COVER

FORM 10-Q

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549-1004

(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, 1995

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.)

Martin Tower, Eighth and Eaton Avenues, Bethlehem, Pennsylvania
(Address of principal executive offices)

18018
(Zip Code)

(610) 861-3200
(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 31, 1995, there were 205,580,992 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. Condensed Consolidated Financial Statements

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

CONDENSED STATEMENT OF CONSOLIDATED INCOME

For the Three Months and Nine Months Ended September 30, 1995 and 1994

(Amounts in Millions, Except Ratio and Per Share Amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1995	1994	1995	1994
Operating Revenues	$ 1,974	$ 1,622	$ 5,512	$ 4,837
Operating Expenses:				
Salaries, wages and employee benefits	726	615	2,112	1,844
Equipment and other rents	200	151	541	464
Depreciation, amortization and retirements (Note 3)	172	136	469	402
Fuel and utilities (Note 7)	144	116	414	354
Materials and supplies	92	80	277	263
Other costs	261	197	704	579
Total	1,595	1,295	4,517	3,906
Operating Income	379	327	995	931
Other Income - Net	35	10	105	65
Interest Expense (Note 7)	(127)	(86)	(328)	(255)
Corporate Expenses	(26)	(35)	(80)	(68)
Income Before Income Taxes	261	216	692	673
Income Taxes	(101)	(82)	(252)	(253)
Income from Continuing Operations	160	134	440	420
Income (Loss) from Discontinued Operations (Notes 4 and 6)	77	(347)	212	(130)
Net Income (Loss)	$ 237	$ (213)	$ 652	$ 290
Earnings Per Share:				
Income from Continuing Operations	$ 0.78	$ 0.65	$ 2.14	$ 2.04
Income (Loss) from Discontinued Operations	0.37	(1.69)	1.03	(0.63)
Net Income (Loss)	$ 1.15	$ (1.04)	$ 3.17	$ 1.41
Weighted Average Number of Shares	206.1	205.6	205.8	205.6
Cash Dividends Per Share	$ 0.43	$ 0.43	$ 1.29	$ 1.23
Ratio of Earnings to Fixed Charges (Note 8)	--	--	2.8	3.2

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

CONDENSED STATEMENT OF CONSOLIDATED FINANCIAL POSITION

(Millions of Dollars)
(Unaudited)

ASSETS	September 30, 1995	December 31, 1994
Current Assets:		
Cash and temporary investments	$ 91	$ 115
Accounts receivable	473	396
Inventories	281	257
Income taxes receivable	123	241
Other current assets (Note 4)	127	340
Total Current Assets	1,095	1,349
Investments:		
Investments in and advances to affiliated companies (Note 2)	1,251	487
Other investments	154	170
Total Investments	1,405	657
Properties:		
Railroad (Note 3):		
Road and other	12,178	8,428
Equipment	4,783	4,658
Total Railroad	16,961	13,086
Trucking	736	704
Other	148	130
Total Properties	17,845	13,920
Accumulated depreciation, depletion and amortization	(4,527)	(4,250)
Properties - Net	13,318	9,670
Cost in Excess of Net Assets of Acquired Businesses - Net (Note 5)	669	870
Net Assets of Discontinued Operations (Note 4)	1,983	1,789
Other Assets	232	208
Total Assets	$ 18,702	$ 14,543

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

CONDENSED STATEMENT OF CONSOLIDATED FINANCIAL POSITION

(Amounts in Millions, Except Share and Per Share Amounts)
(Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY	September 30, 1995	December 31, 1994
Current Liabilities:		
Accounts payable	$ 151	$ 132
Accrued wages and vacation	289	217
Income and other taxes	218	134
Dividends and interest	184	191
Acquisition reserves (Note 3)	142	--
Debt due within one year	624	427
Other current liabilities	949	899
Total Current Liabilities	2,557	2,000
Debt Due After One Year (Notes 2 and 3)	6,546	4,052
Deferred Income Taxes (Note 5)	2,818	2,398
Other Liabilities (Note 9)	1,267	962
Stockholders' Equity:		
Common stock, $2.50 par value, authorized 500,000,000 shares, 232,300,590 shares issued in 1995, 231,837,976 shares issued in 1994	581	580
Paid-in surplus	1,466	1,428
Retained earnings	5,121	4,734
Treasury stock, at cost, 26,722,014 shares in 1995, 25,900,775 shares in 1994	(1,654)	(1,611)
Total Stockholders' Equity	5,514	5,131
Total Liabilities and Stockholders' Equity	$ 18,702	$ 14,543

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

CONDENSED STATEMENT OF CONSOLIDATED CASH FLOWS
For the Nine Months Ended September 30, 1995 and 1994

(Millions of Dollars)
(Unaudited)

	1995	1994
Cash Flows from Operating activities:		
Net Income	$ 652	$ 290
Non-cash charges to income:		
Depreciation and amortization	469	402
Deferred income taxes	101	82
Other - Net	(675)	3
Changes in current assets and liabilities	786	(47)
(Income) loss from discontinued operations (Note 4)	(212)	130
Cash from continuing operations	1,121	860
Cash flows from investing activities:		
Capital investments	(653)	(677)
Investment in Southern Pacific (Note 2)	(976)	--
CNW acquisition (Note 3)	(1,170)	--
Cash provided (used) by discontinued operations (Note 4)	242	(389)
Other - Net	167	(6)
Cash used in investing activities	(2,390)	(1,072)
Cash flows from equity and financing activities:		
Dividends paid	(264)	(246)
Debt repaid (Note 3)	(1,394)	(123)
Purchase of treasury stock	(32)	(1)
Financings (Notes 2 and 3)	2,935	702
Cash generated in equity and financing activities	1,245	332
Net change in cash and temporary investments	$ (24)	$ 120

CONDENSED STATEMENT OF CONSOLIDATED RETAINED EARNINGS
For the Nine Months Ended September 30, 1995 and 1994

(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

	1995	1994
Balance at Beginning of Year	$ 4,734	$ 4,529
Net Income	652	290
Total	5,386	4,819
Dividends Declared ($1.29 per share in 1995; $1.23 per share in 1994)	(265)	(252)

Balance at End of Period........................	$ 5,121	$ 4,567
	=======	=======

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Responsibilities for Financial Statements - The condensed 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. The Condensed Statement of Consolidated Financial Position at December 31, 1994 is derived from audited financial statements. The condensed 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 Stockholders incorporated by reference in the Corporation's Annual Report on Form 10-K for the year ended December 31, 1994. The results of operations for the nine months ended September 30, 1995 are not necessarily indicative of the results for the entire year ending December 31, 1995.

2. Acquisition of Southern Pacific Rail Corporation (Southern Pacific) - On August 3, 1995, UPC and Southern Pacific entered into a definitive merger agreement (the Agreement) providing for the acquisition of Southern Pacific by UPC. Under the terms of the Agreement, UPC completed a first-step cash tender offer on September 15, 1995 pursuant to which approximately 39.03 million common shares or 25% of the outstanding common shares of Southern Pacific were acquired at a price of $25.00 per share. UPC borrowed $976 million under its existing credit facilities to fund the cash tender offer. Shares purchased under the cash tender offer were deposited in an independent voting trust in accordance with a voting trust agreement with Southwest Bank of St. Louis. Such shares shall remain in the voting trust pending a decision of the Interstate Commerce Commission (the ICC) on the Southern Pacific acquisition. The ICC has adopted an expedited schedule pursuant to which it will render a final decision within 255 days of the filing of an application with respect to the Southern Pacific acquisition. Such an application is expected to be filed on December 1, 1995.

   Following approval of the Southern Pacific acquisition by the ICC and the satisfaction of certain other conditions, including the approval by Southern Pacific shareholders, Southern Pacific will be merged into a subsidiary of UPC (the Merger). Upon completion of the Merger, each share of Southern Pacific common stock will be converted, at the holder's election, subject to proration, into the right to receive $25.00 in cash or 0.4065 shares of common stock of UPC. As a result, 60% of the Southern Pacific shares outstanding immediately prior to the Merger will be converted into shares of common stock of UPC, with the remaining 40% of the outstanding shares, including the shares acquired in the first-step cash tender offer, being acquired for cash.

3. Acquisition of Chicago and North Western Transportation Company (CNW) - On March 16, 1995, the Corporation executed a definitive merger agreement to acquire the remaining 71.6% of CNW's outstanding common stock not previously owned by UPC for $1.2 billion. Virtually all remaining CNW shares were acquired in a cash tender offer at $35 per share. UPC funded the CNW tender offer through the issuance of commercial paper, a portion of which UPC subsequently refinanced with $850 million of notes and debentures.

The acquisition of CNW has been accounted for as a purchase and CNW's financial results have been consolidated into UPC effective May 1, 1995. The allocation of the purchase price to the fair market value of CNW assets acquired and liabilities assumed is not yet complete. An appraisal of the CNW properties acquired is continuing, and although the purchase price allocation is incomplete it appears that all of the excess purchase price will be allocated to tangible long-lived assets. As a result of the anticipated allocation of the excess purchase price, the unallocated portion of the purchase price at September 30, 1995 has been included in the value of Railroad properties on the Condensed Statement of Consolidated Financial Position.

As part of the initial purchase price allocation, UPC recorded $190 million of pre-tax reserves, principally relating to the elimination or relocation of redundant functions created by the acquisition of CNW. The reserves include $110 million for costs to reduce CNW's work force by approximately 1,100; $34 million for the relocation of approximately 1,000 CNW employees; and $22 million for labor protection relating to legislated, as well as contractual, obligations to CNW union employees. Management employee terminations and relocations are expected to be completed by year-end 1995. Union work-force reductions must be negotiated under existing labor agreements and are anticipated to be completed in 1996. In addition, $24 million is included in the reserves for the settlement or buyout of lease obligations of CNW relating to facilities or equipment not required by the combined company. Through September 30, 1995, $46 million had been paid and charged to the reserves, principally comprising costs to terminate approximately 350 employees (including $14 million related to certain former executives of CNW) and relocate CNW employees throughout the Union Pacific rail system.

These initial reserve estimates are subject to the finalization of the consolidation plans and therefore are subject to change. The reserves may be adjusted to reflect any revisions to the number of employees affected, as well as to the actual amounts paid and expected to be paid, which are subject to unionized labor negotiations and management employees' current salaries and years of service.

4. Discontinued Operations

Union Pacific Resources Group Inc. (Resources): On July 27, 1995, the Corporation's Board of Directors approved a formal plan to exit its natural resources business. The plan included an initial public offering (IPO) by Resources of up to 17.25 percent of its outstanding common stock. Following the IPO, subject to the receipt of a favorable ruling from the Internal Revenue Service expected in 1996 and the completion or termination of the acquisition of Southern Pacific, UPC intends to distribute the remaining common stock of Resources on a tax-fee basis pro rata to the Corporation's shareholders.

The IPO of 42.5 million shares was completed on October 17, 1995 and was priced at $21 per share. UPC sold 17.1% of Resources' outstanding common shares to the public generating net proceeds of $844 million. Resources now owns and operates all of the Corporation's natural resources business historically owned and or operated by Union Pacific Resources Company or other affiliates. Following the IPO, Resources dividended to UPC $1,562 million ($912 million in cash and $650 million in notes bearing interest at 8.5% per annum payable within 90 days of the distribution of UPC's remaining investment in Resources to its shareholders) and an intercompany balance of $59 million. UPC used the cash proceeds from the Resources' dividend to repay outstanding commercial paper balances.

Resources' results have been reported as a discontinued operation in the Corporation's condensed consolidated financial statements for all periods presented. Operating revenues for Resources were $332 million for the third quarter and $989 million for the first nine months of 1995, and $1.31 billion and $1.32 billion for the years 1994 and 1993, respectively. Resources' capital expenditures were $536 million for the first nine months of 1995, $613 million for the year 1994 and $507 million for the year 1993. Resources net income was $77 million and $76 million for the three months ended September 30, 1995 and 1994, respectively, and was $212 million and $303 million for the nine months ended September 30, 1995 and 1994, respectively.

Sale of USPCI, Inc. (USPCI): At year-end 1994, the Corporation completed the sale of USPCI to Laidlaw Inc. for $225 million in notes which were subsequently collected in January 1995. The sale resulted in a net loss of $412 million in 1994, including an $8 million net loss from USPCI's operations during the year. The initial provision for discontinued operations was recorded in September 1994.

5. Tax Settlement - In January 1995, UPC recorded the effects of a tax settlement with the Internal Revenue Service that allowed part of the excess acquisition costs (goodwill) associated with the acquisition of Overnite Transportation Company (Overnite) to become tax deductible. This one-time tax benefit reduced goodwill and deferred income taxes payable by $123 million and decreased ongoing goodwill amortization by $4 million annually.

6. Wilmington Sale - In March 1994, Resources sold its interest in the Wilmington, California oil field's surface rights and hydrocarbon reserves, and its interest in the Harbor Cogeneration Plant, to the City of Long Beach, California for $405 million in cash and notes. The Wilmington sale resulted in a $184 million ($116 million after-tax) gain--$159 million ($100 million after-tax) at Resources, included in income from discontinued operations, and $25 million ($16 million after-tax) at Union Pacific Railroad Company.

7. Price Risk Management - The Corporation uses derivative financial instruments to protect against unfavorable fuel price movements, interest rate movements and foreign currency exchange risk. While the use of these hedging arrangements limits the downside risk of adverse price and rate movements, it may also limit future gains from favorable movements. All hedging is accomplished pursuant to exchange-traded contracts or master swap agreements generally based on standard forms. UPC does not hold or issue financial instruments for trading purposes. The Corporation addresses market risk by selecting instruments with value fluctuations that correlate strongly with the underlying item or risk being hedged. Credit risk related to hedging activities, which is minimal, is managed by requiring minimum credit standards for counterparties, periodic settlements and/or mark-to-market evaluations. The largest credit risk associated with any of the Corporation's counterparties was $30 million at September 30, 1995.

Fuel: At September 30, 1995, the Railroad (the combined railroad system of Union Pacific Railroad Company, Missouri Pacific Railroad Company and CNW) had hedged approximately 6% of its remaining 1995 diesel fuel consumption at an average price of $0.49 per gallon, while Overnite had no fuel purchase hedging agreements in place. At the end of the third quarter, the Railroad had an unrecognized mark-to-market gain of $150,000 related to its fuel hedging arrangements.

Interest Rates and Foreign Currency: UPC has outstanding interest rate swaps on $222 million of notional principal amount of debt. The interest rates paid on these instruments range from 6.0% to 9.6%, while interest received ranges from 4.3% to 6.6% with spreads no greater than 3.3%. These contracts mature over the next one to nine years. In addition, the Corporation has currency swaps in place to cover $59 million of notional principal amount of debt denominated in yen. These swaps mature over the next one to five years. At the end of the third quarter, the Corporation had a mark-to-market gain of $29 million related to these instruments.

8. Ratio of Earnings to Fixed Charges - The ratio of earnings to fixed charges has been computed on a total enterprise basis. Earnings represent income 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 expense, and the estimated interest portion of rental charges.

9. Commitments and Contingencies - There are various lawsuits pending against the Corporation and certain of its subsidiaries. The Corporation is also subject to Federal, state and local environmental laws and regulations and is currently participating in the investigation and remediation of numerous sites. Where the remediation costs can be reasonably determined, and where such remediation is probable, the Corporation has recorded a liability. In addition, the Corporation has entered into commitments and provided guarantees for specific financial and contractual obligations of its subsidiaries and affiliates. The Corporation does not expect that the lawsuits, environmental costs, commitments or guarantees will have a material adverse effect on its consolidated financial condition or its results of operations.

   Management does not anticipate that the ultimate resolution of the matters described in Part I, Item 3. Legal Proceedings of the Corporation's 1994 Annual Report on Form 10-K and in Part II, Item 1. Legal Proceedings in this Report will have a material adverse effect on the Corporation's consolidated financial condition or operating results.

10. Accounting Pronouncements - The Financial Accounting Standards Board (FASB) has issued Statement No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," which establishes methods for determining and measuring an impairment of long-lived assets. Adoption of Statement 121 is required in 1996. Although the Corporation is still evaluating Statement 121, UPC does not expect that the adoption of Statement 121 will have a material adverse effect on the Corporation's operating results or financial condition. In addition, the FASB has issued Statement No. 123 "Accounting for Stock-Based Compensation," which requires certain disclosures about costs associated with stock-based employee compensation plans. Adoption of Statement 123 is required in 1996 and will not significantly impact the Corporation.

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

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

CORPORATE REORGANIZATION

Natural Resources Divestiture - Union Pacific Corporation (UPC or the Corporation) completed its initial public offering (IPO) of Union Pacific Resources Group Inc. (Resources) (formerly UPC's natural resources business unit) common shares on October 17, 1995. The IPO was priced at $21 per share and was comprised of 37 million common shares with an option for underwriters to purchase 5.5 million additional common shares within 30 days (the overallotment option), which was exercised. Including the overallotment option, UPC sold 17.1% of Resources' common shares to the public. Net proceeds from the IPO totaled $844 million (including the overallotment option)(see Note 4 to the condensed consolidated financial statements). Following the IPO, Resources dividended to UPC $1,562 million ($912 million in cash and $650 million in notes bearing interest at 8.5% per annum payable within 90 days of the distribution of UPC's remaining investment in Resources to its shareholders) and an intercompany balance of $59 million. UPC used the cash proceeds from the Resources' dividend to repay outstanding commercial paper balances.

Southern Pacific Rail Corporation (Southern Pacific) Acquisition - As part of the announced acquisition of Southern Pacific, UPC commenced a first-step cash tender offer (which was completed on September 15, 1995) acquiring approximately 39.03 million common shares or 25% of the outstanding common shares of Southern Pacific at a price of $25.00 per share. UPC borrowed $976 million under its existing credit facilities to fund the cash tender offer. Shares purchased under the cash tender offer were deposited in an independent voting trust in accordance with a voting trust agreement with Southwest Bank of St. Louis. Such shares shall remain in the voting trust pending a decision of the Interstate Commerce Commission (the ICC) on the Southern Pacific acquisition (see Note 2 to the condensed consolidated financial statements). The ICC has adopted an expedited schedule pursuant to which it will render a final decision within 255 days of the filing of an application with respect to the Southern Pacific acquisition. Such an application is expected to be filed on December 1, 1995. Should the acquisition of Southern Pacific not be approved by the ICC or its successors, UPC could incur a significant loss on the disposal of its investment in Southern Pacific. However, the Corporation believes that its application for common control of the Southern Pacific will be approved.

Chicago and North Western Transportation Company (CNW) - On March 16, 1995, the Corporation executed a definitive merger agreement to acquire the remaining 71.6% of CNW's outstanding common stock not previously owned by UPC for $1.2 billion. Under this agreement, UPC initiated a cash tender offer on March 23, 1995 for all outstanding CNW shares at $35 per share, which was completed on April 25, 1995. The acquisition of CNW has been accounted for as a purchase and CNW's financial results have been consolidated into UPC effective May 1, 1995 (see Note 3 to the condensed consolidated financial statements).

RESULTS OF OPERATIONS

QUARTER ENDED SEPTEMBER 30, 1995 COMPARED TO SEPTEMBER 30, 1994

Consolidated Results

UPC reported net income of $237 million ($1.15 per share) in the third quarter of 1995 compared to a net loss of $213 million ($1.04 per share) for the same period a year ago. Results for 1994 included a provision for a loss on disposal of the Corporation's waste management subsidiary of $423 million (see Note 4 to the condensed consolidated financial statements).

Results of Continuing Operations

Consolidated - The Corporation reported income from continuing operations of $160 million ($0.78 per share) in the third quarter of 1995, a 19% improvement from last year's results of $134 million ($0.65 per share). Earnings for 1995 benefitted from improved earnings at Union Pacific Railroad Company and other rail subsidiaries (the Railroad), due to the addition of CNW and improved operating results, while Overnite Transportation Company's (Overnite) results declined significantly from a year ago.

Operating revenues grew 22% to $1.97 billion, as higher volumes and improved average revenue per car at the Railroad were partly offset by volume and average price declines at Overnite. Operating expenses rose $300 million to $1.60 billion for the quarter. The addition of CNW and inflation contributed to higher salaries, wages and employee benefits ($111 million), equipment and other rental expense ($49 million), fuel costs ($28 million) and materials and supplies ($12 million). Depreciation expense rose $36 million from the CNW fixed assets acquired, as well as from the Corporation's continuing capital investment programs. In addition, maintenance, repairs and foreign-line car repair costs increased $21 million and other taxes increased $9 million, primarily as a result of the consolidation of CNW results. Personal injury costs were also up $9 million, reflecting higher claims costs, while third-party transportation costs rose $8 million.

Operating income increased $52 million (16%) to $379 million for the quarter, largely reflecting improved operating results at the Railroad. Other income improved $25 million, mainly from increased property sales and interest on a favorable tax settlement at the Railroad. Interest expense rose $41 million, reflecting higher debt levels associated with the CNW acquisition and the Southern Pacific cash tender offer and higher short-term interest rates, offset by the receipt in the first quarter of 1995 of proceeds relating to the sale of the Corporation's waste management business unit. Corporate expenses declined $9 million, primarily due to lower professional fees.

Railroad - The Railroad earned $222 million in the third quarter of 1995, up $38 million (21%) from last year, reflecting the addition of CNW volumes and pricing improvements.

Revenues improved $354 million (27%) to $1.68 billion, as the addition of CNW business of $307 million combined with a 7% improvement in average revenue per car, reflecting a longer average length of haul and favorable traffic mix shifts. Carloadings improved 16% in the third quarter of 1995, largely due to incremental volumes from the acquisition of CNW and business expansion. Grain and metals and minerals carloadings in particular benefitted from the addition of the strong CNW volume base. Grain carloadings led the way with a 93% improvement over last year, reflecting not only the addition of CNW volumes, but also carloadings improvements caused by greater export demand. Metals and minerals carloadings rose 47% as CNW volumes were partly offset by weakness in stone and non-metallic mineral volumes. Autos rose 24% from the addition of CNW volumes and strong Mexican business for both finished vehicles and auto parts. Forest products were up 22% as CNW volumes were partially offset by depressed lumber and paper volumes. Chemical carloadings improved 10% as additional CNW volumes were partially offset by lower fertilizer and plastic business. Energy carloadings rose 10% due to the addition of CNW volumes and increased traffic out of the Southern Powder River Basin. Intermodal volumes decreased 6%, reflecting softening economic conditions in the U.S. and Mexico, competition from trucking companies with excess capacity, and selective avoidance of low-margin business, while food/consumer/government carloadings declined 3%.

Operating expenses for the quarter rose $269 million to $1.29 billion. Incremental CNW volumes and inflation were the principal reasons causing increases in salaries, wages and employee benefits ($89 million), rent expense ($48 million), fuel and utilities costs ($27 million) and materials and supplies expense ($12 million). Depreciation climbed $36 million, reflecting continuing capital investment programs and the addition of depreciation for CNW properties. In addition, maintenance, repairs and foreign-line car repair costs increased $21 million and other taxes increased $9 million, primarily as a result of the consolidation of CNW, while personal injury expense increased $9 million. Expenses also increased as a result of the absence of flood insurance recoveries in 1994 ($12 million) and merger related increases in employee relocation costs, crew hauling and contracted expenses.

Operating income improved $85 million (28%) to $389 million for the quarter, while the operating ratio improved to 76.9 from 77.1 last year.

Trucking - Overnite's operating environment has been extremely difficult in the first nine months of 1995. The major factors impacting Overnite's operations were soft volumes caused by aggressive marketing and price competition by both less-than-truckload (LTL) and truckload carriers, a slow economy, incremental expenses associated with Overnite's continuing battle over unionization with the Teamster's Union and ongoing operational inefficiencies associated with shifts in freight flows from shorter-haul, higher-margin, intra-regional business to longer-haul traffic. These unfavorable operating trends will likely continue throughout 1995 and into 1996, as Overnite works toward tailoring its organization to meet its changing business environment, and attempts to regain lost shorter-haul business and to better balance traffic lanes. A significant factor influencing Overnite's long-term success is its ability to maintain a non-unionized work force. Overnite has had several challenges from organized labor in 1995. Since January 1, 1995, over 50 of Overnite's 174 terminals were petitioned to hold union elections, twelve of which voted for union representation. Overnite has won each of the last 10 such elections, and 22 of the last 26 elections. Despite the Teamsters' efforts, less than 9% of Overnite's work force has voted for union representation.

As a result of the difficult operating environment discussed above, Overnite reported a $7 million net loss in the third quarter of 1995 compared to $12 million of earnings last year. Results include goodwill amortization of $5 million in 1995, $1 million less than last year as a result of a favorable tax settlement related to the deductibility of intangible assets (see Note 5 to the condensed consolidated financial statements).

Operating revenues declined $12 million (5%) for the quarter to $245 million. Volumes were down 3%, while average prices declined 2%. Operating expenses increased $19 million to $255 million. Salaries, wages and employee benefit costs increased $16 million caused by wage and benefit inflation, while depreciation and equipment rents each increased $1 million. Overnite recorded an operating loss of $10 million for the third quarter of 1995 compared to operating income of $21 million last year, as the operating ratio, including goodwill amortization, increased to 104.0 from 91.6 last year.

Corporate Services and Other Operations - Expenses related to Corporate Services and Other Operations (comprising corporate expenses, third-party interest charges, intercompany interest allocations, other income and income taxes not related to other segments, and the results of other operating units) declined $7 million to $55 million for the third quarter. The decrease was largely the result of lower professional fees caused by the absence of strategic transactions pursued in 1994. Other operating units broke even for the third quarter of 1995 compared to 1994 when other operations generated operating income of $2 million for the quarter.

Results of Discontinued Operations
Income from discontinued operations increased $424 million to $77 million for the quarter, reflecting the absence of the write down of UPC's waste management unit in September 1994 and a slight improvement in Resources' results.

Natural Resources - Resources' third quarter 1995 earnings rose $1 million from a year ago to $77 million. Operating revenues declined $22 million (6%) to $332 million. Producing properties revenues declined $13 million as the effects of a 13% decline in average per barrel prices (led by a 21% decline in average natural gas prices) and lower crude oil volumes (the result of the sale of the Point Arguello field and volume declines in the Austin Chalk) was only partially offset by a 21% increase in average natural gas sales volumes (mainly volume improvements in the Austin Chalk and the Ozona fields) and an 18% improvement in average natural gas liquids sales volumes. Plants, pipelines and marketing revenues climbed $8 million, largely the result of the start up of the Wahsatch pipeline and the expansion of the Panola pipeline. Other oil and gas revenues declined $15 million due to lower property sales.

Operating expenses for the quarter declined $20 million to $233 million. Production costs declined $19 million, largely due to a favorable production tax settlement. Exploration costs fell $6 million as a result of lower dry hole costs (reflecting the de-emphasis of exploration in a low price environment). These costs improvements were partially countered by a $6 million increase in depreciation costs, the result of higher production levels. Operating income declined $2 million from $101 million a year earlier.

NINE MONTHS ENDED SEPTEMBER 30, 1995 COMPARED TO SEPTEMBER 30, 1994

Consolidated Results
The Corporation's net income for the first nine months of 1995 was $652 million ($3.17 per share) compared to $290 million ($1.41 per share) for the same period of 1994. Results for 1994 included a $433 million loss from the discontinuation of UPC's waste management business unit and the benefit of a one-time $116 million ($0.56 per share) after-tax gain resulting from the sale of the Wilmington field (see Note 6 to the condensed consolidated financial statements).

Results of Continuing Operations

Consolidated - Income from continuing operations improved $20 million (5%) for the period to $440 million ($2.14 per share), as a $113 million improvement at the Railroad was partially offset by higher corporate expenses and a $56 million earnings decline at Overnite. Consolidated operating revenues increased $675 million (14%) to $5.51 billion for the period as the Railroad's operating revenue improvement of $692 million (reflecting the acquisition of CNW, increased base carloadings and a higher average revenue per car) was partially countered by lower operating revenues at Overnite.

Consolidated operating expenses rose $611 million to $4.52 billion. CNW results, rail volume growth and inflation caused increases in salaries, wages and employee benefits ($268 million), equipment and other rents ($77 million), fuel costs ($60 million), materials and supplies ($14 million) and third-party transportation ($13 million). Depreciation charges were up $67 million as a result of the CNW properties acquired and the Corporation's continuing capital investment programs. Other increases occurred in cost of real estate sold ($17 million) resulting from higher sales activity; contracted maintenance and transportation costs ($26 million) and real estate taxes ($15 million), reflecting the addition of CNW; personal injury costs ($16 million) as a result of higher claims costs; insurance costs ($12 million) due to the absence of 1994 flood insurance recoveries and professional fees ($7 million).

Consolidated operating income advanced $64 million (7%) to $995 million for the first nine months of 1995, reflecting a $149 million improvement at the Railroad partially offset by weaker operating results at Overnite. Other income increased $40 million from higher gains on property sales and interest associated with the third quarter Railroad Retirement Tax claim settlement. Interest expense rose $73 million, principally from the higher debt levels associated with the CNW acquisition and Southern Pacific tender offer. Corporate expenses were up $12 million, resulting from higher executive compensation accruals and the absence of 1994 stock appreciation rights credits.

CHANGES IN CONSOLIDATED FINANCIAL CONDITION

Cash from continuing operations for the first nine months of 1995 was $1,121 million, up $261 million from a year ago, as a result of improvements in operating results and higher non-cash expenses (mainly depreciation, casualty accruals and deferred taxes).

Cash used in investing activities increased $1.32 billion to $2.39 billion for the period. In 1995, the Corporation used $1,170 million to finance the acquisition of CNW and $976 million to fund the Southern Pacific cash tender offer. These increased investments were partially countered by the receipt of $225 million in proceeds from the sale of UPC's waste management unit, the absence of the $725 million acquisition of Amax Oil & Gas, Inc. in 1994 and slightly lower capital spending. Financing activities increased $913 million as UPC incurred incremental debt to finance its acquisition activities.

The ratio of debt to debt plus equity increased to 56.5% at September 30, 1995 compared to 46.6% at December 31, 1994. This increase resulted from increased debt levels caused by the purchase of CNW and Southern Pacific shares, partly mitigated by 1995 earnings and the proceeds from the sale of UPC's waste management business.

OTHER DEVELOPMENTS

Commitments and Contingencies - There are various lawsuits pending against the Corporation and certain of its subsidiaries. The Corporation is also subject to Federal, state and local environmental laws and regulations and is currently participating in the investigation and remediation of numerous sites. Where the remediation costs can be reasonably determined, and where such remediation is probable, the Corporation has recorded a liability. In addition, the Corporation has entered into commitments and provided guarantees for specific financial and contractual obligations of its subsidiaries and affiliates. The Corporation does not expect that the lawsuits, environmental costs, commitments or guarantees will have a material adverse effect on its consolidated financial condition or its results of operations.

Accounting Pronouncements - The Financial Accounting Standards Board (FASB) has issued Statement No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," which establishes methods for determining and measuring an impairment of long-lived assets. Adoption of Statement 121 is required in 1996. Although the Corporation is still evaluating Statement 121, UPC does not expect that the adoption of Statement 121 will have a material adverse effect on the Corporation's operating results or financial condition. In addition, the FASB has issued Statement No. 123 "Accounting for Stock-Based Compensation," which requires certain disclosures about costs associated with stock-based employee compensation plans. Adoption of Statement 123 is required in 1996 and will not significantly impact the Corporation.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In 1993, the Railroad entered into an Administrative Order on Consent with the Environmental Protection Agency (EPA) and the State of Utah to remove lead contaminated soil from property that had been leased to a battery recycler in the early 1980s. The Order called for completion of the removal action by September 15, 1994. However, because of various logistical problems, the work was not completed until October 18, 1994. Because the Order contained a provision requiring that stipulated penalties be paid for each day that work continued beyond the deadline, the EPA demanded $160,000 as a stipulated penalty payment. The Railroad initiated dispute resolution and settled this matter for $120,000, $90,000 of which was reimbursed by the contractor responsible for the delays.

As previously reported in the Corporation's Form 10-Q for the quarter ended June 30, 1995, in July 1995 the Butte County (Oroville, California) District Attorney advised that a civil penalty action would be filed against the Railroad for violations resulting from a derailment and spill of diesel fuel into the Feather River in Peo, California on April 14, 1995. In late July the California Regional Water Quality Control Board also filed a separate penalty action seeking $40,000 for the same incident. This latter action was settled for $40,000. A further demand for penalties from the California Department of Fish and Game is expected but not determinable at this time.

As previously reported in the Corporation's Form 10-K for the year ended December 31, 1994, the EPA filed an Administrative Complaint and Notice of Opportunity for Hearing under the Toxic Substances Control Act alleging failure by Resources to submit certain gas plant chemical inventory reports by the regulatory deadline of February 21, 1991. Resources had in fact filed the reports in October 1993. The Complaint initially sought penalties totaling $330,000. Following discussions with the EPA and following the purchase of AMAX Oil & Gas, Inc. in March 1994 including additional AMAX gas processing facilities, Resources filed amended inventory reports on August 16, 1994. On August 25, 1994, the EPA amended the Complaint to propose aggregate civil penalties of $378,000. Pursuant to subsequent negotiations, Resources paid a penalty of $84,000 in settlement of this matter.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(10)(a) - Executive Incentive Plan of Union Pacific Resources Group Inc. is incorporated by reference to Exhibit 10.9 to the Registration Statement on Form S-1 (No. 33-95398) filed by Union Pacific Resources Group Inc.

(10)(b) - 1995 Stock Option and Retention Stock Plan of Union Pacific Resources Group Inc. is incorporated by reference to Exhibit 10.10 to the Registration Statement on Form S-1 (No. 33-95398) filed by Union Pacific Resources Group Inc.

(10)(c) - Form of Conversion Agreement is incorporated by reference to Exhibit 10.13(a) to the Registration Statement on Form S-1 (No. 33-95398) filed by Union Pacific Resources Group Inc.

(10)(d) - Conversion Agreement for Drew Lewis.

(10)(e) - Conversion Agreement for Jack L. Messman.

(11) - Computation of earnings per share.

(12) - Computation of ratio of earnings to fixed charges.

(27) - Financial data schedule.

(b) Reports on Form 8-K

On August 14, 1995, the Corporation filed a Current Report on Form 8-K, announcing the execution of a definitive merger agreement and certain other agreements related to the acquisition of Southern Pacific Rail Corporation.

On September 15, 1995, the Corporation filed a Current Report on Form 8-K, announcing the final proration factor with respect to the tender offer for Southern Pacific Rail Corporation common stock.

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 9, 1995

UNION PACIFIC CORPORATION
(Registrant)

/s/ M. B. Smith

M. B. Smith,
Vice President and Controller
(Chief accounting officer
and duly authorized officer)

EXHIBIT INDEX

UNION PACIFIC CORPORATION

EXHIBIT INDEX

Exhibit No.	Description
(10)(a)	Executive Incentive Plan of Union Pacific Resources Group Inc. is incorporated by reference to Exhibit 10.9 to the Registration Statement on Form S-1 (No. 33-95398) filed by Union Pacific Resources Group Inc.
(10)(b)	1995 Stock Option and Retention Stock Plan of Union Pacific Resources Group Inc. is incorporated by reference to Exhibit 10.10 to the Registration Statement on Form S-1 (No. 33-95398) filed by Union Pacific Resources Group Inc.
(10)(c)	Form of Conversion Agreement is incorporated by reference to Exhibit 10.13(a) to the Registration Statement on Form S-1 (No. 33-95398) filed by Union Pacific Resources Group Inc.
(10)(d)	Conversion Agreement for Drew Lewis.
(10)(e)	Conversion Agreement for Jack L. Messman.
(11)	Computation of earnings per share.
(12)	Computation of ratio of earnings to fixed charges.
(27)	Financial data schedule.

Exhibit 10(d)

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

CONVERSION AGREEMENT

September 29, 1995

Mr. Drew Lewis:
Dear Mr. Lewis:

This Letter Agreement will evidence your agreement with Union Pacific Resources Group Inc. (the "Company") and Union Pacific Corporation ("UPC") to convert certain stock options ("UPC Stock Options") which have been awarded to you under one or more of the following: the 1993 Stock Option and Retention Stock Plan of Union Pacific Corporation, the 1988 Stock Option and Restricted Stock Plan of Union Pacific Corporation and/or the 1982 Stock Option and Restricted Stock Plan of Union Pacific Corporation (collectively, "UPC Plans"). In exchange for your surrender of UPC Stock Options, you will receive, in accordance with the terms and conditions set forth below, a grant of non-qualified stock options for Common Stock of the Company ("Common Stock") under the 1995 Stock Option and Retention Stock Plan of the Company (the "1995 Stock Option Plan"), a copy of which is attached hereto and made a part hereof.

1. CONVERSION OF OPTIONS. In accordance with the 1995 Stock Option Plan, you hereby agree to surrender to UPC all your rights under and interests in the UPC Options below in exchange for a grant from the Company of stock options ("Rollover Options") under the 1995 Stock Option Plan upon completion of the "Offerings" (described in the Preliminary Prospectus dated September 12, 1995). Please indicate by marking the box below all UPC Options that will be converted pursuant to the terms of this Agreement.

UPC Options

Date Of Grant	Number of Shares	Exercise Price	NQ	Date of Conversion
12/15/94	116,666*	$47.00	NQ	IPO Date

* 58,333 shares become exercisable on 12/15/96
58,333 shares become exercisable on 12/15/97

2. NUMBER AND EXERCISE PRICE OF ROLLOVER OPTIONS. All Rollover Options will be non-qualified stock options. The exercise price of the Rollover Options is based on a formula utilizing the initial public offering price of the Common Stock in the Offerings ("IPO Price"). The exercise price applicable to each IPO Rollover Option will be the product of (i) the IPO Price (the "Company Calculation Price"), and (ii) the ratio of the per-share exercise price of the applicable UPC Option to the Fair Market Value (as defined below) of common stock, $2.50 par value, of Union Pacific Corporation ("UPC Common Stock") on the date of commencement of the Offerings ("UPC Calculation Price"). Each IPO Rollover Option issued upon such exchange will entitle the holder to purchase the number of shares of Common Stock obtained by multiplying the number of shares of UPC Common Stock underlying the applicable UPC Option by a fraction, the numerator of which is the spread between the exercise price of the applicable UPC Option and the UPC Calculation Price, and the denominator of which is the spread between the exercise price of the Rollover Option and the Company Calculation Price. Exercise prices will be rounded to the nearest cent, or down if there is no nearest cent. The "Fair Market Value" of UPC Common Stock shall be the average of the high and low trading prices (regular way) of shares of UPC Common Stock as reported in The Wall Street Journal listing of consolidated trading on the New York Stock Exchange. No Rollover Options to purchase fractional shares of Common Stock will be granted. All fractions of shares of Common Stock subject to Rollover Options will be rounded up to the next whole number. Until the date that your UPC Options are converted to Rollover Options, you may exercise any UPC Options that are exercisable on the date of such exercise.

3. DURATION AND EXERCISE OF THE OPTIONS. The Rollover Options shall be exercisable upon the terms and conditions of the 1995 Stock Option Plan, as supplemented by this Agreement, and not otherwise. As provided in the 1995 Stock Option Plan, the vesting and expiration of Rollover Options shall be determined as if the grant date were the date upon which the original UPC Options were granted under the UPC Plans. The term of each Rollover Option shall be a period ending at the close of business on the tenth anniversary of the date of grant of the original UPC Option for which such Rollover Option was exchanged, subject to earlier termination as provided below. The Rollover Options must be exercised in portions of not less than 100 shares, or any integral multiple thereof, except

to complete the exercise of any Rollover Option. The Rollover Options are also subject to forfeiture in the event of your termination of employment or death, as contemplated in paragraphs (h) and (i) of Section 6 of the 1995 Stock Option Plan, except that any termination of your service as a director of the Company, other than a termination for gross misconduct, shall be deemed to be a "retirement under the provisions of the Company's or a subsidiary's pension plan.".

4. METHOD OF EXERCISE. The Rollover Options may be exercised, during your lifetime, only by you. Exercise of the Rollover Options shall be by appropriate written notice delivered to the Secretary of the Company, at its principal business office, (a) accompanied by a check payable to the order of the Company; or (b) accompanied by shares of previously acquired Common Stock owned by you, to the extent that such payment does not require the surrender of a fractional share of such previously acquired stock, for the shares to be purchased; or (c) if you are then eligible, through the withholding of shares equal to the exercise price.

5. APPLICABILITY OF THE PLAN. This Agreement and the Rollover Options granted hereunder are subject to all of the terms and conditions of the 1995 Stock Option Plan and may not be assigned or transferred, except by will or the laws of descent and distribution in the case of the death of an optionee, as provided in paragraph (i) of Section 6 of the 1995 Stock Option Plan.

6. WITHHOLDING TAXES. Upon exercise of a non-qualified Rollover Option, you must arrange for the payment to the Company of all applicable withholding taxes resulting from such exercise promptly after you have been notified of the amount thereof by the Secretary of the Company. Shares will be withheld to pay withholding taxes if you have made a proper election to pay withholding taxes in this manner.

To confirm your acceptance of the foregoing, kindly sign and promptly return one copy of this Letter Agreement to the Company.

Sincerely,

UNION PACIFIC RESOURCES GROUP INC.

By /s/ Drew Lewis

President and Chief Executive Officer

UNION PACIFIC CORPORATION

By /s/ Ursula F. Fairbairn

Senior Vice President - Human Resources

Accepted:

/s/ Drew Lewis
- --------------
Participant

Date: October 2, 1995

Exhibit 10(f)

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

CONVERSION AGREEMENT

September 29, 1995

Mr. Jack L. Messman
Dear Mr. Messman:

This Letter Agreement will evidence your agreement with Union Pacific Resources Group Inc. (the "Company") and Union Pacific Corporation ("UPC") to convert certain incentive stock options ("ISO's") and/or non-qualified stock options (collectively, "UPC Stock Options") and/or restricted stock and retention stock ("UPC Retention Shares") which have been awarded to you under one or more of the following: the 1993 Stock Option and Retention Stock Plan of Union Pacific Corporation, the 1990 Retention Stock Plan of Union Pacific Corporation, the 1988 Stock Option and Restricted Stock Plan of Union Pacific Corporation and/or the 1982 Stock Option and Restricted Stock Plan of Union Pacific Corporation (collectively, "UPC Plans"). In exchange for your surrender of UPC Stock Options and/or UPC Retention Shares, you will receive, in accordance with the terms and conditions set forth below, a grant of ISOs, non-qualified stock options, and/or an award of retention shares of Common Stock of the Company ("Common Stock") under the 1995 Stock Option and Retention Stock Plan of the Company (the "1995 Stock Option Plan"), a copy of which is attached hereto and made a part hereof.

1. CONVERSION OF OPTIONS AND RETENTION SHARES. In accordance with the 1995 Stock Option Plan, you hereby agree to surrender to UPC all your rights under and interests in the UPC Options and/or UPC Retention Shares designated below in exchange for a grant or award from the Company of stock options ("Rollover Options") and/or retention stock ("Rollover Retention Shares") under the 1995 Stock Option Plan either upon completion of the "Offerings" (described in the Preliminary Prospectus dated September 12, 1995) or, in the case of certain Rollover Options granted in exchange for UPC Options that are ISOs, upon consummation of the "Distribution" (the distribution of Union Pacific Corporation's remaining ownership interest to its stockholders). The following

UPC ISOs will be converted to Company ISOs upon consummation of the Distribution:

UPC ISOs

Date of Grant	Number of Shares	Exercise Price
09/26/91	2,000	$46.61
09/24/92	1,700	54.13
11/18/93	1,500	63.75
12/15/94	6,000	47.00

Please indicate by marking the box(s) below all other UPC Options and UPC Retention Shares that will be converted pursuant to the terms of this Agreement.

UPC Options

Date of Grant	Number of Shares	Exercise Price	ISO* or NQ	Date of Conversion
09/26/91	18,000	$46.66	NQ	IPO Date
09/24/92	38,300	54.13	NQ	IPO Date
11/18/93	38,500	63.75	NQ	IPO Date
12/15/94	144,000	47.00	NQ	IPO Date

* ISOs convert to NQs on IPO Date.

UPC Retention Shares

Date of Grant	Number of Shares	Date of Conversion
11/18/93	40,000	IPO Date
12/15/94	40,000	IPO Date

OPTIONS

2. NUMBER AND EXERCISE PRICE OF ROLLOVER OPTIONS. Rollover Options granted upon the completion of the Offerings will be non-qualified stock options, even if the UPC Options surrendered for exchange are ISO'S. Rollover Options granted on the consummation of the Distribution in exchange for UPC Options that are ISOs will be ISOs. The exercise price of the Rollover Options to be granted in exchange for UPC Options upon completion of the Offerings ("IPO Rollover Options") is based on a formula utilizing the initial public offering price of the Common Stock in the Offerings ("IPO Price"). The exercise price applicable to each IPO Rollover Option will be the product of (i) the IPO Price (the "Company Calculation Price"), and (ii) the ratio of the per-share exercise price of the applicable UPC Option to the Fair Market Value (as defined below) of common stock, $2.50 par value, of Union Pacific Corporation ("UPC Common Stock")

on the date of commencement of the Offerings ("UPC Calculation Price"). Each IPO Rollover Option issued upon such exchange will entitle the holder to purchase the number of shares of Common Stock obtained by multiplying the number of shares of UPC Common Stock underlying the applicable UPC Option by a fraction, the numerator of which is the spread between the exercise price of the applicable UPC Option and the UPC Calculation Price, and the denominator of which is the spread between the exercise price of the Rollover Option and the Company Calculation Price. The exercise price and number of Rollover Options to be granted in exchange for UPC Options at the date the Distribution is effected ("Distribution Rollover Options") will be calculated in the same manner as the exercise price and number of IPO Rollover Options, except that the UPC Calculation Price will be the Fair Market Value of UPC Common Stock on the last day that purchasers in regular way trading in UPC Common Stock would receive the right to Common Stock in the Distribution (the "Distribution Date") and the Company Calculation Price shall be the Fair Market Value of Common Stock on the Distribution Date. Exercise prices will be rounded to the nearest cent, or down if there is no nearest cent. The "Fair Market Value" of either UPC Common Stock or Common Stock shall be the average of the high and low trading prices (regular way) of shares of UPC Common Stock or Common Stock, as the case may be, as reported in The Wall Street Journal listing of consolidated trading on the New York Stock Exchange. No Rollover Options to purchase fractional shares of Common Stock will be granted. All fractions of shares of Common Stock subject to Rollover Options will be rounded up to the next whole number, except in the case of Rollover Options that are ISO's, which will be rounded down to the nearest whole number. Until the date that your UPC Options are converted to Rollover Options, you may exercise any UPC Options that are exercisable on the date of such exercise. In the event that the Distribution does not occur prior to December 31, 1996, the UPC Options to be exchanged on the Distribution Date will not be so exchanged, and no Rollover Options will be granted pursuant hereto in exchange for such UPC Options.

3. DURATION AND EXERCISE OF THE OPTIONS. The Rollover Options shall be exercisable upon the terms and conditions of the 1995 Stock Option Plan, as supplemented by this Agreement, and not otherwise. As provided in the 1995 Stock Option Plan, the vesting and expiration of Rollover Options shall be determined as if the grant date were the date upon which the original UPC Options were

granted under the UPC Plans. The term of each Rollover Option shall be a period ending at the close of business on the tenth anniversary of the date of grant of the original UPC Option for which such Rollover Option was exchanged, subject to earlier termination as provided in the 1995 Stock Option Plan. The Rollover Options must be exercised in portions of not less than 100 shares, or any integral multiple thereof, except to complete the exercise of any Rollover Option. The Rollover Options are also subject to forfeiture in the event of your termination of employment or death, as contemplated in paragraphs (c), (d) and (e) of Section 8 of the 1995 Stock Option Plan, as it relates to an ISO, and (h) and (i) of Section 6 of the 1995 Stock Option Plan, as it relates to a non-qualified Rollover Option.

4. METHOD OF EXERCISE. The Rollover Options may be exercised, during your lifetime, only by you. Exercise of the Rollover Options shall be by appropriate written notice delivered to the Secretary of the Company, at its principal business office, (a) accompanied by a check payable to the order of the Company; or (b) accompanied by shares of previously acquired Common Stock owned by you, to the extent that such payment does not require the surrender of a fractional share of such previously acquired stock, for the shares to be purchased; or (c) if you are then eligible, through the withholding of shares equal to the exercise price.

5. APPLICABILITY OF THE PLAN. This Agreement and the Rollover Options granted hereunder are subject to all of the terms and conditions of the 1995 Stock Option Plan and may not be assigned or transferred, except by will or the laws of descent and distribution in the case of the death of an optionee, as provided in paragraph (d) of Section 8 and paragraph (i) of Section 6 of the 1995 Stock Option Plan.

6. WITHHOLDING TAXES. Upon exercise of a non-qualified Rollover Option, you must arrange for the payment to the Company of all applicable withholding taxes resulting from such exercise promptly after you have been notified of the amount thereof by the Secretary of the Company. Shares will be withheld to pay withholding taxes if you have made a proper election to pay withholding taxes in this manner.

RETENTION SHARES

7. CONVERSION OF SHARES. You hereby agree to surrender each UPC Retention Share indicated in paragraph 1 of this Letter Agreement in exchange for Rollover Retention Shares on the closing date of the Offerings. The number of Rollover Retention shares to be issued will equal the number of UPC Retention Shares surrendered multiplied by a fraction, the numerator of which is the UPC Calculation Price and the denominator of which is the Company Calculation Price. Any fraction of a Rollover Retention Share will be rounded up to a whole Rollover Retention Share.

8. RESTRICTION PERIOD. The periods during which the restrictions set forth herein and in the 1995 Stock Option Plan shall apply to the Rollover Retention Shares granted to you shall commence on the date hereof and expire on the same dates as the restrictions on the UPC Retention Shares exchanged for such Rollover Retention Shares would have expired unless any period is sooner terminated under provisions of the 1995 Stock Option Plan (the "Restriction Periods").

9. RESTRICTIONS. At the time of the above award of Rollover Retention Shares to you, a certificate representing the number of shares of Common Stock awarded shall be registered in your name but shall be held by the Company for your account. You shall have the entire beneficial ownership interest in, and all rights and privileges of a stockholder as to, such Rollover Retention Shares, including the right to vote such Rollover Retention Shares, subject to the following restrictions: (i) the Company will withhold all dividends paid on such Rollover Retention Shares during the applicable Restriction Periods; (ii) subject to Section 9(c) of the 1995 Stock Option Plan, you shall not be entitled to delivery of the stock certificate until the expiration of the applicable Restriction Period; (iii) none of the Rollover Retention Shares may be sold, transferred, assigned, pledged, or otherwise encumbered or disposed of during the applicable Restriction Period; and (iv) all of the Rollover Retention Shares shall be forfeited and all of your rights to such Rollover Retention Shares and to the dividends withheld by the Company as described in clause (i), above shall terminate without further obligation on the part of the Company unless you remain in the continuous employment of the Company or a Subsidiary for the entire

Restriction Period, except as provided by Section 9(c) of the 1995 Stock Option Plan. Any shares of Common Stock or other securities received as a result of a transaction listed in Section 11 of the 1995 Stock Option Plan shall be subject to the same restrictions as such Rollover Retention Shares.

10. PAYMENT OF RETENTION SHARES. At the end of the applicable Restriction Period or at such earlier time as provided for in Section 9(c) of the 1995 Stock Option Plan, all restrictions applicable to the appropriate Rollover Retention Shares shall lapse, and a stock certificate for a number of shares of Common Stock equal to such number of Rollover Retention Shares, free of all restrictions, and all dividends paid on such Rollover Retention Shares during the applicable Restriction Period but withheld by the Company, shall be delivered to you or your beneficiary or estate, as the case may be.

11. ADDITIONAL TERMS AND CONDITIONS. Under the terms of the award of Rollover Retentions Shares, the Committee administering the Plan has determined that in case of retirement prior to age 65 at the request of the Company, clause (c)(i)(A)(ii) of Section 9 of the Plan shall not apply to the Rollover Retention Shares. In addition, you hereby agree that should you voluntarily terminate your employment with the Company or any subsidiary prior to December 15, 1999, for two years thereafter you will not solicit the employment of or hire any individual who is an employee of UPC, the Company or any subsidiary of either of them at the time of such termination of employment.

12. WITHHOLDING. Upon the lapse of the restrictions applicable to the Rollover Retention Shares, you must arrange for the payment to the Company of all applicable withholding taxes resulting therefrom promptly after you have been notified of the amount thereof by the Secretary of the Company. Shares will be withheld to pay withholding taxes if you do not make the election referred to below and have made a proper election to pay withholding taxes in this manner.

To confirm your acceptance of the foregoing, kindly sign and promptly return one copy of this Letter Agreement to the Company.

Sincerely,
UNION PACIFIC RESOURCES GROUP INC.

By /s/ Anne M. Franklin

Vice President - People

UNION PACIFIC CORPORATION

By /s/ Drew Lewis

Chairman and Chief Executive Officer

Accepted:
/s/ Jack L. Messman

Date: October 8, 1995

- -------------------
Jack L. Messman

Exhibit 11

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

COMPUTATION OF EARNINGS PER SHARE

(Amounts in Thousands, Except Per Share Amounts)
(Unaudited)

	Nine Months Ended September 30, 1995	Nine Months Ended September 30, 1994
Average number of shares outstanding...........	204,911	205,101
Average shares issuable on exercise of stock options less shares repurchasable from proceeds....................................	857	530
Total average number of common and common equivalent shares............................	205,768	205,631
Income from Continuing Operations..............	$440,091	$420,074
Income (Loss) from Discontinued Operations.....	211,525	(129,489)
Net Income.....................................	$651,616	$290,585
Earnings per share:		
Income from Continuing Operations............	$ 2.14	$ 2.04
Income (Loss) from Discontinued Operations...	1.03	(0.63)
Net Income..................................	$ 3.17	$ 1.41

Exhibit 12

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(Amounts in Thousands, Except Ratios)
(Unaudited)

	Nine Months Ended September 30, 1995	Nine Months Ended September 30, 1994
Earnings:		
Income from continuing operations	$ 440,091	$420,074
Add (deduct) distributions greater (to extent less) than income of unconsolidated affiliates	(25,083)	(34,769)
Total	415,008	385,305
Income Taxes:		
Federal, state and local	251,502	252,645
Fixed Charges:		
Interest expense including amortization of debt discount	328,016	254,965
Portion of rentals representing an interest factor	38,494	31,817
Total	366,510	286,782
Earnings available for fixed charges	$1,033,020	$924,732
Fixed charges -- as above	$ 366,510	$286,782
Interest capitalized	--	125
Total fixed charges	$ 366,510	$286,907
Ratio of earnings to fixed charges	2.8	3.2

UNION PACIFIC CORPORATION
FINANCIAL DATA SCHEDULE - EXHIBIT 27
($ in millions except per share amounts)
(unaudited)

Schedule contains summary financial information extracted from the Statements of Consolidated Income and Consolidated Financial Position and is qualified in its entirety by reference to such financial statements.

1,000,000

9-MOS
DEC-31-1995
SEP-30-1995
91
0
473
0
281
1,095
17,845
4,527
18,702
2,557
6,546
581
0
0
4,933
18,702
0
5,512
0
4,517
80
0
328
692
252
440
212
0
0
652
3.17
3.17