COVER

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

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)
For the fiscal year ended December 31, 1994

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)
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	18018
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (610) 861-3200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock (Par Value $2.50 per share)	New York Stock Exchange, Inc.
4 3/4% Convertible Debentures Due 1999	New York Stock Exchange, Inc.

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X].

As of February 10, 1995, the aggregate market value of the registrant's Common Stock held by non-affiliates (using the New York Stock Exchange closing price) was approximately $10,459,863,003.

The number of shares outstanding of the registrant's Common Stock as of February 10, 1995 was 205,911,168.

Portions of the following documents are incorporated by reference into this Report: (1) registrant's Annual Report to Stockholders for the year ended December 31, 1994 (Parts I and II); and (2) registrant's definitive Proxy Statement for the annual meeting of stockholders to be held on April 21, 1995 (Part III).

PART I

Item 1. Business
and
Item 2. Properties

Union Pacific Corporation, incorporated in Utah in 1969, operates, through subsidiaries, in the areas of rail transportation (Union Pacific Railroad Company and Missouri Pacific Railroad Company), oil, gas and mining (Union Pacific Resources Company) and trucking (Overnite Transportation Company). Each of these subsidiaries is indirectly wholly-owned by Union Pacific Corporation.

Except as the context otherwise requires, the terms "Union Pacific" or the "Corporation" mean Union Pacific Corporation and its subsidiaries, and the terms "Union Pacific Railroad" or the "Railroad" mean Union Pacific Railroad Company ("UPRR") and Missouri Pacific Railroad Company ("MPRR") and their respective subsidiaries.

A brief description of Union Pacific's principal businesses follows. Additional information about these businesses and other financial information for Union Pacific is presented on pages 4 through 22 and 44 through 46 of the 1994 Annual Report to Stockholders ("Annual Report") and such information (excluding photographs on pages 4 through 22, none of which supplements the text and which are not otherwise required to be disclosed herein) is incorporated herein by reference. Information on business segments on page 32 and a map of Union Pacific's operations on pages 48 and 49 of the Annual Report are also incorporated herein by reference.

Major Developments

In March 1994, Union Pacific sold its investment in the Wilmington, California, oil field and related facilities for $405 million to the City of Long Beach, California. Also in March 1994, Union Pacific Resources Company ("Resources") acquired Amax Oil & Gas, Inc. ("AMAX"), a subsidiary of Cyprus Amax Minerals Company, for a net purchase price of $725 million. Additional information relating to these transactions is provided in Note 4 to the Financial Statements, appearing on page 38 of the Annual Report.

In October 1994, Union Pacific announced a competing bid to acquire Santa Fe Pacific Corporation ("Santa Fe"), which had previously entered into a definitive merger agreement with Burlington Northern Inc. ("BN"). The Corporation pursued the acquisition for several months, making a number of revised bids. Each of the Corporation's bids was rejected by Santa Fe. These rejections, coupled with a selective "poison pill" adopted by Santa Fe that discouraged Santa Fe shareholders from choosing between competing bids, caused Union Pacific to withdraw its proposal to acquire Santa Fe and its related tender offer on January 31, 1995.

At year-end, Union Pacific completed the sale of its waste management business, USPCI, Inc. ("USPCI"), to Laidlaw Inc. USPCI's performance fell short of the Corporation's expectations as a result of many companies' sluggish cleanup timetables, waste minimization efforts by many industries, and incineration competition from cement kilns. Additional information relating to the sale is provided in Note 2 to the Financial Statements, appearing on pages 37 and 38 of the Annual Report.

In December 1994, the Interstate Commerce Commission ("ICC") approved the Railroad's application to control Chicago and North Western Transportation Company ("CNW"). The ICC's order, unless stayed pending any appeal, will be effective on April 6, 1995 and will permit the Railroad to convert its 29.13 percent ownership of non-voting common stock into voting common stock and to increase its representation on the CNW Board of Directors from one director out of seven to three directors out of nine. The ICC's order will enable the two carriers to improve service through closer coordination of operations and marketing activities. The ICC's order is subject to a standard labor protection condition and a requirement that the Soo Line Railroad Company ("Soo") be permitted to admit third parties to certain joint facilities operated by Soo and CNW. The Railroad intends, upon the effectiveness of the order and upon making provision for certain costs related to the foregoing conditions, to exercise the authority granted by the ICC's order.

Rail Transportation

Union Pacific Railroad is the third largest railroad in the United States in terms of track miles, with 17,500 route miles linking Pacific Coast and Gulf Coast ports with the Midwest. The Railroad serves the western two-thirds of the country and maintains coordinated schedules with other carriers for the handling of freight to and from the Atlantic Coast, the Pacific Coast, the Southeast, the Southwest, Canada and Mexico. Export and import traffic is moved through Gulf Coast and Pacific Coast ports, and across the Mexican and (primarily through interline connections) Canadian borders. Major categories of freight hauled by the Railroad are automotive, chemicals, energy (coal), food/consumer/government, grains and grain products, intermodal, and metals/minerals/forest. In 1994, energy was the largest commodity in terms of revenue ton-miles (35.9 percent of total), while chemicals traffic produced the highest commodity revenue (21.1 percent of total). Percentages of revenue ton-miles and commodity revenue for each commodity are presented on page 44 of the Annual Report.

A separate Annual Report on Form 10-K for the year ended December 31, 1994, is filed by MPRR. Reference is made to such report for additional information concerning that company.

Oil, Gas and Mining

Resources is an independent oil and gas company engaged in the exploration for and production of natural gas, crude oil and associated products. Substantially all of Resources' exploration and production programs are in the Austin Chalk trend and the Carthage area in central and eastern Texas and Louisiana; the Ozona area in western Texas (representing former AMAX properties); the Union Pacific Land Grant in Colorado, Wyoming and Utah; the Gulf of Mexico; and Canada. Through a wholly-owned subsidiary, Resources also markets its own production, and purchases and resells third-party production, focusing on direct marketing to the natural gas end user, with particular emphasis on the power generation market.

Resources is also responsible for Union Pacific's interests in trona and coal development through the management of Union Pacific Minerals, Inc., an affiliated corporation. Trona activities consist of royalties from mining on Union Pacific Land Grant acreage and equity and partnership interests that equate to a 49 percent interest in Rhone Poulenc of Wyoming, which mines trona and processes it into soda ash. Coal activities consist principally of royalties from third party mines and a 50 percent ownership interest in Black Butte Coal Company, a joint venture mine operated by the joint venture partner.

The estimated quantities of proved oil and gas reserves set forth under Oil and Gas - Proved Reserves on page 45 of the Annual Report have been prepared by petroleum reservoir engineers who are employees of Resources. In 1994, Union Pacific filed certain reports with the Department of Energy's Energy Information Administration containing oil and gas reserve information for the year ended December 31, 1993. The information reported differed from that contained in the Annual Report by less than 5 percent.

Trucking

Overnite Transportation Company ("Overnite"), a major interstate trucking company, serves all 50 states and portions of Canada and Mexico through 173 service centers (located primarily in the eastern, southeastern and central United States and on the Pacific Coast) and through agency partnerships with several small, high-quality carriers serving areas not directly covered by Overnite. As one of the largest trucking companies in the United States, Overnite serves 95 percent of the U.S. population and offers a comprehensive array of services, specializing in the less-than-truckload business. Overnite transports a variety of products, including machinery, tobacco, textiles, plastics, electronics and paper products.

Competition

In its rail transportation business, Union Pacific is subject to competition from other railroads, motor carriers and barge operators, based on both price and service. Most of its railroad operations are conducted in corridors served by competing railroads and by motor carriers. Motor carrier competition is particularly strong for intermodal traffic. Because of the proximity of MPRR's routes to major inland and Gulf Coast waterways and of a UPRR route to the Columbia River, barge competition can be particularly pronounced for bulk commodities in certain markets.

Resources competes for oil and gas reserves and technology advances with smaller companies as well as with the larger integrated oil companies. In its marketing activities, Resources competes with other hydrocarbon producers and marketers. Mining operations also are subject to competition from a number of companies, many of which have larger operations.

Overnite experiences intense competition, based on service and price, from both regional and national motor carriers.

Employees

During 1994, Union Pacific had an average of 46,900 employees, of whom approximately 52 percent belonged to various labor organizations.

As is true with employees of all the principal railroads in the country, most of the 28,600 employees of Union Pacific Railroad are organized along craft lines and represented by national labor unions. The Railroad continues to adapt agreements from the previous round of national negotiations to meet local requirements throughout its system. The Railroad has implemented two-person crews for all through-freight trains and for a portion of yard and local operations. Expansion of two-person crews is planned for other areas of the system.

With respect to 1995 national railroad negotiations, both the unions and the carriers have taken the necessary steps to commence labor negotiations, with the filing of their initial bargaining positions. Whether unions are required to bargain nationally with all railroads at once, or can bargain with individual railroads, is currently being litigated with two unions. Negotiations on substantive issues are proceeding with other unions. The negotiations will likely continue through 1995 and beyond.

As the nation's largest non-union trucking company, Overnite is periodically targeted by major labor organization efforts and is currently the subject of an organizational campaign instituted by the International Brotherhood of Teamsters Union at many of its terminals. As of March 7, 1995, Overnite employees had voted for union representation at seven terminals, requiring Overnite to bargain in good faith with union officials regarding future pay rates, benefits and work rules for employees at those locations. At such date, approximately 5.6 percent of Overnite's 14,300 employees were represented by labor unions.

Governmental Regulation

Union Pacific's operations are currently subject to a variety of Federal, state and local regulations. A description of the more significant regulations follows.

The operations of Union Pacific Railroad and Overnite are subject to the regulatory jurisdiction of the ICC, other Federal agencies and various state agencies. The ICC has jurisdiction over rates charged on certain regulated rail traffic; freight car compensation; issuance or guarantee of railroad and certain railroad holding company securities; transfer, extension or abandonment of rail lines; and acquisition of control of rail common carriers and motor carriers by rail common carriers. The United States Congress and Clinton Administration appear to be in agreement that the ICC should be eliminated and that some of its rail and truck regulatory functions should be transferred to other Federal agencies. It is unclear whether the transfer of such functions, in particular the jurisdiction over the acquisition of control of rail common carriers and motor carriers, will involve the imposition of different or more burdensome regulatory requirements and what effect such transfer will have on Union Pacific operations.

Other Federal agencies have jurisdiction over safety, movement of hazardous materials, movement and disposal of hazardous waste, and equipment standards. State agencies regulate intrastate rail freight rates to the extent that such agencies have adopted Federal standards and procedures and continue to follow such procedures. However, several states in which railroad operations are conducted have ceded intrastate rail rate regulation to the ICC. In addition, in January 1995, the Federal government deregulated intrastate trucking, lifting state oversight of rates, routes and service. Several states are currently reviewing the duties of the agencies that have historically carried out economic and other regulation of railroads and motor carriers. Various state and local agencies also have jurisdiction over disposal of hazardous wastes and seek to regulate movement of hazardous materials.

Most of Resources' crude oil, field condensate and natural gas operations are in jurisdictions in which production is regulated under applicable conservation laws. Exploration and production activities are also subject to regulations respecting safety. The transportation of Resources' natural gas is affected by the provisions of the Natural Gas Act and the Natural Gas Policy Act. These acts, administered by the Federal Energy Regulatory Commission ("FERC"), regulate the interstate transportation of gas, including rates and the terms and conditions for service. FERC also governs the tariffs for common carrier liquid pipelines. Resources operates intrastate natural gas pipelines in Texas and Wyoming. State agencies regulate the operations of these lines, including the rates, terms and conditions for providing transportation service. The Department of the Interior regulates the leasing of Federal lands and the exploration for and production of oil and gas on and from such lands. The transmission by pipeline of liquid petroleum, petroleum products and natural gas is subject to Federal and state pipeline safety laws.

Resources' mining operations are subject to a variety of Federal and state regulations respecting safety, land use and reclamation. In addition, the Department of the Interior regulates the leasing of Federal lands for coal development as provided in the Mineral Lands Leasing Act of 1920. Section 2(c) of this Act prohibits a company operating a railroad from holding a Federal coal lease. In late 1982 the Department of the Interior decided that the Section prohibits new leasing to affiliates of railroads, such as Resources and Union Pacific Minerals, Inc. The Department of Justice and the Department of the Interior have both concluded that under current conditions Section 2(c) is an impediment to competition and that it should be repealed. In January 1993, a Regional Solicitor of the Department of the Interior opined that Section 2(c) does not prohibit Resources' Black Butte joint venture coal company mine from holding Federal coal leases.

Environmental Regulation

Subsidiaries of Union Pacific are subject to various environmental statutes and regulations, including the Resource Conservation and Recovery Act ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") and the Clean Air Act ("CAA").

RCRA applies to hazardous waste generators and transporters, as well as persons engaged in treatment and disposal of hazardous waste, and specifies standards for storage areas, treatment units and land disposal units. All generators of hazardous waste are required to label shipments in accordance with detailed regulations and to prepare a detailed manifest identifying the material and stating its destination before waste can be released for offsite transport. The transporter must deliver the hazardous waste in accordance with the manifest and only to a treatment, storage or disposal facility qualified for RCRA interim status or having a final RCRA permit.

Environmental Protection Agency ("EPA") regulations under RCRA have established a comprehensive system for the management of hazardous waste. These regulations identify a wide range of industrial by-products and residues as hazardous waste, and specify requirements for "cradle-to-grave" management of such waste from the time of generation through the time of disposal and beyond. States that have adopted hazardous waste management programs with standards at least as stringent as those promulgated by the EPA may be authorized by the EPA to administer all or part of RCRA on behalf of the EPA.

CERCLA was designed to establish a strategy for cleaning up facilities at which hazardous waste or other hazardous substances have created actual or potential environmental hazards. The EPA has designated certain facilities as requiring cleanup or further assessment. Among other things, CERCLA authorizes the Federal government either to clean up such facilities itself or to order persons responsible for the situation to do so. The act created an $8.5 billion fund to be used by the Federal government to pay for such cleanup efforts.

CERCLA imposes strict liability on the owners and operators of facilities in which hazardous waste and other hazardous substances are deposited or from which they are released or are likely to be released into the environment, the generators of such waste, and the transporters of the waste who select the disposal or treatment sites. Liability may include cleanup costs incurred by third persons and damage to publicly-owned natural resources. Union Pacific subsidiaries are subject to potential liability under CERCLA as generators of hazardous waste and as transporters. Some states have enacted, and other states are considering enacting, legislation similar to CERCLA. Certain provisions of these acts are more stringent than CERCLA. States that have passed such legislation are currently active in designating more facilities as requiring cleanup and further assessment. CERCLA may be subject to reauthorization in 1995 and may be substantially modified as part of that reauthorization.

The operations of Union Pacific's subsidiaries are subject to the requirements of the CAA. The 1990 amendments to the CAA include a provision under Title V that requires that certain facilities obtain operating permits. EPA regulations require all states to develop Federally approvable permit programs. State permit programs were required to be submitted for approval by November 1993. The EPA was required to approve or disapprove these programs by November 1994, and affected facilities must submit air operating permit applications to the respective states within one year of the EPA's approval of the state programs. Certain Union Pacific facilities, such as gas processing plants and other facilities at Resources, as well as certain Railroad facilities, may be required to obtain such permits. In addition, the EPA is expected to propose mobile source regulations during the summer of 1995. These regulations are expected to require the "remanufacture" of much of the Railroad's locomotive fleet by the year 2007. In addition, locomotives purchased in the future could have to meet stringent emissions criteria by the year 2000. While the cost of these modifications may be significant, such expenditures are not expected to materially affect the Corporation's financial condition or results of operations.

The operations of Union Pacific's subsidiaries are also subject to other laws protecting the environment, including permit requirements for wastewater discharges pursuant to the National Pollutant Discharge Elimination System and stormwater regulations under the Federal Water Pollution Control Act.

Item 3. Legal Proceedings

Santa Fe Pacific Corporation/Burlington Northern Inc. Merger Litigation

On October 6, 1994, the Corporation filed suit in the Court of Chancery in Delaware against Santa Fe, BN and the members of the Board of Directors of Santa Fe seeking, among other things, a declaratory judgment that the merger agreement between Santa Fe and BN was terminable by Santa Fe in order to allow Santa Fe to accept a merger proposed by the Corporation, and an injunction requiring Santa Fe to negotiate with the Corporation regarding the Corporation's proposal. On October 19, 1994 the Corporation filed a First Amended and Supplemental Complaint, and was joined in that action as plaintiff by James A. Shattuck, an officer of the Railroad, who also is a stockholder of Santa Fe. In addition to the claims stated and relief sought in the Corporation's original complaint, the First Amended and Supplemental Complaint alleged, among other things, that Santa Fe and the director defendants had breached their fiduciary duties of candor by joining BN in a wrongful campaign to mislead Santa Fe's stockholders (via press releases and the Joint Proxy Statement issued by Santa Fe and BN) into believing, among other things, that (i) Santa Fe could not lawfully consider the Corporation's merger proposal, (ii) the Corporation's merger proposal was illusory and made solely for the purpose of preventing a merger of Santa Fe and BN, and (iii) a merger of the Corporation and Santa Fe could not lawfully occur.

On January 31, 1995, the Corporation withdrew its proposal to merge with Santa Fe and terminated its related tender offer. On February 24, 1995, a Stipulation of Dismissal was filed with the Court dismissing the Corporation's lawsuit without prejudice.

The Corporation has accrued $243 million for estimated future environmental costs. The Corporation does not expect that the outcome of pending lawsuits against it or environmental costs will have a material adverse effect on its consolidated results of operations, financial position or liquidity.

Environmental Matters

In 1983, UPRR and the EPA entered into two consent orders under CERCLA and RCRA, respectively, relating to groundwater pollution resulting from the wastewater treatment system at UPRR's tie treating facility in Laramie, Wyoming which was closed in 1983. UPRR and the State of Wyoming entered into an agreement suspending litigation brought by the State alleging violation of state environmental laws with respect to the site. Pursuant to the consent orders and the agreement, UPRR financed a remedial investigation and feasibility study for the site and constructed a containment isolation system. In January 1988, the EPA and UPRR entered into a new RCRA consent order regarding the oil recovery and on-site treatment testing program which UPRR was conducting at the site. More recently, UPRR completed a Corrective Measures Study which recommended a final remedy for the site. The EPA approved this study provided that its remedial effect is subject to re-evaluation after 5 years. UPRR has paid $253,317 for oversight costs incurred by the EPA prior to September 30, 1986 and $237,996 for costs incurred between September 30, 1986 and November 30, 1991. EPA oversight costs incurred after that date are being paid on an annual basis. The EPA is authorized under CERCLA to receive reimbursement for such costs.

In December 1992, the Texas Natural Resources Conservation Commission ("TNRCC") served MPRR with a Notice of Violation for alleged discharges and fuel spills at MPRR's San Antonio, Texas railyard. The TNRCC proposed penalties totalling $500,000. MPRR and the TNRCC settled this matter for a penalty payment of $300,000 plus the implementation of certain supplemental environmental projects in Texas costing $275,000.

Two complaints and a compliance report issued in 1991 and 1992 by the California Department of Toxic Substance Control ("CDTSC") alleged various violations of waste oil management regulations at UPRR's East Los Angeles, California railyard. In November 1993, the CDTSC issued an enforcement order proposing a $198,000 penalty for these alleged violations. UPRR settled this matter for $95,000.

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 totalling $330,000. Following discussions with the EPA and following the purchase of AMAX 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 expects further amendments to the Complaint and to enter into a Consent Agreement with the EPA pursuant to which civil penalties totalling $84,000 will be paid in settlement of this matter.

In addition to the foregoing, Union Pacific and several of its subsidiaries have received notices from the EPA and state environmental agencies alleging that they are or may be liable under CERCLA, RCRA, and other Federal or state environmental legislation for the remediation costs associated with alleged contamination or for violations of environmental requirements at various sites throughout the United States, including sites which are on the Superfund National Priorities List or state superfund lists. Although specific claims have been made by the EPA and state regulators with respect to some of these sites, the ultimate impact of these proceedings and suits by third parties cannot be predicted at this time because of the number of potentially responsible parties involved, the degree of contamination by various wastes, the scarcity and quality of volumetric data related to many of the sites and/or the speculative nature of remediation costs. Nevertheless, at many of the superfund sites, the Corporation believes it will have little or no exposure because no liability should be imposed under applicable law, one or more other financially able parties generated all or most of the contamination, or a settlement of Union Pacific's exposure has been reached although regulatory proceedings at the sites involved have not been formally terminated. Additional information on the

Corporation's potential environmental costs is set forth under Other Matters on page 29 of the Annual Report.

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

Not applicable.

Other Matters - Stockholder Reports

In connection with the 1995 Annual Meeting, the Corporation received a proposal from two of its stockholders requesting a report containing certain information concerning equal employment opportunities and workplace diversity. The proponent stockholders agreed to withdraw the proposal from consideration at the 1995 Annual Meeting in exchange for the Corporation's commitment to prepare such a report. The report is being prepared and will be available upon request to all stockholders after June 1, 1995. Stockholders desiring to obtain a copy of the report should send a written request to Union Pacific Corporation, Eighth and Eaton Avenues, Bethlehem, Pennsylvania 18018 (Attention: Corporate Secretary).

Executive Officers of the Registrant and
Principal Executive Officers of Subsidiaries

Name	Position	Age	Business Experience During Past Five Years
Drew Lewis	Chairman and Chief Executive Officer	63	(1)
Richard K. Davidson . .	President of Union Pacific and Chairman and Chief Executive Officer of the Railroad	53	(2)
L. White Matthews, III .	Executive Vice President - Finance	49	(3)
Ursula F. Fairbairn. . .	Senior Vice President - Human Resources	52	(4)
Carl W. von Bernuth. . .	Senior Vice President and General Counsel	51	(5)
Charles E. Billingsley .	Vice President and Controller	61	Current Position
John E. Dowling	Vice President - Corporate Development	47	Current Position
John B. Gremillion, Jr .	Vice President - Taxes	48	(6)
Mary E. McAuliffe. . . .	Vice President - External Relations	49	(7)
Gary F. Schuster	Vice President - Corporate Relations	53	Current Position
Gary M. Stuart	Vice President and Treasurer	54	Current Position
Judy L. Swantak.	Vice President and Corporate Secretary	39	(8)
Jack L. Messman	President and Chief Executive Officer of Resources	55	(9)
James D. Douglas	President and Chief Operating Officer of Overnite	45	(10)

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(1) Mr. Lewis has served in his present position for the past five years. In addition, Mr. Lewis served as President of Union Pacific through May 1994 and as Chairman of the Railroad during August and September 1991.

(2) Mr. Davidson was elected President of Union Pacific effective May 1994, Chairman of the Railroad effective September 1991, and Chief Executive Officer of the Railroad effective August 1991. In addition, Mr. Davidson served as President of the Railroad during August 1991. Prior to August 1991, he served as Executive Vice President - Operations of the Railroad.

(3) Mr. Matthews was elected to his present position effective April 1992. Prior thereto, he served as Senior Vice President - Finance of Union Pacific.

(4) Mrs. Fairbairn was elected to her present position effective April 1990. Prior thereto, she served as IBM Director of Education and Management Development for International Business Machines Corporation.

(5) Mr. von Bernuth was elected to his present position effective September 1991. Prior thereto, he served as Vice President and General Counsel of Union Pacific.

(6) Mr. Gremillion was elected to his present position effective February 1992. Prior thereto, he served as Director of Taxes of Union Pacific.

(7) Ms. McAuliffe was elected to her present position effective December 1991. Prior thereto, she served as Director - Washington Affairs, Transportation and Tax of Union Pacific.

(8) Mrs. Swantak was elected to her present position effective September 1991. Prior thereto, she served as Corporate Secretary of Union Pacific.

(9) Mr. Messman was elected to his present position effective May 1991 and concurrently served as Chairman of USPCI prior to January 1995. In addition, prior to May 1991, he served as Chief Executive Officer of USPCI.

(10) Mr. Douglas was elected to his present position effective February 1995. From July 1993 through January 1995 he served as Senior Vice President - Finance and Administration of Overnite, and from March 1991 through June 1993 he served as Vice President - Finance of Overnite. Prior thereto, he served as Assistant Controller - Accounting of Union Pacific.

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

Information as to the markets in which Union Pacific's Common Stock is traded, the quarterly high and low prices for such stock, the dividends declared with respect to the Common Stock during the last two years, and the approximate number of stockholders of record at January 31, 1995, is set forth under Selected Quarterly Data and Stockholders and Dividends, appearing on pages 43 and 44 of the Annual Report. Information as to restrictions on the payment of dividends with respect to the Corporation's Common Stock is set forth in Note 8 to Financial Statements, appearing on pages 40 and 41 of the Annual Report. Such information is incorporated herein by reference.

Item 6. Selected Financial Data

Selected Financial Data for Union Pacific for each of the last five years are set forth under Ten-Year Financial Summary, appearing on page 47 of the Annual Report. All such information is incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Information as to Union Pacific's results of operations, cash flows, liquidity and capital resources, and other matters is set forth in the Financial Review, appearing on pages 23 through 30 of the Annual Report, and is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data

The Corporation's consolidated financial statements, accounting policy disclosures, notes to financial statements, business segment information and independent auditors' report are presented on pages 31 through 43 of the Annual Report. Selected quarterly financial data are set forth under Selected Quarterly Data, appearing on page 43 of the Annual Report. Information with respect to oil and gas producing activities is set forth under Supplementary Information, appearing on pages 44 through 46 of the Annual Report. All such information is incorporated herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

(a) Directors of Registrant.

Information as to the names, ages, positions and offices with Union Pacific, terms of office, periods of service, business experience during the past five years and certain other directorships held by each director or person nominated to become a director of Union Pacific is set forth in the Directors segments of the Proxy Statement and is incorporated herein by reference.

(b) Executive Officers of Registrant.

Information concerning the executive officers of Union Pacific and its subsidiaries is presented in Part I of this Report under Executive Officers of the Registrant and Principal Executive Officers of Subsidiaries.

(c) Section 16(a) Compliance.

Information concerning compliance with Section 16(a) of the Securities Exchange Act of 1934 is set forth in the Certain Relationships and Related Transactions segment of the Proxy Statement and is incorporated herein by reference.

Item 11. Executive Compensation

Information concerning remuneration received by Union Pacific's executive officers and directors is presented in the Compensation of Directors, Compensation Committee Interlocks and Insider Participation, Summary Compensation Table, Option/SAR Grants Table, Option/SAR Exercises and Year-End Value Table and Defined Benefit Plans segments of the Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information as to the number of shares of Union Pacific's equity securities beneficially owned as of February 10, 1995 by each of its directors and nominees for director, its five most highly compensated executive officers and its directors and executive officers as a group is set forth in the Directors and Security Ownership of Management segments of the Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

Information on related transactions is set forth in the Certain Relationships and Related Transactions and Compensation Committee Interlocks and Insider Participation segments of the Proxy Statement and is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) (1) and (2) Financial Statements and Schedules

The financial statements, accounting policy disclosures, notes to financial statements and independent auditors' report appearing on pages 31 through 43, inclusive, of Union Pacific's 1994 Annual Report to Stockholders are incorporated herein by reference.

No schedules are required to be filed because of the absence of conditions under which they would be required or because the required information is set forth in the financial statements referred to above.

(3) Exhibits - Items 10(a) through 10(n) constitute the management contracts and executive compensation plans and arrangements required to be filed as exhibits to this report.

(3) (a) Union Pacific's Revised Articles of Incorporation, as amended through April 17, 1992, are incorporated herein by reference to Exhibit 3(a) to Union Pacific's Report on Form 10-Q for the quarter ended March 31, 1992.

(3) (b) Union Pacific's By-Laws, amended effective as of January 26, 1995.

(4) Pursuant to various indentures and other agreements, Union Pacific has issued long-term debt; however, no such agreement has securities or obligations covered thereby which exceed 10% of Union Pacific's total consolidated assets. Union Pacific agrees to furnish the Commission with a copy of any such indenture or agreement upon request by the Commission.

(10) (a) The Executive Incentive Plan of Union Pacific Corporation and Subsidiaries, amended effective as of September 30, 1993, is incorporated herein by reference to Exhibit 10 to Union Pacific's Report on Form 10-Q for the quarter ended September 30, 1992 and Exhibit 10(a) to Union Pacific's Report on Form 10-Q for the quarter ended September 30, 1993.

(10) (b) The 1982 Stock Option and Restricted Stock Plan of Union Pacific Corporation, as amended as of February 1, 1992, is incorporated herein by reference to Exhibit 10(c) to Union Pacific's Report on Form 10-K for the year ended December 31, 1991.

(10) (c) The 1988 Stock Option and Restricted Stock Plan of Union Pacific Corporation, as amended as of February 1, 1992, is incorporated herein by reference to Exhibit 10(d) to Union Pacific's Report on Form 10-K for the year ended December 31, 1991.

(10) (d) The Supplemental Pension Plan for Officers and Managers of Union Pacific Corporation and Affiliates, as amended and restated, is incorporated herein by reference to Exhibit 10(d) to Union Pacific's Report on Form 10-K for the year ended December 31, 1993.

(10) (e) The Supplemental Pension Plan for Exempt Salaried Employees of Union Pacific Resources Company and Affiliates, as amended and restated, is incorporated by reference to Exhibit 10(e) to Union Pacific's Report on Form 10-K for the year ended December 31, 1993.

(10) (f) The Employment Agreement, dated as of January 30, 1986, between Union Pacific and Andrew L. Lewis, Jr., is incorporated herein by reference to Exhibit 10(e) to Union Pacific's Report on Form 10-K for the year ended December 31, 1985.

(10) (g) The 1990 Retention Stock Plan of Union Pacific Corporation, as amended as of September 30, 1993, is incorporated herein by reference to Exhibit 10(e) to Union Pacific's Report on Form 10-Q for the quarter ended September 30, 1991 and Exhibit 10(b) to Union Pacific's Report on Form 10-Q for the quarter ended September 30, 1993.

(10) (h) The 1992 Restricted Stock Plan for Non-Employee Directors of Union Pacific Corporation, as amended as of January 28, 1993, is incorporated herein by reference to Exhibit 10(a) to Union Pacific's Current Report on Form 8-K filed March 16, 1993.

(10) (i) The 1993 Stock Option and Retention Stock Plan of Union Pacific Corporation, as amended as of September 30, 1993, is incorporated herein by reference to Exhibit 10(b) to Union Pacific's Current Report on Form 8-K filed March 16, 1993 and Exhibit 10(c) to Union Pacific's Report on Form 10-Q filed for the quarter ended September 30, 1993.

(10) (j) The Pension Plan for Non-Employee Directors of Union Pacific Corporation is incorporated herein by reference to Exhibit 10(k) to Union Pacific's Report on Form 10-K for the year ended December 31, 1992.

(10) (k) The Executive Life Insurance Plan of Union Pacific Corporation, adopted August 2, 1994, is incorporated herein by reference to Exhibit 10 to Union Pacific's Report on Form 10-Q for the quarter ended June 30, 1994.

(10) (l) The Union Pacific Corporation Stock Unit Grant and Deferred Compensation Plan for the Board of Directors.

(10) (m) Written Description of Charitable Contribution Plan for Non-Employee Directors of Union Pacific Corporation is incorporated herein by reference to Exhibit 10(m) to Union Pacific's Report on Form 10-K for the year ended December 31, 1992.

(10) (n) Written Description of Other Executive Compensation Arrangements of Union Pacific Corporation is incorporated herein by reference to Exhibit 10(o) to Union Pacific's Report on Form 10-K for the year ended December 31, 1992.

(11) Computation of earnings per share.

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

(13) Pages 4 through 49, inclusive, of Union Pacific's Annual Report to Stockholders for the year ended December 31, 1994, but excluding photographs set forth on pages 4 through 22, none of which supplements the text and which are not otherwise required to be disclosed in this Form 10-K.

(21) List of Union Pacific's significant subsidiaries and their respective states of incorporation.

(23) Independent Auditors' Consent.

(24) Powers of attorney executed by the directors of Union Pacific.

(27) Financial Data Schedule.

(99) (a) Financial Statements for the Fiscal Year ended December 31, 1994 required by Form 11-K for the Union Pacific Corporation Thrift Plan - To be filed by amendment.

(99) (b) Financial Statements for the Fiscal Year ended December 31, 1994 required by Form 11-K for the Union Pacific Fruit Express Company Agreement Employee 401(k) Retirement Thrift Plan - To be filed by amendment.

(99) (c) Financial Statements for the Fiscal Year ended December 31, 1994 required by Form 11-K for the Skyway Retirement Savings Plan - To be filed by amendment.

(99) (d) Financial Statements for the Fiscal Year ended December 31, 1994 required by Form 11-K for the Union Pacific Agreement Employee 401(k) Retirement Thrift Plan - To be filed by amendment.

(99) (e) Financial Statements for the Fiscal Year ended December 31, 1994 required by Form 11-K for the Union Pacific Motor Freight Agreement Employee 401(k) Retirement Thrift Plan - To be filed by amendment.

(b) Reports on Form 8-K

On October 12, 1994, the Corporation filed a Current Report on Form 8-K, which contained a press release describing the proposed acquisition by the Corporation of Santa Fe and certain related litigation filed by the Corporation.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on this 8th day of March, 1995.

UNION PACIFIC CORPORATION

By /s/ Drew Lewis

Drew Lewis, Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below, on this 8th day of March, 1995, by the following persons on behalf of the registrant and in the capacities indicated.

PRINCIPAL EXECUTIVE OFFICER AND DIRECTOR:

/s/ Drew Lewis

Drew Lewis, Chairman and Chief Executive Officer

PRINCIPAL FINANCIAL OFFICER AND DIRECTOR:

/s/ L. White Matthews, III

L. White Matthews, III, Executive Vice President - Finance

PRINCIPAL ACCOUNTING OFFICER:

/s/ Charles E. Billingsley

Charles E. Billingsley, Vice President and Controller

SIGNATURES - (Continued)

DIRECTORS:

Robert P. Bauman*	Richard J. Mahoney*
Richard B. Cheney*	Claudine B. Malone*
E. Virgil Conway*	Jack L. Messman*
Richard K. Davidson*	John R. Meyer*
Spencer F. Eccles*	Thomas A. Reynolds, Jr.*
Elbridge T. Gerry, Jr.*	James D. Robinson, III*
William H Gray, III*	Robert W. Roth*
Judith R. Hope*	Richard D. Simmons*
Lawrence M. Jones*	

* By /s/ Judy L. Swantak

Judy L. Swantak, Attorney-in-fact

EXHIBIT INDEX

Exhibit Number	
(3) (a)	Union Pacific's Revised Articles of Incorporation, as amended through April 17, 1992, are incorporated herein by reference to Exhibit 3(a) to Union Pacific's Report on Form 10-Q for the quarter ended March 31, 1992.
(3) (b)	Union Pacific's By-Laws, amended effective as of January 26, 1995.
(4)	Pursuant to various indentures and other agreements, Union Pacific has issued long-term debt; however, no such agreement has securities or obligations covered thereby which exceed 10% of Union Pacific's total consolidated assets. Union Pacific agrees to furnish the Commission with a copy of any such indenture or agreement upon request by the Commission.
(10) (a)	The Executive Incentive Plan of Union Pacific Corporation and Subsidiaries, amended effective as of September 30, 1993, is incorporated herein by reference to Exhibit 10 to Union Pacific's Report on Form 10-Q for the quarter ended September 30, 1992 and Exhibit 10(a) to Union Pacific's Report on Form 10-Q for the quarter ended September 30, 1993.

(10) (b) The 1982 Stock Option and Restricted Stock Plan of Union Pacific Corporation, as amended as of February 1, 1992, is incorporated herein by reference to Exhibit 10(c) to Union Pacific's Report on Form 10-K for the year ended December 31, 1991.

(10) (c) The 1988 Stock Option and Restricted Stock Plan of Union Pacific Corporation, as amended as of February 1, 1992, is incorporated herein by reference to Exhibit 10(d) to Union Pacific's Report on Form 10-K for the year ended December 31, 1991.

(10) (d) The Supplemental Pension Plan for Officers and Managers of Union Pacific Corporation and Affiliates, as amended and restated, is incorporated herein by reference to Exhibit 10(d) to Union Pacific's Report on Form 10-K for the year ended December 31, 1993.

(10) (e) The Supplemental Pension Plan for Exempt Salaried Employees of Union Pacific Resources Company and Affiliates, as amended and restated, is incorporated by reference to Exhibit 10(e) to Union Pacific's Report on Form 10-K for the year ended December 31, 1993.

(10) (f) The Employment Agreement, dated as of January 30, 1986, between Union Pacific and Andrew L. Lewis, Jr., is incorporated herein by reference to Exhibit 10(e) to Union Pacific's Report on Form 10-K for the year ended December 31, 1985.

(10) (g) The 1990 Retention Stock Plan of Union Pacific Corporation, as amended as of September 30, 1993, is incorporated herein by reference to Exhibit 10(e) to Union Pacific's Report on Form 10-Q for the quarter ended September 30, 1991 and Exhibit 10(b) to Union Pacific's Report on Form 10-Q for the quarter ended September 30, 1993.

(10) (h) The 1992 Restricted Stock Plan for Non-Employee Directors of Union Pacific Corporation, as amended as of January 28, 1993, is incorporated herein by reference to Exhibit 10(a) to Union Pacific's Current Report on Form 8-K filed March 16, 1993.

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(10) (l) The Union Pacific Corporation Stock Unit Grant and Deferred Compensation Plan for the Board of Directors.

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(99) (e) Financial Statements for the Fiscal Year ended December 31, 1994 required by Form 11-K for the Union Pacific Motor Freight Agreement Employee 401(k) Retirement Thrift Plan - To be filed by amendment.

COVER

EXHIBIT 3(b)

BY-LAWS

OF

UNION PACIFIC CORPORATION

As Amended Effective as of January 26, 1995

BY-LAWS

OF

UNION PACIFIC CORPORATION

(AS AMENDED EFFECTIVE AS OF JANUARY 26, 1995)

ARTICLE I

STOCKHOLDERS MEETINGS

SECTION 1. Annual meetings of the stockholders of this Company shall be held in Salt Lake City, Utah. Special meetings of the stockholders of this Company may be held at such place or places as shall be ordered by the Board of Directors or Executive Committee, but, unless otherwise ordered, such meetings shall be held in Salt Lake City, Utah.

SECTION 2. Annual meetings of the stockholders, for the purpose of electing directors and transacting any other business, shall be held at such time as shall be ordered by the Board of Directors or Executive Committee, but, unless otherwise ordered, shall be held at 8:30 a.m. on the third Friday of April in each year.

SECTION 3. A special meeting of the stockholders may be held at any time upon order of the Board of Directors or Executive Committee. The objects of a special meeting shall be stated in the order therefor, and the business transacted shall be confined to such objects.

SECTION 4. Notice of all meetings of the stockholders shall be given, either personally or by mail, not less than ten nor more than fifty days prior thereto. The notice of all special meetings shall state the objects thereof. The failure to give notice of an annual meeting, or any irregularity in the notice, shall not affect the validity of such annual meeting or of any proceedings thereat. Any stockholder may consent in writing to the holding of a special meeting without notice, and the attendance of any stockholder at a special meeting, whether in person or by proxy, shall constitute a waiver by him of call and notice thereof and a consent to the holding of said meeting and the transaction of any corporate business thereat.

SECTION 5. The Board of Directors or the Executive Committee may fix in advance a day and hour not more than seventy days preceding any annual or special meeting of stockholders as the time for the determination of stockholders entitled to vote at such meeting. Stockholders of record at the time so fixed by the Board of Directors or the Executive Committee and only such stockholders shall be entitled to vote at such meeting. Each share of stock shall entitle such record holder thereof to one vote, in person or by proxy in writing.

SECTION 6. The Chairman of the Board, and in his absence the Chief Executive Officer, and in their absence the President, and in their absence one of the Vice Presidents, shall call meetings of the stockholders to order and act as chairman of such meetings. In the absence of all these officers, the Board of Directors may appoint a chairman of the meeting to act in such event; but if the Board shall not make such appointment, then, in the absence of all of these officers, any stockholder or proxy of any stockholder may call the meeting to order, and a chairman shall be elected.

SECTION 7. The Secretary of the Company shall act as secretary at all meetings of the stockholders; but the Board of Directors or Executive Committee may designate an Assistant Secretary for that purpose before the meeting, and if no such designation shall have been made, then the presiding officer at the meeting may appoint any person to act as secretary of the meeting.

SECTION 8. At each meeting of the stockholders the polls shall be opened and closed, the ballots and proxies shall be received and taken charge of, and all questions touching the qualifications of voters, the validity of proxies, and the acceptance or rejection of votes, shall be decided by two inspectors. Such inspectors shall be appointed before the meeting by the Board of Directors or by the Executive Committee, and if no such appointment shall have been made, then by the presiding officer at the meeting; and if for any reason any of the inspectors previously appointed shall fail to attend, or refuse or be unable to serve, then inspectors, in place of any so failing to attend or refusing or unable to serve, shall be appointed by the presiding officer at the meeting. Such inspectors need not be stockholders.

SECTION 9. The representation of a majority of the outstanding capital stock of the Company by the holders thereof in person or by proxy shall be requisite to constitute a quorum for the holding of any meeting of the stockholders; except that any proportion of the outstanding stock less than a majority may adjourn a meeting from day to day until a quorum shall be present. A majority of the capital stock represented at any meeting shall be necessary to determine any question or election thereat. The time and place to which any adjournment is taken shall be publicly announced at the meeting, and no further notice thereof shall be necessary.

ARTICLE II

BOARD OF DIRECTORS

SECTION 1. The business and affairs of the Company shall be managed by the Board of Directors, which shall consist of nineteen members. The directors shall be divided into three classes in accordance with Article Seventh of the Articles of Incorporation of the Company. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any director appointed by the Board of Directors to fill a directorship caused by an increase in the number of directors shall serve until the next annual meeting or a special meeting of the stockholders called for the purpose of electing a director to the office so created.

SECTION 2. Regular meetings of the Board of Directors shall be held at 9:30 a.m. on such day in such months as the Board shall from time to time designate, and no further notice of such regular meetings shall be required. Special meetings shall be held whenever called by order of the Chairman or the Executive Committee or any five members of the Board. Notice of Special meetings shall be given, at least one day prior thereto, by personal service of written notice upon the directors or by delivering the same at or mailing or telegraphing the same to their respective residences or offices. Any director may consent in writing to the holding of a special meeting without notice, and the attendance of any director at a special meeting shall constitute a waiver by him of call and notice thereof and a consent to the holding of said meeting and the transaction of any corporate business thereat. Meetings of the Board of Directors may be held at such place or places as shall be ordered by the Executive Committee or by a majority of the directors in office, but unless otherwise ordered, all meetings of the Board of Directors shall be held at the general office of the Company in the City and State of New York.

SECTION 3. A majority of the directors in office shall constitute a quorum at all meetings of the Board. If a quorum be not present at any meeting, a majority of the directors present may adjourn the meeting until a later day or hour.

SECTION 4. As soon as practicable after the close of each fiscal year, the Board of Directors shall make a report of the business and affairs of the Company to the stockholders.

SECTION 5. Each director, other than active employees of the Company, or of any subsidiary of the Company, shall be paid an annual retainer in an amount equal to $60,000, a portion of which may be required to be deferred as determined by the Board of Directors, and each such director who shall serve as the Chairman or a Co-Chairman of a Committee of the Board shall receive an additional annual retainer of $6,000, each retainer payable quarterly at the end of the quarter, except that directors who attend fewer than 75% of the Board and Committee meetings on which they serve will be paid 75% of the annual retainer, plus a reasonable allowance for transportation and other expenses incurred by such director in going to any meeting of the Board of Directors, or of any Committee of the Board, and returning to such director's place of residence.

ARTICLE III

EXECUTIVE COMMITTEE

SECTION 1. There shall be an Executive Committee consisting of such number of directors as shall be elected thereto by the Board of Directors, whose terms of office shall continue during the pleasure of the Board, and in addition the Chairman of the Board, the Chief Executive Officer, the Chairman of the Executive Committee and the President, ex officio. The Executive Committee shall, when the Board of Directors is not in session, have all the powers of the Board of Directors to manage and direct all the business and affairs of the Company, in such manner as said Committee shall deem best for the Company's interests, in all cases in which specific directions shall not have been given by the Board of Directors.

SECTION 2. Meetings of the Executive Committee may be called at any time by the Chairman of the Board or a majority of the members of the Committee, to convene at such time and place as may be designated.

SECTION 3. A majority of the members of the Committee shall constitute a quorum. If a quorum be not present at any meeting, the member or members of the Committee present may adjourn the meeting until a later day or hour; or the member or members present, whether constituting a quorum or not, at his or their option, shall have the power to appoint a substitute or substitutes from the members of the Board of Directors to act during the temporary absence of any member or members of the Committee.

ARTICLE IV

OFFICERS AND AGENTS

SECTION 1. There may be elected by the Board of Directors from its members a Chairman of the Board, a Chief Executive Officer, a President, a Chief Operating Officer, one or more Vice Chairmen of the Board, and a Chairman of the Executive Committee, and there may also be elected by the Board of Directors an Executive Vice President, an Executive Vice President-Finance, a Senior Vice President-Law, a Senior Vice President-Human Resources, a Vice President-Taxes, a General Counsel, a Controller, a Secretary, a Treasurer and such other Vice Presidents as the Board shall determine, and there may also be appointed by the Board of Directors or Executive Committee such Assistant Secretaries, Assistant Treasurers, Assistant Controllers, Associate General Counsels, Assistant General Counsels, General Tax Counsels, Associate General Tax Counsels and other officers and agents as the Board of Directors or Executive Committee shall from time to time determine.

SECTION 2. The Chairman of the Board shall preside, when present, at meetings of the Board of Directors and at meetings of the Executive Committee and shall perform such other duties and possess such powers as may be prescribed or conferred by the Board of Directors or the Chief Executive Officer.

SECTION 3. The Chief Executive Officer shall have general supervision of all departments and offices of the Company and of the interest of the Company in all companies controlled by it. He shall preside, in the absence of the Chairman of the Board, at meetings of the Board of Directors and at meetings of the Executive Committee.

SECTION 4. The President shall preside, in the absence of the Chairman of the Board, at meetings of the Board of Directors and the Executive Committee and shall perform such duties and possess such powers as may be prescribed or conferred by the Board of Directors or the Chief Executive Officer.

SECTION 5. The Chief Operating Officer shall have day to day operating responsibilities for the affairs of the Company, reporting to the Chief Executive Officer, and shall perform such duties as may be prescribed or conferred by the Board of Directors or the Chief Executive Officer.

SECTION 6. The Vice Chairmen of the Board shall perform such duties and possess such powers as may be prescribed or conferred by the Board of Directors or the Chief Executive Officer.

SECTION 7. The Chairman of the Executive Committee shall perform such duties and possess such powers as may be prescribed or conferred by the Board of Directors, the Executive Committee or the Chief Executive Officer.

SECTION 8. The Executive Vice President shall have the direction and management of the strategic planning and corporate development functions of the Company, and shall perform such other duties as may be prescribed or conferred by the Chief Executive Officer.

SECTION 9. The Executive Vice President-Finance shall have the direction and management of the financial affairs and investments of the Company and of the offices in charge of the Controller, the Treasurer and the Vice President-Taxes, and shall perform such other duties as may be prescribed or conferred by the Chief Executive Officer.

SECTION 10. The Senior Vice President-Law shall have the direction and management of all legal business of the Company except as otherwise provided in Sections 12, 13 and 19 of this ARTICLE IV, and shall perform such other duties as may be prescribed or conferred by the Chief Executive Officer.

SECTION 11. The Senior Vice President-Human Resources shall have the direction and management of the human resources functions of the Company, and shall perform such other duties as may be prescribed or conferred by the Chief Executive Officer.

SECTION 12. The General Counsel shall perform such duties respecting legal matters as shall be assigned to him by the Chief Executive Officer, and shall perform such other duties as may be prescribed or conferred by the Chief Executive Officer.

SECTION 13. The Vice President-Taxes shall, under the control of the Executive Vice President-Finance, have charge of all aspects of Federal, foreign, state and local taxes, and shall perform such other duties as may be assigned by the Executive Vice President-Finance.

SECTION 14. The other Vice Presidents elected from time to time shall perform such duties and possess such powers as may be prescribed or conferred by the Board of Directors or the Chief Executive Officer.

SECTION 15. Except as otherwise provided herein or directed by the Board of Directors, the Controller shall have immediate charge of the general books, accounts and statistics of the Company and shall be the custodian of all vouchers, drafts, invoices and other evidences of payment and all bonds, interest coupons and other evidences of indebtedness which shall have been cancelled. He is authorized to approve for payment by the Treasurer vouchers, payrolls, drafts or other accounts. He shall be furnished by the Assistant Controllers of the Company periodically or specially as requested by him with the approval of and in form prescribed by the Executive Vice President-Finance, statements of operating revenues and expenses and estimates thereof and of expenditures and estimates on all other accounts; and copies of all statistical data that may be compiled in regular course and also all other information in reference to the financial affairs and operations of the Company and of any subsidiary company that may be required by the Executive Vice President-Finance or the Board of Directors. He shall submit for each regular meeting of the Board of Directors, and, at such other times as may be required by said Board or the Executive Vice President-Finance, statements of operating results, of cash resources and requirements and of appropriations for Capital Expenditures, and shall perform such other duties as the Executive Vice President-Finance may from time to time direct.

The Assistant Controllers shall exercise such of the powers and perform such of the duties of the Controller with respect to accounting and approving or authorizing payments as shall be assigned to them by the Controller.

SECTION 16. The Secretary shall attend all meetings of the stockholders, the Board of Directors and the Executive Committee, and keep a record of all their proceedings. He shall procure and keep in his files certified copies of the minutes of all meetings of the stockholders, boards of directors and executive committees of all companies a majority of whose capital stock is owned by this Company. He shall be the custodian of the seal of the Company. He shall have power to affix the seal of the Company to instruments, the execution of which is authorized by these By-Laws or by action of the Board of Directors or Executive Committee, and to attest the same. He shall have supervision of the issuance, transfer and registration of the capital stock and debt securities of the Company. He shall perform such other duties as may be assigned to him by the Board of Directors or the Chief Executive Officer.

The Assistant Secretaries shall have power to affix the seal of the Company to instruments, the execution of which is authorized by these By-Laws or by action of the Board of Directors or Executive Committee, and to attest the same, and shall exercise such of the other powers and perform such of the other duties of the Secretary as shall be assigned to them by the Secretary.

SECTION 17. Except as otherwise provided herein or directed by the Board of Directors, the Treasurer shall be the custodian of all moneys, stocks, bonds, notes and other securities of the Company. He is authorized to receive and receipt for stocks, bonds, notes and other securities belonging to the Company or which are received for its account. All stocks, bonds, notes and other securities in the custody of the Treasurer shall be held in the safe deposit vaults of the Company subject to access thereto as shall from time to time be ordered by the Board of Directors. Stocks, bonds, notes and other securities shall be deposited in the safe deposit vaults, or withdrawn from them, only on warrants signed and countersigned by such persons as shall be authorized by the Board of Directors or the Chief Executive Officer. The Treasurer is authorized and empowered to receive and collect all moneys due to the Company and to receipt therefor. All moneys received by the Treasurer shall be deposited to the credit of the Company in such depositories as shall be designated by the Board of Directors or the Chief Executive Officer; and the Treasurer may endorse for deposit therein all checks, drafts, or vouchers drawn to the order of the Company or payable to it. He is also authorized to draw checks against any funds to the credit of the Company in any of its depositories. All such checks shall be signed and countersigned by such persons as shall be authorized by the Board of Directors except that, if so provided by the Board of Directors, checks in payment of bond coupons may be without countersignature, and checks in payment of dividends on stock and interest on registered bonds may be signed with the facsimile signature of the Treasurer and may be countersigned with the facsimile countersignature of the Controller. The Treasurer is authorized to make disbursements in settlement of vouchers, payrolls, drafts or other accounts, when approved for payment by the Controller, or such other person as shall be authorized by the Board of Directors or the Chief Executive Officer; for payments which have been otherwise ordered or provided for by the Board of Directors or the Chief Executive Officer; for interest on bonds and dividends on stock when due and payable; for vouchers, pay checks, drafts and other accounts properly certified to by the duly authorized officers of the Company; and for vouchers, pay checks, drafts and other accounts approved by the officers duly authorized to approve for payment of any company which this Company controls through ownership of stock or otherwise, as may be designated in writing from time to time by the Chief Executive Officer to the Treasurer. He shall cause to be kept in his office true and full accounts of all receipts and disbursements of his office. He shall also perform such other duties as shall be assigned to him by the Executive Vice President-Finance.

The Assistant Treasurers may exercise all powers of the Treasurer herein conferred in respect of the receipt of moneys and securities, endorsement for deposit and signature of checks.

SECTION 18. The Associate General Counsels and Assistant General Counsels shall perform such duties respecting legal matters as shall be assigned to them by the General Counsel.

SECTION 19. The General Tax Counsels shall be responsible for all tax-related legal advice (including federal tax planning and research, litigation and legislation; tax aspects of strategic, operational and financing transactions; and ERISA/Benefits tax matters), and shall perform such other duties as shall be assigned to them by the Vice President-Taxes.

SECTION 20. The Associate General Tax Counsels shall perform such duties as shall be assigned to them by the Vice President-Taxes or the General Tax Counsels.

ARTICLE V

SUPERVISION, REMOVAL AND SALARIES OF
OFFICERS AND EMPLOYEES

SECTION 1. Any officer or committee elected or appointed by the Board of Directors may be removed as such at any time by the affirmative vote of a majority of the whole Board. Any other officer or employee of the Company may be removed at any time by vote of the Board of Directors or of the Executive Committee. All officers, agents and employees other than those appointed by the Board of Directors or Executive Committee may be removed by the officer appointing them.

SECTION 2. All officers, agents and employees of the Company, in the exercise of the powers conferred and the performance of the duties imposed upon them, by these By-Laws or otherwise, shall at all times be subject to the direction, supervision and control of the Board of Directors or the Executive Committee.

SECTION 3. No office or position shall be created and no person shall be employed at a salary of more than $200,000 per annum, and no salary shall be increased to an amount in excess of $200,000 per annum, without the approval of the Board of Directors or Executive Committee, nor shall special compensation be paid to any officer or employee, unless authorized by the Board of Directors or Executive Committee; provided, however, that this section shall be applicable only to salaried positions.

SECTION 4. The Board of Directors may from time to time vest general authority in the Chairman of the Board, the Chief Executive Officer, the President, or the Head of any department or office of the Company, or any such other officer of the Company as any of the foregoing shall designate, for the sole determination of disposition of any matter which otherwise should be required to be considered by the Board of Directors or the Executive Committee under the provisions of this Article.

ARTICLE VI

CONTRACTS AND EXPENDITURES

SECTION 1. All capital expenditures, exploration and development programs, leases and property dispositions must be authorized by the Board of Directors or Executive Committee, except that general or specific authority with regard to such matters may be delegated to such officers of the Company as the Board of Directors may from time to time direct.

SECTION 2. Expenditures chargeable to operating expenses may be made by or under the direction of the Head of the department or office of the Company in which they are required, without explicit or further authority from the Board of Directors or Executive Committee, subject to direction, restriction or prohibition by the Chief Executive Officer.

SECTION 3. No contract shall be made without the approval of the Board of Directors or Executive Committee, except as authorized by the Board of Directors or these By-Laws.

SECTION 4. Contracts for work, labor and services and materials and supplies, the expenditures for which will be chargeable to operating expenses, may be made in the name and on behalf of the Company by the Head of the department or office of the Company concerned, or by such officer as he shall designate, without further authority.

SECTION 5. All written contracts and agreements to which the Company may become a party shall be approved as to form by or under the direction of counsel for the Company.

SECTION 6. The Chief Executive Officer, the Chairman of the Board, the President, the Heads of the departments and offices of the Company and the Vice Presidents shall severally have the power to execute on behalf of the Company any deed, bond, indenture, certificate, note, contract or other instrument authorized or approved by the Board of Directors or the Executive Committee, and to cause the corporate seal to be thereto affixed and attested by the Secretary or an Assistant Secretary.

SECTION 7. The Board of Directors may from time to time vest general or specific authority in such officers of the Company as the Board of Directors shall designate for the sole determination of disposition of any matter which otherwise would be required to be considered by the Board of Directors or the Executive Committee under the provisions of this Article.

ARTICLE VII

EXECUTION AND CANCELLATION OF BONDS

SECTION 1. No negotiable or mortgage bond shall be signed by any officer of the Company until an issue of the same has been authorized by the Board of Directors, and then only for the amount authorized.

SECTION 2. All such bonds shall require the authentication of a trustee, and shall, until otherwise provided by the Board of Directors, be signed by the Chief Executive Officer or the President or a Vice President, and by the Secretary or an Assistant Secretary thereunto authorized by resolution of the Board of Directors or of the Executive Committee.

SECTION 3. For the purpose of facilitating the execution of bonds of the Company, the Board of Directors or the Executive Committee may appoint one or more persons, who need not be members of the Board of Directors, each bearing the title "Vice President" and having power to sign bonds.

SECTION 4. No bond shall be cancelled or destroyed, except in accordance with the provisions of the indenture under which it is issued, or by order of the Board of Directors or Executive Committee.

ARTICLE VIII

ISSUE AND CANCELLATION OF STOCK CERTIFICATES

SECTION 1. The Board of Directors shall provide for the issue, transfer, and registration of the capital stock of the Company in the City and State of New York, and in any other locality which it may designate, and shall appoint the necessary officers, transfer agents, and registrars of transfers for that purpose.

SECTION 2. Until otherwise provided by the Board of Directors, stock certificates shall be signed by the Chief Executive Officer or the President or a Vice President, and also by the Secretary or an Assistant Secretary thereunto authorized by the Board of Directors or by the Executive Committee.

SECTION 3. For the purpose of facilitating the execution of stock certificates of the Company, the Board of Directors or the Executive Committee may appoint one or more persons who need not be members of the Board of Directors, each bearing the title "Vice President" and having power to sign stock certificates.

SECTION 4. Unless authorized by the Board of Directors or Executive Committee, no new certificate shall be issued to a transferee except upon surrender and cancellation of the old certificate.

SECTION 5. The registrar of transfers shall in every case be a trust company to be appointed by the Board of Directors, in accordance with the requirements of the New York Stock Exchange, and such registration shall be performed in accordance with the rules and regulations of said Exchange.

ARTICLE IX

FINAL

SECTION 1. The Company shall indemnify to the full extent permitted by law any person made or threatened to be made a party to any action, suit or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that such person is or was a director, officer or employee of the Company or serves or served at the request of the Company any other enterprise as a director, officer or employee. For purposes of this By-Law, the term "other enterprise" shall include any corporation, partnership, joint venture, trust or employee benefit plan; and service "at the request of the Company" shall include service as a director, officer or employee of the Company which imposes duties on, or involves services by, such director, officer or employee with respect to an employee benefit plan, its participants or beneficiaries. This Section 1 shall not apply to any action, suit or proceeding pending or threatened on the date of adoption hereof provided that the right of the Company to indemnify any person with respect thereto shall not be limited hereby.

SECTION 2. Any indemnification under Section 1 of this Article (unless ordered by a court) shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the director, officer or employee is proper in the circumstances because such person has met the applicable standard of conduct required by law. Such determination shall be made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders.

SECTION 3. The indemnification provided by Section 1 of this Article shall not be deemed exclusive of any other rights to which any person seeking indemnification may be entitled under any law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such a person. Any amendment or repeal of Section 1 or Section 2 of this ARTICLE IX or this Section 3 shall not limit the right of any person to indemnity with respect to actions taken or omitted to be taken by such person prior to such amendment or repeal.

SECTION 4. The Common corporate seal is, and, until otherwise ordered by the Board of Directors, shall be, an impression upon paper or wax, circular in form, with the words "Union Pacific Corporation" on the outer edge thereof, and the words and figures "Corporate Seal", "1969", "Utah" in the center thereof.

SECTION 5. Except as otherwise provided by Utah Law, these By-Laws may be altered, amended or repealed at a general meeting of the stockholders by a majority vote of those present in person or by proxy or at any meeting of the Board of Directors by a majority vote of all the members of the Board.

COVER

EXHIBIT 10(l)

Union Pacific Corporation
Stock Unit Grant and Deferred Compensation Plan
for the Board of Directors
As Amended January 1, 1995

Union Pacific Corporation
Stock Unit Grant and Deferred Compensation Plan
for the Board of Directors
As Amended January 1, 1995

1. Purpose

The purpose of this Plan is to permit grants of Stock Units to Directors to align their interests with those of stockholders, and to provide a means for deferring payment of all or a portion of any cash compensation, excluding expenses, payable to Directors for their service on the Board of Directors (the "Board") of Union Pacific Corporation (the "Company") in accordance with Article II Section 5 of the By-Laws of Union Pacific Corporation. Such compensation eligible to be deferred, not including any grants under paragraph 3, is referred to herein as "Compensation".

2. Eligibility

Any individual serving as a member of the Board as of the effective date of this Plan or who subsequently becomes a member is eligible under this Plan.

3. Stock Unit Grants

Commencing in 1995, each full quarterly installment of a Director's Compensation shall be accompanied by the grant of an amount of whole Stock Units equal to $1500 divided by the Fair Market Value of one share of the Company's Common Stock on the first business day of the month following the quarter in which such Compensation was earned, plus cash in lieu of any fractional Stock Unit resulting from such calculation. A pro-rata grant of Stock Units will accompany any partial quarterly Compensation installment. "Fair Market Value" on a date means the average of the high and low trading prices per share on that date, as reported in The Wall Street Journal listing of consolidated trading for New York Stock Exchange issues. Stock Units and cash so granted shall be credited to such Director's Stock Unit Account referred to in paragraph 6.

4. Election

Election to defer Compensation is to be made on or before December 31 of any year for Compensation for services as a member of the Board for the following and later calendar years. In addition to deferrals of 1995 Compensation elected in the previous year, at any time prior to March 31, 1995, a director may elect to defer additional Compensation to be paid for services in the last three quarters of 1995.

Election to defer is a continuing election until changed by the Director on or before December 31 of any year for the then following and later calendar years. However, once an election is made (and effective), subsequent elections will have no effect on the amounts, timing and manner of payment covered by the previous election.

Any newly elected Director who was not a Director on the preceding December 31 may elect, before his term begins, to defer Compensation for services as a member of the Board for the balance of the calendar year following such election.

Forms shall be made available to Directors each year for the purpose of making or changing their election.

5. Amount

All or any portion, in multiples of 10%, of a Director's Compensation may be deferred.

6. Deferred Accounts

Each Director shall have a Stock Unit Account and a Fixed Income Account (together, the "Accounts"). Amounts deferred pursuant to paragraph 4 may be credited to either Account, at the election of the Director made at the time of the deferral election, in multiples of 10% of such Director's Compensation. Amounts deferred and credited to the Stock Unit Account shall be converted into whole Stock Units on the basis of the Fair Market Value of the Company's Common Stock on the first business day of the month following the quarter in which the Compensation was earned, and cash shall be credited to the Stock Unit Account in lieu of any fractional Stock Unit. In addition, on or prior to March 31, 1995, each Director shall have a one-time election to transfer all or any part of the balance of his or her Fixed Income Account to the Stock Unit Account based on the Fair Market Value of the Company's Common Stock on April 3, 1995.

On the payment date for each cash dividend or other cash distribution with respect to the Company's Common Stock, each Director's Stock Unit Account shall be credited with an amount equal to the amount of the per share dividend or distribution, multiplied by the number of Stock Units in such Account, and, if such Director is then serving as a member of the Board, shall be converted into whole Stock Units on the basis of the Fair Market Value of the Company's Common Stock on the payment date for such dividend or distribution, and cash shall be credited to the Stock Unit Account in lieu of any fractional Stock Units. If a Director is no longer serving as a member of the Board on the payment date for such dividend or distribution, the amount representing such dividend or distribution shall be paid out of the Stock Unit Account to such Director as soon as practicable after the payment date for such dividend or distribution.

Except as provided in the preceding sentence, any cash credited to a Director's Stock Unit Account shall be added to other cash credited to such Account and converted into a whole Stock Unit on the date sufficient cash exists to purchase a whole Stock Unit, based on the Fair Market Value of the Company's Common Stock on such date. In the event of a subdivision or combination of shares of Company Stock, the number of Stock Units credited to the Stock Unit Accounts on the effective date of such subdivision or combination shall be proportionately subdivided or combined as the case may be. No adjustment shall be made in Stock Units in connection with the issuance by the Company of any rights or options to acquire additional shares of Company Common Stock or securities convertible into Company Common Stock. In the event of any stock dividend or reclassification of Company Common Stock, any merger or consolidation to which the Company is a party, or any spinoff of shares or distribution of property other than cash with respect to the Company Common Stock, the Committee shall cause appropriate adjustments, if any, to be made in the Stock Units to reflect such stock dividend, reclassification, merger or consolidation, spinoff or distribution of property.

Amounts credited to the Fixed Income Account shall earn interest compounded quarterly, from the date the Compensation would otherwise have been paid until it is actually paid in full. The rate of interest shall be the same rate as that paid on deferrals into the "Fixed Income Account" (formerly "Investment Account A") under the Company's Executive Incentive Plan.

7. Distribution

All distribution from Accounts shall be made in cash. For purposes of distributions from the Stock Unit Account, each Stock Unit shall be converted into an amount of cash equal to the Fair Market Value of one share of the Company's Common Stock on the first business day of the month in which such distribution is made. The Director must elect, at the same time and on the same form he elects a deferral of Compensation, the timing and manner of payment.

- Timing of Payment: Distributions from the Accounts shall begin following termination from the Board for any reason, provided that in the case of distributions from the Fixed Income Account, the Director may elect that distributions begin following retirement from the Director's principal occupation.

- Manner of Payment: The Director may elect to receive payment from the Accounts in a lump sum or in a number of equal annual installments, not to exceed ten.

The lump sum or first installment is to be paid in January of the year following the year of termination or retirement, as elected by the Director, and any remaining installments in January of each succeeding year until the total balance is paid.

Distributions from the Stock Unit Account in installments shall be based on equal numbers of Stock Units in each installment.

In the event of the death of a Director then serving as a member of the Board or a terminated or retired Director entitled to a distribution under this Plan, the balance of the Accounts shall be payable to the estate or designated beneficiary in full during the January of the year following the year of such Director's, terminated Director's or retired Director's death.

The Director may designate his beneficiary at the same time he elects deferral of Compensation. However, the latest designated beneficiary will be the beneficiary or beneficiaries for the total of all distributions from the Accounts. The designated beneficiary may be changed at any time on a form provided by the Corporate Secretary, provided that no designation will be effective unless it is filed with the Corporate Secretary prior to the Director's death.

8. Unfunded Plan

The liability of Union Pacific Corporation to any Director, terminated Director, retired Director or his estate or designated beneficiary under the Plan shall be that of a debtor only pursuant to such contractual obligations as are created by the Plan, and no such obligation of the Union Pacific Corporation shall be deemed to be secured by any assets, pledges, or other encumbrances on any property of Union Pacific Corporation.

9. Inalienability of Deferred Compensation

Except to the extent of the rights of a designated beneficiary, no distribution pursuant to, or interest in, the Plan may be transferred, assigned, pledged or otherwise alienated and no such distribution or interest shall be subject to legal process or attachment for the payment of any claims against any individual entitled to receive the same.

10. Controlling State Law

All questions pertaining to the construction, regulation, validity and effect of the Plan shall be determined in accordance with the laws of the Commonwealth of Pennsylvania.

11. Amendment

The Board of Directors of Union Pacific Corporation at its sole discretion may amend, suspend or terminate the Plan at any time. However, any such amendment, suspension or termination of the Plan may not adversely affect any Director's or his beneficiary's rights with respect to Compensation previously deferred.

12. Administration

Administration of the Plan will be coordinated by the Corporate Finance Department. Administration will include, but not be limited to, crediting of deferred compensation, dividends and accrued interest to individual Director accounts and ultimate disbursement of deferred amounts.

13. Effective Date

This Plan shall become effective December 1, 1978, applicable only to compensation for services after December 31, 1978, provided that the provisions hereof related to Stock Units shall be effective January 1, 1995.

Exhibit 11

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

COMPUTATION OF EARNINGS PER SHARE

For the Years Ended December 31, 1994, 1993 and 1992
(Thousands of Dollars, Except Per Share Amounts)

	1994	1993	1992
Weighted average number of shares outstanding...	205,105	204,854	203,248
Average shares issuable on exercise of stock options less shares repurchasable from proceeds..................................	502	660	635
Weighted average number of shares used in computation of earnings per share..........	205,607	205,514	203,883
Income from continuing operations...............	$958,654	$714,639	$728,275
Loss from discontinued operations (a)...........	(412,452)	(9,282)	(58)
Income before cumulative effect of changes in accounting principles.........................	546,202	705,357	728,217
Cumulative effect to January 1, 1993 of changes in accounting principles (b)..................	--	(175,226)	--
Net Income......................................	$546,202	$530,131	$728,217
Earnings per share:			
Income from continuing operations.............	$ 4.66	$ 3.47	$ 3.57
Loss from discontinued operations (a).........	(2.00)	(0.04)	--
Income before cumulative effect of changes in accounting principles......................	2.66	3.43	3.57
Cumulative effect to January 1, 1993 of changes in accounting principles (b)........	--	(0.85)	--
Net Income....................................	$ 2.66	$ 2.58	$ 3.57

(a) The computations for 1993 and 1992 have been restated to reflect USPCI, Inc. as discontinued operations (See Note 2 to the Financial Statements).

(b) See Note 3 to the Financial Statements regarding the 1993 accounting changes.

Exhibit 12

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES
RATIO OF EARNINGS TO FIXED CHARGES (a)
(Thousands of Dollars, Except for Ratio)

	1994	1993	1992	1991	1991 Excluding Special Charge	1990
Earnings from continuing operations (b)	$ 958,654	$ 714,639	$ 728,275	$ 82,929	$ 641,429	$ 614,076
Add (deduct) distributions greater (to extent less) than income of unconsolidated affiliates	(50,479)	(33,327)	(23,188)	(25,189)	(25,189)	(11,878)
Total	908,175	681,312	705,087	57,740	616,240	602,198
Income taxes (c):						
Federal	428,096	427,100	369,126	54,094	340,594	327,594
State and local	32,248	28,043	3,393	11,388	11,388	19,602
Total	460,344	455,143	372,519	65,482	351,982	347,196
Fixed charges:						
Interest expense including amortization of debt discount	336,012	314,841	353,920	381,310	381,310	375,859
Portion of rentals representing an interest factor	48,588	39,751	39,663	42,358	42,358	40,155
Total	384,600	354,592	393,583	423,668	423,668	416,014
Earnings available for fixed charges	$1,753,119	$1,491,047	$1,471,189	$ 546,890	$1,391,890	$1,365,408
Fixed charges - as above	$ 384,600	$ 354,592	$ 393,583	$ 423,668	$ 423,668	$ 416,014
Interest capitalized	1,034	1,699	315	1,684	1,684	2,052
Total	$ 385,634	$ 356,291	$ 393,898	$ 425,352	$ 425,352	$ 418,066
Ratio of earnings to fixed charges	4.5	4.2	3.7	1.3	3.3	3.3

(a) All prior year information has been restated to reflect USPCI, Inc. as discontinued operations (See Note 2 to the Financial Statements).

(b) Before cumulative effect of changes in accounting principles of $175,226 in 1993 (See Note 3 to the Financial Statements).

(c) In 1993, income taxes included the impact of the adoption of SFAS 109, "Accounting for Income Taxes", and the effect of the Omnibus Budget Reconciliation Act of 1993 (See Notes 3 and 7 to the Financial Statements).

COVER

EXHIBIT 13

Pages 4 through 49, inclusive, of Union Pacific's Annual Report to Stockholders for the year ended December 31, 1994, but excluding photographs set forth on pages 4 through 22, none of which supplements the text and which are not otherwise required to be disclosed in this Form 10-K

UNION PACIFIC RAILROAD

	1994	1993	1992
OPERATING REVENUES (millions of dollars)	$5,318	$4,987	$4,897
OPERATING INCOME (millions of dollars)	$1,173	$1,042	$1,031
CARLOADINGS (thousands)	4,991	4,619	4,458
OPERATING RATIO	77.9	79.1	79.0

(One photograph, not incorporated by reference - see prefacing comment on Exhibit 13 Cover Page.)

The Railroad enjoyed tremendous success in 1994 due to the hard work of its service-minded employees, increased traffic and improved weather conditions. All financial results were favorable. Earnings improved to $754 million - nearly 13 percent over last year's $669 million, excluding the 1993 accounting adjustments. Carloadings rose more than 8 percent overall, as five of seven commodities posted gains.

The operating ratio continued its downward trend, dropping 1.2 percentage points to 77.9 - better than any other western railroad. To top the year, the Railroad was one of five service companies selected as a finalist in the prestigious Malcolm Baldrige National Quality Award competition. Adopting the Baldrige's high standard heightened the Railroad's commitment to quality service.

Highlights for 1994

The Railroad's partnership successes are as varied as the commodity mix it hauls - the most diversified in the industry.

Intermodal traffic still ranks as the Railroad's fastest growing and most schedule-sensitive business. Volume grew to a record 1.45 million loads in 1994, up 14 percent over 1993, helped by increases from UPRR's trucking partners. An upward trend is forecast to continue into the next century, and the Railroad has established aggressive action plans to handle this substantial growth. The state-of-the-art Lathrop Intermodal Facility in central California became operational in the fourth quarter of 1994. Yard expansions and technology improvements such as computer scanning were introduced throughout the system, expediting intermodal traffic.

The Railroad hauled nearly 130 million tons of coal last year - with 86 million tons originating in the Powder River Basin (PRB)of Wyoming. PRB tonnage has doubled since 1989, and demand for this low-sulfur,environmentally preferred fuel remains strong. Triple- and quadruple-tracking projects currently under way along links of the PRB coal chain will help the Railroad meet the challenges of this demanding schedule. Additionally, higher-volume, lighter-weight aluminum cars added to the PRB fleet permit longer trains and heavier loading.

UPRR's auto traffic reached record levels in 1994, with 11 percent growth. With 21 strategically located loading ramps and direct access to four auto assembly plants, the Railroad leads the western rail carriers in auto volume. To improve service and increase

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(One photograph, not incorporated by reference - see prefacing comment on Exhibit 13 Cover Page.)

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(One photograph, not incorporated by reference - see prefacing comment on Exhibit 13 Cover Page.)

(Graph of Union Pacific Railroad Carloadings - see Appendix.)

(Two photographs, not incorporated by reference - see prefacing comment on Exhibit 13 Cover Page.)

market share, UPRR's Automotive Business Team has created an automotive train network with dedicated trains running from Chicago to southern and northern California and the Pacific Northwest. The network's unit trains provide customers with improved vehicle handling.

Chemicals accounted for over $1.1 billion in Railroad revenue in 1994 - more than any other commodity. To sustain this performance, the Chemical Business Team has captured significant new petrochemical business in the Houston area. UPRR will complete the capital improvements, including trackage to new customers, to support this strategic initiative in 1995 and 1996 at a cost of approximately $37 million.

Mexico revenues were up 20 percent to $348 million. Grain, chemicals and intermodal have shown the greatest increases. The North American Free Trade Agreement, coupled with successful joint efforts to facilitate border interchanges, have substantially increased efficiencies in handling traffic to and from Mexico. UPRR added four classification tracks at its growing Port Laredo, Texas yard.

New Horizons

While the commitment to strengthen partnerships through quality improvement progresses steadily, dramatic gains are envisioned from new technologies, redesigned processes and strategic ventures. For example, the use of distributed power and AC (alternating current) traction could produce as big a breakthrough in locomotive power as the shift from steam to diesel engines did in the 1950s.

(Graph of Union Pacific Railroad Revenue Ton-Miles Per Employee - see Appendix.)

(One photograph, not incorporated by reference - see prefacing comment on Exhibit 13 Cover Page.)

Distributed power allows locomotives to be placed throughout a train in up to four locations - all controlled from the lead locomotive. This reduces in-train stresses and permits longer trains throughout the system - even in mountainous regions. Separate AC traction motors improve wheel adhesion and braking performance, while their smaller size leaves more room for the higher horsepower main diesel engines.

The Railroad knows its customers place a premium on reliability and a hassle-free business environment. To better serve its customers, UPRR's reengineering program, established in 1993, identifies and removes barriers that stand in the way of improved service. Eventually, all core business processes - from deal-making to bill-collecting - will be scrutinized by reengineering teams. Initially, improved terminal operations at Hinkle, Oregon and better train scheduling everywhere are the prime focus of reengineering teams.

Last December, the ICC approved the Railroad's application for authority to control UPRR's railroad partner, the Chicago & North Western (C&NW). The ICC action will enable Union Pacific to vote its 30 percent block of C&NW stock and increase UPRR's representation on the C&NW board of directors to three of nine members. The synergism made possible by increased cooperation with the C&NW, together with new technologies and superior processes, should prove a potent combination for the future of the Railroad and its shipping partners.

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(One photograph, not incorporated by reference - see prefacing comment on Exhibit 13 Cover Page.)

(Graph of Union Pacific Resources Production - see Appendix.)

UNION PACIFIC RESOURCES

	1994	1993	1992
OPERATING REVENUES (millions of dollars)	$1,306	$1,323	$1,259
OPERATING INCOME (millions of dollars)	$ 351	$ 382	$ 315
TOTAL RESERVES (MMBOE)(a\b)	509.0	445.4	441.5
TOTAL PRODUCTION (MMBOE)(a\b)	77.7	69.6	67.0

(a) Natural gas converted on a BTU basis to barrels of oil equivalent on a ratio of 6,000 cubic feet of gas to one barrel of oil.
(b) Includes the first quarter 1994 acquisition of Amax Oil & Gas, Inc.

Union Pacific Resources achieved another record year in the face of flat or declining prices. Net income was $390 million in 1994, compared to $309 million in 1993 (excluding accounting adjustments). The 1994 results included a $100 million gain from UPRC's share of the Wilmington sale.

An aggressive exploration and production program helped UPRC remain a leading domestic independent oil company and the most active driller in the United States. This program, along with the purchase of Amax Oil & Gas, boosted the company's production 15 percent to 242,000 barrels of oil equivalent (BOE) a day, while total reserves grew from 445 to 509 million BOE.

(One photograph, not incorporated by reference - see prefacing comment on Exhibit 13 Cover Page.)

Thriving in a Low-Price World

UPRC has become a pre-eminent independent by crafting a strategy that allows it to thrive in a low-price world. That strategy is driven by four factors: the development of a large drill site inventory; the quick application of new technology; one of the most pro-active cost-cutting programs in the industry, including an intensive reengineering effort; and a continuing focus on natural gas and the gas value chain.

UPRC's largest thrust in 1994 was the $725 million purchase of Amax, which provided an additional core area - Ozona in West Texas - along with promising properties in south Louisiana and East Texas. With numerous potential drill sites, Ozona will help to underwrite UPRC's future long into the twenty-first century. In 1995, for example, the company plans to drill a well a day in the area. These wells require as little as a week to drill, but can have a productive life of over 30 years.

UPRC's other core areas - or profit centers - include East and South Texas (Carthage), the Land Grant and the Austin Chalk. All had substantial gains in production in 1994.

In East Texas, UPRC has remained a strong producer, increasing output in the Carthage area to over 90 million cubic feet a day (MMCF/D), while further expanding one of the largest gas processing facilities in the country. This unit delivers gas to the Carthage hub that serves 15 pipelines supplying gas throughout the East and Midwest.

(One photograph, not incorporated by reference - see prefacing comment on
Exhibit 13 Cover Page.)

(One photograph, not incorporated by reference - see prefacing comment on Exhibit 13 Cover Page.)

In the Land Grant, Resources has brought six wells on-line to feed the Wahsatch Gathering System in southwestern Wyoming and Utah; these wells have a combined production of 80 MMCF/D. Further south, in Utah, UPRC has completed its first four horizontal oil wells in the Overthrust Belt and expects to drill up to 10 wells in the Lodgepole area in 1995.

The huge Austin Chalk Trend in central Texas has been UPRC's success story of the nineties, with nearly 1,000 completed horizontal wells. Production reached another record, rising from an average of 66,600 equivalent barrels a day in 1993 to 73,300 barrels in 1994; 43 percent of this output is natural gas.

Two other promising areas are being developed:south Louisiana and the Gulf of Mexico. The south Louisiana play has been created by the Amax purchase, with UPRC's

(Graph of Union Pacific Resources Reserves - see Appendix.)

first well producing 15 MMCF/D. Several more wells are planned in 1995. In 1994, three successful wells in the Gulf of Mexico were drilled; these platforms will come on-stream in 1995, with a combined output of 100 MMCF a day.

Technology and Cost Cutting

UPRC's technical staff has expertly applied the latest technology available - particularly horizontal drilling, 3-D seismology and fracturing - to Resources' core areas with a high degree of success. This resourcefulness made the Austin Chalk one of the richest domestic oil and gas plays of the decade, substantially enhanced well economics, improved drilling success rates, and made UPRC the forerunner in advanced hydraulic fracturing of difficult tight-gas formations.

Technology also has provided Resources with a prime tool for cutting costs and enhancing productivity. In 1994, UPRC's cost-reduction program drove development drilling expenses down from $5.15 to $4.80 per BOE, while monthly operating costs per well were lowered by over 35 percent. On the productivity front, UPRC increased its operated well count by 43 percent with the Amax purchase - without increasing its general and administrative head count.

UPRC will continue its relentless war on costs. Its reengineering campaign has six teams studying and improving every phase and process of how UPRC does its work - from the front office to the most remote leasehold.

(One photograph, not incorporated by reference - see prefacing comment on Exhibit 13 Cover Page.)

The Natural Gas Value Chain

For the past five years, UPRC has shifted its focus to finding, producing and marketing natural gas. UPRC grades gas with four A's: it is abundant, affordable, acceptable environmentally and American. The company's major acquisitions and properties are primarily in prolific, long-lived gas regions. In 1994, UPRC increased its daily production 25 percent to 772 MMCF, with half of the gain attributable to the Amax properties.

The gas value chain strategy involves investing in downstream facilities to generate enhanced value from all gas produced, including gathering, processing, transporting and marketing. In Texas and Wyoming, UPRC has become a pre-eminent player by investing in gathering systems, plants and pipelines that multiply value from wellhead to burner tip. For example, new or expanded gas processing plants in Carthage, Brookeland and Ozona, Texas, and in Echo Springs, Wyoming raised UPRC's total processing capacity from 940 MMCF to 1,290 MMCF per day in 1994.

(One photograph, not incorporated by reference - see prefacing comment on Exhibit 13 Cover Page.)

OVERNITE TRANSPORTATION

	1994	1993	1992
OPERATING REVENUES (millions of dollars)	$1,037	$939	$873
OPERATING INCOME (millions of dollars)	$ 67	$ 69	$ 57
OPERATING RATIO (a)	91.3	90.2	90.9

(a) Excludes goodwill amortization.

Despite the worst winter in decades for the eastern half of the United States and the 24-day Teamsters' strike against other carriers in April that drove up costs, Overnite Transportation earned $64 million before goodwill. This compares to the $65 million earned last year, excluding the 1993 accounting adjustments. For the first time in its 60-year history, Overnite also surpassed the billion-dollar revenue mark, with final revenues of $1,037,000,000.

Record less-than-truckload (LTL) tonnage (up 7 percent) and a 4 percent increase in LTL rates helped the company boost revenues by over 10 percent and remain the most profitable nationwide carrier. However, the strike shifted traffic patterns unfavorably. As Overnite accepted more long-haul freight from its regular customers, some of the company's short-haul business was lost to regional competitors and not fully recovered in the second half of the year. Overnite has moved aggressively to recover this business and to improve overall efficiency, but the net result was a less profitable freight mix in 1994. Consequently, its operating ratio - still the lowest of the nationwide LTL carriers - rose for the first time in many years from 90.2 in 1993 to 91.3 in 1994.

(One photograph, not incorporated by reference - see prefacing comment on Exhibit 13 Cover Page.)

Prospects for 1995

Several developments point to a better operating environment in 1995.

In January, 1995, intra-state trucking was deregulated, permitting access to all markets within each state and eliminating price barriers. Overnite has targeted 10 newly deregulated states for immediate expansion, including Texas, California, Ohio and Tennessee. To improve its ability to penetrate markets, Overnite has introduced its Streamline pricing program, which significantly reduces the complexity of determining freight charges.

Another example of Overnite's logistical flexibility is the Special Services Division, whose volume grew by 24 percent in 1994 and is expected to increase again in 1995. This division includes dedicated truckload service for auto parts from Detroit and the Upper Midwest to Chicago - for shipment by UPRR to manufacturing sites in mid-America and Mexico.

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(One photograph, not incorporated by reference - see prefacing comment on Exhibit 13 Cover Page.)

Overnite offers a comprehensive array of products and services, including next-day, intra-state and regional shipping, providing nationwide service to 95 percent of the U.S. population and entry to portions of Canada and Mexico. Overnite's service encompasses toll-free phone access to a state-of-the-art customer service center; electronic shipment-tracking information; and on-site representatives at customer locations, who facilitate partnerships with such major customers as DuPont and Philip Morris.

(Graph of Overnite Transportation Less-Than-Truckload Tonnage - see Appendix.)

(One photograph, not incorporated by reference - see prefacing comment on Exhibit 13 Cover Page.)

Technology on the Cutting Edge

Overnite is placing itself in the forefront of technology in the trucking industry. It started with the centralized customer service and billing center in Richmond, the first of its kind in the industry. The center serves all 173 Overnite terminals - accepting imaged bills of lading from all over the country and sending invoices to customers every morning.

In 1995, Overnite will centralize over-the-road dispatching in its Richmond headquarters. The company is continuing to develop an integrated dispatching, yard management, dock management, and time-tracking system, using hand-held computers and mobile communications.

Skyway Freight Systems

In 1994, Skyway continued to distinguish itself as a leading technology-based logistics operating company, providing an array of services to its shipping partners. Revenue for 1994 climbed to $124 million, surpassing expectations and reflecting growth of 23 percent over 1993. In 1995, Skyway will exploit opportunities presented by NAFTA by expanding time-sensitive transportation and information services into Canada and Mexico, including door-to-door shipment tracking and customs processing.

(Graph of Skyway Freight Systems Total Weight Shipped - see Appendix.)

(One photograph, not incorporated by reference - see prefacing comment on Exhibit 13 Cover Page.)

Ground-breaking Developments in 1994

- - A logistics and transportation program that bypasses distribution centers for a major retailer. This pilot delivery system dramatically reduces order-fulfillment time for customers. Skyway expects to expand this program to similar retailers in 1995.

- - The industry's first Electronic Packing Slip, a single electronic transmission that provides manufacturers and their consignees access to shipment information prior to delivery. This enables Skyway customers to lower costs, improve inventory management, reduce receiving time and, in many cases, accelerate payment cycles.

- - The Catapult Project - an aggressive reengineering effort using advanced technology to put Skyway ahead of its competition by revamping business processes, accelerating product development and automating training.

- - A satellite tracking system for transcontinental trucks that allows customers the tightest control possible over the shipment of their goods.

- - The addition of second distribution stations in San Francisco and Dallas to handle increasing volumes.

(One photograph, not incorporated by reference - see prefacing comment on Exhibit 13 Cover Page.)

(One photograph, not incorporated by reference - see prefacing comment on Exhibit 13 Cover Page.)

Union Pacific Technologies

Union Pacific Technologies (UPT) built its reputation for excellence in transportation software and computer applications at the Union Pacific Railroad. Today, UPT's information management expertise provides the competitive edge throughout the Union Pacific family of companies - and to many more partners across the country and around the world.

Within the corporation, Technologies boosts operating company efficiency with customized information management systems, combined purchasing power and shared computer and telecommunications capabilities. Additionally, UPT shoulders the critical responsibility for disaster recovery computer backup. At the Railroad's intermodal facilities, UPT has streamlined traffic flow and freight movement through computer scanning. In addition, the company has created an award-winning interactive training course for locomotive managers. With Overnite, Technologies created the centralized dispatching system to improve routing and to reduce "empty miles."

(One photograph, not incorporated by reference - see prefacing comment on Exhibit 13 Cover Page.)

Stateside and Worldwide Partnerships

Subscribers to UPT's Shipment Management System (SMS) now number nearly 150. SMS monitors rail and truck shipments, identifying delays en route and providing reports to customers, helping them manage logistical operations. Beyond the basic SMS package, such value-added services as detention billing and contract compliance monitoring help cut costs and increase efficiency. Several railroads now realize service reliability improvements from UPT's Transportation Control System (TCS) features such as car ordering, car scheduling, work order generation, and locomotive placement and maintenance scheduling.

UPT continues to operate under a long-term agreement with the Mexican government to modernize the National Railways of Mexico (FNM). With the core TCS components in place, UPT trains FNM employees in its use as it brings on line such additional TCS components as the Car Location Messages (CLM) system. CLM allows American, Canadian and Mexican shippers to track their goods as they move through Mexico just as they can north of the border. For a Spanish power company and a shipping agent, UPT adapted the Coal Inventory Management System, developed for Union Pacific Railroad, to track time-sensitive coal shipments moving by train, barge and ship from the Powder River Basin in Wyoming to power plants in Spain.

USPCI

(Two photographs, not incorporated by reference - see prefacing comment on Exhibit 13 Cover Page.)

Because of continued depressed market conditions in the waste management industry, Union Pacific decided in September to exit the business by divesting itself of USPCI. The corporation recorded a $404 million after-tax write-down of assets and reclassified USPCI as a discontinued operation.

In October, Union Pacific signed a letter of intent to sell USPCI to Laidlaw Inc. of Burlington, Ontario, Canada for $225 million, plus the assumption of certain debt and liabilities. A definitive agreement for the sale was signed on December 5, and the transaction closed at year-end.

USPCI fell far short of the corporation's expectations for a variety of reasons: the sluggish cleanup of the nation's Superfund sites; increased waste minimization efforts by many corporations; and a general decline in hazardous waste volumes because of the recession in the early nineties. In addition, strong competition from cement kilns was expected to reduce the income from USPCI's hazardous waste incinerator - now on the verge of commercial operation - - since cement kilns are not held to the same high standards of operation.

FINANCIAL REVIEW

CONSOLIDATED RESULTS OF OPERATIONS

This review should be read in conjunction with the financial statements, notes and supplementary information.

1994 COMPARED TO 1993

CONSOLIDATED RESULTS: In September 1994, Union Pacific Corporation (the Corporation or UPC) committed to dispose of its waste management subsidiary, USPCI, Inc. (USPCI), and in December 1994 completed the sale of USPCI to Laidlaw Inc. (Laidlaw) for $225 million in notes that were subsequently collected in January 1995 (see Note 2 to the Financial Statements). In the third quarter of 1994, the Corporation recorded a $654 million ($425 million after-tax) provision for discontinued operations. This provision included a write-down of USPCI's assets to UPC's estimate of their net realizable value and provided for costs associated with the disposition. In the fourth quarter of 1994, the Corporation adjusted its original loss provision to reflect the sale of USPCI to Laidlaw by reducing the provision by $54 million ($21 million after tax).

The Corporation reported net income of $546 million or $2.66 per share in 1994, including a net loss from discontinued operations of $412 million or $2.00 per share. The loss from discontinued operations included a loss from USPCI's 1994 operations of $10 million ($8 million after tax). In 1993, the Corporation reported net income of $530 million or $2.58 per share, which included a $237 million after-tax charge for the 1993 accounting adjustments--$175 million ($0.85 per share) for changes in accounting methods and $62 million ($0.30 per share) from the implementation of the Omnibus Budget Reconciliation Act of 1993 (the 1993 Tax Act) (see Notes 3 and 7 to the Financial Statements). 1993 earnings also included a $9 million net loss from discontinued operations.

RESULTS OF CONTINUING OPERATIONS: The Corporation reported income from continuing operations of $958 million or $4.66 per share, including the one-time benefit of a $116 million ($0.56 per share) after-tax gain resulting from the first quarter sale of Union Pacific Resources Company's (Resources) Wilmington, California oil and gas operations (see Note 4 to the Financial Statements). This compares to income from continuing operations of $714 million ($3.47 per share). Excluding the 1993 accounting adjustments, 1993 net income would have been $776 million or $3.77 per share, which included a $34 million after-tax reduction in operating results at Union Pacific Railroad Company and its affiliate Missouri Pacific Railroad Company (collectively the Railroad) caused by the 1993 Midwest flood. In 1994, earnings improved at the Railroad and Resources, while earnings declined slightly at Overnite Transportation Company (Overnite).

Operating revenues grew 6% to $7.80 billion from $7.33 billion in 1993, as increased transportation volumes at the Railroad and Overnite, higher hydrocarbon sales volumes at Resources and the May 1993 addition of Skyway Freight Systems, Inc. (Skyway) (see Note 4 to the Financial Statements) were partially offset by hydrocarbon sales price declines. Operating expenses rose $372 million to $6.20 billion for the period. Higher volumes, severe winter weather in the Eastern U.S. in the first quarter of 1994 and the effects of unfavorable traffic shifts at Overnite (the result of an April 1994 Teamsters' strike) caused increases in salaries, wages and employee benefits ($94 million), equipment and other rents ($70 million), third-party transportation ($38 million), other taxes ($38 million), and materials and supplies ($11 million). Depreciation charges increased $87 million--the result of both the Corporation's continued commitment to upgrade equipment and technology, and higher production volumes at Resources. Personal injury expense rose $42 million, while professional fees rose $17 million as the Corporation pursued various strategic transactions in 1994. These cost increases were partially offset by lower costs associated with pipeline and gas plant product purchases for resale, reduced mining costs and lower fuel costs.

(Graph of Union Pacific Corporation Operating Revenues - See Appendix)

Operating income advanced $101 million (7%) to $1.60 billion in 1994. Other income increased $170 million to $259 million, largely the result of the Wilmington sale, while interest expense increased $21 million, reflecting higher debt levels to fund the AMAX Oil & Gas, Inc. (AMAX) acquisition (see Note 4 to the Financial Statements). Income from continuing operations--excluding the one-time effect of the 1993 Tax Act--as a percentage of operating revenues would have been 12.3% in 1994 and 10.6% in 1993. On the same basis, return on average common stockholders' equity would have improved to 18.4% in 1994 from 15.9% a year ago.

RAILROAD: Net income at the Railroad was $754 million in 1994 compared to $540 million in 1993. Earnings before the effects of the 1993 accounting adjustments would have improved $85 million (13%) from $669 million a year ago. 1993 results also included the adverse effects of the flooding in the Midwest, which reduced operating results by approximately $52 million ($34 million after tax).

Operating revenues improved $331 million (7%) to $5.32 billion in 1994. Higher revenues were generated by an 8% (over 371,000 loads) rise in 1994 carloadings. Intermodal volumes improved 14% because of business expansion with the Railroad's trucking partners and growing container traffic. New coal contracts, inventory replenishment by major utilities and the absence of 1993 flood-related traffic interruptions accounted for a 13% increase in energy carloadings. Automotive traffic climbed 11%, the result of higher carloadings for both finished autos (14%) and auto parts (4%), reflecting improving economic conditions in the automotive industry. Food, consumer and government carloadings advanced 8% due to improvements in the food group--mainly canned and frozen goods--and growth in the consumer segment, reflecting growing shipments of waste/recyclables and transportation equipment. Chemical carloadings also advanced 5% from a year ago, reflecting increases in phosphorous, soda ash and fertilizer volumes. Grain traffic declined 6%, primarily the result of weak export markets for corn and lower fourth quarter wheat shipments, while metals, minerals and forest products traffic also declined 2%. The positive effect of higher volumes was partially offset by a 1% decline in average commodity revenue per car, largely the result of volume growth of lower-rated commodities--mainly energy and intermodal.

Operating expenses increased to $4.15 billion in 1994 compared to $3.95 billion last year. Personal injury expense rose $40 million, as a 34% decline in reportable injuries was more than offset by higher average settlement costs per injury. Wages and benefits rose $36 million, as higher volumes and inflation were partially offset by continued improvements in labor productivity, as the average workforce declined slightly year-over-year. Volume growth and inflation also accounted for a $36 million rise in equipment and other rents, a $16 million escalation in third-party transportation costs (reflecting higher intermodal shipments) and a $9 million increase in materials and supplies costs. Other taxes increased $20 million because of higher use and property taxes, while depreciation expense grew $25 million, reflecting the Railroad's continuing investment in equipment and capacity. These cost increases were partially mitigated by an $8 million reduction in fuel and utility costs, the result of lower fuel prices, hedging gains and an improved fuel consumption rate. Operating income at the Railroad advanced $131 million (13%) in 1994 to $1.17 billion. The Railroad's operating ratio improved 1.2 points to 77.9 from 79.1 a year ago.

NATURAL RESOURCES: Resources reported 1994 net income of $390 million--including a $100 million after-tax gain on the sale of the Wilmington properties-- compared to 1993 net income of $244 million. Earnings before the effects of the 1993 accounting adjustments would have improved $81 million from $309 million a year ago. Operating revenues declined $17 million from 1993 to $1.31 billion, as a 15% increase in overall sales volumes was more than offset by a 6% decline in sales prices (including the effects of Resources' hedging program) (see Note 5 to the Financial Statements), lower pipeline and other revenues, and reduced minerals revenues. Despite rising production volumes and the sale of the Wilmington Field and other properties, Resources improved its reserve position in 1994 through the acquisition of AMAX and exploitation of its existing properties, as Resources remained the most active driller in the U.S. for the third consecutive year.

Natural gas sales volumes rose 25% to 772 mmcf/day, primarily the result of the first quarter AMAX acquisition and higher Austin Chalk production. Natural gas liquids sales volumes also improved 25% to 49,996 bbl/day because of the addition of the AMAX properties, the Carthage gas plant and improved production in the Austin Chalk. Crude oil sales volumes declined 5% to 63,070 bbl/day, reflecting the first quarter Wilmington sale and production declines in other fields. Average prices for crude oil fell $1.32/bbl (8%) to $14.34/bbl, while natural gas liquids prices declined $0.66/bbl (7%) to $9.18/bbl. Natural gas average prices were unchanged at $1.82/mcf. Pipeline and other revenues declined $81 million, largely the result of the reclassification of certain pipeline revenues, lower Section 29 revenues, the absence of lawsuit and insurance recoveries from 1993, and the sale of the Harbor Cogeneration facility as part of the Wilmington sale.

Operating expenses rose $14 million to $955 million in 1994. Depreciation and depletion charges increased $48 million due to the addition of new gas processing facilities and pipelines, as well as higher production levels. In addition, other expenses increased $19 million, largely the result of higher lease operating costs (reflecting higher volumes) and gas plant expenses (the result of the addition of new plants), while inflation pushed up wages and benefits $11 million. Dry hole costs also increased $7 million, the result of a more extensive drilling program in 1994. These higher costs were countered by a $30 million decline in pipeline and gas plant product purchases for resale, a $29 million reduction in mining costs (as a result of a favorable contract settlement) and a $9 million decrease in geological and geophysical costs, reflecting the completion of an exploration program in West Texas.

Operating income for all of Resources' operations declined to $351 million in 1994 from $382 million in 1993. Operating income from Resources' minerals operations improved $14 million in 1994 to $116 million, reflecting higher coal sales and increased soda ash and coal royalties.

TRUCKING: Overnite's 1994 net income was $41 million compared to a net loss in 1993 of $38 million. Excluding the effects of the 1993 accounting adjustments, 1993 earnings would have been $42 million. This decline was the result of higher operating costs caused by the worst winter in decades for the Eastern U.S. and reduced efficiency associated with shifts in freight flows from shorter-haul, more profitable, intra-regional business to longer-haul traffic. Results for both periods included goodwill amortization of $23 million.

Overnite's operating revenues exceeded the $1 billion level for the first time in its history, as revenues advanced $98 million (10%) to $1.04 billion. Average prices rose 6%, reflecting the shift to longer-haul traffic, contractual rate increases and the effects of a January 1994 price increase on non-contract business. Volumes improved 4%, as a 7% rise in less-than-truckload (LTL) business was partially offset by truckload traffic declines. Volume improvements were generated by the April 1994 Teamsters' strike against other unionized carriers, the third quarter 1993 bankruptcy of a major Eastern carrier and continued business expansion.

Growing volumes, the effects of the severe winter and higher miles associated with shifts in freight flows caused operating expenses to increase $100 million in 1994 to $970 million. Increases occurred in wages and benefits ($41 million), equipment rents ($27 million), mileage-based insurance and claims accruals ($9 million), taxes and licenses ($7 million) and materials and supplies ($5 million). Depreciation expense also increased $5 million as a result of continuing capital programs. Operating income declined to $67 million in 1994 from $69 million a year ago. Overnite's operating ratio, including goodwill amortization, increased to 93.5 in 1994 from 92.7 in 1993.

CORPORATE SERVICES AND OTHER OPERATIONS: Expenses related to Corporate Services and Other Operations--which include corporate expenses, third-party interest charges, intercompany interest allocations, other income and income taxes that are not related to other segments, and the results of other operating units--totaled $227 million in 1994. This compares to 1993 costs related to Corporate Services and Other Operations of $216 million. Excluding the effects of the 1993 accounting adjustments, these costs declined $17 million from $244 million a year ago.

Lower stock incentive compensation and increased interest charges to subsidiaries (mainly the result of the AMAX acquisition, subsidiaries' capital spending and pension funding at Overnite) were only partially offset by higher interest expense to third parties and increased professional fees. Other operations reported operating income of $4 million for 1994, up $3 million from a year ago, as a result of the 1993 addition of Skyway and improved operating results at the Corporation's other operations.

1993 COMPARED TO 1992

CONSOLIDATED RESULTS: In the first quarter of 1993, the Corporation recorded a $175 million or $0.85 per share after-tax charge to reflect the adoption of new Financial Accounting Standards Board (FASB) pronouncements as described in Note 3 to the Financial Statements. In the third quarter of 1993, the Corporation recorded a $62 million or $0.30 per share charge reflecting a deferred tax adjustment that resulted from the implementation of the 1993 Tax Act (see Note 7 to the Financial Statements). 1993 results also included a $9 million net loss from the discontinued operations of USPCI.

The components of the accounting adjustments for the year ended December 31, 1993 are as follows:

In Millions, Except Per Share Amounts	Income/(Loss) before Accounting Adjustments	Accounting Changes	1993 Tax Act	Net Income/ (Loss)
Railroad	$ 669	$ (72)	$ (57)	$ 540
Natural resources	309	(59)	(6)	244
Trucking	42	(79)	(1)	(38)
Corporate services and other operations(a)	(253)	35	2	(216)
Consolidated(a)	$ 767	$ (175)	$ (62)	$ 530
Per share(a)	$3.73	$(0.85)	$(0.30)	$2.58

(a) Includes the discontinued operating results of USPCI. Income from continuing operations excluding the one-time effects of the 1993 Tax Act would have been $776 million or $3.77 per share.

As a result of the 1993 accounting adjustments, the absence of Resources' $63 million ($42 million after-tax) 1992 production-based tax settlement and the 1993 effects of weather-related traffic interruptions on the operations of the Railroad, the Corporation's earnings declined to $530 million ($2.58 per share) in 1993 compared to $728 million ($3.57 per share) in 1992. Excluding accounting adjustments, the Corporation's earnings would have risen to $767 million ($3.73 per share). Income excluding accounting adjustments would have improved at all operating units.

Operating revenues advanced 4% to $7.33 billion in 1993 from $7.03 billion in 1992. Revenues advanced on the strength of growing transportation volumes, rising average natural gas prices, a 5% increase in hydrocarbon sales volumes and the acquisition of Skyway.

Operating expenses rose $196 million to $5.83 billion from $5.64 billion in 1992. Equipment and other rents increased $51 million and fuel and utility costs rose $19 million due to higher transportation volumes and weather-related traffic interruptions at the Railroad. Depreciation charges increased $41 million, reflecting asset adjustments required by the first quarter adoption of SFAS No. 109 (Accounting for Income Taxes) and the Corporation's continued high level of capital investment, offset by lower surrendered lease activity and dry hole costs at Resources. Other taxes rose $39 million, resulting from the absence of 1992 tax settlements at Resources and the Railroad, while third-party transportation costs increased $32 million mainly due to the acquisition of Skyway. In addition, weather-related inefficiencies and volume growth caused wage and benefit costs to escalate $20 million, and materials and supplies $9 million. Higher hydrocarbon sales volumes and prices caused the cost of pipeline and gas plant product purchased for resale to rise $15 million. Operating cost inflation was tempered by efficiency and productivity improvements at the Railroad and Resources and the absence of Resources' $24 million 1992 workforce reduction charge. Operating income improved 7% to $1.49 billion in 1993 compared to $1.40 billion in 1992 as gains occurred at all operating units.

Other income declined $57 million largely due to the absence of interest related to Resources' 1992 tax settlement and diminished property sales. Interest expense also declined $40 million, reflecting lower average interest rates and debt refinancing activities, while corporate expenses rose $9 million due to higher professional fees and depreciation charges. Income from continuing operations--excluding the effects of the 1993 Tax Act--as a percentage of operating revenues would have been 10.6% in 1993 and 10.4% in 1992. On the same basis, return on average common stockholders' equity would have declined to 15.9% in 1993 from 16.5% in 1992.

RAILROAD: The Railroad posted earnings of $540 million in 1993. Excluding the 1993 accounting adjustments, earnings would have been $669 million (before considering the effects of the harsh winter and Midwest flooding) compared to $667 million in 1992. Operating revenues improved 2% to $4.99 billion as a 4% increase in carloadings was partially offset by a 2% decline in average commodity revenue per car. This decline resulted from volume growth of lower-rated commodities--mainly intermodal and energy--and growth of lower-rated goods within chemicals, as well as increased use of shipper-owned equipment for coal shipments. Revenues also included higher earnings from equity investments in related operations. Automotive carloadings advanced 8%, reflecting improvements in the domestic auto industry. Energy carloadings also grew 8% because of an expanding domestic customer base and higher demand created by more normal temperature patterns. Intermodal traffic improved 6% as market share continued to expand, reflecting new partnership arrangements with trucking companies. In addition, chemical carloadings increased 1%, while weather-related traffic interruptions and crop damage caused grain carloadings to decline 2%. Carloading declines also occurred in food, consumer and government products (2%) and in metals, minerals and forest products (1%).

Operating expenses increased to $3.95 billion in 1993 from $3.87 billion in 1992. Depreciation expense grew $54 million, reflecting asset adjustments required by the 1993 adoption of SFAS No. 109 and continuing capital spending on equipment and track. Employee injury expense rose $26 million as continuing declines in the number of injuries were more than offset by higher average settlement costs per injury. Growing volumes and weather-related traffic congestion accounted for a $25 million rise in equipment and other rents and a $17 million increase in fuel and utility costs. Wage and benefit costs also rose $6 million as weather and inflation-related cost increases were largely offset by train crew reductions. Higher operating costs were tempered by a $23 million reduction in joint facility costs and an additional $22 million of cost offsets associated with car repairs for other carriers.

Operating income at the Railroad rose $11 million in 1993 to $1.04 billion. Despite severe weather conditions, the Railroad maintained an operating ratio of 79.1 in 1993 compared to 79.0 in 1992.

NATURAL RESOURCES: Resources' 1993 earnings were $244 million. Without the 1993 accounting adjustments, earnings would have risen $37 million (14%) to $309 million compared to $272 million in 1992, despite the absence of the $63 million ($42 million after-tax) 1992 production-based tax settlement. Operating revenues climbed $64 million (5%) to $1.32 billion in 1993 as a result of a 5% rise in total hydrocarbon sales volumes, higher average natural gas prices and pipeline volume growth. Natural gas sales volumes grew 7% to 619 mmcf/day, reflecting production improvements in the Austin Chalk and the southwestern Wyoming portion of the Land Grant. Natural gas liquids sales volumes were up 10% to 39,855 bbl/day, largely because of increased production in the Austin Chalk, the return to operation of a damaged pipeline, increased ownership in the Carthage gas processing plant and improved recoveries under processing agreements, while crude oil sales volumes held steady at 66,456 bbl/day. Including hedging activities, natural gas average prices advanced 20% to $1.82/mcf (an increase of $0.30/mcf), while crude oil prices fell $1.56/bbl (9%) to $15.66/bbl. Average prices for natural gas liquids also declined 8% to $9.84/bbl. Once again, Resources improved its reserve position, despite rising production levels, as it remained the most active driller in the United States.

Operating expenses declined to $941 million in 1993 from $944 million in 1992. Surrendered lease costs decreased $33 million because of accelerated lease surrender activity in 1992. Wage and benefit costs declined $24 million stemming from the absence of Resources' 1992 workforce reduction charge and ongoing productivity improvements. Insurance and other settlements in 1993 lowered other operating costs $12 million. Mining costs declined $9 million due to lower operating costs stemming from the ongoing effects of a favorable 1992 contract settlement at Resources' joint venture coal mine. In addition, dry hole costs decreased $8 million, reflecting improved exploration success. These cost reductions were largely offset by volume-related cost increases. Depreciation and depletion charges rose $21 million, reflecting higher production levels and higher per barrel rates in the Chalk. Increased exploration activities generated a $17 million expansion in geological and geophysical costs. In addition, production and other taxes rose $28 million caused by the absence of the 1992 tax settlement and growing volumes, while higher volumes and prices caused the cost of pipeline and gas plant product purchases to increase $15 million.

Operating income for all of Resources' operations improved $67 million (21%) to $382 million in 1993. Other income declined $17 million, mainly due to the absence of the interest portion of the 1992 tax settlement.

Operating income from Resources' minerals operations declined $9 million (8%) in 1993 to $102 million. This decline was the result of the absence of a favorable uranium contract settlement recognized in 1992 and volume and price declines at its soda ash joint venture. These declines were partially offset by the ongoing effects of a favorable 1992 contract settlement at Resources' coal joint venture.

TRUCKING: Overnite recorded a net loss of $38 million in 1993. Without the 1993 accounting adjustments, earnings would have improved $2 million to $42 million (after goodwill amortization of $23 million). Operating revenues rose $66 million (8%) to $939 million as a 3% rise in average prices combined with a 4% volume improvement. Higher volumes were generated by a 7% increase in LTL business (driven by tonnage gains in the Northeast--reflecting the bankruptcy of a major regional carrier--and continued business expansion). Higher LTL volumes were partially offset by truckload traffic declines, reflecting Overnite's focus on its core LTL business. Revenue growth was also stimulated by the 1993 addition of the Special Services Division, which supports the Railroad's automotive traffic.

Operating expenses increased $54 million to $870 million in 1993. Salaries, wages and employee benefit costs grew $28 million in response to higher volumes and inflation. Equipment and other rents rose $15 million, largely because of increased contracted rail usage and volume-related growth in line-haul charges, while continued capital spending caused depreciation expense to rise $6 million. Operating income improved to $69 million in 1993 from $57 million in 1992. Overnite's operating ratio, excluding goodwill amortization, improved to 90.2 from 90.9 in 1992.

CORPORATE SERVICES AND OTHER OPERATIONS: Expenses related to Corporate Services and Other Operations totaled $207 million in 1993. Excluding the accounting adjustments, these costs would have been $244 million compared to $251 million in 1992. This decline was largely the result of lower interest expense and improved results at other operations, partially offset by higher corporate expenses. Operating income from other operations improved $7 million to $1 million in 1993, reflecting the addition of Skyway.

CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

In 1994, cash from operations was $1.91 billion, compared to $1.56 billion in 1993. This increase was largely the result of improved operating results and a higher proportion of non-cash expenses. Non-cash charges to earnings increased as a result of higher depreciation, increased personal injury accruals, lower Section 29 revenues at Resources and higher deferred taxes. Cash from operations also benefitted from lower cash outlays related to the 1991 special charge. Offsetting these operating cash improvements were the negative effects of changes in working capital. Higher working capital levels reflected increases in current taxes receivable (generated by the recognition of tax benefits from the USPCI sale), in notes receivable (from the USPCI and Wilmington sales) and in accounts receivable (the result of higher revenue levels and the AMAX acquisition), partially offset by higher short-term borrowings.

(Graph of Union Pacific Corporation Operating Cash Flow - See Appendix.)

Cash used in investing activities of $1.96 billion reflected a $408 million increase over 1993. The Corporation acquired AMAX in March 1994 for a net purchase price of $725 million in cash. Capital expenditures grew $23 million over 1993, largely due to development activities at Resources (mainly the Austin Chalk and AMAX properties) and fleet expansion and renewal at Overnite. The AMAX purchase and higher capital spending were partially offset by $343 million of cash proceeds generated by the Wilmington sale.

(Graph of Union Pacific Corporation Dividend History - See Appendix.)

Outstanding debt levels increased $377 million in 1994 and included $500 million in new offerings of the Corporation's notes and debentures and $88 million of Railroad equipment financings, offset by lower commercial paper borrowings. Debt financings were used to fund capital expenditures and the AMAX acquisition, and repay maturing debt. The quarterly common stock dividend was raised to $0.43 per share in the third quarter of 1994, up from $0.40 per share. The ratio of debt to total capital employed increased to 36.3% at December 31, 1994 from 35.6% at December 31, 1993. This increase reflected the higher debt levels incurred to fund the AMAX acquisition, partially offset by 1994 earnings.

The Corporation's 1995 capital expenditures and debt service requirements will be funded primarily through cash generated from operations, property sales and, if required, through additional debt financings. The Corporation expects that such sources will continue to provide sufficient funds to meet cash requirements in the foreseeable future. At December 31, 1994, the Corporation had authorization from the Board of Directors to repurchase up to $359 million of the Corporation's common stock. At year-end, the Corporation had available $1.06 billion in short-term credit facilities and $800 million in long-term credit facilities expiring in 1999.

RAILROAD-RELATED MATTERS

PERSONAL INJURY: Over the past ten years work-related injuries have declined by more than 10% annually (reflecting aggressive safety and training programs), while average settlement cost per claim has continued to rise. Compensation for work-related accidents is governed by the Federal Employers' Liability Act (FELA). FELA's finding of fault and damage is usually assessed based on litigation or out-of-court settlements. In addition, the Railroad offers a comprehensive variety of services and rehabilitation programs for employees who are injured at work. Annual expenses for injury-related events were $194 million in 1994, $154 million in 1993 and $128 million in 1992. The Railroad is also participating with other rail carriers in an industry-wide effort to replace FELA with a no-fault system that could significantly reduce personal injury costs while fairly compensating injured employees.

OTHER MATTERS

ENVIRONMENTAL COSTS: The Corporation generates, transports, remediates and disposes of hazardous and non-hazardous waste in its current and former operations, and is subject to Federal, state and local environmental laws and regulations. The Corporation has identified approximately 150 sites, including approximately 50 sites currently on the Superfund National Priorities List or state superfund lists, at which it is or may be liable for remediation costs associated with alleged contamination or for violations of environmental requirements. Certain Federal legislation imposes joint and several liability for the remediation of identified sites; consequently, the Corporation's ultimate environmental liability may include costs relating to other parties in addition to costs relating to its own activities at each site.

A liability of $243 million has been accrued for future costs of all sites where the Corporation's obligation is probable and where such costs can be reasonably estimated; however, the ultimate cost could be lower or as much as 25% higher. The December 31, 1994 liability balance included $50 million for the obligation to participate in the environmental remediation of the Wilmington, California properties. The liability included future costs for remediation and restoration of sites as well as for ongoing monitoring costs, but excluded any anticipated recoveries from third parties. Cost estimates were based on information available for each site, financial viability of other potentially responsible parties (PRP), and existing technology, laws and regulations. The Corporation believes that it has adequately accrued for its ultimate share of costs at sites subject to joint and several liability. The ultimate liability for remediation is difficult to determine with certainty because of the number of PRPs involved, site-specific cost sharing arrangements with other PRPs, the degree of contamination by various wastes, the scarcity and quality of volumetric data related to many of the sites and/or the speculative nature of remediation costs.

Remediation of identified sites previously used in operations, used by tenants or contaminated by former owners required spending of $43 million in 1994 and $42 million in 1993. The Corporation is also engaged in reducing emissions, spills and migration of hazardous materials, and spent $14 million and $16 million in 1994 and 1993, respectively, for control and prevention, a portion of which had been capitalized. In 1995, the Corporation anticipates spending $37 million for remediation and $10 million for control and prevention. The majority of the December 31, 1994 environmental liability is expected to be paid out over the next five years, funded by cash generated from operations. Future environmental obligations are not expected to have a material impact on the results of operations or financial condition of the Corporation.

INFLATION: The cumulative effect of long periods of inflation has significantly increased asset replacement costs for capital-intensive companies such as the Railroad and Overnite. As a result, depreciation charges on an inflation-adjusted basis, assuming that all operating assets are replaced at current price levels, would be substantially greater than historically reported amounts.

FINANCIAL INSTRUMENTS: The Corporation uses derivative financial instruments to protect against unfavorable hydrocarbon 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 based on standard forms. UPC does not hold or issue financial instruments for trading purposes. The Corporation addresses market risk by selecting instruments whose value fluctuations 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. A further discussion of the Corporation's use of financial instruments is included in Note 5 to the Financial Statements.

A LOOK FORWARD

GENERAL ECONOMIC FACTORS: The Corporation's future results can be affected by fluctuations in oil and natural gas prices, and by the economic environment. Resources directly benefits from increases in hydrocarbon prices to the extent that these gains are not limited by hedging activity, while the Railroad and Overnite can be adversely affected by increases in diesel fuel costs, to the extent that such costs are not recovered through higher revenues and improved fuel conservation or mitigated by hedging activity. In addition, certain categories of rail carloadings and trucking tonnages can be negatively impacted by a prolonged economic downturn.

1995 CAPITAL SPENDING: The Corporation expects to maintain its high level of capital spending in 1995. At Resources, capital spending will be focused on drilling in the Austin Chalk, the AMAX properties and the Land Grant. The Railroad's capital expenditures will be used to continue to expand capacity on its main lines and upgrade equipment to meet customer needs, while Overnite will continue to expand its distribution network and upgrade its truck fleet and technology. UPC will also continue to expand its core businesses through strategic acquisitions.

(Graph of Union Pacific Corporation Capital Investments - See Appendix.)

(Graph of Union Pacific Corporaiton Book Value per Share - See Appendix.)

1995 BUSINESS OUTLOOKL: Rail volumes are anticipated to improve in 1995 because of continued growth in coal shipments (reflecting growing demand for low-sulfur coal), expansion of the Railroad's intermodal business, and higher grain shipments resulting from stronger export demand and growth in feed grain shipments. Average commodity revenue per car is expected to remain at 1994 levels as price increases will be offset by volume growth in lower rated commodities--mainly intermodal and coal. At Resources, overall sales volumes are anticipated to improve. This anticipated volume growth reflects an expansion in natural gas and natural gas liquids sales volumes, resulting from the addition of the AMAX properties, and production increases in the Austin Chalk and in the Rockies. These volume improvements will be partially offset by crude oil sales volume declines, reflecting the Wilmington sale and reduced crude oil production in the Austin Chalk. Natural gas prices are expected to decline in 1995, while crude oil and natural gas liquids sales prices are expected to improve somewhat. Overnite anticipates improvements in the current pricing environment and continued tonnage growth--although there is a risk of price discounting due to increasing competition by regional, non-union carriers. Higher volumes at Overnite will be generated by continued growth in the Northeast and Midwest and expansion in the Southwest and West. Overnite's operations should also benefit from an expected stabilization of traffic patterns in 1995.

USPCI SALE: The sale of USPCI will not have a significant impact on the Corporation's future operating results or financial condition. Sales proceeds and tax benefits derived from the sale will be used for general corporate purposes, including the reduction of outstanding debt levels.

INDEPENDENT AUDITORS' REPORT

(Logo-Deloitte & Touche LLP)

Union Pacific Corporation, its Directors and Stockholders:

We have audited the accompanying statements of consolidated financial position of Union Pacific Corporation and subsidiary companies as of December 31, 1994 and 1993, and the related statements of consolidated income, changes in common stockholders' equity, and consolidated cash flows for each of the three years in the period ended December 31, 1994. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Union Pacific Corporation and subsidiary companies at December 31, 1994 and 1993, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1994 in conformity with generally accepted accounting principles.

As discussed in Note 3 to the consolidated financial statements, in January 1993, the Corporation changed its method of accounting for postretirement benefits other than pensions, income taxes and transportation revenue and expense recognition.

/s/ Deloitte & Touche LLP
New York, New York
January 19, 1995

RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The accompanying financial statements, which consolidate the accounts of Union Pacific Corporation and its subsidiaries, have been prepared in conformity with generally accepted accounting principles.

The integrity and objectivity of data in these financial statements and accompanying notes, including estimates and judgements related to matters not concluded by year-end, are the responsibility of management as is all other information in this Annual Report. Management devotes ongoing attention to review and appraisal of its system of internal controls. This system is designed to provide reasonable assurance, at an appropriate cost, that the Corporation's assets are protected, that transactions and events are recorded properly and that financial reports are reliable. The system is augmented by a staff of corporate traveling auditors supplemented by internal auditors in the subsidiary operating companies; careful attention to selection and development of qualified financial personnel; programs to further timely communication and monitoring of policies, standards and delegated authorities; and evaluation by independent auditors during their audits of the annual financial statements.

The Audit Committee of the Board of Directors, composed entirely of outside directors, as identified on page 51, meets regularly with financial management, the corporate auditors and the independent auditors to review the work of each. The independent auditors and corporate auditors have free access to the Audit Committee, without management representatives present, to discuss the results of their audits and their comments on the adequacy of internal controls and the quality of financial reporting.

/s/ Drew Lewis
Chairman and Chief Executive Officer

/s/ L. White Matthews III
Executive Vice President-Finance

/s/ Charles E. Billingsley
Vice President and Controller

BUSINESS SEGMENTS

Union Pacific Corporation and Subsidiary Companies

	Millions of Dollars	1994	1993	1992
Operating Revenues	Railroad	$ 5,318	$ 4,987	$ 4,897
	Natural resources	1,306	1,323	1,259
	Trucking	1,037	939	873
	Corporate services and other operations	137	76	3
	Total	$ 7,798	$ 7,325	$ 7,032
Operating Income (Loss)	Railroad	$ 1,173	$ 1,042	$ 1,031
	Natural resources	351	382	315
	Trucking	67	69	57
	Corporate services and other operations	4	1	(6)
	Total	$ 1,595	$ 1,494	$ 1,397
Net Income (Loss)	Railroad	$ 754	$ 540	$ 667
	Natural resources	390	244	272
	Trucking	41	(38)	40
	Corporate services and other operations (a)	(639)	(216)	(251)
	Total	$ 546	$ 530	$ 728

(a) Includes the results of USPCI, Inc. (see Note 2 to the financial statements).

		1994	1993	1992
Cash from Operations	Railroad	$ 1,061	$ 1,074	$ 999
	Natural resources	821	567	776
	Trucking	116	44	100
	Corporate services and other operations	(89)	(122)	(215)
	Total	$ 1,909	$ 1,563	$ 1,660
Assets (at Year-End)	Railroad	$10,455	$10,014	$ 9,397
	Natural resources	3,180	2,246	2,061
	Trucking	1,420	1,393	1,350
	Corporate services and other operations	887	1,242	1,193
	Total	$15,942	$14,895	$14,001
Depreciation, Depletion and Amortization	Railroad	$ 468	$ 443	$ 389
	Natural resources	464	410	435
	Trucking	63	58	51
	Corporate services and other operations	10	7	2
	Total	$ 1,005	$ 918	$ 877
Capital Expenditures	Railroad	$ 769	$ 805	$ 767
	Natural resources	613	507	552
	Trucking	93	80	72
	Corporate services and other operations	71	128	134
	Total	$ 1,546	$ 1,520	$ 1,525

This information should be read in conjunction with the accompanying accounting policies and notes to the financial statements.

STATEMENT OF CONSOLIDATED INCOME

Union Pacific Corporation and Subsidiary Companies

	Millions of Dollars, Except Per Share Amounts	1994	1993	1992
Operating Revenues	Sales and Revenues (Notes 3 and 5)	$ 7,798	$ 7,325	$ 7,032
Operating Expenses	Salaries, wages and employee benefits	2,562	2,468	2,448
	Depreciation, depletion and amortization	1,005	918	877
	Equipment and other rents	646	576	525
	Fuel and utilities (Note 5)	488	496	477
	Materials and supplies	378	367	358
	Other costs	1,124	1,006	950
	Total	6,203	5,831	5,635
Income	Operating Income	1,595	1,494	1,397
	Other Income - Net (Notes 4 and 13)	259	89	146
	Interest Expense (Note 8)	(336)	(315)	(355)
	Corporate Expenses	(99)	(99)	(90)
	Income before Income Taxes	1,419	1,169	1,098
	Income Taxes (Notes 3 and 7)	(461)	(455)	(370)
	Income from Continuing Operations	958	714	728
	Discontinued Operations: (Note 2)			
	Provision for Disposal - Net of Tax Benefits of $196 Million	(404)	--	--
	Operating Losses	(8)	(9)	--
	Loss from Discontinued Operations	(412)	(9)	--
	Income before Cumulative Effect of Changes in Accounting Principles	546	705	728
	Cumulative Effect to January 1, 1993 of Changes in Accounting Principles (Note 3)	--	(175)	--
	Net Income	$ 546	$ 530	$ 728
Per Share	Income from Continuing Operations	$ 4.66	$ 3.47	$ 3.57
	Loss from Discontinued Operations	(2.00)	(0.04)	--
	Cumulative Effect to January 1, 1993 of Changes in Accounting Principles	--	(0.85)	--
	Net Income	2.66	2.58	3.57
	Dividends	1.66	1.54	1.42

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

STATEMENT OF CONSOLIDATED FINANCIAL POSITION
Union Pacific Corporation and Subsidiary Companies

	Millions of Dollars	1994	1993
Assets			
Current Assets	Cash and temporary investments	$ 121	$ 113
	Accounts receivable (Note 5)	648	593
	Inventories	315	252
	Notes receivable (Notes 2 and 4)	291	6
	Income taxes receivable (Note 2)	285	46
	Deferred income taxes (Notes 3 and 7)	--	117
	Other current assets	162	190
	Total	1,822	1,317
Investments	Investments in and advances to affiliated companies	492	453
	Other investments	170	170
	Total	662	623
Properties	Cost (Notes 2, 4 and 6)	18,885	17,396
	Accumulated depreciation, depletion and amortization	(6,614)	(6,318)
	Net	12,271	11,078
Other	Excess Acquisition Costs - Net	939	963
	Net Assets of Discontinued Operations (Note 2)	--	697
	Other Assets	248	217
	Total Assets	$15,942	$14,895
Liabilities and Stockholders' Equity			
Current Liabilities	Accounts payable	$ 463	$ 439
	Accrued wages and vacation	223	249
	Income and other taxes	198	158
	Dividends and interest	192	176
	Accrued casualty costs	163	135
	Debt due within one year	470	115
	Other current liabilities	796	758
	Total	2,505	2,030
Other Liabilities and Equity	Debt Due After One Year (Notes 8 and 9)	4,090	4,068
	Deferred Income Taxes (Notes 3 and 7)	2,856	2,678
	Retiree Benefits Obligation (Notes 3 and 10)	603	600
	Other Long-Term Liabilities (Note 12)	757	634
	Common Stockholders' Equity (page 36)	5,131	4,885
	Total Liabilities and Stockholders' Equity	$15,942	$14,895

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

STATEMENT OF CONSOLIDATED CASH FLOWS

Union Pacific Corporation and Subsidiary Companies

	Millions of Dollars	1994	1993	1992
Cash from Operations	Net Income	$ 546	$ 530	$ 728
	Non-cash charges to income:			
	Depreciation, depletion and amortization	1,005	918	877
	Deferred income taxes	349	310	214
	Write-down of discontinued operations (Note 2)	404	--	--
	Gain on property dispositions and retirements (Note 4)	(220)	(35)	(58)
	Cumulative effect of changes in accounting principles (Note 3)	--	175	--
	Other - Net	(95)	(70)	(10)
	Changes in current assets and liabilities	(22)	(128)	101
	Cash used for special charge	(58)	(137)	(192)
	Cash from operations	1,909	1,563	1,660
Investing Activities	Capital investments and exploratory expenditures	(1,597)	(1,574)	(1,567)
	Investments and acquisitions (Note 4)	(725)	(75)	(71)
	Proceeds from sale of assets and other investing activities (Note 4)	361	96	291
	Cash used for investing activities	(1,961)	(1,553)	(1,347)
Equity and Financing Activities	Dividends paid	(334)	(309)	(282)
	Debt repaid (Note 8)	(338)	(753)	(677)
	Purchase of treasury stock (Note 11)	(1)	(10)	(5)
	Financings	733	926	750
	Cash used in equity and financing activities	60	(146)	(214)
	Net Change in Cash and Temporary Investments	$ 8	$ (136)	$ 99
Changes in Current Assets and Liabilities	Accounts receivable	$ (55)	$ (71)	$ (68)
	Inventories	(63)	(8)	(22)
	Other current assets	(379)	(48)	(31)
	Accounts, wages and vacation payable	(2)	(40)	138
	Other current liabilities	477	39	84
	Total	$ (22)	$ (128)	$ 101

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

STATEMENT OF CHANGES IN COMMON STOCKHOLDERS' EQUITY

Union Pacific Corporation and Subsidiary Companies

	Millions of Dollars	1994	1993	1992
Common Stock	Common Stock, $2.50 par value (authorized 500,000,000 shares)			
	Balance at beginning of year (230,788,175 issued shares in 1994; 229,774,547 in 1993; 228,410,296 in 1992)	$ 577	$ 574	$ 571
	Conversions, exercises of stock options and other (1,049,801 shares in 1994; 1,013,628 in 1993; 1,364,251 in 1992)	3	3	3
	Balance at end of year (231,837,976 issued shares in 1994; 230,788,175 in 1993; 229,774,547 in 1992)	580	577	574
Paid-in Surplus	Balance at beginning of year	1,383	1,339	1,288
	Conversions, exercises of stock options and other	45	44	51
	Balance at end of year	1,428	1,383	1,339
Retained Earnings	Balance at beginning of year	4,529	4,338	3,899
	Net Income	546	530	728
	Total	5,075	4,868	4,627
	Cash dividends declared	(341)	(315)	(289)
	Exchangeable note conversion (Note 8)	--	(24)	--
	Balance at end of year (Note 8)	4,734	4,529	4,338
Treasury Stock	Balance at end of year, at cost (25,900,775 shares in 1994; 25,626,946 in 1993; 25,879,742 in 1992)	(1,611)	(1,604)	(1,612)
	Total Common Stockholders' Equity (Note 11)	$ 5,131	$ 4,885	$ 4,639

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

NOTES TO FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Union Pacific Corporation (the Corporation or Union Pacific) and all subsidiaries. Investments in affiliated companies (20% to 50% owned) are accounted for on the equity method. In addition, the Corporation consolidates its proportionate share of oil, gas and mineral ventures. All material intercompany transactions are eliminated.

Cash and Temporary Investments

Temporary investments are stated at cost that approximates fair market value, and consist of investments with original maturities of three months or less.

Inventories

Inventories consist primarily of materials and supplies carried at the lower of cost or market.

Exploration and Production

Oil and gas exploration costs are accounted for using the successful efforts method.

Drilling costs of unsuccessful exploratory wells, geological and geophysical costs and carrying costs are charged to expense when incurred. Costs to develop producing properties, including drilling costs and applicable leasehold acquisition costs, are capitalized.

Depletion and amortization of producing properties, including depreciation of well and support equipment and amortization of related lease costs, are determined by using a unit-of-production method based upon proved reserves. Acquisition costs of unproved properties are amortized from the date of acquisition on a composite basis, which considers past success experience and average lease life.

Costs of future site restoration, dismantlement and abandonment are based on internal engineering estimates. Such costs for offshore wells and production platforms are accrued as part of depreciation, depletion and amortization expense using the unit of production method. The balance of the accrual was $11 million at December 31, 1993 and $9 million at December 31, 1994, and is classified in other long-term liabilities. Onshore restoration, dismantlement, and abandonment costs are accrued as part of depreciation, depletion and amortization expense for tangible equipment, using the unit of production method with no salvage value.

Property and Depreciation

Properties are carried at cost. Provisions for depreciation are computed principally on the straight-line method based on estimated service lives of depreciable property.

The cost (net of salvage) of depreciable rail property retired or replaced in the ordinary course of business is charged to accumulated depreciation. A gain or loss is recognized on all other property upon disposition.

Intangible Assets

Amortization of costs in excess of net assets of acquired businesses is generally recorded over forty years on a straight-line basis. The Corporation regularly assesses the recoverability of such costs through a review of cash flows and fair values of those businesses.

Revenue Recognition

Transportation revenues are recognized on a percentage-of-completion basis, while delivery costs are recognized as incurred (see Note 3).

Hedging Transactions

The Corporation periodically hedges hydrocarbon sales and purchases, interest rates and foreign currency exchange risk. Gains and losses from these transactions are recognized at delivery of the commodity or, with respect to interest rates and foreign currency, over the life of the instrument (see Note 5).

Earnings Per Share

Earnings per share are based on the weighted average number of common shares outstanding during the periods, plus shares issuable upon exercise of outstanding stock options (see Note 11).

Change in Presentation

1992 and 1993 amounts have been restated to conform to the 1994 financial presentation of USPCI, Inc. (USPCI) as a discontinued operation (see Note 2).

1. Business

Union Pacific consists of companies operating principally in the United States engaged in rail transportation; oil, gas and minerals production; and trucking.

The following financial information is an integral part of these financial statements:

- Business Segments
- Supplementary Information (unaudited)
  - Selected Quarterly Data;
  - Oil and Gas -- Proved Reserves;
  - Capitalized Exploration and Production Costs;
  - Costs Incurred in Exploration and Development;
  - Results of Operations for Producing Activities;
  - and Standardized Measure of Future Net Cash Flows

2. Sale of USPCI

In September 1994, Union Pacific's Board of Directors approved a formal plan to dispose of its waste management business. As a result of this decision, the Corporation recorded a $654 million ($425 million after-tax) loss on discontinued operations in the third quarter of 1994 to write down the Corporation's investment in USPCI's assets to estimated net realizable value and to provide for estimated closing costs and certain retained liabilities.

At year-end, the Corporation completed the sale of USPCI to Laidlaw Inc. for $225 million in notes. These notes were collected in January 1995. As a result of the sale, the Corporation adjusted its original loss provision in the fourth quarter of 1994 by reducing the provision by $54 million ($21 million after tax). The sale of USPCI will not have a significant impact on the Corporation's future operating results or financial condition. Sales proceeds and cash tax benefits derived from the sale of USPCI will be used for general corporate purposes, including the reduction of outstanding debt levels.

Operating revenues of USPCI were $342 million in 1994, $236 million in 1993 and $262 million in 1992. Capital expenditures at USPCI were $66 million in 1994, $114 million in 1993 and $109 million in 1992.

3. Accounting Changes

The Corporation adopted the following accounting changes in January 1993:

In Millions, Except
Per Share Amounts

	OPEB	Income Taxes	Revenue Recognition	Total
Railroad	$ (171)	$ 121	$ (22)	$ (72)
Natural resources	(44)	(15)	--	(59)
Trucking	(47)	(25)	(7)	(79)
Corporate services and other operations	(9)	44	--	35
Consolidated	$ (271)	$ 125	$ (29)	$ (175)
Per share	$(1.32)	$0.61	$(0.14)	$(0.85)

Other Postretirement Benefits (OPEB)
The Financial Accounting Standards Board (FASB) issued Statement No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," which requires that the cost of non-pension benefits for retirees be accrued during their period of employment. The adoption of this Statement does not affect future cash funding requirements for these benefits (see Note 10).

Income Taxes
The FASB issued Statement No. 109, "Accounting for Income Taxes," which requires the balance-sheet approach of accounting for income taxes, whereby assets and liabilities are recorded at the tax rates currently enacted. The Corporation's future results may be affected by changes in the corporate income tax rate (see Note 7).

Revenue Recognition
The Corporation changed its method of transportation revenue and expense recognition from accruing both revenues and expenses at the inception of service to the industry practice of allocating revenues between reporting periods based on relative transit time, while recognizing expenses as incurred.

4. Acquisitions and Property Dispositions

AMAX Oil & Gas, Inc. (AMAX)
In March 1994, Union Pacific Resources Company (Resources) acquired AMAX from Cyprus AMAX Minerals Company for a net purchase price of $725 million. AMAX's operations primarily consist of natural gas producing, transportation and processing properties in West Texas and Louisiana. These properties include interests in 14 major fields, encompassing approximately 600,000 acres and 2,000 producing wells. Resources recorded 92 million barrels of oil equivalent of proved reserves related to the AMAX acquisition.

Skyway Freight Systems, Inc. (Skyway)
In May 1993, the Corporation acquired all of the outstanding common stock of Skyway for $65 million and the conversion of its initial $7 million preferred stock investment. Skyway specializes in providing customized logistics and transportation support for the time-definite and specialized freight markets.

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 and $25 million ($16 million after tax) at Union Pacific Railroad Company, the latter related to land and trackage rights. Wilmington hydrocarbon reserves represented approximately 3% of Resources' year-end 1993 proved reserves and the sale of the Wilmington properties will not significantly affect Resources' ongoing operating results.

As part of the Wilmington sales agreement, Resources has agreed to participate with the Port of Long Beach in funding environmental remediation and site preparation, as specified by the Port of Long Beach, up to a maximum of $112 million in total. As a result, the determination of the gain on the sale of the Wilmington properties included provisions of $57 million ($50.5 million remaining at December 31, 1994) for future environmental costs and $55.0 million ($53.7 million remaining at December 31, 1994) for future site preparation costs categorized as Other Long-Term Liabilities. The majority of cash outlays for these liabilities is expected to occur over the next five years.

5. Financial Instruments

Hedging
The Corporation uses derivative financial instruments to protect against unfavorable hydrocarbon 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 based on standard forms. Union Pacific does not hold or issue financial

instruments for trading purposes. The Corporation addresses market risk by selecting instruments whose value fluctuations 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 $25 million at December 31, 1994. The Corporation has not been required to provide, nor has it received any significant amount of collateral relating to its hedging activity.

Unrecognized mark-to-market gains or losses approximate the fair market value of the related derivative position at December 31, 1994 and were determined based upon current market value, as quoted by recognized dealers, assuming a round lot transaction and using a mid-market convention without regard to market liquidity.

Hydrocarbons: Resources uses exchange-traded futures contracts, swaps and forward contracts to fix selling prices or margins on hydrocarbon volumes. At December 31, 1994, Resources had entered into futures contracts and price swaps for 1995 natural gas sales volumes of 200 mmcf/day at $1.91/mcf, approximately 23% of its 1995 natural gas production. Resources had also entered into long-term fixed price sales agreements for 98 bcf of natural gas at an average price of $2.89/mcf covering the period 1995 thru 2008, comprising average annual sales of 7 bcf, less than 4% of its expected annual production. In addition, Resources' marketing subsidiary uses swaps, futures and forward contracts to lock-in margins on purchase and sales commitments of natural gas, which generally mature over the next five years. At December 31, 1994, positions consisted of forwards sales of 89.9 bcf (mark-to-market gain of $32.4 million), futures contracts for 14.0 bcf (mark-to-market loss of $1.0 million) and price swaps for 104.8 bcf (mark-to-market loss of $14.6 million). The net mark-to-market gain locked in on these agreements at December 31, 1994 was $16.8 million, which is included in Resources' overall mark-to-market gain of $43 million relating to all of its hedging arrangements.

Fuel purchase hedging fixes diesel fuel prices using price swaps in which Union Pacific Railroad Company and its affiliate Missouri Pacific Railroad Company (collectively the Railroad) and Overnite Transportation Company (Overnite) pay fixed prices in exchange for market prices for equivalent notional amounts of fuel. At December 31, 1994, the Railroad had no hedging agreements in place, while Overnite had hedged virtually all of its first quarter 1995 fuel consumption (17 million gallons at $0.48 per gallon). At December 31, 1994, Overnite had an unrecognized mark-to-market gain of $300,000 relating to these arrangements.

Interest Rates and Foreign Currency: The Corporation uses interest rate swaps to manage its exposure to increasing interest rates and uses cross-currency swaps to eliminate foreign exchange rate risk in connection with debt denominated in foriegn currency. At December 31, 1994, UPC has outstanding interest rate swaps on $230 million of notional principal amount of debt. The interest rates paid on these instruments range from 4.3% to 9.6%, while interest received ranges from 4.3% to 7.6% with spreads no greater than 2.3%. These contracts mature over the next one to nine years. There are unrecognized mark-to-market losses of $12 million associated with these swaps. In addition, the Corporation has currency swaps in place to cover $58 million of notional principal amount of debt denominated in yen. This debt, which was entered into because of favorable interest rates being offered by certain financial institutions, matures over the next one to five years. There are mark-to-market gains of $24 million associated with these swaps. Hedging of foreign currency transactions offsets actual foreign currency losses. Had the Corporation not hedged its foreign currency obligations, other income would have been $8 million and $7 million lower in 1994 and 1993, respectively, and would not have been affected in 1992. Interest rate hedging activity increased interest expense by $8 million in each of 1994, 1993 and 1992, raising the weighted average borrowing rate by no more than 0.2 of 1% in any year during the period.

Fair Value of Financial Instruments

The fair market value of the Corporation's long and short-term debt has been estimated using quoted market prices or current borrowing rates. At December 31, 1994, the carrying value of total debt exceeded the fair market value by approximately 5%. The carrying value of all other financial instruments approximates fair market value.

Off-Balance-Sheet Risk

Union Pacific Railroad Company has sold, on a revolving basis, an undivided percentage ownership interest in a designated pool of accounts receivable. Collection risk on the pool of receivables is minimal. At December 31, 1994 and 1993, accounts receivable are presented net of the $300 million of receivables sold.

6. Properties

Major property accounts are as follows:

Millions of Dollars	1994	1993
Railroad:		
Road and other	$ 8,428	$ 7,935
Equipment	4,658	4,575
Total Railroad	13,086	12,510
Natural resources	4,965	4,144
Trucking	704	621
Other	130	121
Total	$18,885	$17,396

Accumulated depreciation, depletion and amortization are as follows:

Millions of Dollars	1994	1993
Railroad:		
Road and other	$2,131	$1,990
Equipment	1,881	1,769
Total Railroad	4,012	3,759
Natural resources	2,365	2,364
Trucking	200	165
Other	37	30
Total	$6,614	$6,318

7. Income Taxes

Components of income tax expense including discontinued operations are as follows:

Millions of Dollars	1994	1993
Current:		
Federal	$(81)	$118
State	30	12
Total current	(51)	130
Deferred:		
Federal	314	304
State	2	16
Total deferred	316	320
Total	$265	$450

In August 1993, President Clinton signed the Omnibus Budget Reconciliation Act (the 1993 Tax Act) into law raising the Federal corporate income tax rate to 35% from 34%, retroactive to January 1, 1993. As a result, 1993 income tax expense increased by $74 million: $62 million for the one-time, non-cash recognition of deferred income taxes related to prior periods and $12 million of incremental current year Federal income tax expense.

The 1992 components of tax expense, which have not been restated to reflect the accounting change (see Note 3), were $155 million for current Federal income tax expense and $215 million for deferred Federal income tax expense.

Deferred tax liabilities (assets) are comprised of the following:

Millions of Dollars	1994	1993
Net current deferred tax (asset) liability	$ 66	$ (117)
Excess tax over book depreciation	2,705	2,457
Exploration costs	343	286
State taxes - Net	223	221
Other liabilities	(150)	(195)
Postretirement benefits	(140)	(152)
Alternative minimum tax	(135)	(178)
Other	10	239
Net long-term deferred tax liability	2,856	2,678
Net deferred tax liability	$2,922	$2,561

A reconciliation between statutory and effective tax rates of continuing operations is as follows:

	1994	1993	1992
Statutory tax rate	35.0%	35.0%	34.0%
Cumulative effect of Federal rate increase	--	5.3	--
State taxes - Net	1.5	1.6	--
Goodwill amortization	0.8	0.8	2.7
Section 29 credits	(3.7)	(1.2)	(1.8)
Dividend exclusion	(1.1)	(1.6)	(0.9)
Other	(0.1)	(1.0)	(0.3)

Effective tax rate	32.4%	38.9%	33.7%

All material IRS deficiencies prior to 1978 have been settled. The Corporation is contesting deficiencies in the Tax Court for 1978 and 1979. The Corporation has reached a partial settlement with the Appeals Office of the IRS for 1980 through 1983; the remaining issues will be resolved as part of the Tax Court case for 1978 and 1979, as well as the refund claim filed for 1983. The Corporation is negotiating with the Appeals Office concerning 1984 through 1986. The IRS is examining the Corporation's returns for 1987 through 1989. The Corporation believes it has adequately provided for Federal and state income taxes.

Net payments of income taxes were $119 million in 1994, $142 million in 1993 and $168 million in 1992.

8. Debt

Total debt is summarized below:

Millions of Dollars	1994	1993
Notes and Debentures, 4.75% to 10.08% due through 2054	$2,634	$2,225
Equipment obligations, 6.12% to 15.50% due through 2012	748	732
Commercial paper, average of 6.12% in 1994 and 3.35% in 1993	767	868
Mortgage bonds, 4.25% to 5.00% due through 2030	178	178
Tax-exempt financings, 3.75% to 9.60% due through 2026	206	206
Capitalized leases	207	156
Unamortized discount	(180)	(182)
Total debt	4,560	4,183
Less current portion	(470)	(115)
Total long-term debt	$4,090	$4,068

Debt maturities for each year, 1996 through 1999, are $269 million, $108 million, $457 million and $1 billion, respectively. Interest payments approximate gross interest expense.

Approximately 54% of all rail equipment and other railroad properties secures outstanding equipment obligations and mortgage bonds.

Certain tax-exempt financings had variable interest rates from 3.75% to 4.85% at December 31, 1994, and from 2.41% to 3.10% at December 31, 1993.

The Corporation has $1.86 billion of available credit facilities for general corporate purposes with various banks. These facilities consist of revolving credit facilities of $1 billion that expire in 1995 and $800 million that expire in 1999, and $60 million of other short-term facilities. Commitment fees and interest rates payable under these facilities are similar to fees and rates available to the most creditworthy corporate borrowers.

To the extent the Corporation has long-term credit facilities available, a portion of commercial paper borrowings and tax-exempt financings, which are due within one year, have been classified as long-term debt. This classification reflects the Corporation's intent to refinance these short-term borrowings on a long-term basis through the issuance of additional commercial paper and/or new long-term financings, or by using the currently available credit facilities if alternative financing is not available.

The Corporation is subject to certain restrictions related to the payment of cash dividends. The amount of retained earnings available for dividends under the most restrictive test was $2.7 billion at December 31, 1994.

In February 1993, the remaining $25 million of the 7.50% Exchangeable Guaranteed Notes due 2003, which were issued in conjunction with the acquisition of the Missouri-Kansas-Texas Railroad, were exchanged for approximately 774,000 shares of the Corporation's common stock. These common shares were held in treasury prior to the exchange.

9. Leases

The Corporation leases certain locomotives, freight cars, trailers, production platforms and other property. Future minimum lease payments for capital and operating leases with initial or remaining non-cancelable lease terms in excess of one year as of December 31, 1994, are as follows:

Millions of Dollars	Operating Leases	Capital Leases
1995	$131	$ 35
1996	78	35
1997	67	33
1998	61	30
1999	42	29
Later years	247	208
Total minimum payments	$626	370
Amount representing interest		(163)
Present value of minimum lease payments		$207

Rent expense for operating leases with terms exceeding one month was $119 million in 1994, $113 million in 1993 and $105 million in 1992. Contingent rentals and sub-rentals are not significant.

10. Retirement Plans

The Corporation and certain of its subsidiaries provide pension and postretirement health care and life insurance benefits to all eligible retirees.

Pension Benefits

Pension plan benefits are based on years of service and compensation during the last years of employment. Contributions to the plans are calculated based on the Projected Unit Credit actuarial funding method and are not less than the minimum funding standards set forth in the Employee Retirement Income Security Act of 1974, as amended. In addition, Railroad employees are covered by the Railroad Retirement System. Contributions made to the System are expensed as incurred and amounted to approximately $200 million annually over the past three years. Since 1989, the Corporation has settled a portion of the non-qualified unfunded supplemental plans' accumulated benefit obligation by purchasing annuities.

Pension cost includes the following components:

Millions of Dollars	1994	1993	1992
Service cost - Benefits earned during the period	$ 36	$ 30	$ 30
Interest on projected benefit obligation	87	87	84
Return on assets:			

Actual (gain) loss	12	(140)	(57)
Deferred gain (loss)	(99)	60	(19)
Net amortization costs	11	9	11
Charge to operations	$ 47	$ 46	$ 49

The projected benefit obligation was determined using a discount rate of 8.0% in 1994 and 7.0% in 1993. The estimated rate of salary increase approximated 6.0% in 1994 and 5.0% in 1993. The expected long-term rate of return on plan assets was 8.0% in both years. The change in assumptions will not significantly affect 1995 pension cost. As of year-end 1994 and 1993, approximately 32% and 34%, respectively, of the funded plans' assets were held in fixed-income and short-term securities, with the remainder primarily in equity securities.

The funded status of the plans is as follows:

Millions of Dollars	Assets Exceed Accumulated Benefits		Accumulated Benefits Exceed Assets (a)	
	1994	1993	1994	1993
Plan assets at fair value	$1,115	$1,180	$ --	$ --
Actuarial present value of benefit obligations:				
Vested benefits	867	922	33	39
Non-vested benefits	45	54	2	1
Accumulated benefit obligation	912	976	35	40
Additional benefits based on estimated future salaries	233	201	32	26
Projected benefit obligation	1,145	1,177	67	66
Plan assets (over) under projected benefit obligation	30	(3)	67	66
Unamortized net transition asset (obligation)	35	39	(26)	(33)
Unrecognized prior service cost	(44)	(46)	(36)	(39)
Unrecognized net gain (loss)	146	168	(32)	(30)
Minimum liability	--	--	62	76
Pension liability	$ 167	$ 158	$ 35	$ 40

(a) Represents the Corporation's non-qualified unfunded supplemental plans.

Other Postretirement Benefits
In January 1993, the Corporation adopted the provisions of SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (see Note 3). The Corporation does not currently pre-fund health care and life insurance benefit costs. Cash payments for these benefits were $15 million in 1994 and $16 million in 1993.

Railroad agreement employees' health care and life insurance benefits are covered by a separate multiemployer plan and therefore are not subject to the provisions of this Statement.

Components of the postretirement health care and life insurance benefit expense are as follows:

Millions of Dollars	1994	1993
Service cost - Benefits earned during the period	$ 8	$ 7
Interest costs on accumulated benefit obligation	22	21
Net amortization costs	(12)	--
Charge to operations	$18	$28

The liability for postretirement benefit plans is as follows:

Millions of Dollars	1994	1993
Accumulated postretirement benefit obligation (APBO):		
Retirees	$213	$201
Fully eligible active employees	20	21
Other active employees	88	99

Total APBO	321	321
Unrecognized prior service gain	66	76
Unrecognized net gain	53	40
Postretirement benefits liability	$440	$437

The APBO was determined using a discount rate of 8.0% in 1994 and 7.0% in 1993. The health care cost trend rate is assumed to gradually decrease from 12.4% for 1995 to 5.8% for 2009 and all future years. If the assumed health care cost trend rate increases by one percentage point in each subsequent year, the aggregate of the service and interest cost components of annual postretirement benefit expense would increase by $4 million and the APBO would rise by $33 million.

11. Stock Option Plans, Retention Stock Plans and Other Capital Stock

Pursuant to the Corporation's stock option, retention and restricted stock plans for directors, officers and key employees, 9,747,370, 14,469,250 and 4,095,900 common shares or options for common shares were available for grant at December 31, 1994, 1993 and 1992, respectively.

Options under the plans are granted at 100% of market value at the date of grant and are exercisable for a period of ten years from the grant date. While options become exercisable no earlier than one year after grant, in 1994 a multiyear grant was made covering normal annual grants for three years, becoming exercisable over a three-year period, provided designated target Union Pacific common stock prices are met, or becoming fully exercisable in any event after nine years. The plans also provide for granting of options containing stock appreciation rights (SARs) features; however, all outstanding SARs were voluntarily surrendered during 1994.

Changes in common stock options and SARs outstanding are as follows:

	Shares Under Option	Price Range Per Share
Balance Dec. 31, 1991	4,406,720	$19.04 to $49.13
Granted	1,322,250	54.13
Exercised	(1,511,920)	19.04 to 46.66
Expired/Surrendered	(61,100)	46.66 to 54.13
Balance Dec. 31, 1992	4,155,950	20.04 to 54.13
Granted	1,352,850	63.75
Exercised	(792,890)	20.04 to 54.13
Expired/Surrendered	(19,450)	28.32 to 54.13
Balance Dec. 31, 1993	4,696,460	20.04 to 63.75
Granted	3,990,200	47.00
Exercised	(205,000)	20.04 to 54.13
Expired/Surrendered	(31,550)	46.66 to 63.75
Balance Dec. 31, 1994	8,450,110	23.07 to 63.75
Exercisable Dec. 31		
1992	2,833,700	$20.04 to $49.13
1993	3,343,610	20.04 to 54.13
1994	4,459,910	23.07 to 63.75

The plans also provide for awarding restricted shares of common stock to eligible employees, generally subject to forfeiture if employment terminates during the prescribed restricted period. In addition, a multiyear award was made in 1994 covering a performance period through 1998, with vesting dependent upon the achievement of certain Union Pacific stock price targets. During 1994, 1993 and 1992, 755,230, 208,700 and 131,450 retention and restricted shares, respectively, were issued.

The Corporation has announced programs to repurchase up to $1.2 billion of its common shares. Since 1984, 15 million shares have been repurchased at a cost of $841 million.

12. 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. At December 31, 1994, the Corporation had accrued $243 million for estimated future environmental costs and believes it is reasonably possible that actual environmental costs could be lower than the recorded reserve or as much as 25% higher. The recorded liability includes $105 million related to properties previously sold, including $50.5 million for the obligation to participate in the environmental remediation of the Wilmington properties. The Corporation has also 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 position or its results of operations.

13. Other Income - Net

Other Income - Net includes the following:

Millions of Dollars	1994	1993	1992
Rental income	$ 32	$ 33	$ 38
Net gain on property dispositions (Note 4)	216	18	36
Interest on tax settlements	--	--	55
Interest and other - Net	11	38	17
Total	$259	$ 89	$146

SUPPLEMENTARY INFORMATION (unaudited)

Selected Quarterly Data
Selected unaudited quarterly data are as follows:

Millions of Dollars Except Per Share Amounts	Mar. 31	Jun. 30	Sep. 30	Dec. 31
1994				
Operating revenues	$1,860	$1,988	$1,958	$1,992
Operating income	345	421	428	401
Income from continuing operations	285(a)	228	210	235
Net income (loss)	283(a)	220	(213)(b)	256(c)
Per share:				
Continuing operations	1.39(a)	1.11	1.02	1.14
Net income (loss)	1.38(a)	1.07	(1.04)(b)	1.25(c)
Dividends	0.40	0.40	0.43	0.43
Common stock price:				
High	67.13	59.75	60.13	53.75
Low	55.50	55.38	52.75	44.50
1993				
Operating revenues	$1,777	$1,796	$1,839	$1,913
Operating income	345	389	344	416
Income from continuing				

operations	167	204	108(e)	235
Net income (loss)	(11)(d)	198	108(e)	235
Per share:				
Continuing operations	0.81	0.99	0.53(e)	1.14
Net income (loss)	(0.06)(d)	0.96	0.53(e)	1.14
Dividends	0.37	0.37	0.40	0.40
Common stock price:				
High	62.38	65.38	67.00	64.88
Low	56.88	58.75	58.38	57.88

(a) Included a one-time $116 million ($0.56 per share) after-tax gain resulting from the sale of the Corporation's oil and gas properties in Wilmington, California.

(b) Included an after-tax loss from discontinued operations of $423 million ($2.06 per share), reflecting a write-down of USPCI's assets to estimated net realizable value and a provision for costs associated with the disposition of USPCI.

(c) Included a $21 million after-tax ($0.11 per share) reduction in the Corporation's original USPCI loss provision to reflect the sale of USPCI to Laidlaw Inc.

(d) Included a $175 million ($0.86 per share) after-tax charge for changes in accounting principles.

(e) Included a $62 million ($0.30 per share) increase in income tax expense resulting from the deferred tax effect of the 1993 Tax Act.

Stockholders and Dividends

The common stock of the Corporation is traded on various stock exchanges, principally the New York Stock Exchange. At January 31, 1995, there were 205,911,244 shares of outstanding common stock and approximately 62,500 common stockholders. At that date, the closing price of the common stock on the New York Stock Exchange was $50.25.

Cash dividends declared on common stock by the Corporation were $1.66 per share in 1994 and $1.54 per share in 1993. Union Pacific has paid dividends to its common stockholders during each of the past 95 years. See Note 8 to the Financial Statements for a discussion regarding restrictions relating to the payment of cash dividends.

Rail Transportation

Commodities

Revenue ton-miles (RTM) and commodity revenue (CR) for major commodities by percent and in total are as follows:

	1994		1993		1992	
Percent of Total	RTM	CR	RTM	CR	RTM	CR
Automotive	3.8%	11.3%	4.0%	11.3%	3.7%	10.7%
Chemicals	14.6	21.1	14.0	20.9	14.8	21.6
Energy	35.9	18.9	34.3	18.3	31.2	17.6
Food, consumer and government	5.7	6.6	5.8	6.6	6.3	7.1
Grains and grain products	14.3	11.7	16.1	12.9	17.3	13.5
Intermodal	12.5	15.6	12.0	14.3	12.1	13.2
Metals, minerals and forest	13.2	14.8	13.8	15.7	14.6	16.3
Total(%)	100%	100%	100%	100%	100%	100%
Total (Billions)	235.8	$5.2	220.7	$4.9	209.1	$4.8

Equipment

Owned or leased at year-end	1994	1993	1992
Locomotives	3,132	3,142	3,074
Freight cars:			
Covered hoppers	24,009	23,399	22,656
Box cars	15,670	15,826	16,573
Open-top hoppers	11,256	10,885	11,064
Gondolas	9,678	9,969	10,438
Other	7,698	8,013	8,408
Work equipment	4,529	4,704	4,922
Acquired during the year:			
Locomotives	49	74	74
Freight cars	1,784	1,394	646
Average age of equipment (years):			
Locomotives	13.0	12.2	11.8
Freight cars	20.2	19.8	19.3
Bad order ratio - Freight cars	6.4%	7.9%	8.2%

Expenditures

Millions of Dollars	1994	1993	1992
Capital Expenditures:			
Roadway and other	$586	$591	$504
Equipment	183	214	263
Total	$769	$805	$767
Maintenance Expenditures:			

	1994	1993	1992
Roadway	$258	$247	$273
Equipment	500	490	485
Total	$758	$737	$758

Track Miles

	1994	1993	1992
Main line	13,836	13,972	14,032
Branch line	3,663	3,863	4,988
Yards, siding and other main line	12,279	12,480	12,717
Total	29,778	30,315	31,737
Track miles of continuous welded rail (at year-end)	13,988	13,735	13,528
Track miles under centralized traffic-control (at year-end)	8,900	8,861	8,847
Track miles of rail replaced:			
New	278	280	373
Used	252	254	267
Track miles re-ballasted	2,442	2,510	3,296
Ties replaced (thousands)	1,623	2,017	1,946

Freight Operations

	1994	1993	1992
Operating ratio	77.9	79.1	79.0
Carloadings (thousands)	4,991	4,619	4,458
Average commodity revenue per carloading	$1,045	$1,055	$1,081
Average price of diesel fuel (cents per gallon)	58.7	62.8	63.9

Trucking

Freight Operations

	1994	1993	1992
Shipments (thousands):			
Less-than-truckload	8,535	8,146	7,603
Truckload	58	60	67
Total	8,593	8,206	7,670
Tonnage (thousands):			
Less-than-truckload	4,557	4,277	3,994
Truckload	667	733	837
Total	5,224	5,010	4,831
Revenue per hundredweight	$9.82	$9.28	$9.03
Operating ratio	91.3	90.2	90.9

Equipment and Terminals

Owned or leased at year-end	1994	1993	1992
Tractors	5,364	5,254	5,311
Trailers	18,858	17,105	16,123
Straight trucks	87	93	101
Automobiles and service units	214	237	385
Service centers	173	166	160
Average age of equipment (years):			
Tractors	6.5	6.8	7.2
Trailers	7.0	8.0	8.7

Capital Expenditures

Millions of Dollars	1994	1993	1992
Revenue equipment	$ 58	$ 40	$ 48
Other	35	40	24
Total	$ 93	$ 80	$ 72

Natural Resources

Oil and Gas -- Proved Reserves
Proved reserves of crude oil, which include condensate and natural gas liquids, are as follows:

Millions of Barrels	1994	1993	1992
Beginning of year	156.9	156.6	161.4
Revisions of previous estimates	(1.7)	5.5	7.1
Improved recovery	--	1.3	--
Extensions, discoveries and other additions	29.1	20.8	27.2
Purchases (sales) of reserves-in-place	1.1	4.6	(7.3)
Production	(30.7)	(31.9)	(31.8)
End of year	154.7	156.9	156.6
Proved developed reserves	151.1	153.8	148.5

The table above includes the following amounts with respect to natural gas liquids:

Millions of Barrels	1994	1993	1992
Production	(8.5)	(7.7)	(7.5)
Reserves, end of year	83.8	74.3	67.8

Proved natural gas reserves are as follows:

Billions of Cubic Feet	1994	1993	1992
Beginning of year	1,731.2	1,709.2	1,655.5
Revisions of previous estimates	(33.1)	(35.6)	37.2
Extensions, discoveries and other additions	360.3	237.0	427.1
Purchases (sales) of reserves-in-place	349.4	46.6	(199.6)

Production	(281.8)	(226.0)	(211.0)
End of year	2,126.0	1,731.2	1,709.2
Proved developed reserves	2,054.4	1,643.5	1,610.8

Reserve estimates for 1994 include the effects of the AMAX Oil & Gas, Inc. acquisition and the sale of Wilmington, California properties (see Note 4 to the Financial Statements). Over 90% of proved reserves are in the United States. At December 31, 1991, proved developed reserves of oil and gas were 135.4 million barrels and 1,512.9 billion cubic feet, respectively.

Drilling and Production Activities

Drilling	1994	1993	1992
Gross wells	677	529	483
Gross productive wells	644	491	435
Net wells:			
Exploration	24	20	33
Development	373	303	291
Net productive wells:			
Exploration	16	10	13
Development	365	295	285

At December 31, 1994, 134 gross wells and 45 net wells were in process of being drilled.

Sales Price and Cost (a)	1994	1993	1992
Crude oil sales price	$14.34	$15.66	$17.22
Natural gas liquids sales price	9.18	9.84	10.67
Gas sales price	1.82	1.82	1.52
Lifting cost (b)	3.57	4.12	4.12

(a) Average per bbl or mcf, except lifting cost which is per barrel oil equivalent converted at 6:1.

(b) Lifting cost per unit includes 9.8 million, 6.9 million and 5.8 million barrels of natural gas liquids earned through plant ownership in 1994, 1993 and 1992, respectively.

Production (per day)	1994	1993	1992
Net crude oil (thousand bbl)	63.1	66.5	66.5
Net natural gas liquids (thousand bbl)	23.2	21.0	20.6
Net natural gas (mmcf)	772.0	619.0	576.0
Natural gas processed (mmcf)	1,122.4	949.4	935.1

Acreage and Wells
Oil and gas acreage is as follows:

Thousands of Acres	1994	1993
Gross developed	1,811	1,569
Net developed	847	833
Gross undeveloped	4,252	17,588
Net undeveloped	3,083	15,733

The table excludes 7.1 million gross acres and 6.4 million net acres, which were acquired through 19th century Congressional Land Grant Acts. Substantial portions of this acreage are considered prospective for oil and gas.

Productive oil and gas wells at December 31, 1994, are as follows:

Wells	Oil	Gas
Gross (a)	3,565	4,109
Net	1,272	2,513

(a) Approximately 785 are multiple completions, 449 of which are gas wells.

Capitalized Exploration and Production Costs

Millions of Dollars	1994	1993	1992
Proved properties	$ 786	$ 386	$ 402
Unproved properties	146	151	134
Wells, related equipment and facilities	3,448	3,110	2,791
Uncompleted wells, equipment and facilities	172	197	200
Gross capitalized costs	4,552	3,844	3,527
Accumulated depreciation, depletion, amortization and valuation provisions	(2,218)	(2,208)	(1,983)
Net capitalized costs	$2,334	$1,636	$1,544

Costs Incurred in Exploration and Development

Costs incurred in oil and gas property acquisitions, and exploration and development activities are as follows:

Millions of Dollars	1994	1993	1992
Costs incurred: (a)			
Proved acreage	$441	$ 27	$ 3
Unproved acreage	35	57	31
Exploration costs	104	88	89
Development costs	746	400	485

(a) Costs incurred include capitalized costs.

Results of Operations for Producing Activities

Millions of Dollars	1994	1993	1992
Revenues - Third parties	$1,059	$1,044	$ 957
Production costs	(315)	(315)	(300)
Exploration expenses	(73)	(76)	(89)
Depreciation, depletion and amortization	(447)	(400)	(409)
Total costs	(835)	(791)	(798)
Pre-tax results	224	253	159
Income taxes	(80)	(83)	(58)
Results of operations	$ 144	$ 170	$ 101

Pipeline results, overhead expenses and interest costs have been excluded in computing these results of operations.

Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves

Millions of Dollars	1994	1993	1992
Future cash inflows from sale of oil and gas	$5,023	$4,540	$5,256
Future production and development costs	(1,791)	(1,631)	(1,451)
Future income taxes	(722)	(859)	(1,156)
Future net cash flows	2,510	2,050	2,649
10% annual discount	(851)	(761)	(1,097)
Standardized measure of discounted future net cash flows	$1,659	$1,289	$1,552

An analysis of changes in standardized measure of discounted future net cash flows follows:

Millions of Dollars	1994	1993	1992
Beginning of year	$1,289	$1,552	$1,504
Changes due to current year operations:			
Additions and discoveries less related production and other costs	571	441	721
Sales of oil and gas - Net of production costs	(744)	(733)	(657)
Development costs	745	400	485
Purchases (sales) of reserves-in-place	235	28	(228)
Changes due to revisions in:			
Price	(10)	(516)	(4)
Development costs	(812)	(358)	(414)
Quantity estimates	(80)	(5)	103
Income taxes	224	143	(101)
Other	67	123	(56)
Discount accretion	174	214	199
End of year	$1,659	$1,289	$1,552

Future oil and gas sales, and production and development costs have been estimated using prices and costs in effect as of each year-end. Future net revenues were discounted to present value at 10%, a uniform rate set by the FASB. Income taxes represent the tax effect (at statutory rates) of the difference between the standardized measure values and tax bases of the underlying properties at the end of the year.

Changes in the supplies and demand for oil and natural gas, inflation, timing of production, reserve revisions and other factors make these estimates inherently imprecise and subject to substantial revision. As a result, these measures are not the Corporation's estimate of future cash flows nor do these measures serve as an estimate of current market value.

TEN-YEAR FINANCIAL SUMMARY(a/b)

Union Pacific Corporation and Subsidiary Companies

Millions of Dollars, Except Per Share Amounts, Ratios and Employee Statistics

	1994	1993(c)	1992	1991(d)	1990
Operating Revenues	$ 7,798	7,325	7,032	6,778	6,735
Operating Income (Loss)	1,595	1,494	1,397	480	1,309
Income (Loss) from Continuing Operations	958	714	728	84	614
Net Income (Loss)	546	530	728	64	618
Per Share:					
Continuing Operations	4.66	3.47	3.57	0.41	3.06
Net Income (Loss)	2.66	2.58	3.57	0.31	3.08
Dividends	$ 1.66	1.54	1.42	1.31	1.18
At Year-End					
Total Assets	$ 15,942	14,895	14,001	13,226	13,008
Total Debt	4,560	4,183	4,098	4,049	4,083
Common Stockholders' Equity	5,131	4,885	4,639	4,163	4,277
Equity Per Common Share	$ 24.92	23.81	22.75	20.52	21.63
For the Year					
Capital Investments (e)	$ 1,597	1,574	1,567	1,231	1,206
Total Salaries, Wages and Employee Benefits (f)	$ 2,863	2,786	2,778	2,635	2,634
Average Number of Employees	46,900	45,500	44,400	45,500	47,000
Revenues Per Employee	$166,300	161,000	158,500	148,900	143,200
Financial Ratios (%)					
Debt to Total Capital Employed	36.3	35.6	36.8	39.1	38.5
Return on Average Common Stockholders' Equity	10.9	11.1	16.5	1.5	15.1

	1989	1988	1987	1986(d)	1985
Operating Revenues	$ 6,246	5,951	5,351	4,773	5,078
Operating Income (Loss)	1,240	1,197	991	(364)	825
Income (Loss) from Continuing Operations	598	561	495	(270)	464
Net Income (Loss)	595	644	583	(460)	501
Per Share:					
Continuing Operations	2.83	2.46	2.16	(1.40)	1.94
Net Income (Loss)	2.81	2.83	2.55	(2.28)	2.09
Dividends	$ 1.12	1.05	1.00	0.93	0.90
At Year-End					
Total Assets	$ 12,421	12,182	10,919	10,863	10,710
Total Debt	4,034	3,353	2,885	3,061	2,192
Common Stockholders' Equity	3,911	4,482	3,761	3,408	4,356
Equity Per Common Share	$ 19.50	19.85	17.90	16.23	19.84
For the Year					
Capital Investments (e)	$ 1,174	1,240	748	738	1,067
Total Salaries, Wages and Employee Benefits (f)	$ 2,552	2,436	2,284	1,978	2,188
Average Number of Employees	47,100	46,300	46,600	39,500	44,400
Revenues Per Employee	$134,800	128,500	114,900	120,900	114,300
Financial Ratios (%)					
Debt to Total					

Capital Employed	40.3	34.4	32.7	36.1	24.7
Return on Average Common Stockholders' Equity	14.2	13.4	12.9	--	10.1

(a) 1994 results include a net after-tax loss from discontinued operations of $412 million from the sale of the Corporation's waste management operations (see Note 2 to the Financial Statements). Excluding this loss, return on average common stockholders' equity would have been 18.4%. All information presented has been restated to reflect USPCI, Inc. as discontinued operations.

(b) Data include the effects of the AMAX Oil & Gas, Inc. acquisition as of March 31, 1994, the Skyway Freight Systems, Inc. acquisition as of May 31, 1993 and the Missouri-Kansas-Texas Railroad Company acquisition as of August 1, 1988.

(c) 1993 results include a net after-tax charge of $175 million for the adoption of changes in accounting methods and a one-time $62 million charge for the deferred tax effect of the Omnibus Budget Reconciliation Act of 1993 (the 1993 Tax Act) (see Notes 3 and 7 to the Financial Statements, respectively). Excluding the effects of the 1993 Tax Act, income from continuing operations would have been $776 million ($3.77 per share) with a return average common stockholders' equity of 15.9%.

(d) Earnings excluding the special charges would have been $639 million in 1991 with a return on average common stockholders' equity of 14.2% and would have been $485 million in 1986 with a return on average common stockholders' equity of 11.1%.

(e) Includes exploratory expenditures and capital expenditures of unconsolidated affiliated companies.

(f) Includes capitalized salaries, wages and employee benefit costs.

(Union Pacific Corporation System Map - See Appendix.)

Union Pacific Corporation 1994 Annual Report

Appendix: Description of Graphic Material omitted from electronically filed excerpts of the 1994 Annual Report

Union Pacific Railroad - Page 7
Thousands

	1990	1991	1992	1993	1994
Carloadings	4,158	4,304	4,458	4,619	4,991

Union Pacific Railroad - Page 8
Millions

	1990	1991	1992	1993	1994
Revenue Ton-Miles Per Employee	6.10	6.58	7.21	7.66	8.21

Union Pacific Resources - Page 10
Millions of Equivalent Barrels

	1990	1991	1992	1993	1994
Production					
Gas	34	33	35	38	47
Oil	23	28	32	32	31

Union Pacific Resources - Page 13
Millions of Equivalent Barrels

	1990	1991	1992	1993	1994
Reserves	435.4	437.3	441.5	445.4	509.0

Overnite Transportation Company - Page 17
Thousands of Tons

	1990	1991	1992	1993	1994
Less-than-truckload tonnage	3,869	3,652	3,994	4,277	4,557

Skyway Freight Systems - Page 18
Thousands of Tons

	1990	1991	1992	1993	1994
Total Weight Shipped	97.39	115.98	183.91	225.02	265.84

Financial Review - Page 23

Union Pacific Corporation

Millions	1990	1991	1992	1993	1994
Operating Revenues	$6,735	$6,778	$7,032	$7,325	$7,798

Financial Review - Page 28

Union Pacific Corporation

	1990	1991	1992	1993	1994
Operating Cash Flow Millions	$1,467	$1,392	$1,660	$1,563	$1,909
Dividend History Per Share	$1.18	$1.31	$1.42	$1.54	$1.66

Financial Reveiw - Page 30

Union Pacific Corporation

	1990	1991	1992	1993	1994
Capital Investments Millions	$1,206	$1,231	$1,567	$1,574	$1,597
Book Value Per Share	$21.63	$20.52	$22.75	$23.81	$24.92

Union Pacific Corporation System Map - Pages 48 and 49.

Map Description

Two-page white map of the Continental United States, Western Provinces of Canada, and Alaska, on a gray background with a blue and black border.

The location of significant assets and operations are indicated on the map by operating company as follows:

A. Union Pacific Corporation

   1. Corporate Headquarters in Bethlehem, Pennsylvania.

B. Union Pacific Railroad

   1. Headquarters in Omaha, Nebraska

   2. Single, Double and Triple Track located in the states of Nebraska, Iowa, Illinois, Missouri, Kansas, Oklahoma, Arkansas, Tennessee, Louisiana, Texas, Colorado, Wyoming, Utah, Idaho, Montana, Nevada, California, Oregon and Washington.

   3. Classification Yards located in the states of Nebraska, Illinois, Missouri, Arkansas, Louisiana, Texas, Idaho, California and Oregon.

   4. Major Intermodal Trailer/Container Terminals located in the states of Nebraska, Illinois, Missouri, Arkansas, Tennessee, Louisiana, Texas, Colorado, Utah, California and Washington.

C. Union Pacific Resources

   1. Headquarters in Fort Worth, Texas.

   2. Major Petroleum Producing Areas in Texas, Arkansas, Kansas, Colorado, Wyoming, Utah, Alberta, and the Gulf of Mexico.

3. Exploration and Development Activities in British Columbia, Louisiana, Texas, Colorado, Wyoming, Utah, Indiana and the Gulf of Mexico.

4. Gas Processing Plants in Texas, Utah, Wyoming, Colorado, and Alberta.

5. Coal Operations in Wyoming.

6. Trona Activities in Wyoming.

7. Construction Materials Activities in Missouri and Utah.

8. Pipelines - Overland Trail Pipeline in Wyoming and the Wahsatch Gathering System in Utah, Idaho and Wyoming.

D. Overnite Transportation

1. Headquarters in Richmond, Virginia.

2. Key Terminals spread throughout the eastern half of the Continental United States; and in the western states of Washington, Oregon, California, Nevada, Utah, Arizona and Colorado; and in the Canadian cities of Toronto and Montreal.

E. Skyway Freight Systems

1. Headquarters in Watsonville, California.

2. Key Terminals in the states of Washington, California, Arizona, Colorado, Texas, Iowa, Illinois, Indiana, Ohio, Florida, Georgia, North Carolina, New Jersey and Massachusetts.

F. Union Pacific Technologies

1. Headquarters in St. Louis, Missouri.

EXHIBIT 21

SIGNIFICANT SUBSIDIARIES OF UNION PACIFIC CORPORATION

Name of Corporation	State of Incorporation
Overnite Transportation Company	Virginia
Union Pacific Holdings, Inc.	Utah
Union Pacific Railroad Company	Utah
Missouri Pacific Corporation	Delaware
Missouri Pacific Railroad Company	Delaware
Resources Holdings, Inc.	Delaware
Union Pacific Finance Company	Delaware
Union Pacific Resources Company	Delaware
Union Pacific Technologies, Inc.	Delaware
Skyway Freight Systems, Inc.	California

Exhibit 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Post-Effective Amendment No. 1 to Registration Statement No. 2-79663, Post-Effective Amendment No. 1 to Registration Statement No. 33-12513, Registration Statement No. 33-18877, Registration Statement No. 33-22106, Registration Statement No. 33-22607, Registration Statement No. 33-44236, Registration Statement No. 33-53968, Registration Statement No. 33-49785, Registration Statement No. 33-49849, Registration Statement No. 33-51071, Registration Statement No. 33-51735, Registration Statement No. 33-52277, and Registration No. 33-54811 on Forms S-8 and Registration Statement No. 33-52645 on Form S-3 of our report dated January 19, 1995, incorporated by reference in this Annual Report on Form 10-K of Union Pacific Corporation for the year ended December 31, 1994.

/s/Deloitte & Touche LLP
DELOITTE & TOUCHE LLP
New York, New York

March 8, 1995

EXHIBIT 24

UNION PACIFIC CORPORATION

POWER OF ATTORNEY

The undersigned, a director of Union Pacific Corporation, a Utah corporation (the "Company"), hereby appoints each of Drew Lewis, L. White Matthews, III and Judy L. Swantak his true and lawful attorney-in-fact and agent, to sign on his behalf the Company's Annual Report on Form 10-K for the year ended December 31, 1994, and any and all amendments thereto, and to file the same, with all exhibits thereto, with the Securities and Exchange Commission.

/s/Robert P. Bauman

ROBERT P. BAUMAN

UNION PACIFIC CORPORATION

POWER OF ATTORNEY

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/s/Richard B. Cheney

RICHARD B. CHENEY

UNION PACIFIC CORPORATION

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/s/E. Virgil Conway

E. VIRGIL CONWAY

UNION PACIFIC CORPORATION

POWER OF ATTORNEY

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/s/Richard K. Davidson

RICHARD K. DAVIDSON

UNION PACIFIC CORPORATION

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/s/Spencer F. Eccles

SPENCER F. ECCLES

UNION PACIFIC CORPORATION

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/s/Elbridge T. Gerry, Jr.

ELBRIDGE T. GERRY, JR.

UNION PACIFIC CORPORATION

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/s/William H. Gray, III

WILLIAM H. GRAY, III

UNION PACIFIC CORPORATION

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/s/Judith Richards Hope

JUDITH RICHARDS HOPE

UNION PACIFIC CORPORATION

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/s/Lawrence M. Jones

LAWRENCE M. JONES

UNION PACIFIC CORPORATION

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/s/Richard J. Mahoney

RICHARD J. MAHONEY

UNION PACIFIC CORPORATION

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/s/Claudine B. Malone

CLAUDINE B. MALONE

UNION PACIFIC CORPORATION

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/s/Jack L. Messman

JACK L. MESSMAN

UNION PACIFIC CORPORATION

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/s/John R. Meyer

JOHN R. MEYER

UNION PACIFIC CORPORATION

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/s/Thomas A. Reynolds, Jr.

THOMAS A. REYNOLDS, JR.

UNION PACIFIC CORPORATION

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/s/James D. Robinson, III

JAMES D. ROBINSON, III

UNION PACIFIC CORPORATION

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/s/Robert W. Roth

ROBERT W. ROTH

UNION PACIFIC CORPORATION

POWER OF ATTORNEY

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/s/Richard D. Simmons

RICHARD D. SIMMONS

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

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

12-MOS
DEC-31-1994
DEC-31-1994
121
0
939
0
315
1,822
18,885
6,614
15,942
2,505
4,090
580
0
0
4,551
15,942
0
7,798
0
6,203
99
0
336
1,419
461
958
(412)
0
0
546
2.66
0