millions of dollars)	$2,662	$2,822	$2,850	$2,825	**$11,159**	$2,663	$2,708	$2,734	$2,725	**$10,830**
Operating Expenses (millions of dollars)	$2,173	$2,239	$2,231	$2,263	**$8,906**	$2,233	$2,230	$2,178	$2,171	**$8,812**
Operating Margin (%)	18.4	20.7	21.7	19.9	**20.2**	16.2	17.7	20.3	20.3	**18.6**
Operating Ratio (%)	81.6	79.3	78.3	80.1	**79.8**	83.8	82.3	79.7	79.7	**81.4**
Salaries and Benefits (millions of dollars)	$913	$913	$919	$949	**$3,694**	$914	$888	$886	$898	**$3,586**
Salaries and Benefits/Operating Revenues (%)	34.3	32.4	32.2	33.6	**33.1**	34.3	32.8	32.4	33.0	**33.1**
Commodity Revenue/Employee (thousands of dollars)	$148.1	$56.5	$56.9	$58.1	**$225.4**	$52.3	$52.4	$53.8	$55.2	**$213.8**
Fuel Expense (millions of dollars)	$197	$241	$249	$267	**$954**	$297	$291	$272	$266	**$1,126**
Average Fuel Price Per Gallon (cents)	61	72	75	81	**73**	92	92	86	81	**88**
Commodity Revenue (millions of dollars)	$2,548	$2,699	$2,725	$2,691	**$10,663**	$2,551	$2,595	$2,627	$2,618	**$10,391**
Average Commodity Revenue Per Car (dollars)	$1,170	$1,160	$1,156	$1,186	**$1,168**	$1,171	$1,173	$1,155	$1,163	**$1,165**
Average Commodity Revenue/ Revenue Ton-Mile (cents)	2.01	2.09	2.05	2.05	**2.05**	2.06	2.09	2.06	2.04	**2.06**
Passenger Revenue (millions of dollars)	$28	$33	$28	$27	**$116**	$28	$28	$27	$28	**$111**
Operating Statistics										
Revenue Carloads (thousands)	2,178	2,326	2,359	2,268	**9,131**	2,179	2,211	2,274	2,252	**8,916**
Revenue Ton-Miles (billions)	127	129	132	131	**519**	124	124	128	128	**504**
Gross Ton-Miles (billions)	240	248	253	253	**994**	232	235	243	247	**957**
Fuel Consumed (millions of gallons)	321	334	331	329	**1,315**	322	318	319	328	**1,287**
Average Employees (thousands)	47.2	47.8	47.9	46.3	**47.3**	48.8	49.5	48.8	47.4	**48.6**
Gross Ton-Miles Per Employee (millions)	5.08	5.19	5.28	5.46	**21.01**	4.75	4.75	4.98	5.21	**19.69**
Surface Transportation Board-Basis Operating Expense (millions of dollars)(a)										
Transportation Expense	$940	$997	$1,008	$1,013	**$3,958**	$1,041	$1,029	$1,004	$1,016	**$4,090**
Engineering Expense	383	381	376	386	**1,526**	369	360	354	396	**1,479**
Mechanical Expense	600	593	594	666	**2,453**	600	605	595	580	**2,380**
General and Administrative Expense	232	262	244	170	**908**	167	186	179	143	**675**

(a) UPRR only

Excludes results from Overnite Corporation

Refer to the Union Pacific Corporation 2002 Annual Report for additional information

FINANCIAL AND OPERATING STATISTICS

Union Pacific – Rail and Other Operations *(millions of dollars, unaudited)*

for the year ended December 31, 2002		1	2	3	4	Total
Operating Revenues	Transportation	$2,662	$2,822	$2,850	$2,825	**$11,159**
Operating Expenses	Salaries and Benefits	913	913	919	949	**3,694**
	Equipment and Other Rents	315	308	316	301	**1,240**
	Depreciation	284	286	288	289	**1,147**
	Fuel and Utilities	225	268	277	295	**1,065**
	Materials and Supplies	121	125	119	111	**476**
	Other Costs	315	339	312	318	**1,284**
	Total Operating Expenses	2,173	2,239	2,231	2,263	**8,906**
	Operating Income	**$489**	**$583**	**$619**	**$562**	**$2,253**

for the year ended December 31, 2001		1	2	3	4	Total
Operating Revenues	Transportation	$2,663	$2,708	$2,734	$2,725	**$10,830**
Operating Expenses	Salaries and Benefits	914	888	886	898	**3,586**
	Equipment and Other Rents	307	307	307	293	**1,214**
	Depreciation	280	281	280	285	**1,126**
	Fuel and Utilities	334	321	301	293	**1,249**
	Materials and Supplies	126	133	121	107	**487**
	Other Costs	272	300	283	295	**1,150**
	Total Operating Expenses	2,233	2,230	2,178	2,171	**8,812**
	Operating Income	**$430**	**$478**	**$556**	**$554**	**$2,018**

Excludes results from Overnite Corporation

Refer to the Union Pacific Corporation 2002 Annual Report for additional information

FINANCIAL AND OPERATING STATISTICS

Union Pacific Railroad Company *(millions of dollars, unaudited)*

for the year ended December 31		2002	2001	2000
Assets				
Current Assets	Cash and Temporary Investments	**$110**	$87	$88
	Accounts Receivable	**529**	440	393
	Inventories	**277**	250	347
	Other Current Assets	**470**	476	563
	Total Current Assets	**1,386**	**1,253**	**1,391**
	Investments	**698**	**785**	**728**
Properties	Cost	**36,821**	35,440	34,613
	Accumulated Depreciation	**(7,841)**	(7,177)	(6,881)
	Net Properties	**28,980**	**28,263**	**27,732**
Other	**Other Assets**	**250**	**262**	**142**
	Total Assets	**$31,314**	**$30,563**	**$29,993**
Liabilities and Shareholders' Equity				
Current Liabilities	Accounts Payable	**$416**	$498	$558
	Accrued Wages and Vacation	**362**	351	388
	Accrued Casualty Costs	**403**	404	378
	Income and Other Taxes Payable	**226**	284	220
	Debt Due Within One Year	**275**	194	207
	Interest Payable	**71**	75	82
	Other Current Liabilities	**537**	550	712
	Total Current Liabilities	**2,290**	**2,356**	**2,545**
Other Liabilities and	Intercompany Borrowings-Net	**4,464**	5,003	5,082
Shareholders' Equity	Debt Due After One Year	**1,984**	2,166	2,397
	Deferred Income Taxes	**8,823**	8,430	8,117
	Accrued Casualty Costs	**658**	673	778
	Retiree Benefits Obligation	**888**	659	632
	Other Long-Term Liabilities	**333**	429	440
	Redeemable Preference Shares	**18**	21	23
	Common Shareholders' Equity	**11,856**	10,826	9,979
	Total Liabilities and Shareholders' Equity	**$31,314**	**$30,563**	**$29,993**

Refer to the Union Pacific Corporation 2002 Annual Report for additional information

FINANCIAL AND OPERATING STATISTICS

Union Pacific Railroad Company *(millions of dollars, unaudited)*

for the year ended December 31		2002	2001	2000
Operating Activities	Net Income	**$1,374**	$1,058	$926
	Depreciation	**1,139**	1,120	1,089
	Deferred Income Taxes	**529**	428	456
	Other-Net	**(416)**	(432)	(427)
	Change in Current Assets and Liabilities	**(307)**	(150)	35
	Cash Provided by Operating Activities	**2,319**	**2,024**	**2,079**
Investing Activities	Capital Investments	**(1,817)**	(1,687)	(1,735)
	Proceeds from Asset Sales and Other Activities	**357**	184	158
	Cash Used in Investing Activities	**(1,460)**	**(1,503)**	**(1,577)**
Financing Activities	Dividends Paid	**(205)**	(200)	(200)
	Debt Repaid	**(219)**	(368)	(224)
	Financings - Net	**(412)**	46	(73)
	Cash Used in Financing Activities	**(836)**	**(522)**	**(497)**
	Net Change In Cash and Temporary Investments	**23**	(1)	5
	Cash and Temporary Investments at Beginning of Year	**87**	88	83
	Cash & Temporary Investments at End of Year	**$110**	**$87**	**$88**
Changes in Current Assets and Liabilities	Accounts Receivable	**$(89)**	$(47)	$25
	Inventories	**(27)**	97	(18)
	Other Current Assets	**(44)**	(24)	(43)
	Accounts, Wages and Vacation Payable	**(71)**	(97)	73
	Other Current Liabilities	**(76)**	(79)	(2)
	Net Change in Current Assets and Liabilities	**$(307)**	**$(150)**	**$35**

Refer to the Union Pacific Corporation 2002 Annual Report for additional information

FINANCIAL AND OPERATING STATISTICS

Union Pacific Railroad Company

for the year ended December 31	2002	2001	2000	1999	1998
Capital Expenditures (millions of dollars-includes long-term operating leases)					
Track	**$1,200**	$1,125	$1,066	$961	$989
Locomotives	**187**	176	250	468	655
Freight Cars	**41**	27	172	85	200
Facilities and Other	**418**	363	363	425	549
Total	**$1,846**	**$1,691**	**$1,851**	**$1,939**	**$2,393**
Equipment Owned or Leased at Year-End					
Locomotives	**7,094**	6,886	7,007	6,969	7,083
Freight Cars: (a)					
Covered Hoppers	**30,602**	33,901	37,607	39,212	40,097
Box Cars	**15,040**	15,561	18,342	20,864	23,263
Open-Top Hoppers	**15,891**	17,202	18,683	19,828	20,324
Gondolas	**14,793**	15,431	17,480	18,099	17,828
Other	**14,551**	14,681	16,557	16,726	18,264
Total Freight Cars	**90,877**	96,776	108,669	114,729	119,776
Work Equipment	**6,950**	6,950	6,616	9,927	9,218
Average Age of Equipment (years)					
Locomotives	**14.4**	14.9	14.9	15.4	14.4
Freight Cars	**21.9**	22.5	20.9	19.3	20.1
Track Miles at Year-End					
Main Line	**27,504**	27,553	26,914	26,963	27,197
Branch Line	**5,637**	6,033	6,121	6,378	6,509
Yards, Sidings and Other Main Line	**21,760**	21,669	21,564	21,660	21,597
Total	**54,901**	**55,255**	**54,599**	**55,001**	**55,303**
Track Miles of Continuous Welded Rail at Year-End	**26,080**	25,488	24,855	24,771	23,647
Track Miles Under Centralized Traffic-Control at Year-End	**17,836**	17,538	17,163	16,199	15,944
Track Miles of Rail Installed and Replaced					
New	**783**	857	943	950	858
Used	**330**	388	242	444	341
Track Miles Ballasted	**7,699**	8,975	6,966	4,579	3,259
Ties Installed and Replaced (thousands)	**4,531**	3,648	3,332	3,293	2,691

(a) Includes owned and leased freight cars with Union Pacific System marks

Refer to the Union Pacific Corporation 2002 Annual Report for additional information

OVERNITE CORPORATION

Overnite Corporation is a leading provider of less-than-truckload (LTL) transportation services, offering a full spectrum of regional, inter-regional and long-haul services nationwide.

OVERVIEW

Overnite provides direct service to over 45,000 cities in the United States, Canada, Mexico, Guam, the U.S. Virgin Islands and Puerto Rico. During 2002, Overnite provided services to over 61,000 customers from various industries, including retail, chemical, automotive, electronics and furniture markets.

Overnite provides services under two brand names: Overnite Transportation and Motor Cargo. Motor Cargo was acquired in December 2001, and is a leading regional LTL transportation provider, primarily serving the western United States, including Alaska and Hawaii, as well as select markets in Canada. Overnite leverages these two brand names to provide customers with a comprehensive selection of high quality service products. In addition to the core LTL services, a number of value-added services are also offered to customers, including expedited and guaranteed delivery, cross-border delivery, truckload, assembly and distribution and warehousing. As of December 31, 2002, Overnite operated 203 service centers located throughout the United States and employed nearly 14,000 predominantly non-union employees. Overnite also created a new division called OMC Logistics in 2002 to provide third-party logistics services.

FINANCIAL REVIEW

Operating revenues grew $189 million or 17% in 2002 to $1.33 billion. This revenue growth was attributed to the acquisition of Motor Cargo in December 2001, additional freight volumes obtained after the bankruptcy of Consolidated Freightways, a general rate increase, contract renegotiations, as well as other yield initiatives. Operating expenses increased by 16% or $172 million. Net income grew 93% to $89 million. However, net income included a tax benefit of $34 million related to the resolution of certain tax matters that permitted Union Pacific to treat a portion of its 1986 Overnite acquisition costs as tax deductible. Excluding the tax benefit, Overnite's net income would have been $55 million in 2002 versus $46 million in 2001. Overnite's operating ratio improved to 94.7% in 2002 versus 95.3% in 2001. Salaries, wages, and

SUMMARY

Overnite Corporation

Shipments (thousands)	9,482
Tonnage (thousands)	4,766
Revenue (per hundredweight)	$13.40
Total Revenue (millions)	$1,332
Operating Ratio (%)	94.7%

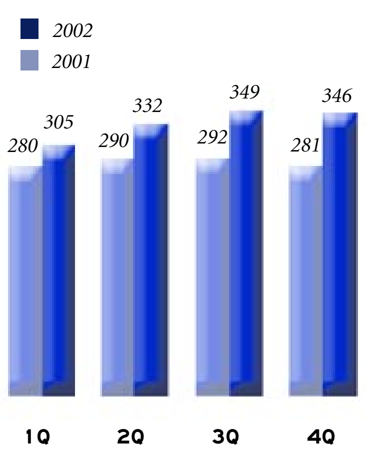
Capital Expenditures (millions)	$66
Employees	13,600
Fleet:	
Tractors	6,100
Trailers	21,600

Overnite Mission:

To be the most successful company in the industry, with the best equipment and facilities. With this success, over time, comes the best jobs in the industry in terms of job security, wages, benefits and job satisfaction.

benefits expense increased by 17% primarily due to the higher volumes (from the Motor Cargo acquisition and incremental Consolidated Freightways business), annual wage increase and higher medical and pension costs. Fuel and utilities expense increased 1% or $1 million. Equipment and other rent expense increased 35% or $33 million due to costs associated with the higher volumes. Materials and supplies, as well as other costs, increased by 8% and 4%, respectively, primarily because of the higher volumes in 2002.

REVENUE *(millions of dollars)*



DELIVERING VALUE IN TRANSPORTATION

In 2002, Overnite continued its focus on improving service by enhancing transit times on over 4,800 lanes, improving its regional and inter-regional product, and adding new features to its Web site. In addition, Overnite created a new third party logistics division called OMC Logistics that provides customers with a variety of supply chain management services. These enhancements were achieved despite a difficult economic environment and while maintaining its 97 – 98% on-time performance, which is one of the best in the industry. Overnite's services include:

Advantage Overnite

is Overnite's standard dependable LTL service which provides nationwide coverage to more than 45,000 points, including 100 percent direct full-state coverage in all 50 states.

Advantage Expedited

is for customers needing expedited service for emergency, time-critical shipments to any point in the world. Overnite's team of freight specialists coordinate and track expedited shipments from origin to destination to ensure the shipment arrives on time.

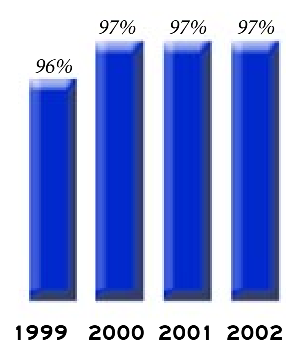
Advantage Guaranteed

is for time-sensitive shipments. Overnite will guarantee delivery based on the Company's published transit times, which are competitive with air freight transit times in many lanes. It's on time, or it's free.

Special Services Division

offers premium dedicated truckload services to selected markets where on-time reliability is a critical requirement. This service is targeted to customers that employ "just-in-time" manufacturing and inventory control. This division consistently provides on time service of 99%.

ON-TIME SERVICE PERFORMANCE



Assembly & Distribution

is a special logistical function for shippers requiring consolidation and distribution services. These services typically reduce cycle times, lower transportation costs for the customer and often enable the customer to avoid costly investments in warehouse facilities.

Cross-Border Services

is a service offered to customers transporting freight across the Canadian and Mexican borders as well as into Puerto Rico, Guam and the Virgin Islands. Overnite provides single carrier responsibility, eliminating the need to deal with a second carrier in the destination country. Overnite also handles customs documentation and provides an advance customs clearance process that generally allows shipments to be cleared immediately upon arrival at the border.

Government Services

is a service offered to government agencies as well as to vendors who ship products to the government. All government shipments are coordinated by a special team of employees who ensure the unique shipping needs of government agencies are consistently met.

Trade Show Services

focuses on the time-sensitive market for exhibit transportation. Customers who routinely display and market their goods at trade shows need a reliable and dependable carrier who will ensure that displays arrive on time for trade shows and are stored in a safe environment between shows.

OMC Logistic Solutions

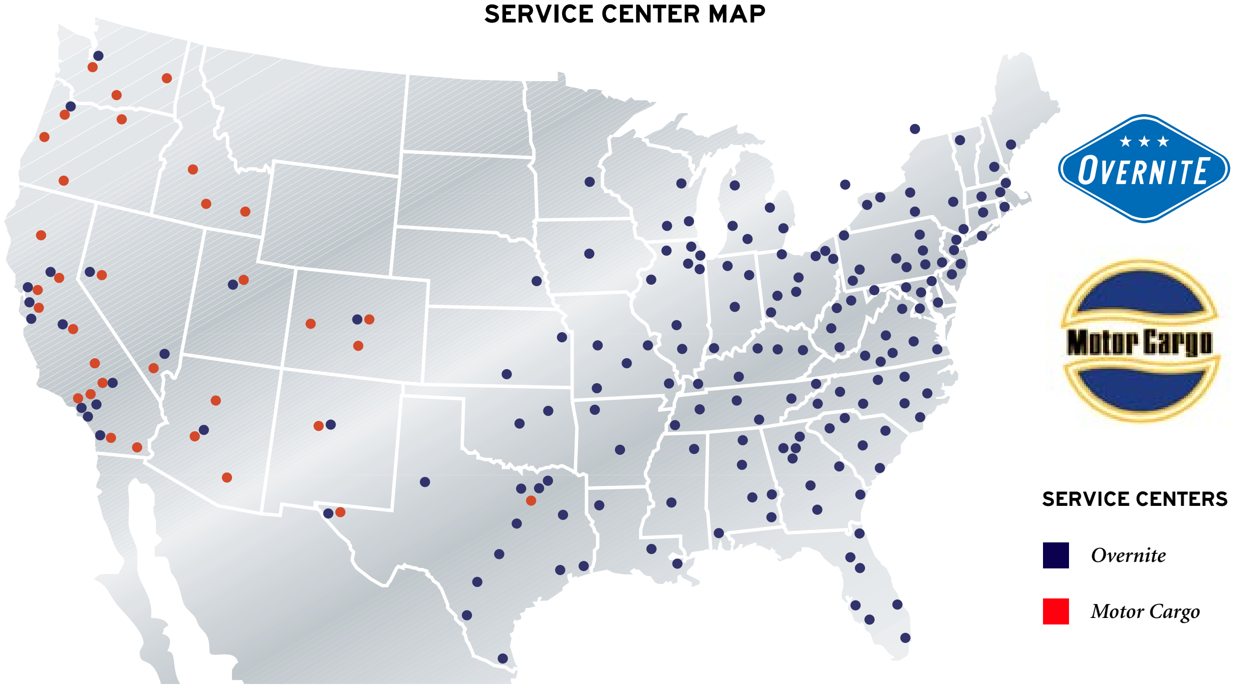
provides customers with a variety of supply chain management services, including the management of the traffic department for customers who desire to outsource this function. In addition, services include dedicated fleet, assembly and distribution, truckload brokering, warehousing, freight bill audit and payment, as well as transportation management software that illuminates the supply chain and enables customers to more effectively and efficiently manage their supply chain.

LABOR RELATIONS

On October 24, 2002, the Teamsters ended a three-year nationwide strike of Overnite Transportation. The Teamsters ended their strike without having obtained a contract or any concessions from Overnite Transportation. At the height of the Teamsters' campaign to unionize Overnite Transportation employees, the Teamsters gained certification at 26 of the 170 Overnite Transportation service centers. Since July 2002, employees at 20 of these service centers have voted to decertify Teamster representation, and the Teamsters have withdrawn representation for one other service center. As a result of the decertification elections and the successful resolution of the three-year old strike, the Teamsters' campaign to organize Overnite Transportation employees has become almost entirely dormant.

For more information concerning Overnite's products and services, visit www.overnite.com.

SERVICE CENTER MAP



FINANCIAL AND OPERATING STATISTICS

Overnite Corporation *(millions of dollars, unaudited)*

for the year ended December 31	2002					2001(a)				
	1	2	3	4	Total	1	2	3	4	Total
Financial and Revenue Statistics										
Operating Revenues (millions of dollars)	$305	$332	$349	$346	**$1,332**	$280	$290	$292	$281	**$1,143**
Operating Expenses (millions of dollars)	$295	$313	$323	$330	**$1,261**	$271	$274	$274	$270	**$1,089**
Operating Ratio (%)	96.6	94.5	92.7	95.2	**94.7**	96.9	94.6	93.7	95.8	**95.3**
Average Fuel Price Per Gallon (cents)	64	72	77	88	**76**	90	88	83	66	**82**
Total Fuel Consumed (thousands of gallons)	15,418	15,767	15,954	16,040	**63,179**	14,854	14,320	14,180	14,393	**57,747**
Average Employee Count	13,158	13,670	13,675	14,093	**13,649**	11,427	11,548	11,689	12,230	**11,720**
Millions of Pounds Hauled										
Less-Than-Truckload	2,022	2,222	2,273	2,176	**8,693**	1,840	1,918	1,898	1,858	**7,514**
Truckload	194	215	220	210	**839**	124	118	117	133	**492**
Total	2,216	2,437	2,493	2,386	**9,532**	1,964	2,036	2,015	1,991	**8,006**
Average Revenue Per Hundredweight										
Less-Than-Truckload	$13.83	$13.71	$14.13	$14.58	**$14.07**	$14.04	$14.00	$14.37	$14.07	**$14.12**
Truckload	6.66	6.24	6.46	6.54	**6.47**	7.20	8.01	7.89	6.97	**7.50**
Total	13.20	13.05	13.45	13.87	**13.40**	13.61	13.66	13.99	13.59	**13.71**
Shipments (thousands)										
Less-Than-Truckload	2,240	2,463	2,425	2,289	**9,417**	1,874	2,009	2,029	2,036	**7,948**
Truckload	15	17	17	16	**65**	8	8	8	9	**33**
Total	2,255	2,480	2,442	2,305	**9,482**	1,882	2,017	2,037	2,045	**7,981**

(a) Includes the December 2001 results for Motor Cargo Industries, Inc., acquired November 30, 2001

Refer to the Union Pacific Corporation 2002 Annual Report for additional information

FINANCIAL AND OPERATING STATISTICS

Overnite Corporation *(millions of dollars, unaudited)*

for the year ended December 31, 2002		1	2	3	4	Total
Operating Revenues	Transportation	$305	$332	$349	$346	**$1,332**
Operating Expenses	Salaries and Benefits	192	205	206	204	**807**
	Equipment and Other Rents	26	31	33	36	**126**
	Depreciation	15	14	15	15	**59**
	Fuel and Utilities	15	16	18	19	**68**
	Materials and Supplies	12	13	14	15	**54**
	Other Costs	35	34	37	41	**147**
	Total Operating Expenses	295	313	323	330	**1,261**
	Operating Income	**$10**	**$19**	**$26**	**$16**	**$71**
	Net Income	**$9**	**$14**	**$52**	**$14**	**$89**

for the year ended December 31, 2001(a)		1	2	3	4	Total
Operating Revenues	Transportation	$280	$290	$292	$281	**$1,143**
Operating Expenses	Salaries and Benefits	171	175	173	171	**690**
	Equipment and Other Rents	22	24	25	22	**93**
	Depreciation	12	12	12	12	**48**
	Fuel and Utilities	18	17	17	15	**67**
	Materials and Supplies	13	12	12	13	**50**
	Other Costs	35	34	35	37	**141**
	Total Operating Expenses	271	274	274	270	**1,089**
	Operating Income	**$9**	**$16**	**$18**	**$11**	**$54**
	Net Income	**$8**	**$13**	**$14**	**$11**	**$46**

(a) Includes the December 2001 results for Motor Cargo Industries, Inc., acquired November 30, 2001

Refer to the Union Pacific Corporation 2002 Annual Report for additional information

FINANCIAL AND OPERATING STATISTICS

Overnite Corporation *(millions of dollars, unaudited)*

for the year ended December 31		2002	2001(a)	2000
Assets				
	Current Assets	**$410**	$445	$464
	Net Properties	**501**	502	441
	Other Assets	**99**	24	26
	Total Assets	**$1,010**	**$971**	**$931**
Liabilities and Shareholders' Equity				
	Current Liabilities	**$179**	$160	$160
	Debt Due After One Year - Third Parties	**-**	1	-
	Other Liabilities	**200**	168	159
	Shareholders' Equity	**631**	642	612
	Total Liabilities and Shareholders' Equity	**$1,010**	**$971**	**$931**

Overnite Corporation *(millions of dollars, unaudited)*

for the year ended December 31		2002	2001(a)	2000
	Cash Provided by Operating Activities	**11**	123	93
	Cash Used In Investing Activities	**(58)**	(38)	(30)
	Cash Used In Financing Activities	**40**	(76)	(63)
	Net Change In Cash and Temporary Investments	**$(7)**	**$9**	**$ -**

(a) Includes the December 2001 results for Motor Cargo Industries, Inc., acquired November 30, 2001

Refer to the Union Pacific Corporation 2002 Annual Report for additional information

CAUTIONARY INFORMATION

Certain statements in this report 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 include, without limitation, statements regarding: expectations as to operational improvements; expectations as to cost savings, revenue growth and earnings; the time by which certain objectives will be achieved; estimates of costs relating to environmental remediation and restoration; proposed new products and services; expectations that claims, lawsuits, environmental costs, commitments, contingent liabilities, labor negotiations or agreements, or other matters will not have a material adverse effect on our consolidated financial position, results of operations or liquidity; and statements concerning projections, predictions, expectations, estimates or forecasts as to the Corporation's and its subsidiaries' business, financial and operational results, and future economic performance, statements of management's 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 at, or by which, such performance or results will be achieved. Forward-looking information is based on information available at the time and/or management's good faith belief with respect to future events, and is subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. Important factors that 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 include, but are not limited to: whether the Corporation and its subsidiaries are fully successful in implementing their financial and operational initiatives; industry competition, conditions, performance and consolidation; legislative and regulatory developments, including possible enactment of initiatives to re-regulate the rail business; natural events such as severe weather, fire, floods and earthquakes; the effects of adverse general economic conditions, both within the United States and globally; any adverse economic or operational repercussions from terrorist activities and any governmental response thereto; war or risk of war; changes in fuel prices; changes in labor costs; labor stoppages; and the outcome of claims and litigation, including those related to environmental contamination, personal injuries, and occupational illnesses arising from hearing loss, repetitive motion and exposure to asbestos and diesel fumes.

Forward-looking statements speak only as of 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.

Contact for Portfolio Managers and Financial Analysts

Union Pacific's analyst relations are coordinated by the Corporate Treasurer at the executive offices. Requests for interviews, general information, offering memoranda, bond circulars and other publications should be directed to:

Investor Relations: (402) 271-4227 or (877) 547-7261

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