FORM 10-Q

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1999

- OR -

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________________ to ________________

Commission file number 1-6075

UNION PACIFIC CORPORATION
(Exact name of registrant as specified in its charter)

UTAH	13-2626465
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1416 DODGE STREET, OMAHA, NEBRASKA
(Address of principal executive offices)

68179
(Zip Code)

(402) 271-5777
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO

As of October 29, 1999, there were 248,568,309 shares of the Registrant's Common Stock outstanding.

UNION PACIFIC CORPORATION
INDEX

PART I. FINANCIAL INFORMATION

PART II. OTHER INFORMATION

PART I - FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

Statement of Consolidated Income (Unaudited)
Union Pacific Corporation and Subsidiary Companies
For the Three Months Ended September 30, 1999 and 1998

	Millions, Except Per Share and Ratios	1999	1998
Operating Revenues	Rail and other (Note 2)	$2,893	$2,660
Operating Expenses	Salaries, wages and employee benefits	1,099	1,079
	Equipment and other rents	341	349
	Depreciation	271	269
	Fuel and utilities (Note 5)	212	204
	Materials and supplies	149	143
	Casualty costs	82	119
	Other costs (Note 10)	224	287
	Total	2,378	2,450
Income	Operating Income	515	210
	Other income (Note 8)	24	36
	Interest expense (Notes 5 and 6)	(184)	(188)
	Income before Income Taxes	355	58
	Income taxes	(137)	(24)
	Income from Continuing Operations	218	34
	Gain on Disposal of Discontinued Operations, Net of Income Taxes (Note 4)	27	-
	Net Income (Note 2)	$ 245	$ 34
Earnings Per Share (Note 7)	Basic:		
	Income from Continuing Operations	$ 0.88	$ 0.14
	Gain on Disposal of Discontinued Operations	0.11	-
	Net Income	$ 0.99	$ 0.14
	Diluted:		
	Income from Continuing Operations	$ 0.86	$ 0.14
	Gain on Disposal of Discontinued Operations	0.10	-
	Net Income	$ 0.96	$ 0.14
	Weighted Average Number of Shares (Basic)	246.6	246.1
	Weighted Average Number of Shares (Diluted)	270.1	246.7
	Cash Dividends Per Share	$ 0.20	$ 0.20
	Ratio of Earnings to Fixed Charges (Note 9)	2.5	1.2

The accompanying notes to the financial statements are an integral part of these statements.

Statement of Consolidated Income (Unaudited)
Union Pacific Corporation and Subsidiary Companies
For the Nine Months Ended September 30, 1999 and 1998

	Millions, Except Per Share and Ratios	1999	1998
Operating Revenues	Rail and other (Note 2)	$8,406	$7,869
Operating Expenses	Salaries, wages and employee benefits	3,232	3,247
	Equipment and other rents	997	1,100
	Depreciation	809	800
	Fuel and utilities (Note 5)	603	639
	Materials and supplies	439	433
	Casualty costs	288	354
	Other costs (Note 10)	720	1,192
	Total	7,088	7,765
Income	Operating Income	1,318	104
	Other income (Note 8)	73	113
	Interest expense (Notes 5 and 6)	(554)	(526)
	Income (Loss) before Income Taxes	837	(309)
	Income taxes	(296)	127
	Income (Loss) from Continuing Operations	541	(182)
	Gain (Loss) on Disposal of Discontinued Operations, Net of Income Taxes (Note 4)	27	(262)
	Net Income (Loss) (Note 2)	$ 568	$ (444)
Earnings Per Share (Note 7)	Basic:		
	Income (Loss) from Continuing Operations	$ 2.19	$(0.74)
	Gain (Loss) on Disposal of Discontinued Operations	0.11	(1.06)
	Net Income (Loss)	$ 2.30	$(1.80)
	Diluted:		
	Income (Loss) from Continuing Operations	$ 2.17	$ (.74)
	Gain (Loss) on Disposal of Discontinued Operations	0.10	(1.06)
	Net Income (Loss)	$ 2.27	$(1.80)
	Weighted Average Number of Shares (Basic)	246.5	246.0
	Weighted Average Number of Shares (Diluted)	269.6	246.0
	Cash Dividends Per Share	$ 0.60	$ 0.60
	Ratio of Earnings to Fixed Charges (Note 9)	2.2	0.5

The accompanying notes to the financial statements are an integral part of these statements.

Statement of Consolidated Financial Position (Unaudited)
Union Pacific Corporation and Subsidiary Companies

	Millions of Dollars	Sep. 30, 1999	Dec. 31, 1998
Assets			
Current Assets	Cash and temporary investments	$ 198	$ 176
	Accounts receivable (Note 5)	626	643
	Inventories	335	343
	Current deferred tax asset	110	244
	Other current assets	111	96
	Total	1,380	1,502
Investments (Note 3)	Investments in and advances to affiliated companies	650	520
	Other investments	125	171
	Total	775	691
Properties	Cost	34,128	33,145
	Accumulated depreciation	(6,726)	(6,206)
	Net	27,402	26,939
Other	Other assets	296	242
	Total Assets (Note 2)	$29,853	$29,374
Liabilities and Stockholders' Equity			
Current Liabilities	Accounts payable	$ 596	$ 586
	Accrued wages and vacation payable	466	410
	Accrued casualty costs	395	400
	Income and other taxes payable	299	301
	Dividends and interest payable	273	289
	Debt due within one year (Note 6)	206	181
	Other current liabilities (Note 3)	654	765
	Total	2,889	2,932
Other Liabilities and Stockholders' Equity	Debt due after one year (Note 6)	8,502	8,511
	Deferred income taxes	6,573	6,308
	Accrued casualty costs	997	995
	Retiree benefit obligations	848	803
	Other long-term liabilities (Notes 3, 4 and 10)	724	932
	Company-Obligated Mandatorily Redeemable Convertible Preferred Securities (Note 6)	1,500	1,500
	Common stockholders' equity (Page 5)	7,820	7,393
	Total Liabilities and Stockholders' Equity	$29,853	$29,374

The accompanying notes to the financial statements are an integral part of these statements.

Statement of Consolidated Cash Flows (Unaudited)
Union Pacific Corporation and Subsidiary Companies
For the Nine Months Ended September 30, 1999 and 1998

	Millions of Dollars	1999	1998
Cash from Operations	Net Income (Loss)	$ 568	$ (444)
	Deduct Gain (Loss) on Disposal of Discontinued Operations	27	(262)
	Income (Loss) from Continuing Operations	541	(182)
	Non-cash charges to income:		
	Depreciation	809	800
	Deferred income taxes	399	(125)
	Other - net	(383)	(147)
	Changes in current assets and liabilities	101	(137)
	Cash Provided by Operations	1,467	209
Investing Activities	Capital investments	(1,350)	(1,798)
	Other - net (Note 3)	43	104
	Cash Used in Investing Activities	(1,307)	(1,694)
Equity and Financing Activities (Note 6)	Dividends paid	(148)	(205)
	Debt repaid	(591)	(1,754)
	Net financings	600	3,956
	Other - net	1	(45)
	Cash Provided by (Used in) Equity and Financing Activities	(138)	1,952
	Net Change in Cash and Temporary Investments	22	467
	Cash and Temporary Investments at Beginning of Period	176	90
	Cash and Temporary Investments at End of Period	$ 198	$ 557
Change in Current Assets and Liabilities	Accounts receivable	$ 17	$ 68
	Inventories	8	(18)
	Other current assets	119	121
	Accounts, wages and vacation payable	66	(159)
	Debt due within one year (Note 6)	25	(52)
	Other current liabilities	(134)	(97)
	Total	$ 101	$ (137)

The accompanying notes to the financial statements are an integral part of these statements.

Statement of Changes in Common Stockholders' Equity (Unaudited)
Union Pacific Corporation and Subsidiary Companies
For the Nine Months Ended September 30, 1999

	Millions of Dollars	1999
Common Stock	Common stock, $2.50 par value (authorized 500,000,000 shares)	
	Balance at beginning of period (276,335,423 shares issued)	$ 691
	Conversions, exercises of stock options and retention stock forfeitures for the period (14,777 net shares forfeited)	-
	Balance at end of period (276,320,646 shares issued)	691
Paid-in Surplus	Balance at beginning of period	4,053
	Conversions, exercises of stock options and forfeitures	(17)
	Balance at end of period	4,036
Retained Earnings	Balance at beginning of period	4,441
	Net income	568
	Cash dividends declared ($0.60 per share)	(148)
	Balance at end of period	4,861
Treasury Stock	Balance at September 30, at cost (28,481,390 shares)	(1,768)
	Total Common Stockholders' Equity	$ 7,820

The accompanying notes to the financial statements are an integral part of these statements.

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Responsibilities for Financial Statements - The consolidated financial statements are unaudited and reflect all adjustments (consisting only of normal and recurring adjustments) that are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the interim periods presented. The Statement of Consolidated Financial Position at December 31, 1998 is derived from audited financial statements. The consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Union Pacific Corporation (the Corporation or UPC) Annual Report to Shareholders incorporated by reference in the Corporation's Annual Report on Form 10-K for the year ended December 31, 1998 (the 1998 Annual Report). The results of operations for the three and nine months ended September 30, 1999 are not necessarily indicative of the results for the entire year ending December 31, 1999. Certain 1998 amounts have been reclassified to conform to the 1999 financial statement presentation.

2. Segmentation - UPC consists of one reportable segment, rail transportation (Rail), and UPC's other product lines (Other Operations). The Rail segment includes the operations of Union Pacific Railroad Company (UPRR), its subsidiaries and rail affiliates (collectively, the Railroad). Other Operations include the trucking product line (Overnite Transportation Company or Overnite), as well as technology and insurance product lines, corporate holding company operations, which largely support the Rail segment, and all appropriate consolidating entries.

   The following tables detail reportable financial information for UPC's Rail segment and Other Operations for the three months and nine months ended September 30, 1999 and 1998, respectively:

Three Months Ended September 30, 1999		Other Operations[a]		
Millions of Dollars	Rail	Trucking	Other[b]	Consolidated
Net sales and revenues from external customers [c]...	$ 2,606	$ 277	$ 10	$ 2,893
Net income [d].................	234	8	3	245
Assets.........................	28,864	883	106	29,853

Three Months Ended September 30, 1998		Other Operations [a]		
Millions of Dollars	Rail	Trucking	Other[b]	Consolidated
Net sales and revenues from external customers [c]...	$ 2,360	$ 257	$ 43	$ 2,660
Net income (loss) [e]..........	67	4	(37)	34
Assets [f].....................	28,291	1,365	122	29,778

Nine Months Ended September 30, 1999 Millions of Dollars	Rail	Other Operations [a] Trucking	Other[b]	Consolidated
Net sales and revenues from external customers [c]...	$ 7,576	$ 803	$ 27	$ 8,406
Net income (loss) [d]...........	589	28	(49)	568
Assets..........................	28,864	883	106	29,853

Nine Months Ended September 30, 1998 Millions of Dollars	Rail	Other Operations [a] Truckin	Other[b]	Consolidated
Net sales and revenues from external customers [c]...	$ 6,961	$ 776	$ 132	$ 7,869
Net income (loss) [e]...........	(87)	14	(371)	(444)
Assets [f]......................	28,291	1,365	122	29,778

[a] "Other Operations" includes all product lines that are not significant enough to warrant reportable segment classification.
[b] Included in the "Other" product line are the results of the corporate holding company; Union Pacific Technologies, a provider of transportation-related technologies; Wasatch Insurance Limited, a captive insurance company; and all necessary consolidating entries.1998 also includes Skyway Freight Systems, Inc., a provider of contract logistics and supply chain management services, which was sold in November 1998.
[c] The Corporation does not have significant intercompany sales activities. [d] "Other" includes the adjustment of a liability related to the discontinued operations of a former subsidiary (Note 4).
[e] "Trucking" includes goodwill amortization of $5 million and $15 million for the three months and nine months ended September 30, 1998, respectively.
[f] "Other" includes the write-down of the investment in Overnite in connection with the attempted sale of Overnite (Note 4).

3. Acquisitions

Southern Pacific Rail Corporation (Southern Pacific or SP) - UPC consummated the acquisition of Southern Pacific in September 1996. The acquisition of SP was accounted for as a purchase and was fully consolidated into UPC's results beginning in October 1996.

Merger Consolidation Activities - In connection with the acquisition and continuing integration of UPRR and Southern Pacific's rail operations, UPC is in the process of eliminating 5,200 duplicate positions, which are primarily employees involved in activities other than train, engine and yard activities. In addition, UPC is relocating 4,700 positions, merging or disposing of redundant facilities and disposing of certain rail lines. The Corporation is also canceling uneconomical and duplicative SP contracts.

To date, UPC has severed 2,900 employees and relocated 4,500 employees due to merger implementation activities. UPC recognized a $958 million pre-tax merger liability as part of the SP purchase price allocation for costs associated with SP's portion of these activities. In addition, the Railroad expects to incur $110 million in pre-tax acquisition-related costs for severing or relocating UPRR employees, disposing of certain UPRR facilities, training and equipment upgrading over the remainder of the merger implementation period. Earnings for the three months ended September 30, 1999 and 1998 included $13 million and $7 million after-tax, respectively, and for the nine months ended September 30, 1999 and 1998, included $30 million and $36 million after-tax, respectively, for acquisition-related costs for UPRR consolidation activities.

The components of the merger liability as of September 30, 1999 were as follows:

Millions of Dollars	Original Reserve	Cumulative Activity	Current Reserve
Contractual obligations......................	$361	$361	$ -
Severance costs..............................	343	264	79
Contract cancellation fees and facility and line closure costs............	145	126	19
Relocation costs.............................	109	89	20
Total..	$958	$840	$118

Merger Liabilities - Merger liability activity reflects cash payments for merger consolidation activities and reclassification of contractual obligations from merger liabilities to contractual liabilities. The Corporation expects that the remaining merger payments will be made over the course of the next two years as labor negotiations are completed and implemented, and related merger consolidation activities are finalized.

Mexican Railway Concession - During 1997, UPRR and a consortium of partners were granted a 50-year concession to operate the Pacific-North and Chihuahua Pacific lines in Mexico and a 25% stake in the Mexico City Terminal Company at a price of $525 million. The consortium assumed operational control of both lines in 1998. In March 1999, UPRR purchased an additional 13% ownership interest for $87 million from one of its partners. UPRR now holds a 26% ownership share in the consortium. The investment is accounted for under the equity method.

4. Discontinued Operations

Adjustment to 1994 Loss on Disposal of Discontinued Operations - Net income for the third quarter 1999 included a one-time after-tax gain of $27 million, net of taxes of $16 million, from the adjustment of a liability established in connection with the discontinued operations of a former subsidiary.

Attempted Sale of Overnite - In May 1998, the Corporation's Board of Directors approved a formal plan to divest UPC's investment in Overnite through an initial public offering (IPO). UPC recorded a $262 million after-tax loss, net of a $198 million tax benefit, from discontinued operations in the second quarter of 1998 to provide for the expected loss from the sale of Overnite. During the fourth quarter of 1998, it became apparent that, because of continued weakness in the IPO market, a successful divestiture of Overnite within the one year time limit prescribed by generally accepted accounting principles was no longer reasonably assured. As a result, in the fourth quarter of 1998 the Corporation reclassified Overnite's results to continuing operations and reversed the $262 million loss from discontinued operations. Overnite's operating results have been reclassified to continuing operations for all periods. Additionally, as discussed in the 1998 Annual Report, the Corporation changed its method of valuing goodwill during the fourth quarter of 1998. In connection with this change in accounting policy, $547 million of goodwill related to the acquisition of Overnite was written off during the fourth quarter of 1998.

5. Financial Instruments - The Corporation and its subsidiaries use derivative financial instruments in limited instances and for other than trading purposes to manage risk as it relates to fuel prices and interest rates. Where the Corporation has fixed interest rates or fuel prices through the use of swaps, futures or forward contracts, the Corporation has mitigated the downside risk of adverse price and rate movements; however, it has also limited future gains from favorable movements.

Credit Risk - The total credit risk associated with the Corporation's counterparties was $111 million at September 30, 1999. UPC has received collateral relating to its hedging activity where the concentration of credit risk was substantial.

Valuation - The fair market values of the Corporation's derivative financial instrument positions at September 30, 1999 and December 31, 1998 were determined based upon current fair market values as quoted by recognized dealers or developed based upon the present value of future cash flows discounted at the applicable U.S. Treasury rate and swap spread.

The following is a summary of the Corporation's financial instruments at September 30, 1999 and December 31, 1998:

Millions of Dollars Except Percentages and Average Commodity Prices	September 30, 1999	December 31, 1998
Interest Rate Hedging:		
Amount of debt hedged	$ 54	$ 150
Percentage of total debt portfolio	1%	2%
Rail Fuel Hedging:		
Fuel purchases hedged for 1999	$ 86	$ 343
Percentage of forecasted 1999 fuel consumption hedged	67%	64%
Average price of 1999 hedges outstanding (per gallon) [a]	$0.41	$0.41
Fuel purchases hedged for 2000 [b]	$ 50	-
Percentage of forecasted 2000 fuel consumption hedged [b]	10%	-
Average price of 2000 hedges outstanding (per gallon) [a] [b]	$0.40	-
Trucking Fuel Hedging:		
Fuel purchases hedged for 1999	$ 3	$ 10
Percentage of forecasted 1999 fuel consumption hedged	40%	41%
Average price of 1999 hedges outstanding (per gallon) [a]	$0.45	$0.45
Fuel purchases hedged for 2000	$ 2	-
Percentage of forecasted 2000 fuel consumption hedged	9%	-
Average price of 2000 hedges outstanding (per gallon) [a]	$0.39	-

[a] Excludes taxes and transportation costs.
[b] Excludes written options held by counterparties which are not expected to be exercised as of September 30, 1999.

The asset and liability positions of the Corporation's outstanding financial instruments at September 30, 1999 and December 31, 1998 were as follows:

Millions of Dollars	September 30, 1999	December 31, 1998
Interest Rate Hedging:		
Gross fair market asset position	$ 47	$ 41
Gross fair market (liability) position	(1)	(5)
Rail Fuel Hedging:		
Gross fair market asset position	62	-
Gross fair market (liability) position	-	(49)
Trucking Fuel Hedging:		
Gross fair market asset position	2	-
Gross fair market (liability) position	-	(2)
Total asset (liability) position	$110	$(15)

The Corporation's use of financial instruments had the following impact on pre-tax income for the three months and nine months ended September 30, 1999 and 1998:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
Millions of Dollars	1999	1998	1999	1998
Increase in interest expense from interest rate hedging	$ -	$ -	$ 1	$ 1
Increase (decrease) in fuel expense from Rail fuel hedging	(26)	25	(7)	59
Increase in fuel expense from Trucking fuel hedging	(1)	-	-	2
(Increase) decrease in pre-tax income	$(27)	$25	$(6)	$62

Sale of Receivables - The Railroad has sold, on a revolving basis, an undivided percentage ownership interest in a designated pool of accounts receivable to third parties through a bankruptcy-remote subsidiary (the Subsidiary). The Subsidiary is collateralized by a $66 million note from UPRR. The amount of receivables sold fluctuates based upon the availability of the designated pool of receivables and is directly affected by changing business volumes and credit risks. At September 30, 1999 and December 31, 1998, accounts receivable are presented net of $576 million and $580 million, respectively, of receivables sold.

6. Debt

Credit Facilities - The Corporation had $1.2 billion of credit facilities with various banks designated for general corporate purposes that expired in the first quarter of 1999. Because of improvements in earnings and operating cash flows during 1999, the Corporation no longer required this credit capacity for operational purposes. A $2.8 billion credit facility, which expires in 2001, remains outstanding.

Convertible Preferred Securities - Union Pacific Capital Trust (the Trust), a statutory business trust sponsored and wholly owned by the Corporation, has issued $1.5 billion aggregate liquidation amount of 6-1/4% Convertible Preferred Securities (the CPS). Each of the CPS has a stated liquidation amount of $50 and is convertible, at the option of the holder, into shares of UPC's common stock, par value $2.50 per share (the Common Stock), at the rate of 0.7257 shares of Common Stock for each of the CPS, equivalent to a conversion price of $68.90 per share of Common Stock, subject to adjustment under certain circumstances. The CPS accrue and pay cash distributions quarterly in arrears at the annual rate of 6-1/4% of the stated liquidation amount. The Corporation owns all of the common securities of the Trust. The proceeds from the sale of the CPS and the common securities of the Trust were invested by the Trust in $1.5 billion aggregate principal amount of the Corporation's 6-1/4% Convertible Junior Subordinated Debentures due April 1, 2028, which represent the sole assets of the Trust.

For financial reporting purposes, the Corporation has recorded distributions payable on the CPS as an interest charge to earnings in the statement of consolidated income.

Significant New Borrowings - During January 1999, the Corporation issued $600 million of 6-5/8% debentures with a maturity date of February 1, 2029. Also, during September 1999, the Corporation issued $150 million of 7 3/8% notes with a maturity date of September 15, 2009. The proceeds from the issuance of these debentures and notes were used for repayment of debt and other general corporate purposes.

Shelf Registration Statement - Under currently effective shelf registration statements, the Corporation may sell, from time to time, up to $850 million in the aggregate of any combination of debt securities, preferred stock, or warrants for debt securities or preferred stock in one or more offerings. The Corporation has no immediate plans to issue equity securities.

7. Earnings Per Share - The following tables provide a reconciliation between basic and diluted earnings per share for the three months and nine months ended September 30, 1999 and 1998:

Millions, Except Per Share Amounts	Three Months Ended September 30, 1999	Three Months Ended September 30, 1998
Income Statement Data:		
Income from continuing operations	$ 218	$ 34
Income available to common stockholders from continuing operations	218	34
Gain on disposal of discontinued operations	27	-
Net income available to common stockholders - Basic	245	34
Dilutive effect of interest associated with the CPS [a]	14	-
Net income available to common stockholders - Diluted	$ 259	$ 34
Weighted-Average Number of Shares Outstanding:		
Basic	246.6	246.1
Dilutive effect of common stock equivalents [b]	23.5	0.6
Diluted	270.1	246.7
Earnings Per Share:		
Basic:		
Income from continuing operations	$0.88	$0.14
Gain on disposal of discontinued operations	0.11	-
Net income	$0.99	$0.14
Diluted:		
Income from continuing operations	$0.86	$0.14
Gain on disposal of discontinued operations	0.10	-
Net income	$0.96	$0.14

[a] In 1998, the effect of $15 million of interest associated with the CPS was anti-dilutive (Note 6).[b] 1998 excludes the effect of anti-dilutive common stock equivalents related to the CPS, which were 21.8 million.

Millions, Except Per Share Amounts	Nine Months Ended September 30, 1999	1998
Income Statement Data:		
Income (Loss) from continuing operations............	$ 541	$ (182)
Income (Loss) available to common stockholders from continuing operations..........................	541	(182)
Gain (Loss) on disposal of discontinued operations...	27	(262)
Net income (loss) available to common stockholders - Basic..............................	568	(444)
Dilutive effect of interest associated with the CPS [c].......................................	44	-
Net income (loss) available to common stockholders - Diluted...	$ 612	$ (444)
Weighted-Average Number of Shares Outstanding:		
Basic...	246.5	246.0
Dilutive effect of common stock equivalents [d]......	23.1	-
Diluted...	269.6	246.0
Earnings Per Share:		
Basic:		
Income (Loss) from continuing operations.........	$2.19	$(0.74)
Gain (Loss) on disposal of discontinued operations..................................	0.11	(1.06)
Net income (loss).................................	$2.30	$(1.80)
Diluted:		
Income (Loss) from continuing operations.........	$2.17	$(0.74)
Gain (Loss) on disposal of discontinued operations..................................	0.10	(1.06)
Net income (loss).................................	$2.27	$(1.80)

[c] In 1998, the effect of $29 million of interest associated with the CPS was anti-dilutive (Note 6).[d] 1998 excludes the effect of anti-dilutive common stock equivalents related to options and the CPS, which were 1.5 million and 14.5 million, respectively.

8. Other Income - Other income included the following for the three months and nine months ended September 30, 1999 and 1998:

Millions of Dollars	Three Months Ended September 30, 1999	1998
Net gain on asset dispositions........................	$ 18	$18
Rental income...	16	13
Interest income.......................................	2	6
Other - net...	(12)	(1)
Total...	$ 24	$36

Millions of Dollars	Nine Months Ended September 30, 1999	1998
Net gain on asset dispositions	$ 36	$62
Rental income	41	36
Interest income	10	17
Other - net	(14)	(2)
Total	$ 73	$113

9. Ratio of Earnings to Fixed Charges - The ratio of earnings to fixed charges has been computed on a consolidated basis. Earnings represent income (loss) from continuing operations less equity in undistributed earnings of unconsolidated affiliates, plus income taxes and fixed charges. Fixed charges represent interest, amortization of debt discount and the estimated interest portion of rental charges. For the nine months ended September 30, 1998, fixed charges exceeded earnings by approximately $339 million.

10. Commitments and Contingencies - There are various claims and lawsuits pending against the Corporation and certain of its subsidiaries. The Corporation is also subject to Federal, state and local environmental laws and regulations, pursuant to which it is currently participating in the investigation and remediation of numerous sites. In addition, the Corporation and its subsidiaries also periodically enter into financial and other commitments and guarantees in connection with their businesses, and have retained certain contingent liabilities upon the disposition of formerly owned operations.

    It is not possible at this time for the Corporation to determine fully the effect of any or all unasserted claims on its consolidated financial condition; however, to the extent possible, where unasserted claims can be estimated and where such claims are considered probable, the Corporation has recorded a liability. The Corporation does not expect that any known lawsuits, claims, environmental costs, commitments or guarantees will have a material adverse effect on its consolidated financial condition or results of operations. Certain potentially significant contingencies relating to the Corporation's and its subsidiaries' businesses are detailed below:

    Customer Claims - Certain customers have submitted claims for damages related to shipments delayed by the Railroad as a result of congestion problems during 1997 and 1998, and certain customers have filed lawsuits seeking relief related to such delays. The nature of the damages sought by claimants includes, but is not limited to, contractual liquidated damages, freight loss or damage, alternative transportation charges, additional production costs, lost business and lost profits. In addition, some customers have asserted that they have the right to cancel contracts as a result of alleged material breaches of such contracts by the Railroad. The Corporation has made no additional provisions for such claims in 1999.

    Shareholder Lawsuits - UPC and certain of its directors and officers are defendants in two purported class actions that have been consolidated into one proceeding. The consolidated complaint alleges, among other things, that the Corporation violated the Federal securities laws by failing to disclose material facts and making materially false and misleading statements concerning the service, congestion and safety problems encountered following the Corporation's acquisition of Southern Pacific in 1996. These lawsuits were filed in late 1997 in the United States District Court for the Northern District of Texas and seek to recover unspecified amounts of damages. Management believes that the plaintiffs' claims are without merit and intends to defend them vigorously. The defendants have moved to dismiss this action, and the motion has been fully briefed and is awaiting a decision by the Court.

In addition to the class action litigation, a purported derivative action was filed on behalf of the Corporation and UPRR in September 1998 in the District Court for Tarrant County, Texas, naming as defendants the then-current and certain former directors of the Corporation and UPRR and, as nominal defendants, the Corporation and UPRR. The derivative action alleges, among other things, that the named directors breached their fiduciary duties to the Corporation and UPRR by approving and implementing the Southern Pacific merger without informing themselves of its impact or ensuring that adequate controls were put in place and by causing UPC and UPRR to make misrepresentations about UPRR's service problems to the financial markets and regulatory authorities. The Corporation's Board of Directors established a special litigation committee consisting of three independent directors to review the plaintiff's allegations and determine whether it is in UPC's best interest to pursue them. The committee has unanimously concluded that further prosecution of the derivative action on behalf of the Corporation and UPRR is not in the best interest of either such company. Accordingly, the Corporation and UPRR have filed a motion with the Court to dismiss the derivative action. The plaintiff has not yet responded to the motion. The individual defendants also believe that these claims are without merit and intend to defend them vigorously.

11. Accounting Pronouncements - In June 1998, the Financial Accounting Standards Board issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" (FAS 133), that would have been effective January 1, 2000. In June 1999, the Financial Accounting Standards Board issued Statement No. 137, "Accounting for Derivatives Instruments and Hedging Activities-Deferral of the Effective Date of FASB Statement No. 133" postponing the effective date for implementing FAS 133 to fiscal years beginning after June 15, 2000. While management is still in the process of determining the full effect FAS 133 will have on the Corporation's financial statements, management has determined that FAS 133 will increase the volatility of the Corporation's asset, liability and equity (comprehensive income) positions as the change in the fair market value of all financial instruments the Corporation uses for fuel or interest rate hedging purposes will, upon adoption of FAS 133, be recorded in the Corporation's Statement of Financial Position (Note 5). In addition, to the extent fuel hedges are ineffective due to pricing differentials resulting from the geographic dispersion of the Corporation's operations, income statement recognition of the ineffective portion of the hedge position will be required. Management does not anticipate that the final adoption of FAS 133 will have a material impact on UPC's consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES
RESULTS OF OPERATIONS

Three and Nine Months Ended September 30, 1999 Compared to
Three Months and Nine Months Ended September 30, 1998

Union Pacific Corporation (the Corporation or UPC) consists of one reportable segment, rail transportation (Rail), and UPC's other product lines (Other Operations). The Rail segment includes the operations of Union Pacific Railroad Company (UPRR), its subsidiaries and rail affiliates (collectively, the Railroad). Other Operations include the trucking product line (Overnite Transportation Company or Overnite), as well as technology and insurance product lines, corporate holding company operations, which largely support the Rail segment, and all appropriate consolidating entries. All earnings per share information is stated on a diluted basis.

CONSOLIDATED

Net Income - Net income for the three months and nine months ended September 30, 1999 was $245 million ($0.96 per share) and $568 million ($2.27 per share), respectively, compared to $34 million ($0.14 per share) and a loss of $444 million ($1.80 per share) for the comparable periods in 1998. The increase was driven primarily by improved operations and service levels at UPC's Rail unit which resulted in higher revenues and lower expenses. Net income for the third quarter of 1999 included a one-time after-tax gain of $27 million ($0.10 per share) from the adjustment of a liability established in connection with the discontinued operations of a former subsidiary. Net income for the nine months ended September 30, 1998 included a $262 million after-tax provision for the expected loss from the proposed sale of Overnite. In the fourth quarter of 1998, the Corporation reclassified Overnite's results to continuing operations and reversed the loss from discontinued operations (see Note 4 to the Consolidated Financial Statements).

Operating Revenues - Operating revenues increased $233 million (9%) and $537 million (7%) for the three month and nine month periods ended September 30, 1999, respectively, over the comparable periods in 1998. The increase was primarily due to higher volumes and revenues in all commodity lines of the Rail unit, partially offset by the impact of selling Skyway Freight Systems, Inc. (Skyway) in November of 1998. Skyway generated $44 million and $133 million in revenue during the third quarter and first nine months of 1998, respectively.

Operating Expenses - For the three and nine month periods ended September 30, 1999, operating expenses decreased $72 million (3%) and $677 million (9%), respectively, over the comparable periods in 1998. Salaries, wages and employee benefit costs increased in the third quarter of 1999 over the third quarter of 1998, due to one-time costs related to the Southern Pacific merger recorded in the third quarter of 1999 (see Note 3 to the Consolidated Financial Statements), higher rail volume and inflation, partially offset by improved productivity. Fuel and utilities costs also increased in the third quarter of 1999 over the third quarter of 1998 due to increased volume, partially offset by lower prices (see Note 5 to the Consolidated Financial Statements). Depreciation and materials and supplies both increased slightly for both the three month and nine month periods ended September 30, 1999 over the comparable periods in 1998. The increase in depreciation expense reflects increased capital spending, while the increase in materials and supplies reflects higher rail volumes. All other operating expense categories decreased in the third quarter of 1999 over the comparable period in 1998. The factors primarily responsible for such decreases are substantially the same in the three and nine month periods and are discussed below.

For the nine month period, all operating expense categories decreased over the comparable 1998 period. Salaries, wages and employee benefit costs decreased due to improved productivity and lower corporate expenses, partially offset by higher rail volume and inflation. Equipment and other rents expense decreased primarily as a result of improved rail cycle times, partially offset by higher rail volumes. Fuel and utilities costs were lower, as lower fuel prices and improved fuel efficiency more than offset volume driven increases in fuel consumption. Casualty costs decreased due to lower than expected settlement costs at the Rail unit. The decrease in other costs in 1999 reflected the impact in 1998 of the resolution of customer claims, the impact of the sale of Skyway, lower state and local taxes (primarily sales and property taxes) and increased benefits resulting from the continuing integration of Southern Pacific operations.

Operating Income - Operating income increased $305 million and $1.2 billion for the three and nine month periods ended September 30, 1999, over the comparable periods in 1998, reflecting improved operations and service levels at UPC's Rail unit, which resulted in decreased Rail operating expenses and increased Rail revenues.

Non-Operating Items - Other income decreased $12 million in the third quarter of 1999 over the comparable period in 1998 due to the impact in the third quarter of 1998 of a telecommunications contract buyout and the sale of a corporate aircraft. Other income decreased $40 million for the nine months ended September 30, 1999 over the comparable period in 1998, reflecting the additional impact of the sale of the Southern Pacific Rail Corporation (SP or Southern Pacific) headquarters building and an insurance recovery for 1997 flood damage recorded in the second quarter of 1998. Interest expense decreased in the third quarter of 1999 over the third quarter of 1998, due to lower average debt in the third quarter of 1999, but increased for the 1999 nine month period as a result of increased average debt levels. Income taxes for both the three and nine month periods increased over the comparable periods in 1998 due to higher income before income taxes, partially offset by settlements related to prior tax years.

RAIL SEGMENT

Net Income - Rail operations reported net income of $234 million and $589 million for the three months and nine months ended September 30, 1999, respectively, compared to net income of $67 million for the third quarter of 1998 and a net loss of $87 million for the 1998 nine month period. The increase for both the three and nine month periods resulted primarily from improved operations and service levels, increased revenues in all commodity lines and lower operating costs.

Operating Revenues - Rail operating revenues increased $246 million (10%) to $2,606 million and $615 million (9%) to $7,576 million for the quarter and nine months ended September 30, 1999, respectively, over the comparable periods in 1998. Revenue carloads increased 9% and 7% for the three and nine month periods ended September 30, 1999, respectively, over the comparable periods in 1998. 1999 commodity revenues, primarily automotive and industrial, were adversely influenced due to the impact on rail traffic of the implementation of the joint acquisition of Conrail.

The following table summarizes rail commodity revenue, revenue carloads and average revenue per car for the periods indicated:

Three Months Ended, September 30 1999	1998	% Change	Commodity Revenue In Millions of Dollars	Nine Months Ended September 30, 1999	1998	% Change
$ 367	$ 333	+ 10%	Agricultural	$1,042	$ 938	+ 11%
239	204	+ 17	Automotive	767	676	+ 13
398	384	+ 4	Chemicals	1,195	1,158	+ 3
560	516	+ 9	Energy	1,656	1,501	+ 10
492	455	+ 8	Industrial Products	1,416	1,354	+ 5
459	385	+ 19	Intermodal	1,273	1,126	+ 13
$2,515	$2,277	+ 10%	Total	$7,349	$6,753	+ 9%
			Revenue Carloads In Thousands			
233	212	+ 10%	Agriculture	670	605	+ 11%
167	140	+ 19	Automotive	521	464	+ 12
238	232	+ 3	Chemicals	696	681	+ 2
478	449	+ 6	Energy	1,403	1,319	+ 6
365	349	+ 5	Industrial Products	1,045	1,005	+ 4
719	640	+ 12	Intermodal	2,026	1,882	+ 8
2,200	2,022	+ 9%	Total	6,361	5,956	+ 7%
			Average Revenue per Car			
$1,576	$1,574	-%	Agriculture	$1,550	$1,555	-%
1,430	1,450	- 1	Automotive	1,472	1,458	+ 1
1,673	1,658	+ 1	Chemicals	1,717	1,699	+ 1
1,172	1,148	+ 2	Energy	1,181	1,138	+ 4
1,350	1,303	+ 4	Industrial Products	1,356	1,348	+ 1
638	602	+ 6	Intermodal	628	598	+ 5
$1,144	$1,126	+ 2%	Total	$1,155	$1,134	+ 2%

Agricultural - Agricultural revenue increased for both the three and nine month periods over the comparable periods in 1998, primarily due to stronger exports and improved service levels, which resulted in increases in wheat, corn and beverages.

Automotive - Automotive revenue increased for both the three and nine month periods over the comparable periods in 1998, due to increased carloads caused by strong domestic production, improvements in cycle times, price increases, and the negative impact in 1998 of a strike against a major auto manufacturer. These gains were partially offset by the negative impact on rail traffic of the implementation of the joint acquisition of Conrail.

Chemical - Chemical revenue increased for both the three and nine month periods over the comparable periods in 1998, due to improved service levels and recovery in demand for plastics, liquid and dry chemical and phosphorous, which increased carloads. These gains were partially offset by declines in soda ash and a decline in demand for fertilizers. Average revenue per car improved due to increased longer-haul plastics shipments and fewer shorter-haul petroleum and export sulfur moves.

Energy - Energy revenue increased for both the three and nine month periods over the comparable periods in 1998 due to increases in the number of Powder River Basin trains per day, tons per car and average train length. Powder River Basin traffic was reduced during the Rail unit's planned 10-day maintenance outage in June 1999. Colorado and Utah volumes also increased due to improved service. Average revenue per car increased resulting from changes in traffic mix as longer-haul Powder River Basin traffic increased.

Industrial Products - Industrial Products revenue increased for both the three and nine month periods over the comparable periods in 1998 due to stronger demand and improved cycle times. Carloads increased in lumber, stone and cement due to strong construction demand, and recyclables grew due to new business. Gains were partially offset by decreased steel loadings due to higher imports of lower-priced foreign steel and lost volumes from a major steel producer who filed for bankruptcy. Average revenue per car increased due to a combination of price increases and product mix changes.

Intermodal - Intermodal revenue increased for both the three and nine month periods over the comparable periods in 1998 due to increased carloads, and increased average revenue per car. Carloads improved due to strong demand from growth in imports from Asia, service improvements and a new premium service offering. These gains were partially offset by a decline in exports to Asia due to the Asian economic crisis. Average revenue per car increased due to positive mix shifts and demand-driven price increases.

Operating Expenses - Operating expenses decreased $44 million (2%) and $540 million (8%) for the quarter and nine months ended September 30, 1999, respectively.

Salaries, wages and employee benefit costs increased for the three and nine month periods ended September 30, 1999 over the comparable periods in 1998, due to one-time costs related to the Southern Pacific merger recorded in the third quarter of 1999 (see Note 3 to the Consolidated Financial Statements), higher rail volume and inflation, partially offset by improved productivity.

Equipment and other rents expenses decreased $9 million (3%) and $94 million (9%) for the quarter and nine months ended September 30, 1999, respectively, due primarily to improvements in cycle time and lower prices, partially offset by higher volume.

Fuel and utilities expenses were up $8 million (4%) and down $33 million (6%) for the quarter and nine months ended September 30, 1999, respectively. The quarterly increase was driven by higher volumes, while the year-to-date decrease reflects lower fuel prices and improved consumption rates, partially offset by higher volume. The Railroad hedged 68% and 69% of its fuel consumption for the three and nine months periods ended September 30, 1999, respectively, which decreased fuel costs by $26 million and $7 million, respectively. Expected fuel consumption for the remaining three months of 1999 is 67% hedged at an average of 41 cents per gallon (excluding taxes, transportation charges and regional pricing spreads).

Casualty costs declined $34 million (33%) and $62 million (20%) for the quarter and nine months ended September 30, 1999, respectively, primarily due to the effect of lower than expected settlement costs. In addition, insurance costs and costs for repairs on cars from other railroads were lower year over year.

Depreciation and materials and supplies both increased slightly for both the three and nine month periods ended September 30, 1999 over the comparable periods in 1998. The increase in depreciation expense reflects increased capital spending, while the increase in materials and supplies reflects higher rail volumes.

Other costs decreased $39 million (16%) and $407 million (39%) for the three and nine month periods ended September 30, 1999, respectively, reflecting the impact on 1998 results from the resolution of customer claims, lower state and local taxes (primarily sales and property taxes) and benefits resulting from the continuing integration of Southern Pacific operations.

Operating Income - Operating income increased $290 million to $515 million and $1.2 billion to $1.3 billion for the quarter and nine months ended September 30, 1999, respectively. Both 1999 and 1998 included the impact of one-time costs related to the Southern Pacific merger for severance, relocation and training of employees. The operating ratio for the third quarter of 1999 was 80.2%, 10.3 percentage points better than 1998's 90.5% operating ratio. The operating ratio for the first nine months of 1999 was 82.6%, 15.1 percentage points better than 1998's 97.7% operating ratio.

Non-Operating Items - Other income decreased $22 million (49%) in the third quarter of 1999 over 1998 due to the impact in the third quarter of 1998 of a telecommunications contract buyout and the sale of a corporate aircraft. Other income decreased $50 million (44%) for the nine months ended September 30, 1999 over the comparable period in 1998, reflecting the additional impact of the sale of the SP headquarters building and an insurance recovery for 1997 flood damage recorded in the second quarter of 1998. Interest expense decreased $4 million (2%) in the third quarter of 1999 over the third quarter of 1998 due to lower average debt in the third quarter of 1999. Interest expense increased $26 million (6%) for the nine months ended September 30, 1999 over the comparable period in 1998 as a result of higher average debt levels year over year. Income taxes increased $105 million for the three month period and $403 million for the nine month period, respectively, reflecting higher income before income taxes.

OTHER OPERATIONS

Trucking Product Line

Net Income - Trucking net income was $8 million and $28 million, for the three and nine month periods ended September 30, 1999, respectively, down from $9 million (excluding goodwill amortization of $5 million) and $29 million (excluding good will amortization of $15 million) for the comparable periods in 1998. The decrease in net income for both periods was more than accounted for by expenses related to Overnite's contingency plans in response to activity by the International Brotherhood of Teamsters (Teamsters) and a brief job action in July.

Operating Revenues - For the three and nine month periods ended September 30, 1999, trucking revenues increased $20 million (8%) to $277 million and $27 million (3%) to $803 million, respectively, over the comparable periods in 1998. The revenue increase resulted from higher volume, reflecting a new product offering in the northeast United States and Texas and from rate improvements resulting from increased average length of haul and yield improvement.

Operating Expenses - For the three and nine month periods ended September 30, 1999, operating expenses increased $24 million (10%) to $269 million and $32 million (4%) to $770 million, respectively, over the comparable periods in 1998. For the three and nine months ended September 30, 1999, salaries, wages and employee benefit costs increased $14 million (9%) to $169 million and $26 million (6%) to $494 million, respectively, reflecting wage and benefit enhancements and expenses related to Overnite's contingency plans in response to Teamster activity. Fuel and utilities costs increased $2 million (18%) to $13 million for the three month period and $1 million (3%) to $35 million for the nine month period, due to higher volumes and increased fuel price per gallon (57 cents in the third quarter of 1999 compared to 48 cents in the third quarter of 1998), partially offset by favorable hedge activity. Forty percent of estimated remaining 1999 fuel purchases are hedged at an average of 45 cents per gallon (excluding taxes, transportation charges and regional pricing spreads). Equipment and other rents increased $4 million (20%) for the three month period due to costs related to Teamster activity and to the alleviation of congestion caused by closure of a regional competitor.

Operating Income - Trucking operations generated operating income of $8 million (excluding goodwill amortization of $5 million) for the third quarter of 1999 and $33 million (excluding goodwill amortization of $15 million) for the first nine months of 1999 compared to $12 million and $38 million for the comparable periods in 1998. The operating ratio for trucking operations (excluding goodwill amortization in 1998) increased to 97.1% in 1999 from 95.3% in 1998 for the third quarter and increased to 95.9% in 1999 from 95.1% in 1998 for the nine months ended September 30, 1998.

Recent Events - On October 24, 1999, the Teamsters began a job action at certain Overnite facilities. As of November 9, 1999, approximately 30 Overnite terminals had some employees who did not cross picket lines, and approximately 870 employees, 6.7% of Overnite's workforce, did not report to work. Overnite is operating under its strike contingency plan, and has deployed approximately 400 employee volunteers to other Overnite locations and is using approximately 200 temporary third-party replacement workers. The Teamster activity is expected to negatively impact Overnite's results of operations in the fourth quarter of 1999.

The Teamsters are the certified and recognized bargaining agent at 22 of Overnite's locations employing approximately 1,800 of Overnite's workforce of approximately 13,000. Additionally, proceedings are pending in certain cases where a Teamsters local union lost a representation election. See Part II, Item 1, "Legal Proceedings - Labor Matters."

Other Product Lines

Other operations include the technology and insurance product lines, as well as the corporate holding company operations and all necessary consolidating entries (see Note 2 to the Consolidated Financial Statements). For the three and nine month periods ended September 30, 1999, operating revenues declined $33 million and $105 million, respectively, over the comparable periods in 1998, due primarily to the sale of Skyway in November 1998. For the three and nine months ended September 30, 1999, operating expenses decreased $47 million and $154 million, respectively, reflecting the absence of 1999 costs associated with Skyway and the consolidation of portions of the corporate staff with the Rail unit's staff in Omaha, Nebraska. Operating losses for the three and nine month periods ended September 30, 1999 over the comparable periods in 1998 declined $14 million and $49 million, respectively, and losses from continuing operations declined $13 million and $33 million, respectively, due to the corporate reorganization and improved operations at the Corporation's technology division.

CHANGES IN FINANCIAL CONDITION AND OTHER DEVELOPMENTS

Financial Condition - During the first nine months of 1999, cash provided by operations was $1.5 billion, compared to $209 million in 1998. This increase reflects higher earnings at the Corporation's Rail segment. Working capital improved due to continued emphasis on receivable collection efforts at the Railroad and the timing of current liability payments.

Cash used in investing activities was $1.3 billion in the first nine months of 1999, compared to a use of $1.7 billion in 1998. This decrease primarily reflects lower Rail capital spending, including merger-related spending, offset by the purchase of an additional 13% ownership interest in the consortium operating the Pacific-North and Chihuahua Pacific lines in Mexico for $87 million (see Note 3 to Consolidated Financial Statements).

Cash used in equity and financing activities was $138 million in the first nine months of 1999, compared to $2.0 billion provided in 1998. Cash used in 1999 principally reflects lower net borrowings ($600 million in 1999 compared to $4.0 billion in 1998) offset by debt repaid ($591 million in 1999 compared to $1.8 billion in 1998) reflecting the private placement of the Convertible Preferred Securities (the CPS) on April 1, 1998 (see Note 6 to the Consolidated Financial Statements).

The ratio of debt to total capital employed (treating the CPS as a debt instrument) was 56.6% at September 30, 1999 compared to 58.0% at December 31, 1998 and 58.4% at September 30, 1998. Including the CPS as an equity instrument, the ratio of debt to total capital employed at September 30, 1999 was 48.3% compared to 49.4% at December 31, 1998 and 50.2% at September 30, 1998.

At September 30, 1999 the Corporation had a $2.8 billion credit facility outstanding. The facility is designated for general corporate purposes and expires in 2001. During January 1999 the Corporation issued $600 million of 6 5/8% debentures with a maturity date of February 1, 2029. During September 1999 the Corporation issued $150 million of 7 3/8% notes with a maturity date of September 15, 2009. The proceeds from the issuance of these debentures and notes were used for repayment of debt and other general corporate purposes. Under currently effective shelf registration statements, the Corporation may sell, from time to time, up to $850 million in the aggregate of any combination of debt securities, preferred stock, or warrants for debt securities or preferred stock in one or more offerings. The Corporation has no immediate plans to issue equity securities.

OTHER MATTERS

Commitments and Contingencies - There are various claims and lawsuits pending against the Corporation and certain of its subsidiaries. In addition, the Corporation and its subsidiaries are subject to various Federal, state and local environmental laws and are currently participating in the investigation and remediation of various sites. A discussion of certain claims, lawsuits, guarantees and contingencies is set forth in Note 10 to the Consolidated Financial Statements, which is incorporated herein by reference.

Accounting Pronouncements - In June 1998, the Financial Accounting Standards Board issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" (FAS 133), that would have been effective January 1, 2000. In June 1999, the Financial Accounting Standards Board issued Statement No. 137, "Accounting for Derivatives Instruments and Hedging Activities-Deferral of the Effective Date of FASB Statement No. 133" postponing the effective date for implementing FAS 133 to fiscal years beginning after June 15, 2000. While management is still in the process of determining the full effect FAS 133 will have on the Corporation's financial statements, management has determined that FAS 133 will increase the volatility of the Corporation's asset, liability and equity (comprehensive income) positions as the change in the fair market value of all financial instruments the Corporation uses for fuel or interest rate hedging purposes will, upon adoption of FAS 133, be recorded in the Corporation's Statement of Financial Position (see Note 5 to the Consolidated Financial Statements). In addition, to the extent fuel hedges are ineffective due to pricing differentials resulting from the geographic dispersion of the Corporation's operations, income statement recognition of the ineffective portion of the hedge position will be required. Management does not anticipate that the final adoption of FAS 133 will have a material impact on UPC's consolidated financial statements.

Year 2000 - The Year 2000 (Y2K) compliance project at UPC includes software (internally developed and purchased), hardware and embedded chips inside equipment and machinery, primarily at its Rail unit. The Corporation's enterprise-wide project encompasses computer systems and equipment in multiple data centers and a telecommunications network spread over 23 states. Equipment containing embedded computer chips includes locomotives, automated train switching systems, computer aided train dispatching systems, signaling systems, computerized fueling stations, weigh-in-motion scales, cranes, lifts, PBX systems, elevators, and computerized monitoring systems throughout UPC. The Y2K project started with research in 1994 and an impact analysis of the Corporation's mainframe COBOL systems in 1995. The Y2K project has been a high priority since then.

UPC's Y2K Project is divided into five major initiatives as follows:

Mainframe Systems - These systems have been converted, tested and deemed to be Y2K compliant as of December 31, 1998. Periodic audits are planned during the remainder of 1999 to ensure these systems remain Y2K compliant.

Client Server Systems - All critical client server systems have been converted, tested, and deemed to be Y2K compliant as of December 31, 1998. The non-critical client server systems were deemed to be Y2K compliant as of June 30, 1999.

User Department Developed Systems - These systems consist of both mainframe and PC-based systems developed by internal user departments. All of the systems were deemed to be Y2K compliant as of June 30, 1999.

Vendor Supplied and Embedded Systems - These systems consist of vendor-supplied software, desktop, mainframe and server hardware, databases and operating systems, as well as equipment and machinery with embedded systems. One hundred percent of the identified critical suppliers of these systems have indicated that they have a comprehensive Year 2000 plan. To help assure safety and Y2K compliance, UPC is testing selected critical software, hardware and embedded systems, even if the vendor has already certified the product. The Corporation is sharing information on the compliance and testing of safety critical components common to the industry with the cooperation of the Association of American Railroads (AAR).

Electronic Commerce Systems - These systems consist of all electronic exchanges of information with customers, vendors, other railroads and financial institutions. The railroad industry has agreed on a standard 4-digit year for all electronic data interchange (EDI). The Rail unit can now transmit and receive the new EDI standard that involves a 4-digit year. The Corporation is conducting additional Y2K testing with customers and trading partners using current and older versions of EDI transactions in 1999.

In an effort to ensure that interfacing systems will operate successfully in the year 2000 the Corporation is conducting integrated testing of individual systems already deemed to be Y2K compliant. Although the formal testing is complete, additional verification testing will continue through December 1999.

For each of these initiatives, seven major categories of events have been identified for contingency plans. These categories are (1) key data - integrity/loss, (2) critical software, (3) critical hardware, (4) communications, (5) critical supplies and suppliers, (6) facilities, and (7) key personnel. The contingency plans also include a Y2K command center that will be staffed 24 hours a day in the fourth quarter of 1999 and continuing into early 2000 for any problems that might occur due to Y2K. The staff will be composed of technical experts to fix or advise what to fix if systems fail and knowledgeable representatives from each business unit. Contingency plans continue to be developed and will be refined and adjusted throughout 1999.

As of June 30, 1999, 100% of the Corporation's systems (excluding trucking) have been converted, tested, and deemed to be Y2K compliant. Modification to trucking systems comprises approximately 10% of UPC's total Y2K workload and is estimated to be 98% complete. The remaining modification to trucking's systems is expected to be completed in the fourth quarter of 1999. Costs to convert UPC's systems are expensed as incurred. As of September 30, 1999, more than 88% of the costs of the Y2K project, estimated to be $61 million (pre-tax) in total, have been expensed.

Although the Corporation believes its systems will be successfully modified, failure by it, or by those from whom UPC purchases equipment, or by other entities with whom UPC exchanges data, or on whom it relies for data, to successfully modify their systems, could materially impact operations and financial results in the year 2000.

CAUTIONARY INFORMATION

Certain information included within this report is, and other information included within materials filed or to be filed with the Securities and Exchange Commission (as well as information included in oral statements or other written statements made or to be made by the Corporation), are or will be forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. The forward-looking statements include, without limitation, statements concerning projections, predictions or expectations as to Union Pacific Corporation's and its subsidiaries' business, financial or operational results; future economic performance; management objectives; the outcome of claims; statements that UPC does not expect that claims, lawsuits, environmental costs, commitments, contingent liabilities, labor negotiations or other matters will have a material adverse affect on the Corporation's consolidated financial position, results of operations or liquidity; and other similar expressions concerning matters that are not historical facts. 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 results to differ materially from those expressed in the statements. Important factors that could cause such differences 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 and performance; legislative and/or regulatory developments; natural events such as severe weather, floods and earthquakes; the effects of adverse general economic conditions; changes in fuel prices; labor stoppages; the impact of year 2000 systems problems; and the outcome of claims and litigation, including claims arising from environmental investigations or proceedings. 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.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Disclosure concerning market risk-sensitive instruments is set forth in Note 5 to the Consolidated Financial Statements included in Item 1 of Part I of this Report and is incorporated herein by reference.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The discussion of certain legal proceedings affecting the Corporation and/or certain of its subsidiaries set forth in Note 10 to the Consolidated Financial Statements included in Item 1 of Part I of this Report is incorporated herein by reference. In addition to those matters, the following proceedings, or developments in proceedings presently pending, arose or occurred during the third quarter of 1999.

Bottleneck Proceedings - As reported in the Corporation's Annual Report on Form 10-K for the year ended December 31, 1998 and Quarterly Report on Form 10-Q for the quarter period ended March 31, 1999, the U.S. Court of Appeals for the Eighth Circuit entered an order on February 10, 1999 affirming a prior decision by the Surface Transportation Board of the U.S. Department of Transportation (STB). The STB decision generally reaffirmed its existing position regarding the obligation of rail carriers to provide rates for bottleneck segments (lines of railroad that are served by a single railroad between a junction and an exclusively-served shipper facility), and dismissed two complaint proceedings filed by shippers challenging a class rate for the movement of coal to which UPRR and a predecessor were parties. On April 23, 1999 the Eighth Circuit denied a petition for rehearing filed by two of the shippers involved in the complaint proceeding. On July 19, 1999 the Western Coal Traffic League filed a petition for a writ of certiorari in the United States Supreme Court. The Supreme Court denied the petition on October 18, 1999.

Labor Matters - The UPC 1998 10-K disclosed that the General Counsel of the National Labor Relations Board (NLRB) is seeking a bargaining order remedy in 12 cases involving Overnite Transportation Company (Overnite), where a Teamsters local union lost a representation election, and that in four of the 12 cases an administrative law judge has ruled that the bargaining order remedy is warranted. Overnite appealed that ruling to the NLRB. On November 10, 1999 the NLRB upheld the decision of the administrative law judge in those four cases. Overnite has appealed the NLRB's ruling. Additionally, during the second quarter of 1999, an administrative law judge ruled in the remaining cases, determining that the bargaining order remedy is warranted in seven of the eight cases. Overnite has appealed that ruling to the NLRB.

Environmental Matters - As reported in the UPC 1998 10-K, the District Attorney for San Bernardino County, California was investigating the Railroad's handling of several hazardous material spills in Barstow and West Colton, California. In the third quarter of 1999, the District Attorney and the Railroad agreed to a settlement, and on July 28, 1999 a stipulated judgement against the Railroad in the amount of $350,000 was entered by the San Bernardino Superior Court. The Railroad also agreed to pay certain costs of San Bernardino County associated with the incidents that were the subject of the investigation. These costs are estimated at $20,000, but may ultimately be more or less than such amount.

Other Matters - On August 29, 1997, an Amtrak train, operating on UPRR tracks, struck a car at a crossbuck-protected crossing near Warrensburg, Missouri, injuring Kimberley R. Alcorn, a passenger in the car. Ms. Alcorn brought suit against UPRR and Amtrak in the Circuit Court of Jackson County, Missouri Division No. 10. On September 24, 1999, a jury found that Amtrak and UPRR were negligent in causing the accident. The jury awarded Ms. Alcorn approximately $40.3 million in compensatory damages, and, on September 29, 1999, found the Railroad and Amtrak liable for an additional $120 million in punitive damages. The defendants are pursuing multiple avenues of relief from the jury awards. The Railroad believes that the damage awards are not supported by the facts or the law, and that the trial court and/or the appellate courts will either grant a new trial or will substantially reduce the amount of damages. Under the terms of an existing agreement, Amtrak will continue to defend UPRR's interests in this litigation and UPRR believes that Amtrak and its insurers, under the terms of the agreement, will hold UPRR harmless from any final judgment.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

10(a) Executive Stock Purchase Incentive Plan of Union Pacific Corporation.
10(b) Written Description of Premium Exchange Program Pursuant to 1993 Stock Option and Retention Stock Plan of Union Pacific Corporation.
12(a) Computation of Ratio of Earnings to Fixed Charges for the Three Months Ended September 30, 1999.
12(b) Computation of Ratio of Earnings to Fixed Charges for the Nine Months Ended September 30, 1999.
27 Financial data schedule.

(b) Reports on Form 8-K

On July 23, 1999, the UPC filed a Current Report on Form 8-K announcing UPC's financial results for the second quarter of 1999.

On October 21, 1999, UPC filed a Current Report on Form 8-K announcing UPC's financial results for the third quarter of 1999.

SIGNATURE

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: November 12, 1999

UNION PACIFIC CORPORATION
(Registrant)
/s/ James R. Young

James R. Young
Senior Vice President - Finance and Controller
(Chief Accounting Officer and
Duly Authorized Officer)

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

EXHIBIT INDEX

Exhibit No.	Description of Exhibits Filed with this Statement
10(a)	Executive Stock Purchase Incentive Plan of Union Pacific Corporation.
10(b)	Written Description of Premium Exchange Program Pursuant to 1993 Stock Option and Retention Stock Plan of Union Pacific Corporation.
12(a)	Computation of Ratio of Earnings to Fixed Charges for the Three Months Ended September 30, 1999.
12(b)	Computation of Ratio of Earnings to Fixed Charges for the Nine Months Ended September 30, 1999.
27	Financial Data Schedule.

Exhibit 10 (a)

UNION PACIFIC CORPORATION

EXECUTIVE STOCK PURCHASE INCENTIVE PLAN

1. PURPOSE

The Union Pacific Executive Stock Purchase Incentive Plan (the "Plan") is intended to (i) encourage and facilitate ownership of shares of the common stock of Union Pacific Corporation (the "Company") by officers and other key executives of the Company and its Subsidiaries, (ii) create a working environment where participating executives of the Company and its Subsidiaries share in the same risks and rewards as the Company's other shareholders, and (iii) create a retention vehicle by:

? providing participating executives of the Company and its Subsidiaries with an opportunity to significantly increase their ownership of common stock of the Company coupled with incentive awards based on the performance of the Company and its common stock and

? providing this opportunity in a manner that places participating executives at risk in the event of inadequate Company performance.

2. DEFINITIONS

Except where the content otherwise indicates, the following definitions apply:

"Applied Dividends" means regular cash dividends on Common Stock purchased pursuant to a Purchase Award which are to be applied to offset (partially or wholly) interest accruing on the Purchase Loan as required pursuant to Section 7(d)(i) and which the Company's stock transfer agent shall be irrevocably directed by each Participant to deliver directly to the Company for such purpose to the extent required to comply with Section 7(d)(i).

"Board" means Board of Directors of the Company.

"Cause" means the deliberate, willful or gross misconduct of the Participant, as determined by the Committee.

"Code" means the Internal Revenue Code of 1986, as amended.

"Combination Deferred Award" means the grant to a Participant, upon the Participant's exercise of the Purchase Award, of Deferred Performance Award #1, Deferred Performance Award #2, Deferred Performance Award #3 and Deferred Service Incentive Award, as described in Section 8.

"Commission" means the Securities and Exchange Commission.

"Committee" means the Compensation and Benefits Committee of the Board or such other committee of the Board as may be designated by the Board, the Committee being composed of not less than two persons who qualify as "disinterested persons" as defined in Rule 16b-3(c)(2), as promulgated by the Commission under the 1934 Act, or any successor definition adopted by the Commission.

"Common Stock" means the Common Stock, $2.50 par value per Share, of the Company.

"Company" means Union Pacific Corporation, a Utah corporation, or any successor corporation.
"Deferred Performance Awards" means the following awards, as described in Section 8: Deferred Performance Award #1, Deferred Performance Award #2 and Deferred Performance Award #3.

"Deferred Service Incentive Award" means the award so named and described in Section 8.

"Designated Payment Date" means the date designated by the Company for a cash payment to a Participant (or the estate of a deceased Participant) with respect to any part or all of a Combination Deferred Award, which date shall be no later than January 31, 2003 and, in the case of any cash payment with respect to a Participant's Combination Deferred Award after the Participant's Termination of Service because of death, no later than six months after such Termination of Service.

"Effective Date" means the date the Plan is adopted by the Board.

"Interest Rate" means the "applicable federal rate" in effect on the Purchase Date for loans with a final maturity date of January 31, 2006 with interest compounded annually, as determined by Section 1274(d) of the Code.

"Market Price" with respect to a Share shall mean, for any given date (or in the event such date is not a Trading Day with respect to the Share, the last Trading Day prior to such date), the average of the high and low trading prices per Share on such date, as reported in The Wall Street Journal listing of composite transactions for New York Stock Exchange issues.

"1934 Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the Commission thereunder.

"Participant" means each eligible employee of the Company or any of its Subsidiaries who is designated by the Committee to receive a Purchase Award.

"Performance Criteria" means the following three criteria:

Criterion #1: For twenty consecutive calendar days during the Performance Period the Market Price of a Share has increased at least 15% over the Purchase Price;

Criterion #2: Either of the following two events has occurred: (i) The Company has achieved annual earnings per Share equal to, or greater than, $5.00 per Share during any calendar year in the Performance Period or (ii) Criterion #3 has been achieved; and

Criterion #3: Either of the following two events has occurred: (i) The Company has achieved annual earnings per Share equal to, or greater than, $6.00 per Share during any calendar year in the Performance Period or (ii) The Market Price of a Share for twenty consecutive calendar days during the Performance Period has equaled or exceeded $85.00.

"Performance Period" means, with respect to each Purchase Award, the period of time beginning on the Purchase Date with respect to such Purchase Award and ending on January 31, 2003.

"Plan" means this Union Pacific Corporation Executive Stock Purchase Incentive Plan, as amended from time to time in accordance with the Plan's provisions.

"Purchase Award" means an award to a Participant permitting such Participant to purchase Shares pursuant to Section 6 at the Purchase Price, together with related Purchase Loan, Combination Deferred Award and Special Deferred Award rights upon exercise of the Purchase Award.

"Purchase Date" means the date a Participant purchases Shares pursuant to a Purchase Award.

"Purchase Loan" means an extension of credit to the Participant by the Company evidenced by a Purchase Note.

"Purchase Note" means a full recourse promissory note with respect to the Purchase Loan in substantially the same form as set forth on Exhibit A.

"Purchase Price" of a Share means fair market value of a Share on the Purchase Date, as determined by the Committee.

"Remaining Balance" means the principal balance of the Purchase Loan (including accrued but unpaid interest) outstanding immediately following the end of the Performance Period and the making of any prepayments required by Section 7(d)(ii).

"Service" means employment with the Company or its Subsidiaries.

"Share" means a share of the Company's Common Stock.

"Special Criterion" means attaining a Market Price per Share which equals or exceeds $100.00 for twenty consecutive calendar days during the Performance Period.

"Special Deferred Award" means the grant to a Participant, upon the Participant's exercise of the Purchase Award, of the Special Deferred Award, as described in Section 9.

"Subsidiary" means a corporation (or partnership, joint venture, or other enterprise) of which the Company owns or controls, directly or indirectly, 50% or more of the outstanding shares of stock normally entitled to vote for the election of directors (or comparable equity participation and voting power).

"Termination of Service" means a Participant's termination of Service such that he or she is no longer an employee of either the Company or any of its Subsidiaries for any reason whatsoever; provided, however, that, for purposes of this Plan, a Participant who becomes subject to a long-term disability (within the meaning of the Company's long-term disability plan (or the relevant Subsidiary's long-term disability plan), as in effect from time to time) shall be deemed to be continuing his or her Service during such period of long-term disability.

"Total Purchase Price" means, with respect to each Participant, the Purchase Price multiplied by the number of Shares purchased pursuant to the Participant's Purchase Award.

"Trading Day" means, with respect to the Common Stock, a day on which the Common Stock is publicly traded on the New York Stock Exchange.

3. SHARES SUBJECT TO THE PLAN

The aggregate number of Shares that may be issued under the Plan shall not exceed 1,100,000 Shares.

4. TERM OF THE PLAN

The Plan shall become effective upon adoption by the Board. The Plan shall be terminated on January 31, 2003; provided, that Combination Deferred Awards, Special Awards and Purchase Loans outstanding as of such date shall not be affected or impaired by the termination of the Plan; provided further that no Purchase Awards shall be granted after December 31, 1999.

5. ELIGIBLE EMPLOYEES

All officers of the Company and other key executives of the Company and its Subsidiaries who, in the opinion of the Committee, can materially influence the long-term performance of the Company and/or its Subsidiaries are eligible to receive a Purchase Award. The Committee shall have the power and complete discretion to select those eligible employees who are to receive Purchase Awards.

6. STOCK PURCHASE

(a) Grant of Purchase Award. The number of Shares purchasable under a Purchase Award for any Participant and the Purchase Date shall be determined by the Committee. The Committee shall, with respect to each Purchase Award, give written notice to each Participant receiving such Purchase Award stating (i) the maximum and minimum number (which numbers may be identical) of Shares that may be purchased under the Purchase Award, (ii) the Purchase Date and (iii) the Interest Rate and other terms pertaining to the Purchase Loan.

(b) Exercise of Purchase Award. A Participant shall exercise a Purchase Award by delivering to the Company on the Purchase Date (or within a reasonable time thereafter specified by the Company) (i) a notice stating the number of Shares (not less than the minimum number and not more than the maximum number specified in the Purchase Award) such Participant elects to purchase on the Purchase Date, and (ii) an executed Purchase Note and any other documents required pursuant to the Plan. Any Participant who does not elect to purchase at least the minimum number of Shares under the Purchase Award on the Purchase Date (or within a reasonable time thereafter specified by the Company) shall forfeit any rights under the Plan with respect to such Purchase Award, including, without limitation, any right to receive a Purchase Loan, Combination Deferred Award or Special Award related to such Purchase Award.

(c) Closing Time. The exercise of the Purchase Award by a Participant, the delivery of the Purchase Note and the issuance by the Company of the Shares purchased pursuant to the Purchase Award shall be effective at 5:00 p.m., New York City time, on the Purchase Date (the "Closing Time"). After the Closing Time, such Participant shall be a stockholder of the Company for all purposes. Notwithstanding anything herein to the contrary, the Committee shall have the absolute right, in its sole discretion, to revoke any Purchase Award, including, without limitation, any right to receive a Purchase Loan, Combination Deferred Award or Special Award related to such Purchase Award, prior to the Closing Time.

7. LOAN PROVISIONS

(a) General. The Company shall extend a Purchase Loan to a Participant upon exercise of a Purchase Award subject to the terms and conditions set forth in this Section 7. The original principal amount of the Purchase Loan, which shall be unsecured, shall be equal to the Total Purchase Price. Such Purchase Loan shall be evidenced by a Purchase Note with full recourse against the Participant as maker of the note. The obligations of the

Participant under the Purchase Note shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by any change in the existence, structure or ownership of the Company, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Company or its assets or the market value of the Common Stock or any resulting release or discharge of any obligation of the Company or the existence of any claim, set-off or other rights which the Participant may have at any time against the Company or any other person, whether in connection with the Plan or with any unrelated transactions, provided that nothing herein shall prevent the assertion of any such claim by separate suit or counterclaim.

Notwithstanding anything to the contrary in this Section 7, the Company shall not be required to make any Purchase Loan to a Participant if the making of such Purchase Loan will (i) cause the Company to violate any covenant or similar provision in any indenture, loan agreement or other agreement, or (ii) violate any applicable federal, state or local law, provided, that the failure to make such Purchase Loan shall be deemed to revoke the exercise of the related Purchase Award unless otherwise specified by the Participant or if the Company is not satisfied with the creditworthiness of the Participant.

(b) Interest. Interest on the principal balance of the Purchase Loan shall accrue annually, in arrears, at the Interest Rate.

(c) Term. The term of the Purchase Loan for any Participant shall begin on such Participant's Purchase Date and, subject to prepayment as provided in Sections 7(d) and 7(e), have a final maturity date of January 31, 2006. The Remaining Balance of the Purchase Loan shall be payable in three equal annual installments on January 31, 2004, January 31, 2005 and January 31, 2006, with the interest accruing (offset by Applied Dividends, if Criterion #1 was not achieved during the Performance Period) on the unpaid Remaining Balance payable annually, in arrears, on each such January 31.

(d) Prepayments Not Related to Termination of Service.

(i) Dividends. To the extent the Participant is entitled to regular cash dividends on Common Stock purchased under the Plan, until the earlier of the achievement of Performance Criterion #1 or payment in full of the Purchase Loan (including accrued and unpaid interest), such dividends shall be delivered by the Company's stock transfer agent to the Company to offset (wholly or partially) the accrued interest on the Purchase Loan, pursuant to an irrevocable written direction given by the Participant. Upon and after the achievement of Performance Criterion #1, all such dividends shall be paid directly to the Participant. If, prior to the achievement of Performance Criterion #1, the Participant is entitled to regular cash dividends which exceed the accrued interest on the Purchase Loan, such excess shall be paid directly to the Participant.

(ii) Cash Payments with respect to Combination Deferred Award. In the event a Participant (or the estate of a deceased Participant) receives any cash payments with respect to the Participant's Deferred Performance Awards or Deferred Service Incentive Award or any cash payments made by the Company under Section 8(h)(i) after the earlier of (i) Termination of Service due to death or (ii) the end of the Performance Period, the Participant (or the Participant's estate) shall immediately (partially or wholly) prepay the principal balance of the Purchase Loan (or the accrued and unpaid interest thereon in the case of a cash payment with respect to Deferred Performance Award #1), to the extent, if any, that such principal balance (or such interest in the case of a cash payment with respect to Deferred Performance Award #1) remains unpaid at such time, with an amount equal to the full amount of all such cash payments upon receipt thereof.

(iii) Optional Prepayments. Any Participant (or the estate of a deceased Participant) may prepay all of the Purchase Loan (including accrued and unpaid interest) at any time, but partial prepayments shall not be permitted.

(e) Prepayment Obligations Related to Termination of Service. In the event of a Participant's Termination of Service because of death, any outstanding balance (including accrued and unpaid interest) of the Purchase Loan shall be due and payable in full six months from the date of the Participant's death. In the event of a Participant's Termination of Service for any reason other than death, any outstanding balance (including accrued and unpaid interest) of the Purchase Loan shall be due and payable in full on the later of (i) the 90th day following such Termination of Service or (ii) the 90th day following the first date on which the Participant may sell the Common Stock purchased under the Plan without incurring liability under the federal securities laws, including Section 16 of the 1934 Act (limited, in the case of Section 16, to liability relating to purchases or sale of Common Stock or any derivative security occurring prior to the Termination of Service). If (i) a Participant's Termination of Service is due to death during the Performance Period or an involuntary Termination of Service without Cause during the Performance Period, (ii) on the date the outstanding balance of the Purchase Loan becomes due and payable pursuant to this Section 7(e), the aggregate Market Price of the Shares acquired under the Participant's Purchase Award is less than the sum of (x) the outstanding balance of the Purchase Loan (including accrued and unpaid interest) on such date, as reduced by any prepayment made pursuant to Section 7(d), and (y) the income and employment tax liability resulting from any cash payments with respect to the Combination Deferred Award, and (iii) if all Shares so acquired are still held by the Participant (or the Participant's estate), then, on such date (if so requested by the Participant or the Participant's estate) the Company shall accept from the Participant (or the Participant's estate) the surrender of all Shares so acquired by the Participant in full satisfaction of the outstanding balance of the Purchase Loan (including accrued and unpaid interest).

8. COMBINATION DEFERRED AWARD - DESCRIPTION, PAYMENT AND FORFEITURE

(a) Combination Deferred Award. Upon any Participant's exercise of the Participant's Purchase Award, the Company shall grant the Participant a Combination Deferred Award, consisting of Deferred Performance Award #1, Deferred Performance Award #2, Deferred Performance Award #3 and Deferred Service Incentive Award, subject to the terms and conditions set forth in this Section 8. Any payment with respect to a Participant's Combination Deferred Award shall be made by the Company on its behalf and/or on behalf of the Subsidiary by which the Participant was employed on the Designated Payment Date. Any Subsidiary which so employed the Participant shall reimburse the Company for such payment. No payment shall be made by the Company with respect to any Participant's Combination Deferred Award until the Participant has made arrangements with respect to any federal, state or local tax withholding requirements applicable to such payment which are satisfactory to the Company

(b) Deferred Performance Award #1. In the event that Criterion #1 is achieved, each Participant then holding a Deferred Performance Award #1 shall become entitled to a deferred cash payment with respect thereto, subject to the terms and conditions set forth in this Section 8. On the Designated Payment Date, the Company shall pay to the Participant, with respect to Deferred Performance Award #1, a cash amount equal to the interest accrued and remaining unpaid on the Purchase Loan (after any application of Applied Dividends) as of the Designated Payment Date. Further, if Criterion #1 has been achieved during the Performance Period, but accrued interest on the Purchase Loan is payable on January 31, 2004, January 31, 2005 and /or January 31, 2006 pursuant to Section 7(c), then, on each such date, the Company shall pay to the Participant, with respect to Deferred Performance Award #1, a cash amount equal to the interest becoming payable on such date.

(c) Deferred Performance Award #2. In the event that Criterion #2 is achieved, each Participant then holding a Deferred Performance Award #2 shall become entitled to a deferred cash payment with respect thereto, subject to the terms and conditions set forth in this Section 8. On the Designated Payment Date, the Company shall pay to the Participant, with respect to Deferred Performance Award #2, a cash amount equal to one-third of the outstanding principal balance of the Purchase Loan as of the Designated Payment Date.

(d) Deferred Performance Award #3. In the event that Criterion #3 is achieved, each Participant then holding a Deferred Performance Award #3 shall become entitled to a deferred cash payment with respect thereto, subject to the terms and conditions set forth in this Section 8. On the Designated Payment Date, the Company shall pay to the Participant, with respect to Deferred Performance Award #3, a cash amount equal to one-third of the outstanding principal balance of the Purchase Loan as of the Designated Payment Date.

(e) Deferred Service Incentive Award. If the Service of a Participant who holds a Deferred Service Incentive Award is continuous from the Effective Date to the end of the Performance Period, the Participant shall become entitled to a deferred cash payment with respect to such award, subject to the terms and conditions set forth in this Section 8. On the Designated Payment Date, the Company shall pay to the Participant, with respect to the Deferred Service Incentive Award, a cash amount equal to one-third of the outstanding principal balance of the Purchase Loan as of the Designated Payment Date.

(f) Forfeiture of Combination Deferred Award Upon Certain Sales of Shares and Certain Prepayments of Purchase Loan. Notwithstanding any other provision of this Section 8, a Participant's Combination Deferred Award shall be immediately forfeited if the Participant, during the Performance Period, either (i) sells any Shares acquired under a Purchase Award or (ii) makes an optional prepayment on the Purchase Loan described in Section 7(d)(iii). A transfer of a Participant's Shares to a revocable trust as to which the

Participant retains voting and investment power (which powers of revocation, voting and investment may be shared with the Participant's spouse) or a transfer to joint ownership with such Participant's spouse shall not be deemed a sale for purposes of this Section 8(f) and, solely for the purposes of this Plan, such Shares shall be deemed to be owned by the Participant.

(g) Application of Payments Made Pursuant to Section 8. Notwithstanding any other provision of this Section 8, an amount equal to the full amount of any payment made by the Company pursuant to this Section 8 with respect to a Deferred Performance Award and/or Deferred Service Incentive Award shall be immediately applied in accordance with Section 7(d)(ii) to prepay (partially or wholly) the principal balance of the Purchase Loan (or the accrued and unpaid interest thereon in the case of a cash payment with respect to Deferred Performance Award #1), to the extent, if any, that such principal balance (or such interest in the case of a cash payment with respect to Deferred Performance Award #1) remains unpaid on the Designated Payment Date.

(h) Treatment of a Termination of Service.

(i) Upon a Participant's Termination of Service during the Performance Period for any reason except death, the Participant shall forfeit the Combination Deferred Award. Upon a Participant's Termination of Service during the Performance Period due to death, unless the Participant shall have previously forfeited the Combination Deferred Award pursuant to Section 8(f), the Participant's estate shall be entitled to a cash payment with respect to (i) the Deferred Service Incentive Award calculated as if the Participant's Service had continued through the end of the Performance Period and (ii) any Deferred Performance Award as to which the related Performance Criterion has been achieved before the Participant's death. On the Designated Payment Date, the Company shall pay, to the deceased Participant's estate, the cash amount provided in this Section 8 with regard to each award described in the immediately preceding sentence.

(ii) If a Participant's Termination of Service is due to death during the Performance Period or an involuntary Termination of Service without Cause during the Performance Period and the Company accepts Shares acquired pursuant to the Participant's Purchase Award in full satisfaction of the Purchase Loan in accordance with the last sentence of Section 7(e), then, no later than the fifth business day following such acceptance, the Company shall pay to the Participant (or the Participant's estate) the cash amount necessary for the reimbursement of any income and employment taxes payable by the Participant (or the Participant's estate) as a result of (i) the acceptance by the Company of such Shares in satisfaction of the Purchase Loan, (ii) any payment made with respect to the Combination Deferred Award and (iii) the reimbursement payment made pursuant to this Section 8(h)(ii).

9. SPECIAL DEFERRED AWARD

(a) Upon any Participant's exercise of the Participant's Purchase Award, the Company shall grant the Participant a Special Deferred Award, subject to the terms and conditions set forth in this Section 9. Any payment with respect to a Participant's Special Deferred Award shall be made by the Company on its behalf and/or on behalf of the Subsidiary by which the Participant was employed on the Designated Payment Date. Any Subsidiary which so employed the Participant shall reimburse the Company for such payment.

(b) In the event that the Special Criterion is achieved, each Participant then holding a Special Deferred Award shall be entitled to be reimbursed by the Company on the Designated Payment Date for the federal income tax payable on the amounts paid with respect to a Combination Deferred Award pursuant to Section 8, subject to the terms and conditions set forth in this Section 9. Such reimbursement shall be computed using the maximum marginal rate for ordinary taxable income in effect on the Designated Payment Date. The reimbursement for federal income tax under this Section 9 shall not itself be grossed up for any federal income tax payable as a result of this reimbursement.

(c) Notwithstanding any other provision of this Section 9, a Participant's Special Deferred Award shall be immediately forfeited if the Participant, during the Performance Period, either (i) sells any Shares acquired under a Purchase Award or (ii) makes an optional prepayment on the Purchase Loan described in Section 7(d)(iii). A transfer of a Participant's Shares to a revocable trust as to which the Participant retains voting and investment power (which powers of revocation, voting and investment may be shared with the Participant's spouse) or a transfer to joint ownership with such Participant's spouse shall not be deemed a sale for purposes of this Section 9(iii) and, solely for the purposes of this Plan, such Shares shall be deemed to be owned by the Participant.

(d) Termination of Service.

Upon a Participant's Termination of Service during the Performance Period for any reason except death, the Participant shall forfeit the Special Deferred Award. Upon a Participant's Termination of Service during the Performance Period due to death, unless the Participant shall have previously forfeited the Special Deferred Award pursuant to Section 9(c), the Participant's estate shall be entitled to be reimbursed by the Company an amount calculated in accordance with Section 9(b) if the related Special Criterion has been achieved before the Participant's death. On the Designated Payment Date, the Company shall reimburse the deceased Participant's estate the amount provided in this Section 9 with regard to the Special Deferred Award described in the immediately preceding sentence.

10. PLAN ADMINISTRATION

The Plan shall be administered by the Committee. If at any time no Committee shall be in office, the functions of the Committee specified in the Plan shall be exercised by the "disinterested directors" on the Board (as defined in Rule 16b-3(c)(2) under the 1934 Act). Subject to the provisions of the Plan, the Committee shall interpret the Plan and make such rules as it deems necessary for the proper administration of the Plan, shall make all other determinations necessary or advisable for the administration of the Plan and shall correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent that the Committee deems desirable to carry the Plan into effect. Among other things, the Committee shall have the authority, subject to the terms of the Plan, to determine (i) the individuals to whom the Purchase Awards are granted, (ii) the time or times the Purchase Awards are granted, (iii) the Purchase Dates for such Purchase Awards, (iv) the basis for any Termination of Service, including whether or not it was for Cause or otherwise, (v) the forms, terms and provisions of any documents under the Plan, including amending or modifying the terms of the Plan. Without limiting the foregoing, in the event of a recapitalization, stock split, stock dividend, combination or exchange of shares, merger, consolidation, spin-off or any other change in the corporate structure or shares of the Company, the Committee may make such adjustments as it deems appropriate in the Performance Criteria and other terms of the Plan. Any action taken or determination made by the Committee pursuant to this paragraph and the other paragraphs of the Plan in which the Committee is given discretion shall be final and conclusive on all parties. The act or determination of a majority of the Committee shall be deemed to be the act or determination of the entire Committee. The Committee may consult with counsel, who may be counsel to the Company, and such other advisors as the Committee may deem necessary and/or desirable, and the members of the Committee shall not incur any liability for any action taken in good faith in reliance upon the advice of counsel or any other advisor.

11. AMENDMENT AND DISCONTINUANCE OF THE PLAN

The Board, upon the recommendation of the Committee, may amend, suspend or terminate the Plan at any time, subject to the provisions of this Section 11. No amendment, suspension or termination of the Plan may, without the consent of a Participant, adversely affect such Participant's rights under the Plan in any material respect.

12. MISCELLANEOUS PROVISIONS

(a) Unsecured Status of Claim. Participants and their beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any specific property or assets of the Company. No assets of the Company shall be held under any trust for the benefit of Participants, their beneficiaries, heirs, successors or assigns, or held in any way as collateral security for the fulfillment of the Company's obligations under the Plan.

Any and all of the Company's assets shall be, and shall remain, the general unpledged and unrestricted assets of the Company. The Company's obligations under the Plan shall be merely that of an unfunded and unsecured promise of the Company to pay employee compensation benefits in the future.

(b) Employment Not Guaranteed. Nothing contained in the Plan nor any action taken in the administration of the Plan shall be construed as a contract of employment or as giving a Participant any right to be retained in the Service of the Company.

(c) Nonassignability. No person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, hypothecate or convey in advance of actual receipt the deferred cash incentive, if any, payable under the Plan, or any part thereof, or any interest therein, which are, and all rights to which are, expressly declared to be unassignable and nontransferable. No portion of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, lien or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of the Participant's or any other person's bankruptcy or insolvency. Any such transfer or attempted transfer in violation of the preceding provisions shall be considered null and void. In addition, no derivative security (as defined in Rule 16a-1(c), as promulgated by the Commission under the 1934 Act, or any successor definition adopted by the Commission) issued under the Plan shall be transferable by a Participant (to the extent transferable under the Plan) other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code, or Title I of the Employee Retirement Income Security Act of 1974 or the rules promulgated thereunder.

(d) Separability, Validity. Transactions under this Plan are intended to qualify under Rule 16b-3 of the 1934 Act. If any of the terms or provisions of this Plan conflict with the requirements of Rule 16b-3, then such terms and provisions shall be deemed inoperative to the extent they so conflict with such requirements. In the event that any provision of the Plan is held to be invalid, void or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provision of the Plan.

(e) Withholding Tax. The Company shall, on its behalf and on behalf of its Subsidiaries, withhold from all benefits due under the Plan an amount sufficient to satisfy any federal, state and local tax withholding requirements; provided, however, that each Participant shall make arrangements satisfactory to the Company with respect to any such withholding requirements applicable to the payments provided in Section 8 with respect to the Participant's Combination Deferred Award prior to the making of such payments and any such withholding requirements applicable to any acceptance by the Company of Shares in satisfaction of a Participant's Purchase Loan pursuant to Section 7(e) prior to such acceptance.

(f) Applicable Law. The Plan shall be governed in accordance with the laws of the State of Utah without regard to the application of the conflicts of law provisions thereof. The obligation of the Company with respect to the grant and exercise of Purchase Awards shall be subject to all applicable laws, rules and regulations and such approvals by any governmental agencies as may be required, including, without limitation, the effectiveness of any registration statement required under the Securities Act of 1933, as amended, and the rules and regulations of any securities exchange on which the Common Stock may be listed.

(g) Inurement of Rights and Obligations. The rights and obligations under the Plan shall inure to the benefit of, and shall be binding upon, the Company, its successors and assigns, and the Participants and their beneficiaries.

(h) Notice. All notices and other communications required or permitted to be given under this Plan shall be in writing and shall be deemed to have been duly given if delivered personally or mailed first class, postage prepaid, as follows: (A) if to the Company--at its principal business address to the attention of the Secretary; (B) if to any Participant--at the last address of the Participant known to the sender at the time the notice or other communication is sent.

(i) Exclusion from Pension and other Benefit Plan Computation. By exercise of a Purchase Award, each Participant shall be deemed to have agreed that such Purchase Award and any amounts paid with respect to a Deferred Performance Award or a Deferred Service Incentive Award under Section 8, as applicable, or with respect to a Special Deferred Award under Section 9, are special incentive compensation that will not be taken into account, in any manner, as salary, compensation or bonus in determining the amount of any payment under any pension, retirement or other employee benefit plan of the Company or any of its Subsidiaries. In addition, the estate and each beneficiary of a deceased Participant shall be deemed to have agreed that such Purchase Award and any Deferred Performance Award, Deferred Service Incentive Award or Special Deferred Award, as applicable, will not affect the amount of any life insurance coverage, if any, provided by the Company or any of its Subsidiaries on the life of the Participant which is payable to such estate or beneficiary under any life insurance plan covering employees of the Company or any of its Subsidiaries.

Exhibit A

UNION PACIFIC CORPORATION
FULL RECOURSE PROMISSORY NOTE

("PURCHASE NOTE")

$[ ] [ ], 1999

FOR VALUE RECEIVED, the undersigned, (the "Borrower"), hereby promises to pay to UNION PACIFIC CORPORATION, a Utah corporation (the "Company"), or to the legal holder of this Purchase Note at the time of payment, the principal sum (the "Principal Sum") of [ ] ($) in lawful money of the United States of America. The Borrower also agrees to pay interest (computed on the basis of a 365 or 366 day year, as the case may be) on any portion of the Principal Sum that remains outstanding, from and after the effective date of this Purchase Note until the entire Principal Sum has been paid in full, at 6.02%, compounded annually; provided, however, that in no event shall such interest be charged to the extent it would violate any applicable usury law. The obligations represented by this Purchase Note shall be with full recourse to the Borrower. Each capitalized term used herein but not defined herein shall have the meaning assigned to such term in the Union Pacific Corporation Executive Stock Purchase Incentive Plan, as in effect on the date hereof (the "Plan"), regardless of whether such Plan shall remain in effect.

The proceeds received by the Borrower shall be used solely to acquire shares of common stock, par value $2.50 per share, of the Company ("Stock") (the shares so acquired being hereinafter referred to as the "Shares").

This Purchase Note is subject to the following further terms and conditions:

1. Principal and Interest. Subject to Sections 7(d) and (e) of the Plan, the Principal Sum then outstanding and all accrued interest thereon shall become due and payable on January 31, 2006. Subject to Sections 7(d) and (e) of the Plan, the Remaining Balance shall be payable in three equal annual installments on January 31, 2004, January 31, 2005 and January 31, 2006, with the interest accruing on the unpaid Remaining Balance payable annually, in arrears, on each such January 31.

2. Payment and Prepayment. All payments and prepayments of the Principal Sum of and the accrued interest on this Purchase Note shall be made to the Company or its order, or to the legal holder of this Purchase Note or such holder's order, in lawful money of the United States of America (or by assignment of cash awards which may become payable to the Borrower (or the estate of the deceased Borrower) by the Company pursuant to the Plan and are required by the Plan and Section 3 hereof to be immediately repaid by the Borrower to the Company) at the principal offices of the Company (or at such other place as the holder hereof shall notify the Borrower in writing). If any date on which a payment shall be made is a Saturday, Sunday or legal holiday, then such payment shall be made on the next succeeding business day. Upon full and final payment of the Principal Sum of and interest accrued on this Purchase Note, it shall be surrendered to the Borrower.

3. Prepayments Not Related to Termination of Service.

(a) Dividends. To the extent the Borrower is entitled to regular cash dividends on the Shares, until Performance Criterion #1 has been achieved, such dividends, if any, shall be applied by the Company to offset (wholly or partially) the accrued interest on the outstanding principal amount of the Purchase Note.

(b) Cash Payments with respect to Combination Deferred Award. In the event the Borrower (or the estate of a deceased Borrower) receives any cash payments with respect to the Borrower's Deferred Performance Awards or Deferred Service Incentive Award or any cash payments made by the Company under Section 8(h)(i) of the Plan after the earlier of (i) Termination of Service due to death or (ii) the end of the Performance Period, the Borrower (or the Borrower's estate) shall immediately (partially or wholly) prepay the Principal Sum of this Purchase Note (or the accrued and unpaid interest in the case of a cash payment with respect to Deferred Performance Award #1), to the extent, if any, that the Principal Sum (or such interest in the case of a cash payment with respect to Deferred Performance Award #1) remains unpaid at such time, with an amount equal to the full amount of all such cash payments upon receipt thereof.

(c) Optional Prepayments. The Borrower (or the estate of a deceased Borrower) may prepay all of this Purchase Note (including accrued and unpaid interest) at any time, but partial prepayments shall not be permitted.

4. Prepayment Obligations Related to Termination of Service. In

the event of the Borrower's Termination of Service because of death, any outstanding balance (including accrued and unpaid interest) of this Purchase Note shall be due and payable in full six months from the date of the Borrower's death. In the event of the Borrower's Termination of Service for any reason other than death, any outstanding balance (including accrued and unpaid interest) of this Purchase Note shall be due and payable in full on the later of (i) the 90th day following such Termination of Service or (ii) the 90th day following the first date on which the Borrower may sell the Shares without incurring liability under the federal securities laws. If (i) a Borrower's Termination of Service is due to death during the Performance Period or an involuntary Termination of Service without Cause during the Performance Period, (ii) on the date the outstanding balance of this Purchase Note becomes due and payable pursuant to this Section 4, the aggregate Market Price of the Shares acquired under the Borrower's Purchase Award is less than the sum of the outstanding balance of this Purchase Note (including accrued and unpaid interest) on such date and the income and payroll tax liability resulting from any cash payments with respect to the Combination Deferred Award, and (iii) if all Shares so acquired are still held by the Borrower (or the Borrower's estate), then, on such date (if so requested by the Borrower or the Borrower's estate), the Company shall accept from the Borrower (or the Borrower's estate) the surrender of all Shares so acquired by the Borrower in full satisfaction of the outstanding balance of this Purchase Note (including accrued and unpaid interest).

5. Remedies . Each of the following shall be Events of Default under this Purchase Note:

(a) the Borrower defaults in the due and punctual payment of all or any part of the principal of this Purchase Note when and as the same shall become due and payable, whether at the stated maturity thereof, by notice of or demand for prepayment, or otherwise;

(b) the Borrower defaults in the due and punctual payment of any interest on this Purchase Note when and as such interest shall become due and payable and such default shall have continued for a period of five days;

(c) the Borrower shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator; (ii) be generally unable to pay the Borrower's debts as such debts become due; (iii) make a general assignment for the benefit of the Borrower's creditors; (iv) commence a voluntary case under the United States Bankruptcy Code or any successor or similar provision (collectively the "Code"); (v) file a petition seeking to take advantage of any other law of any jurisdiction relating to bankruptcy, insolvency, or composition or readjustment of debts; (vi) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against the Borrower in an involuntary case under the Code; or (vii) take any action for the purpose of effecting any of the foregoing;

(d) a proceeding or case shall be commenced, without the application or consent of the Borrower, in any court of competent jurisdiction, seeking (i) the liquidation of the Borrower's assets, or the composition or readjustment of the Borrower's debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of any substantial part of the Borrower's assets, or (iii) similar relief in respect of the Borrower under any law of any jurisdiction relating to bankruptcy, insolvency, or the composition or readjustment of debts, and such proceedings or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect for a period of sixty (60) days; or an order for relief against the Borrower shall be entered in an involuntary case under any bankruptcy, insolvency, composition, readjustment of debt, liquidation of assets or similar law of any jurisdiction; or

(e) The Borrower has failed to make arrangements satisfactory to the Company under Section 11(e) of the Plan with respect to any applicable federal, state or local tax withholding requirements and such failure shall continue for 15 days after notice of such failure has been delivered to the Borrower by the Company.

If an Event of Default specified in clause (c) or (d) of this Section 5 shall exist, this Purchase Note shall automatically become immediately due and payable together with interest accrued thereon, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived.

If an Event of Default other than those specified in clause (c) or (d) of this Section 5 shall exist, the holder of this Purchase Note may exercise any right, power or remedy permitted to such holder by applicable law, and shall have, in particular, without limiting the generality of the foregoing, the right to declare the entire principal of, and interest accrued on, this Purchase Note then outstanding to be, and this Purchase Note shall thereupon become, forthwith due and payable, without any presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived, and the Borrower shall forthwith pay to the holder of this Purchase Note the entire principal of, and interest accrued on, this Purchase Note.

6. Notice. For the purposes of this Purchase Note, notices, demands and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when delivered or (unless otherwise specified) mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed, if to the Borrower, to the address inserted below the Borrower's signature on the final page hereof, and, if to the Company, as follows:

To the Company:

Union Pacific Corporation
1416 Dodge Street
Omaha, NE 68179
Attention: Senior Vice President - Human Resources

or to such other address as any party may have furnished to the others in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

7. Expenses. Borrower agrees to pay any and all out-of-pocket costs and expenses, including without limitation, reasonable attorney's fees and disbursements, incurred by the Company in connection with the enforcement of any and all provisions of this Purchase Note and in regard to any defenses to this Purchase Note or counterclaims brought in the action to enforce this Purchase Note.

8. Miscellaneous. (a) Failure or Indulgence Not a Waiver. No delay or failure by the Company or the holder of this Purchase Note in the exercise of any right or remedy shall constitute a waiver thereof, and no single or partial exercise by the holder hereof of any right or remedy shall preclude other or future exercise thereof or the exercise of any other right or remedy.

(b) Assignment. This Purchase Note may be assigned only by the Company and the benefits and obligations thereof shall inure to the Company's successors and assigns.

(c) Invalid Provisions. If any provision of this Purchase Note is held to be illegal, invalid or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable and this Purchase Note shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision by its severance herefrom. Any provision of this Purchase Note that is inapplicable to the Borrower as a result of the fact that the Borrower's position with the Company is in a non-production capacity shall not affect the balance of the Note.

(d) Headings. The headings contained in this Purchase Note are for reference purposes only and shall not affect in any way the meaning or interpretation of the provisions hereof.

(e) Not an Employment Contract. Nothing in this Purchase Note shall confer upon the Borrower the right to continue in the employment of the Company or any of its affiliates or affect any rights which the Company or any Company affiliate may have to terminate the employment of the Borrower.

(f) Governing Law. The provisions of this Purchase Note shall be governed by and construed in accordance with laws of the State of Utah, without giving effect to the choice of law principles thereof.

(g) No Set-off. Borrower agrees that Borrower shall have no right of set-off for any amount that may be owed to Borrower by the Company, whether in connection with the Plan or with any unrelated transactions.

IN WITNESS WHEREOF, this Purchase Note has been duly executed and delivered to the Company by the Borrower on the date first above written.

Borrower

Address:

(Please print carefully)

Witness:

Written Description of Premium Exchange Program Pursuant to 1993 Stock Option and Retention Stock Plan of Union Pacific Corporation

On September 30, 1999 the Union Pacific Corporation ("UPC") Board of Directors approved the Executive Incentive Premium Exchange Program (the "EIPEP"). Under the EIPEP, an executive eligible to receive an award under the Union Pacific Corporation Executive Incentive Plan (the "EIP") may elect to exchange all or a portion of his or her right to receive an award under the EIP for grants of retention stock units under the Union Pacific Corporation 1993 Stock Option and Retention Stock Plan equal to 150% of the incentive amount foregone, with retention stock units valued at the fair market value of UPC Common Stock on the day incentive awards are approved. Retention stock units granted under the EIPEP are generally subject to a three-year vesting period. If a participant's employment is involuntarily terminated before the three-year period is met, the participant retains the retention stock units equal to the original incentive award foregone, plus a pro rata number of premium stock units based on the number of full months the participant was employed during the three-year vesting period. If a participant dies, the retention stock units vest immediately. Until the retention stock units are vested, an amount equal to dividends are paid in cash to the participant.
Retention stock units are paid out in shares of UPC Common Stock.

Exhibit 12(a)

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(Unaudited)

Millions of Dollars Except Ratios	Three Months Ended September 30, 1999	1998
Earnings		
Income from Continuing Operations	$218	$ 34
Undistributed equity earnings......................	(14)	(11)
Total..	204	23
Income Taxes...	137	24
Fixed Charges:		
Interest expense including amortization of debt discount................................	184	188
Portion of rentals representing an interest factor.	49	46
Total..	233	234
Earnings Available for Fixed Charges..................	574	281
Total Fixed Charges -- as above........................	$233	$234
Ratio of earnings to fixed charges (Note 9)...........	2.5	1.2

Exhibit 12(b)

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(Unaudited)

Millions of Dollars Except Ratios	Nine Months Ended September 30, 1999	1998
Earnings		
Income (Loss) from Continuing Operations	$ 541	$(182)
Undistributed equity earnings........................	(33)	(30)
Total...	508	(212)
Income Taxes..	296	(127)
Fixed Charges:		
Interest expense including amortization of debt discount................................	554	526
Portion of rentals representing an interest factor..	141	136
Total...	695	662
Earnings Available for Fixed Charges....................	1,499	323
Total Fixed Charges -- as above.........................	$ 695	$ 662
Ratio of earnings to fixed charges (Note 9)............	2.2	0.5

5

UPC Financial Data Sheet

1,000,000

9-MOS
DEC-31-1999
JAN-01-1999
SEP-30-1999
198
0
626
0
335
1380
34128
6726
29853
2889
8502
691
0
0
7129
29853
0
8406
0
7088
0
0
554
837
296
541
27
0
0
568
2.30
2.27