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 March 31, 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.)

1717 MAIN STREET, SUITE 5900, DALLAS, TX
(Address of principal executive offices)

75201
(Zip Code)

(214) 743-5600
(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 April 30, 1999, there were 247,732,651 shares of the Registrant's Common Stock outstanding.

UNION PACIFIC CORPORATION
INDEX

PART I. FINANCIAL INFORMATION

Page Number

Item 1: Consolidated Financial Statements:

STATEMENT OF CONSOLIDATED INCOME
For the Three Months Ended
March 31, 1999 and 1998..................... 1

STATEMENT OF CONSOLIDATED FINANCIAL POSITION
At March 31, 1999 and December 31, 1998..... 2

STATEMENT OF CONSOLIDATED CASH FLOWS
For the Three Months Ended
March 31, 1999 and 1998..................... 3

STATEMENT OF CHANGES IN COMMON

STOCKHOLDERS' EQUITY
For the Three Months Ended March 31, 1999... 4

NOTES TO CONSOLIDATED FINANCIAL
STATEMENTS................................. 5-11

Item 2: Management's Discussion and Analysis of
Financial Condition and Results of
Operations............................... 12-19

Item 3: Quantitative and Qualitative Disclosures
About Market Risk......................... 19

PART II. OTHER INFORMATION

Item 1: Legal Proceedings......................... 19-20

Item 4: Submission of Matters to a Vote of
Security Holders.......................... 20

Item 6: Exhibits and Reports on Form 8-K.......... 21

Signature.. 22

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 March 31, 1999 and 1998

	Millions, Except Per Share and Ratios	1999	1998
Operating Revenues	Rail and other (Note 2)......	$2,740	$2,586
Operating Expenses	Salaries, wages and employee benefits..................	1,076	1,078
	Equipment and other rents.....	331	382
	Depreciation (Note 5).........	270	263
	Fuel and utilities (Note 4)...	189	221
	Materials and supplies........	144	144
	Casualty costs................	111	117
	Other costs (Note 10).........	257	348
	Total........................	2,378	2,553
Income	Operating Income..............	362	33
	Other income (Note 8).........	31	23
	Interest expense (Note 4).....	(192)	(161)
	Income (Loss) before Income Taxes......................	201	(105)
	Income taxes.................	(72)	43
	Net Income (Loss)............	$ 129	$ (62)
Earnings Per Share (Note 7)	Basic - Net Income (Loss).....	$ 0.52	$(0.25)
	Diluted - Net Income (Loss)...	$ 0.52	$(0.25)
	Weighted Average Number of Shares (Basic)............	246.3	246.0
	Weighted Average Number of Shares (Diluted)...........	247.4	246.0
	Cash Dividends Per Share......	$ 0.20	$ 0.20
	Ratio of Earnings to Fixed Charges (Note 9)..........	1.8	0.4

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		March 31, 1999	Dec. 31, 1998
Assets			
Current Assets	Cash and temporary investments.	$ 107	$ 176
	Accounts receivable (Note 4)...	632	643
	Inventories....................	350	343
	Current deferred tax asset.....	245	244
	Other current assets...........	102	96
	Total..........................	1,436	1,502
Investments (Note 3)	Investments in and advances to affiliated companies........	618	520
	Other investments.............	137	171
	Total..........................	755	691
Properties (Note 5)	Cost...........................	33,470	33,145
	Accumulated depreciation.......	(6,428)	(6,206)
	Net............................	27,042	26,939
Other	Other assets..................	222	242
	Total Assets..................	$29,455	$29,374
Liabilities and Stockholders' Equity			
Current Liabilities	Accounts payable..............	$ 584	$ 586
	Accrued wages and vacation payable.....................	470	410
	Accrued casualty costs.........	388	400
	Income and other taxes payable.	299	301
	Dividends and interest payable.	279	289
	Debt due within one year (Note 6)....................	180	181
	Other current liabilities (Note 3)....................	739	765
	Total..........................	2,939	2,932
Other Liabilities and Stockholder's Equity	Debt due after one year (Note 6)...................	8,539	8,511
	Deferred income taxes..........	6,370	6,308
	Accrued casualty costs.........	1,058	995
	Retiree benefit obligations....	816	803
	Other long-term liabilities (Notes 3 and 10)............	755	932
	Company-Obligated Mandatorily Redeemable Convertible Preferred Securities (Note 6)...................	1,500	1,500
	Common stockholders'equity (Page 4)....................	7,478	7,393
	Total Liabilities and Stockholders' Equity........	$29,455	$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 Three Months Ended March 31, 1999 and 1998

	Millions of Dollars	1999	1998
Cash from Operations	Net Income (Loss)..............	$ 129	$ (62)
	Non-cash charges to income:		
	Depreciation................	270	263
	Deferred income taxes.......	60	(29)
	Other - net.................	(50)	18
	Changes in current assets and liabilities.................	4	(307)
	Cash Provided by (Used in) Operations..................	413	(117)
Investing Activities	Capital investments...........	(372)	(531)
	Other - net (Note 3)...........	(90)	(22)
	Cash Used in Investing Activities..................	(462)	(553)
Equity and Financing Activities (Note 6)	Dividends paid.................	(49)	(106)
	Debt repaid....................	(369)	(888)
	Net financings.................	398	1,766
	Other - net....................	-	(1)
	Cash Provided by (Used in) Equity and Financing Activities.....	(20)	771
	Net Change in Cash and Temporary Investments.................	$ (69)	$ 101
	Cash at Beginning of Period....	176	90
	Cash at End of Period..........	$ 107	$ 191
Change in Current Assets and Liabilities	Accounts receivable............	$ 11	$ 23
	Inventories....................	(7)	(13)
	Other current assets...........	(7)	102
	Accounts, wages and vacation payable.....................	58	(218)
	Debt due within one year (Note 6)....................	(1)	(100)
	Other current liabilities......	(50)	(101)
	Total..........................	$ 4	$ (307)

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 Three Months Ended March 31, 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 (27,543 net shares forfeited)......................	-
	Balance at end of period (276,307,880 shares issued).........	691
Paid-in Surplus	Balance at beginning of period......	4,053
	Conversions, exercises of stock options and forfeitures..........	(6)
	Balance at end of period...........	4,047
Retained Earnings	Balance at beginning of period......	4,441
	Net Income.........................	129
	Total..............................	4,570
	Cash dividends declared ($0.20 per share)................	(49)
	Balance at end of period...........	4,521
Treasury Stock	Balance at March 31, at cost (28,711,253 shares).............	(1,781)
	Total Common Stockholders' Equity...	$ 7,478

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

UNION PACIFIC CORPORATION AND CONSOLIDATED 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 results of operations for the three months ended March 31, 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), as well as technology and insurance product lines, and 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 ended March 31, 1999 and 1998, respectively:

March 31, 1999	Rail	Other Operations [a]		Consolidated
Millions of Dollars		Trucking	Other [b]	
Net sales and revenues from external customers [c].......	$ 2,479	$ 253	$ 8	$ 2,740
Net income (loss)......	149	9	(29)	129
Assets................	28,533	845	77	29,455

March 31, 1999	Rail	Other Operations [a]		Consolidated
Millions of Dollars		Trucking	Other [b]	
Net sales and revenues from external customers [c].......	$ 2,284	$ 257	$ 45	$ 2,586
Net income (loss)......	(32)	5	(35)	(62)
Assets................	27,595	1,366	233	29,194

[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.

[c] The Corporation does not have significant intercompany sales activities.

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 2,450 employees and relocated 3,900 employees due to merger implementation activities. UPC recognized a $958 million pre-tax 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 $160 million in pre-tax acquisition-related costs for severing or relocating UPRR employees, disposing of certain UPRR facilities, and training and equipment upgrading over the merger implementation period. Earnings for the three months ended March 31, 1999 and 1998 included $9 million and $18 million after-tax, respectively, for acquisition-related costs for UPRR consolidation activities.

The components of the merger liability as of March 31, 1999 were as follows:

Millions of Dollars	Original Reserve	Cumulative Activity	Current Reserve
Contractual obligations.............	$361	$361	$ -
Severance costs.....................	343	257	86
Contract cancellation fees and facility and line closure costs...	145	125	20
Relocation costs....................	109	81	28
Total..............................	$958	$824	$134

Merger Liabilities - Merger liability activity reflected cash payments for merger consolidation activities and reclassifications 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 three 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, the Railroad purchased an additional 13% ownership interest for $87 million from one of its partners. The Railroad now holds a 26% ownership share in the consortium. The investment is accounted for under the equity method.

4. 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 $63 million at March 31, 1999. The Corporation has not been required to provide collateral; however, 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 March 31, 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 March 31, 1999 and December 31, 1998:

Millions of Dollars Except Percentages and Average Commodity Prices	March 31, 1999	December 31, 1998
Interest Rate Hedging:		
Amount of debt hedged......................	$ 150	$ 150
Percentage of total debt portfolio.........	2	2
Rail Fuel Hedging:		
Fuel purchases hedged for 1999............	$ 257	$ 343
Percentage of forecasted 1999 fuel consumption hedged....................	64	64
Average price of 1999 hedges outstanding (per gallon) [a]......................	$0.41	$0.41
Fuel purchases hedged for 2000............	$ 54	-
Percentage of forecasted 2000 fuel consumption hedged....................	12	-
Average price of 2000 hedges outstanding (per gallon) [a]......................	$0.39	-
Trucking Fuel Hedging:		
Fuel purchases hedged for 1999........	$ 8	$ 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....................	38	-
Average price of 2000 hedges outstanding (per gallon) [a]......................	$0.39	-

[a] Excludes taxes and transportation costs.

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

Millions of Dollars	March 31, 1999	December 31, 1998
Interest Rate Hedging:		
Gross fair market asset position	$46	$ 41
Gross fair market (liability) position	(9)	(5)
Rail Fuel Hedging:		
Gross fair market asset position	17	-
Gross fair market (liability) position	-	(49)
Trucking Fuel Hedging:		
Gross fair market asset position	-	-
Gross fair market (liability) position	-	(2)
Total asset (liability) position	$54	$(15)

The Corporation's use of financial instruments had the following impact on pre-tax income for the quarters ended March 31, 1999 and 1998:

Millions of Dollars	March 31, 1999	March 31, 1998
Increase in interest expense from interest rate hedging.................................	$ -	$ 1
Increase in fuel expense from Rail fuel hedging....	19	14
Increase in fuel expense from trucking fuel hedging.....................................	1	1
Reduction in Pre-Tax Income.......................	$20	$16

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 $76 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 March 31, 1999 and December 31, 1998, accounts receivable are presented net of $580 million of receivables sold.

5. Properties - Major property accounts were as follows:

Millions of Dollars	March 31, 1999	December 31, 1998
Rail		
Land and other property............	$ 5,000	$ 4,992
Track, structures and facilities....	20,065	19,803
Locomotives........................	4,480	4,486
Freight cars.......................	2,583	2,536
Other equipment....................	528	517
Total Rail............................	32,656	32,334
Trucking..............................	785	785
Other.................................	29	26
Total.................................	$33,470	$33,145

Accumulated depreciation accounts were as follows:

Millions of Dollars	March 31, 1999	December 31, 1998
Rail		
Track, structures and facilities......	$3,458	$3,308
Locomotives..........................	1,407	1,384
Freight cars.........................	1,084	1,070
Other equipment......................	136	109
Total Rail...........................	6,085	5,871
Trucking.............................	329	325
Other................................	14	10
Total................................	$6,428	$6,206

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 the first quarter of 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 Convertible Junior Subordinated Debentures due 2028, which debentures 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. The proceeds from the issuance of these debentures 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 $1 billion 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 table provides a reconciliation between basic and diluted earnings per share for the periods ended:

Millions, Except Per Share Amounts	March 31, 1999	March 31, 1998
Income Statement Data:		
Net income (loss) available to common stockholders.	$ 129	$ (62)
Weighted-Average Number of Shares Outstanding:		
Basic..	246.3	246.0
Dilutive effect of common stock equivalents [a]....	1.1	-
Diluted..	247.4	246.0
Earnings Per Share:		
Basic - net income (loss).........................	$0.52	$(0.25)
Diluted - net income (loss).......................	$0.52	$(0.25)

[a] Excludes the effect of anti-dilutive common stock equivalents related to options and the CPS (see Note 6), which were 21.8 million and 1.7 million for the three months ended March 31, 1999 and 1998, respectively.

8. Other Income - Other income included the following for the periods ended:

Millions of Dollars	March 31, 1999	March 31, 1998
Net gain on asset dispositions........................	$11	$15
Rental income...	12	11
Interest income.......................................	4	5
Other - net...	4	(8)
Total...	$31	$23

9. Ratio of Earnings to Fixed Charges - The ratio of earnings to fixed charges has been computed on a consolidated basis. Earnings represent net income (loss) 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 three months ended March 31, 1998, fixed charges exceeded earnings by approximately $114 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. 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, 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 will be effective January 1, 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 4). 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

Quarter ended March 31, 1999 Compared to March 31, 1998

SERVICE ISSUES

The results of operations of Union Pacific Corporation (the Corporation or UPC) and its rail segment (Rail), which includes the operations of Union Pacific Railroad Company (UPRR), and its subsidiaries and rail affiliates (collectively, the Railroad), in the first quarter of 1998 were adversely affected by the congestion that began in the third quarter of 1997. However, service recovery efforts resulted in significant improvements in operating and financial results beginning in the latter half of 1998 and continuing into the first quarter of 1999.

CONSOLIDATED

Net Income - The Corporation reported net income of $129 million or $0.52 per basic and diluted share for the first quarter of 1999, compared to a net loss of $62 million or $0.25 per basic and diluted share in 1998. This earnings increase resulted primarily from improved operations and service levels at UPC's Rail unit.

Operating Revenues - Operating revenues increased $154 million (6%) to $2,740 million in 1999, reflecting increased volumes from its Rail unit, partially offset by the impact of selling Skyway Freight Systems, Inc. (Skyway) in November of 1998. Skyway generated $44 million in revenue during the first quarter of 1998.

Operating Expenses - Operating expenses decreased $175 million (7%) to $2,378 million in 1999. Salaries, wages and employee benefit costs were $2 million lower than 1998, as inflation and volume growth were more than offset by improved productivity at UPC's Rail unit and the sale of Skyway. Equipment and other rents were $51 million (13%) lower than 1998, caused primarily by improved rail cycle times, which reduced the need for leased rail cars. Depreciation expense was $7 million (3%) higher than 1998, reflecting increased capital spending for track replacement and capacity projects. Fuel and utilities were $32 million (14%) lower than 1998 due to lower fuel prices and improved fuel efficiency, which were partially mitigated by higher volumes. Materials and supplies were unchanged at $144 million in both 1999 and 1998. Casualty costs decreased $6 million (5%) as the cost of rail-related accident claims continued to decline. Other costs decreased $91 million (26%) to $257 million in 1999 reflecting lower service claims costs in 1999, the sale of Skyway and increased cost reductions from merger implementation.

Operating Income - Operating income increased $329 million to $362 million in 1999 reflecting improvements in rail operations and service levels.

Non-Operating Items - Other income increased $8 million (35%) reflecting asset sales and a one-time favorable contract settlement. Interest expense increased $31 million, the result of higher debt levels ($25 million) and the cost associated with the early retirement of debt ($6 million). Income taxes increased $115 million to a $72 million expense reflecting higher income before income taxes.

dry chemicals, petroleum products and phosphorous moves all increased. These gains were partially offset by declines in soda ash caused by the adverse impact on demand resulting from the Asian currency crisis, lower sulfur moves resulting from a major facility closing, and a decline in liquid propane gas business due to increased rail competition. ARC improved 2% due to favorable product mix, reflecting traffic improvements in longer-haul plastics and fewer short-haul, low-ARC export sulfur moves.

Intermodal - Commodity revenue increased $27 million (7%) to $388 million, while carloadings were up 4% to 626 thousand loads as a result of better cycle times. Results were positively affected by growth in imports from Asia. Import gains were partially countered by a decline in exports to Asia, due to the Asian economic crisis, and lost business caused by the service constraints in 1998. ARC increased 3% due to positive mix shifts (longer-haul shipments) and price increases.

Agriculture - Commodity revenues were up $32 million (10%) over 1998 due primarily to a service-driven increase in carloadings. Volumes increased 11% to 223 thousand cars, the result of improved service levels in 1999 that resulted in a 25% increase in wheat carloadings and 15% increases in corn and food grain carloadings. However, demand for grain transportation continued to be adversely affected by depressed commodity prices. ARC declined 1%, primarily the result of a higher proportion of shorter-haul Gulf Coast moves compared to long-haul West Coast moves.

Automotive - Commodity revenues were up $23 million (10%) driven mainly by a 7% increase in carloadings. Strong domestic production, improvements in cycle times and new business with domestic producers all helped to drive the 11% improvement in finished vehicle volumes. Parts volumes were 1% lower due to model changeovers and a plant shutdown. ARC increased $43 (3%) per car due to a combination of price increases and a higher proportion of higher-ARC finished vehicle moves.

Operating Expenses - Operating expenses decreased $116 million (5%) to $2,115 million in 1999. Rail operations continued to improve in key operating areas over the last three quarters, which has driven the expense decline. The following table provides explanations for variances in Rail operating expenses from the quarter ended March 31, 1999 compared to the quarter ended March 31, 1998:

Millions of Dollars		Cost Drivers				
	1999					
	Over	Price	Volume	Productivity	Merger	
Increase (Decrease)	1998	[b]	[c]	[d]	Benefits	Other
Salaries and benefits.....	$ 21	$16	$22	$(9)	$(8)	$ -
Equipment and other rents.	(45)	(6)	6	(39)	-	(6)
Depreciation..............	12	-	12	-	-	-
Fuel and utilities........	(30)	(40)	16	(4)	-	(2)
Materials and supplies....	1	-	1	-	-	-
Casualty costs............	(5)	-	-	(5)	-	-
Other [a].................	(70)	-	-	(8)	(29)	(33)
Total.....................	$(116)	$(30)	$57	$(65)	$(37)	$(41)

[a] Includes a $53 million reduction in service recovery costs over 1998.
[b] Impact of changes in prices paid for goods and services.
[c] Impact of changing business levels.
[d] Impact of quality and process improvement.

Salaries, wages and employee benefits - Labor expenses were $21 million (2%) higher than 1998 caused by higher rail volumes and wage inflation that were partially mitigated by merger consolidation benefits and productivity improvements.

Equipment and other rents - Rent expense decreased $45 million (13%) versus 1998 due primarily to improved cycle times (13.6 days in 1999 compared to 17.6 days in 1998), lower prices and shorter length of haul, which were partially offset by higher volume as gross ton-miles increased 9% year-over-year.

Depreciation - Depreciation expense grew $12 million or 5% to $258 million due to the Railroad's capital spending in 1998 and 1997, as well as through the first quarter of 1999. The Railroad spent over $2 billion on capital projects in 1998 and $363 million on capital projects during the first quarter of 1999.

Fuel and utilities - Fuel expenses were down $30 million or 14% from 1998, reflecting lower fuel prices and improved consumption rates, which were partially offset by higher volume. A 9% increase in gross-ton miles quarter-over-quarter added volume-related fuel costs of $16 million versus 1998. Prices were down 14 cents per gallon to 50 cents, saving $40 million. The fuel consumption rate of 1.39 gallons per thousand gross-ton miles improved 2% from last year, lowering fuel costs by another $4 million. The Railroad hedged 70% of its first quarter fuel consumption in 1999, which increased fuel costs by $19 million, or 6 cents per gallon. Expected fuel consumption for the remaining nine months of 1999 is 64% hedged at an average of 55 cents per gallon (including taxes and transportation charges).

Materials and supplies - Materials and supplies expense increased $1 million (1%) from first quarter 1998. Increased material costs for locomotive and rebuilt parts, reflecting a general increase in repair levels, were offset by higher credits received for parts rebuilt.

Casualty costs - Casualty costs declined $5 million (5%) from 1998 due to a decline in the average cost of injury settlement claims, which was partially offset by an increase in the number of claims. In addition, insurance costs and costs for repairs on cars from other railroads were lower quarter-over-quarter.

Other costs - Other costs decreased $70 million (23%) from 1998 due to the effects of service recovery efforts, which resulted in a reduction of third-party transportation costs and the elimination of contract penalties and customer claims, as well as merger savings.

Operating Income - Operating income increased $311 million to $364 million in 1999. Both periods included the impact of one-time merger-related costs for severance, relocation and training of employees ($9 million reduction in net income in 1999 and $18 million reduction in net income in 1998). The operating ratio for the first quarter of 1999 was 85.3, 12.4 points better than 1998's 97.7 operating ratio. Operational improvements due to service recovery were the key drivers of the improvement in the operating ratio.

Non-Operating Items - Other income increased $5 million (28%). Interest expense increased $22 million, the result of higher debt levels. Income taxes increased $113 million, reflecting higher income before income taxes.

OTHER OPERATIONS

Trucking Product Line

Net Income - Trucking earnings decreased $1 million to $9 million in the first quarter of 1999 from $10 million in the first quarter of 1998 (excluding goodwill amortization of $5 million in 1998).

Operating Revenues - Trucking revenues decreased $4 million (2%) to $253 million, as steady volumes combined with a 1% decrease in average prices. Stable volumes reflected weather problems and the absence of a threatened labor strike that helped boost 1998 volumes.

Operating Expenses - Operating expenses remained flat at $243 million in 1999, compared to $244 million in 1998 (excluding goodwill amortization of $5 million in 1998). Salaries, wages and employee benefit costs increased $4 million (3%) to $158 million reflecting wage and benefit inflation and the addition of a new product offering in the eastern and southern United States. Rent expense declined $4 million (18%) to $18 million due to a shift from third-party to internal transportation sources. Fuel costs declined $1 million (8%) due to lower fuel prices (44 cents in 1999 compared to 58 cents in 1998). Fuel hedging increased fuel expense by $600 thousand in 1999, and 40% of estimated remaining 1999 fuel purchases are hedged at an average of 45 cents per gallon.

Operating Income - Trucking operations generated operating income of $10 million for the first quarter of 1999 compared to $13 million for the comparable period a year ago (excluding goodwill amortization of $5 million in 1998). The operating ratio for trucking operations (excluding goodwill amortization in 1998) rose to 95.9 in 1999 from 94.9 in 1998.

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). Operating revenues declined $37 million in 1999 due primarily to the sale of Skyway in November 1998. Operating expenses decreased $53 million 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 declined $16 million, also due to the corporate restructuring and improved operations at the Corporation's technology division. Net losses from these operations also declined $6 million over 1998.

CHANGES IN FINANCIAL CONDITION AND OTHER DEVELOPMENTS

Financial Condition - During the first three months of 1999, cash provided by operations was $413 million, compared to cash used by operations of $117 million in 1998. This $530 million increase primarily reflects higher earnings and improvements in working capital in the Corporation's Rail segment, reflecting the success of service recovery efforts in the first quarter of 1999 and the last half of 1998.

Cash used in investing activities was $462 million in the first quarter of 1999, compared to $553 million in 1998. This decrease primarily reflects lower Rail capital spending, including merger-related spending, offset by the $87 million investment in the Corporation's Mexican rail operations (see Note 3 to the Consolidated Financial Statements).

Cash used in equity and financing activities was $20 million in the first quarter of 1999, compared to $771 million provided by equity and financing activities in 1998. Cash used in 1999 principally reflects lower net borrowings ($398 million in 1999 compared to $1.77 billion in 1998) offset by debt repaid ($369 million in 1999 and $888 million in 1998).

The ratio of debt to total capital employed (treating the Corporation's 6-1/4% Convertible Preferred Securities (CPS) as a debt instrument) was 57.7% at March 31, 1999, compared to 58.0% at December 31, 1998 and 57.8% at March 31, 1998. Including the CPS (see Note 6 to the Consolidated Financial Statements) as an equity instrument, the ratio of debt to total capital employed at March 31, 1999 was 49.3% and at December 31, 1998 was 49.4%.

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 the first quarter of 1999 and the last half of 1998, the Corporation no longer required this credit capacity for operational purposes. A $2.8 billion credit facility, which expires in 2001, remains outstanding. During January 1999 the Corporation issued $600 million of 6-5/8% debentures with a maturity date of February 1, 2029. The proceeds from the issuance of these debentures 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 $1 billion 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 will be effective January 1, 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 4 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 it's 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 1999 to ensure these systems remain Y2K compliant.

Client Server Systems - Modifications of these systems are on schedule, and the Corporation believes that 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 are scheduled to be tested as Y2K compliant by mid-1999.

User Department Developed Systems - These systems consist of both mainframe and PC-based systems developed by internal user departments. Modifications of these systems are on schedule, and the Corporation estimates that approximately 99% of the systems are complete as of March 31, 1999, and the remaining 1% are mostly low priority systems that are scheduled to be completed in the first half of 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 interchanges. The Rail unit can now transmit and receive the new EDI standard that involves a 4-digit year. The Corporation plans additional Y2K testing with customers and trading partners using current and older versions of EDI transactions in 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 March 31, 1999, approximately 98% of the Corporation's systems (excluding trucking) have been converted, tested, and deemed to be Y2K compliant, and the remaining systems are expected to be modified by the second quarter of 1999. Modification to trucking systems comprises approximately 10% of UPC's total Y2K workload, and is estimated to be 95% complete. The remaining modification to trucking's systems is expected to be completed in the second quarter of 1999. Costs to convert UPC's systems are expensed as incurred. As of March 31, 1999, more than 70% of the costs of the Y2K project, estimated to be $61 million 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 in this report contains, and other materials filed or to be filed by the Corporation 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) contain or will contain, forward-looking statements within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. Such forward-looking information may include, without limitation, statements that the Corporation does not expect that claims, lawsuits, environmental costs, commitments, contingent liabilities, labor negotiations or other matters will have a material adverse effect on its consolidated financial condition, results of operations or liquidity and other similar expressions concerning matters that are not historical facts, and projections or predictions as to the Corporation's financial or operational results. Such forward-looking information is or will be based on information available at that time, and is or will be 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 is fully successful in recovering from the effects of the Rail unit's congestion-related problems and implementing its financial and operational initiatives; regaining its customers who switched to alternative transportation arrangements during the service crisis; industry competition and 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 strikes; the impact of year 2000 systems problems; the outcome of shipper claims related to congestion; and claims arising from environmental investigations or proceedings and other types of claims and litigation. 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 4 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 first quarter of 1999.

Southern Pacific Acquisition - As reported in the Corporation's Annual Report on Form 10-K for the year ended December 31, 1998 (the UPC 1998 10-K), on August 12, 1996 the STB served a decision (the Decision) approving the acquisition of control of Southern Pacific by the Corporation, subject to various conditions. The acquisition was consummated on September 11, 1996. Various appeals were filed with respect to the Decision, and all such appeals were ultimately consolidated in the U.S. Court of Appeals for the District of Columbia Circuit. All the appeals were subsequently withdrawn except the appeal of the Western Coal Traffic League. On March 23, 1999, the Court of Appeals entered an order affirming the Decision in all respects.

Bottleneck Proceedings - As reported in the UPC 1998 10-K, the U.S. Court of Appeals for the Eighth Circuit entered an order on February 10, 1999 that affirmed a prior decision by the Surface Transportation Board of the U.S. Department of Transportation (STB). That decision generally reaffirmed the STB's 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 charged for the movement of coal, to which UPRR and Southern Pacific Transportation Company, a predecessor to UPRR, were parties. The STB's decision was originally served on December 31, 1996 and subsequently clarified on April 30, 1997. On March 23, 1999, two of the shippers involved in the complaint proceedings filed a petition for rehearing with the Eighth Circuit Court of Appeals, which was denied by the Court on April 20, 1999.

Labor Matters - The UPC 1998 10-K disclosed that the General Counsel of the National Labor Relations Board 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 a thirteenth bargaining order case involving Overnite had been tentatively settled by the parties thereto without imposing a requirement that Overnite bargain with the Teamsters local involved in the case. During the first quarter of 1999, the settlement of the thirteenth bargaining order case was finalized with no material change in the terms upon which the case had tentatively been settled. Overnite continues to believe it has substantial defenses in the remaining pending bargaining order cases and intends to continue to defend them aggressively.

Environmental Matters - As reported in the UPC 1998 10-K, the Railroad had received notification that the District Attorney for San Bernardino County, California had opened an investigation into the Railroad's handling of several hazardous material spills and releases in Barstow and West Colton, California. As a result of the investigation, the District Attorney's office had alleged that the Railroad had not taken sufficient action to prevent the spills and releases and had not promptly reported them to the proper agencies. The District Attorney further alleged that the required business plans for releases of hazardous materials at West Colton had not been filed with the county fire department for several years. During the first quarter of 1999, a final settlement was negotiated with the District Attorney's office disposing of all pending cases pertaining to these incidents in consideration of the payment of a civil penalty in the amount of $350,000 and the Railroad's agreement to promptly report and handle any future spills.

Item 4. Submission of Matters to a Vote of Security Holders

(a) The annual meeting of shareholders of the Corporation was held on April 16, 1999.

(c) At the Annual Meeting, the Corporation's shareholders voted for the election of Philip F. Anschutz (206,131,793 shares in favor; 3,830,245 shares withheld), Robert P. Bauman (206,311,323 shares in favor; 3,650,715 shares withheld), Richard B. Cheney (206,362,463 shares in favor; 3,599,575 shares withheld), E. Virgil Conway (206,361,108 shares in favor; 3,600,930 shares withheld), Richard K. Davidson (206,148,255 shares in favor; 3,813,783 shares withheld), Thomas J. Donohue (206,381,764 shares in favor; 3,580,274 shares withheld), Spencer F. Eccles (206,390,025 shares in favor; 3,572,013 shares withheld), Ivor J. Evans (206,387,492 shares in favor; 3,574,546 shares withheld), Elbridge T. Gerry, Jr. (206,390,963 shares in favor; 3,571,075 shares withheld), William H. Gray, III (206,351,595 shares in favor; 3,610,443 shares withheld), Judith Richards Hope (205,498,557 shares in favor; 4,463,481 shares withheld), Richard J. Mahoney (206,415,207 shares in favor; 3,546,831 shares withheld), and Richard D. Simmons (206,345,9832 shares in favor; 3,616,106 shares withheld), as directors of the Corporation. In addition, the Corporation's shareholders voted to ratify the appointment of Deloitte & Touche LLP as independent auditors of the Corporation (208,519,829 shares in favor; 752,195 shares against; 690,014 shares withheld) and voted on a shareholder proposal regarding executive compensation (14,710,507 shares in favor; 166,459,349 shares against; 3,350,757 shares withheld and 25,441,425 shares not voted by brokers).

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

12 - Computation of ratio of earnings to fixed charges.
27 - Financial data schedule.

(b) Reports on Form 8-K

On January 21, 1999, UPC filed a Current Report on Form 8-K announcing UPC's financial results for the fourth quarter of 1998.

[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: May 14, 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)

INDEX

UNION PACIFIC CORPORATION
EXHIBIT INDEX

Exhibit No.	Description of Exhibits Filed with this Statement
12	Computation of Ratio of Earnings to Fixed Charges.
27	Financial Data Schedule.

Exhibit 12

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(Unaudited)

	Three Months Ended March 31,	
Millions of Dollars Except Ratios	1999	1998
Earnings		
Net Income (Loss)	$129	$(62)
Undistributed equity earnings	(10)	(9)
Total	119	(71)
Income Taxes	72	(43)
Fixed Charges:		
Interest expense including amortization of debt discount	192	161
Portion of rentals representing an interest factor	45	45
Total	237	206
Earnings Available for Fixed Charges	428	92
Total Fixed Charges -- as above	$237	$206
Ratio of earnings to fixed charges (Note 9)	1.8	0.4

```
 5

This is a legend.

 1,000,000


                   3-MOS
                          DEC-31-1999
                               MAR-31-1999
                                             107
                                         0
                                      632
                                         0
                                        350
                                  1436
                                           33470
                                    6428
                                   29455
                             2939
                                           8539
                                0
                                          0
                                           691
                                        6787
                     29455
                                              0
                                  2740
                                                0
                                     2378
                                     0
                                     0
                                 192
                                    201
                                        72
                                129
                                       0
                                      0
                                            0
                                       129
                                     0.52
                                     0.52
```