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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2007

- OR -

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

For the transition period from ______________ to ______________

Commission file number 1-6075

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

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

1400 DOUGLAS STREET, OMAHA, NEBRASKA
(Address of principal executive offices)

68179
(Zip Code)

(402) 544-5000
(Registrant’s telephone number, including area code)

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

☑ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Act).
Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

☐ Yes ☑ No

As of April 24, 2007, there were 269,451,889 shares of the Registrant’s Common Stock outstanding.

TABLE OF CONTENTS
UNION PACIFIC CORPORATION
AND SUBSIDIARY COMPANIES

PART I. FINANCIAL INFORMATION

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Income (Unaudited)
Union Pacific Corporation and Subsidiary Companies

Millions, Except Per Share Amounts, For the Three Months Ended March 31,	***2007***	*2006*
Operating revenue	**$3,849**	$3,710
Operating expenses:		
Salaries, wages, and employee benefits	**1,180**	1,129
Fuel and utilities	**683**	692
Equipment and other rents	**353**	367
Depreciation	**325**	303
Materials and supplies	**176**	164
Casualty costs	**69**	110
Purchased services and other costs	**344**	340
Total operating expenses	**3,130**	3,105
Operating income	**719**	605
Other income	**15**	10
Interest expense	**(113)**	(120)
Income before income taxes	**621**	495
Income taxes	**(235)**	(184)
Net income	**$ 386**	$ 311
Share and Per Share (note 7):		
Earnings per share – basic	**$ 1.43**	$ 1.16
Earnings per share – diluted	**$ 1.41**	$ 1.15
Weighted average number of shares – basic	**270.6**	268.3
Weighted average number of shares – diluted	**272.8**	271.0
Dividends declared per share	**$ 0.35**	$ 0.30

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

Table of Contents

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

Millions of Dollars, Except Share and Per Share Amounts	***March 31, 2007***	*December 31, 2006*
Assets		
Current assets:		
Cash and cash equivalents	**$ 598**	$ 827
Accounts receivable, net	**660**	679
Materials and supplies	**414**	395
Current deferred income taxes	**319**	319
Other current assets	**265**	191
Total current assets	**2,256**	2,411
Investments:		
Investments in and advances to affiliated companies	**882**	865
Other investments	**12**	12
Total investments	**894**	877
Properties:		
Road	**36,075**	35,634
Equipment	**7,632**	7,637
Other	**177**	177
Total cost	**43,884**	43,448
Accumulated depreciation	**(10,818)**	(10,575)
Net properties	**33,066**	32,873
Other assets	**470**	354
Total assets	**$ 36,686**	$ 36,515
Liabilities and Common Shareholders' Equity		
Current liabilities:		
Accounts payable	**$ 668**	$ 684
Accrued wages and vacation	**425**	412
Accrued casualty costs	**401**	409
Income and other taxes	**386**	279
Dividends and interest	**228**	238
Debt due within one year	**137**	780
Equipment rents payable	**102**	108
Other current liabilities	**616**	629
Total current liabilities	**2,963**	3,539
Debt due after one year	**6,594**	6,000
Deferred income taxes	**9,710**	9,696
Accrued casualty costs	**834**	868
Retiree benefits obligation	**500**	504
Other long-term liabilities	**638**	596
Commitments and contingencies (note 8)		
Total liabilities	**21,239**	21,203
Common shareholders' equity:		
Common shares, par value $2.50 per share, 500,000,000 shares authorized; 276,173,360 and 275,962,411 shares issued, respectively	**690**	690
Paid-in-surplus	**3,942**	3,943
Retained earnings	**11,499**	11,215
Treasury stock	**(543)**	(394)
Accumulated other comprehensive loss	**(141)**	(142)
Total common shareholders' equity	**15,447**	15,312
Total liabilities and common shareholders' equity	**$ 36,686**	$ 36,515

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

Table of Contents

Condensed Consolidated Statements of Cash Flows (Unaudited)
Union Pacific Corporation and Subsidiary Companies

Millions of Dollars, For the Three Months Ended March 31,	***2007***	*2006*
Operating Activities		
Net income	**$ 386**	$ 311
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	**325**	303
Noncurrent income taxes	**45**	43
Stock-based compensation expense	**11**	11
Net gain from asset sales	**(5)**	(6)
Other operating activities, net	**(24)**	(63)
Changes in current assets and liabilities, net	**(7)**	(192)
Cash provided by operating activities	**731**	407
Investing Activities		
Capital investments	**(514)**	(549)
Proceeds from asset sales	**11**	13
Acquisition of equipment pending financing	**(134)**	(78)
Other investing activities, net	**(40)**	(22)
Cash used in investing activities	**(677)**	(636)
Financing Activities		
Common share repurchases (note 10)	**(186)**	-
Dividends paid	**(83)**	(80)
Debt repaid	**(53)**	(309)
Net proceeds from equity compensation plans	**18**	88
Excess tax benefits from equity compensation plans	**18**	15
Other financing activities, net	**3**	-
Cash used in financing activities	**(283)**	(286)
Net change in cash and cash equivalents	**(229)**	(515)
Cash and cash equivalents at beginning of year	**827**	773
Cash and cash equivalents at end of period	**$ 598**	$ 258
Changes in Current Assets and Liabilities		
Accounts receivable, net	**$ 19**	$ 17
Materials and supplies	**(19)**	(85)
Other current assets	**(74)**	7
Accounts, wages, and vacation payable	**(3)**	(177)
Other current liabilities	**70**	46
Total	**$ (7)**	$ (192)
Supplemental Cash Flow Information		
Non-cash investing activity, capital investments accrued but not yet paid	**$ 77**	$ 82
Non-cash financing activity:		
Cash dividends declared but not yet paid	**$ 92**	$ 79
Common shares repurchased but not yet paid	**16**	-
Cash paid during the period for:		
Interest	**$ (134)**	$ (152)
Income taxes, net	**(68)**	(1)

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

[Table of Contents]

Condensed Consolidated Statement of Changes in Common Shareholders' Equity (Unaudited)
Union Pacific Corporation and Subsidiary Companies

Millions of Dollars / *Thousands of Shares*	*Common Shares*	*Treasury Shares*	*Common Shares*	*Paid-in-Surplus*	*Retained Earnings*	*Treasury Stock*	*Accumulated Other Comp Income/(Loss)* *Defined Benefit Plans*	*Foreign Curr. Trans.*	*FAS 133*	*Total*
Balance at Dec. 31, 2006	275,962	(5,790)	$690	$3,943	$11,215	$(394)	$(120)	$(17)	$(5)	$15,312
Cumulative effect of adoption of FIN 48 (note 11)	-	-	-	-	(7)	-	-	-	-	(7)
Balance at Jan. 1, 2007	275,962	(5,790)	$690	$3,943	$11,208	$(394)	$(120)	$(17)	$(5)	$15,305
Comprehensive income:										
Net income			-	-	386	-	-	-	-	386
Other comp. income			-	-	-	-	1	-	-	1
Total comprehensive income			-	-	386	-	1	-	-	387
Conversion, stock option exercises, forfeitures, and other	211	904	-	(1)	-	53	-	-	-	52
Share repurchases (note 10)	-	(2,044)	-	-	-	(202)	-	-	-	(202)
Dividends declared ($0.35 per share)	-	-	-	-	(95)	-	-	-	-	(95)
Balance at Mar. 31, 2007	276,173	(6,930)	$690	$3,942	$11,499	$(543)	$(119)	$(17)	$(5)	$15,447

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

For purposes of this report, unless the context otherwise requires, all references herein to the "Corporation", "UPC", "we", "us", and "our" mean Union Pacific Corporation and its subsidiaries, including Union Pacific Railroad Company, which will be separately referred to herein as "UPRR" or the "Railroad".

1. **Responsibilities for Financial Statements** – Our Condensed Consolidated Financial Statements are unaudited and reflect all adjustments (consisting only of normal and recurring adjustments) that are, in the opinion of management, necessary for their fair presentation in conformity with accounting principles generally accepted in the United States of America. Our Consolidated Statement of Financial Position at December 31, 2006, is derived from audited financial statements. This Quarterly Report on Form 10-Q should be read in conjunction with our Consolidated Financial Statements and notes thereto contained in our 2006 Annual Report on Form 10-K. The results of operations for the three months ended March 31, 2007, are not necessarily indicative of the results for the entire year ending December 31, 2007.

2. **Stock-Based Compensation** – We have several stock-based compensation plans under which employees and non-employee directors receive stock options, nonvested retention shares, and nonvested stock units. We refer to the nonvested shares and stock units collectively as "retention awards". We issue treasury shares to cover option exercises and stock unit vestings, while new shares are issued when retention shares vest. We measure and recognize compensation expense following Financial Accounting Standards Board (FASB) Statement No. 123(R), *Share-Based Payment*. Expense is measured on the grant date and is expensed ratably over the service period of the awards (generally the vesting period). Information regarding stock-based compensation appears in the table below:

Millions of Dollars	***Three Months Ended March 31, 2007***	*2006*
Stock-based compensation, before tax:		
Stock options	**$ 5**	$ 4
Retention awards	**6**	7
Total stock-based compensation, before tax	**$ 11**	$ 11
Total stock-based compensation, after tax	**$ 7**	$ 7

Stock Options – We estimate the fair value of our stock option awards using the Black-Scholes option pricing model. Groups of employees and non-employee directors that have similar historical and expected exercise behavior are considered separately for valuation purposes. The table below shows the year-to-date weighted-average assumptions used for valuation purposes:

Weighted-Average Assumptions	***Three Months Ended March 31, 2007***	*2006*
Risk-free interest rate	**4.9%**	4.5%
Dividend yield	**1.4%**	1.4%
Expected life (years)	**4.7**	6.0
Volatility	**20.9%**	25.3%
Weighted-average grant-date fair value of options granted	**$ 22.34**	$ 24.97

The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant; the dividend yield is calculated as the ratio of dividends paid per share of common stock to the stock price on the date of grant; the expected life is based on historical and expected exercise behavior; and volatility is based on the historical volatility of our stock price over the expected life of the option.

A summary of stock option activity during the three months ended March 31, 2007 is presented below:

	Shares (thousands)	*Weighted-Average Exercise Price*	*Weighted-Average Remaining Contractual Term*	*Aggregate Intrinsic Value (millions)*
Outstanding at December 31, 2006	10,044	$ 64.22	6.0 yrs.	$ 279
Granted	1,098	96.97	N/A	N/A
Exercised	(837)	55.72	N/A	N/A
Forfeited or expired	(7)	70.71	N/A	N/A
Outstanding at March 31, 2007	10,298	$ 68.40	6.3 yrs.	$ 341
Vested or expected to vest at March 31, 2007	9,546	$ 66.97	6.1 yrs.	$ 330
Options exercisable at March 31, 2007	8,199	$ 62.42	5.6 yrs.	$ 321

Stock options are granted at the closing price on the date of grant, have ten-year contractual terms, and vest no later than three years from the date of grant. None of the stock options outstanding at March 31, 2007 are subject to performance or market-based vesting conditions.

At March 31, 2007, there was $42 million of unrecognized compensation expense related to nonvested stock options, which is expected to be recognized over a weighted-average period of 2.0 years. Additional information regarding stock option exercises appears in the table below:

	Three Months Ended March 31,	
Millions of Dollars	**2007**	2006
Aggregate grant-date fair value of stock options vested	**$ 10**	$ 26
Intrinsic value of stock options exercised	**37**	63
Cash received from option exercises	**36**	96
Tax benefit realized from option exercises	**16**	24

Retention Awards – The fair value of retention awards is based on the closing price of the stock at the grant date. Dividend equivalents are paid to participants during the vesting periods.

Changes in our retention awards during the three months ended March 31, 2007 were as follows:

	Shares (thousands)	*Weighted-Average Grant-Date Fair Value*
Nonvested at December 31, 2006	778	$ 71.72
Granted	305	96.97
Vested	(249)	61.86
Forfeited	(5)	73.70
Nonvested at March 31, 2007	829	$ 83.97

Retention awards are granted at no cost to the employee or non-employee director and vest over periods lasting up to four years. At March 31, 2007, there was $51 million of total unrecognized compensation expense related to nonvested retention awards, which is expected to be recognized over a weighted-average period of 2.8 years.

Performance Retention Awards – In January 2007, our Board of Directors approved performance stock unit grants. Other than raising the performance targets, the basic terms of these performance stock units are identical to those granted in January 2006, including annual return on invested capital (ROIC) as the performance measure. Stock units awarded to selected employees under these grants are subject to continued employment for 37 months and the attainment of certain levels of ROIC. We will expense the fair value of the units that are probable of being earned based on our forecasted ROIC over the 3-year performance period. We measure the fair value of these performance stock units based upon the closing price of the underlying common stock as of the date of grant, reduced by the present value of estimated future dividends. Dividend equivalents are paid to participants only after the units are earned.

The assumptions used to calculate the present value of estimated future dividends are as follows:

	Three Months Ended March 31, 2007
Dividend per share	**$ 0.35**
Risk-free interest rate at date of grant	**4.9%**

Changes in our performance retention awards during the three months ended March 31, 2007 were as follows:

	Shares (thousands)	*Weighted-Average Grant-Date Fair Value*
Nonvested at December 31, 2006	122	$ 86.05
Granted	173	93.72
Vested	-	-
Forfeited	-	-
Nonvested at March 31, 2007	295	$ 90.54

At March 31, 2007, there was $21 million of total unrecognized compensation expense related to nonvested performance retention awards, which is expected to be recognized over a weighted-average period of 2.3 years. A portion of this expense is subject to achievement of the ROIC levels established for the performance stock unit grants.

3. Operations and Segmentation – The Railroad, along with its subsidiaries and rail affiliates, is our one reportable operating segment. Although revenue is analyzed by commodity group, we analyze the net financial results of the Railroad as one segment due to the integrated nature of our rail network.

4. Financial Instruments

Strategy and Risk – We may use derivative financial instruments in limited instances for other than trading purposes to assist in managing our overall exposure to fluctuations in interest rates and fuel prices. We are not a party to leveraged derivatives and, by policy, do not use derivative financial instruments for speculative purposes. Derivative financial instruments qualifying for hedge accounting must maintain a specified level of effectiveness between the hedging instrument and the item being hedged, both at inception and throughout the hedged period. We formally document the nature and relationships between the hedging instruments and hedged items, as well as our risk-management objectives, strategies for undertaking the various hedge transactions, and method of assessing hedge effectiveness. Changes in the fair market value of derivative financial instruments that do not qualify for hedge accounting are charged to earnings. We may use swaps, collars, futures, and/or forward contracts to mitigate the risk of adverse movements in interest rates and fuel prices; however, the use of these derivative financial instruments may limit future benefits from favorable price movements.

Market and Credit Risk – We address market risk related to derivative financial instruments by selecting instruments with value fluctuations that highly correlate with the underlying hedged item. Credit risk related to derivative financial instruments, which is minimal, is managed by requiring high credit standards for counterparties and periodic settlements. At March 31, 2007 and December 31, 2006, we were not required to provide collateral, nor had we received collateral, relating to our hedging activities.

Determination of Fair Value – We determine the fair values of our derivative financial instrument positions based upon current fair values as quoted by recognized dealers or the present value of expected future cash flows.

Interest Rate Fair Value Hedges – We manage our overall exposure to fluctuations in interest rates by adjusting the proportion of fixed and floating rate debt instruments within our debt portfolio over a given period. We generally manage the mix of fixed and floating rate debt through the issuance of targeted amounts of each as debt matures or as we require incremental borrowings. We employ derivatives, primarily swaps, as one of the tools to obtain the targeted mix. In addition, we also obtain flexibility in managing interest costs and the interest rate mix within our debt portfolio by evaluating the issuance of and managing outstanding callable fixed-rate debt securities.

Swaps allow us to convert debt from fixed rates to variable rates and thereby hedge the risk of changes in the debt's fair value attributable to the changes in interest rates. We account for swaps as fair value hedges using the short-cut method pursuant to FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*; therefore, we do not record any ineffectiveness within our Condensed Consolidated Financial Statements.

The following is a summary of our interest rate derivatives qualifying as fair value hedges:

Millions of Dollars, Except Percentages	***March 31, 2007***	*December 31, 2006*
Amount of debt hedged	**$ 500**	$ 500
Percentage of total debt portfolio	**7%**	7%
Gross fair value liability position	**$ (15)**	$ (16)

Interest Rate Cash Flow Hedges – We report changes in the fair value of cash flow hedges in accumulated other comprehensive loss until the hedged item affects earnings. At March 31, 2007 and December 31, 2006, we had a reduction of $5 million recorded as an accumulated other comprehensive loss that is being amortized on a straight-line basis through September 30, 2014. As of March 31, 2007 and December 31, 2006, we had no interest rate cash flow hedges outstanding.

Fuel Swaps – We have two fuel basis swaps that expire in July 2008. These commodity basis swaps require us to make payments to, or receive payments from, the counterparty based on the difference between certain price indices. Changes in the fair value of these swaps are reflected in fuel expense. We reported a derivative liability of approximately $3 million at March 31, 2007, and a derivative asset of approximately $2 million at December 31, 2006, which represented the fair value of the swaps. The swaps increased 2007 fuel expense by $5 million, which included monthly net settlements with the counterparty and the fair value recognition at March 31, 2007.

Earnings Impact – Our use of derivative financial instruments had the following impact on pre-tax income:

	Three Months Ended March 31,	
Millions of Dollars	***2007***	*2006*
Increase in interest expense from interest rate hedging	**$ 2**	$ 1
Increase in fuel expense from fuel derivatives	**5**	-
Decrease in pre-tax income	**$ 7**	$ 1

Sale of Receivables – The Railroad transfers most of its accounts receivable to Union Pacific Receivables, Inc. (UPRI), a bankruptcy-remote subsidiary, as part of a sale of receivables facility. UPRI sells, without recourse on a 364-day revolving basis, an undivided interest in such accounts receivable to investors. The total capacity to sell undivided interests to investors under the facility was $600 million at both March 31, 2007 and December 31, 2006. The value of the outstanding undivided interest held by investors under the facility was $600 million at both March 31, 2007 and December 31, 2006, respectively. The value of the outstanding undivided interest held by investors is not included in our Condensed Consolidated Financial Statements. The value of the undivided interest held by investors was supported by $1,141 million and $1,158 million of accounts receivable held by UPRI at March 31, 2007 and December 31, 2006, respectively. At March 31, 2007 and December 31, 2006, the value of the interest retained by UPRI was $541 million and $558 million, respectively. This retained interest is included in accounts receivable in our Condensed Consolidated Financial Statements. The interest sold to investors is sold at carrying value, which approximates fair value, and there is no gain or loss recognized from the transaction.

The value of the outstanding undivided interest held by investors could fluctuate based upon the availability of eligible receivables and is directly affected by changing business volumes and credit risks, including default and dilution. If default or dilution percentages were to increase one percentage point, the amount of eligible receivables would decrease by $6 million. Should our credit rating fall below investment grade, the value of the outstanding undivided interest held by investors would be reduced, and, in certain cases, the investors would have the right to discontinue the facility.

The Railroad services the sold receivables; however, the Railroad does not recognize any servicing asset or liability as the servicing fees adequately compensate the Railroad for its responsibilities. The Railroad collected approximately

$3.8 billion and $3.7 billion during the three months ended March 31, 2007 and 2006, respectively. UPRI used certain of these proceeds to purchase new receivables under the facility.

The costs of the sale of receivables program are included in other income and were $9 million and $7 million for the three months ended March 31, 2007 and 2006, respectively. The costs include interest, program fees paid to banks, commercial paper issuing costs, and fees for unused commitment availability.

The investors have no recourse to the Railroad's other assets except for customary warranty and indemnity claims. Creditors of the Railroad have no recourse to the assets of UPRI. In August 2006, the sale of receivables program was renewed for an additional 364-day period without any significant changes in terms.

5. Debt

Credit Facilities – On March 31, 2007, we had $2 billion in revolving credit facilities available, including $1 billion under a five-year facility expiring in March 2009 and $1 billion under a five-year facility expiring in March 2010 (collectively, the "facilities"). The facilities were designated for general corporate purposes and support the issuance of commercial paper. Neither of the facilities were drawn on as of March 31, 2007. Commitment fees and interest rates payable under the facilities were similar to fees and rates available to comparably rated investment-grade borrowers. These facilities allowed for borrowings at floating rates based on London Interbank Offered Rates, plus a spread, depending upon our senior unsecured debt ratings. The facilities required the maintenance of a minimum net worth and a debt to net worth coverage ratio. At March 31, 2007, we were in compliance with these covenants. The facilities did not include any other financial restrictions, credit rating triggers (other than rating-dependent pricing), or any other provision that could require the posting of collateral. The Company amended and consolidated the two existing facilities into a new five-year $1.9 billion facility on April 20, 2007. The terms of the new facility are comparable with those of the existing facilities (although the minimum net worth requirement of $7.5 billion was removed) and include commitment fees and interest rates that are comparable to those made available to similarly rated investment grade borrowers. The new facility also includes a change-in-control provision.

In addition to our revolving credit facilities, we had $150 million in uncommitted lines of credit available, including $75 million that expires in May 2007 and $75 million expiring in March 2008. Neither of these lines of credit were used as of March 31, 2007. We must have equivalent credit available under our five-year facility to draw on these $75 million lines.

At March 31, 2007, approximately $948 million of short-term borrowings that we intend to refinance were reclassified as long-term debt. This reclassification reflected our ability and intent to refinance these short-term borrowings and current maturities of long-term debt on a long-term basis. At December 31, 2006, we did not reclassify any short-term debt to a long-term basis as we did not intend to refinance at that time.

Dividend Restriction – We were subject to certain restrictions related to the payment of cash dividends to our shareholders due to minimum net worth requirements under the credit facilities referred to above. The amount of retained earnings available for dividends was $7.9 billion and $7.8 billion at March 31, 2007 and December 31, 2006, respectively. Under the new credit facility dated April 20, 2007, we are no longer required to maintain a minimum net worth that has previously restricted the amount of retained earnings available for dividends.

Shelf Registration Statement and Significant New Borrowings – We filed a new shelf registration statement, which became effective March 6, 2007, under which our Board of Directors authorized the issuance of up to $3 billion of debt securities, replacing the $500 million of authority remaining under our shelf registration filed in December 2003. Under the current shelf registration, we may issue, from time to time, any combination of debt securities, preferred stock, common stock, or warrants for debt securities or preferred stock in one or more offerings.

On April 18, 2007, we issued a total of $500 million of fixed rate debt under our current shelf registration statement. We issued $250 million of notes at 5.65%, which are due May 1, 2017, and $250 million of debentures at 6.15%, which are due May 1, 2037. We expect to use the net proceeds from this offering for general corporate purposes, including the repurchase of common stock pursuant to our share repurchase program. These debt securities also include change-in-control provisions. We have no immediate plans to issue equity securities; however, we will continue to explore opportunities to replace existing debt or access capital through issuances of debt securities under this shelf registration, and, therefore, we may issue additional debt securities under our shelf registration at any time.

Table of Contents

6. Retirement Plans

Pension and Other Postretirement Benefits

Pension Plans – We provide defined benefit retirement income to eligible non-union employees through qualified and non-qualified (supplemental) pension plans. Qualified and non-qualified pension benefits are based on years of service and the highest compensation during the latest years of employment, with specific reductions made for early retirements.

Other Postretirement Benefits (OPEB) – We provide defined contribution medical and life insurance benefits for eligible retirees. These benefits are funded as medical claims and life insurance premiums are paid.

Expense

Both pension and OPEB expense are determined based upon the annual service cost of benefits (the actuarial cost of benefits earned during a period) and the interest cost on those liabilities, less the expected return on plan assets. The expected long-term rate of return on plan assets is applied to a calculated value of plan assets that recognizes changes in fair value over a five-year period. This practice is intended to reduce year-to-year volatility in pension expense, but it can have the effect of delaying the recognition of differences between actual returns on assets and expected returns based on long-term rate of return assumptions. Differences in actual experience in relation to assumptions are not recognized in net income immediately, but are deferred and, if necessary, amortized as pension or OPEB expense.

The components of our net periodic pension and OPEB costs were as follows for the three months ended March 31:

	Pension		*OPEB*	
Millions of Dollars	***2007***	*2006*	***2007***	*2006*
Net Periodic Benefit Cost:				
Service cost	**$ 9**	$ 8	**$ 1**	$ 1
Interest cost	**31**	29	**5**	7
Expected return on plan assets	**(36)**	(34)	**-**	-
Amortization of:				
Prior service cost (credit)	**2**	2	**(8)**	(7)
Actuarial loss	**4**	5	**3**	4
Net periodic benefit cost	**$ 10**	$ 10	**$ 1**	$ 5

7. Earnings Per Share – The following table provides a reconciliation between basic and diluted earnings per share:

	Three Months Ended March 31,	
Millions, Except Per Share Amounts	***2007***	*2006*
Net income	**$ 386**	$ 311
Weighted-average number of shares outstanding:		
Basic	**270.6**	268.3
Dilutive effect of stock options	**2.0**	2.1
Dilutive effect of retention shares and units	**0.2**	0.6
Diluted	**272.8**	271.0
Earnings per share – basic	**$ 1.43**	$1.16
Earnings per share – diluted	**$ 1.41**	$1.15

Common stock options totaling 1.1 million shares and 1.4 million shares for the three months ended March 31, 2007 and 2006, respectively, were excluded from the computation of diluted earnings per share because the effect of their inclusion would be antidilutive.

8. Commitments and Contingencies

Asserted and Unasserted Claims – Various claims and lawsuits are pending against us and certain of our subsidiaries. It is not possible at this time for us to determine fully the effect of all unasserted claims on our consolidated results of operations, financial condition, or liquidity; however, to the extent possible, where unasserted claims are considered probable and where such claims can be reasonably estimated, we have recorded a liability. We do not expect that any known lawsuits, claims, environmental costs, commitments, contingent liabilities, or guarantees will have a material adverse effect on our consolidated results of operations, financial condition, or liquidity after taking into account liabilities previously recorded for these matters.

Personal Injury – The cost of personal injuries to employees and others related to our activities is charged to expense based on estimates of the ultimate cost and number of incidents each year. We use third-party actuaries to assist us in measuring the expense and liability, including unasserted claims. Compensation for work-related accidents is governed by the Federal Employers' Liability Act (FELA). Under FELA, damages are assessed based on a finding of fault through litigation or out-of-court settlements.

Two components primarily drove the personal injury expense reduction in the table below. An actuarial study completed in 2007 lowered personal injury expense by $30 million, reflecting improvements in our safety experience and lower ultimate settlement costs; and the comparative impact of adverse developments with respect to a small group of claims that increased personal injury expense by $14 million in the first quarter of 2006. Our personal injury liability activity was as follows:

Millions of Dollars	*Three Months Ended March 31,* ***2007***	*2006*
Beginning balance	**$631**	$619
Accruals	**31**	76
Payments	**(48)**	(58)
Ending balance at March 31	**$614**	$637
Current portion, ending balance at March 31	**$233**	$273

Because of the uncertainty surrounding the ultimate outcome of personal injury claims, it is reasonably possible that future costs to settle these claims may range from approximately $614 million to $671 million. We believe that the $614 million liability recorded at March 31, 2007, is the best estimate of the present value of the future settlement costs of personal injury claims.

Asbestos – We are a defendant in a number of lawsuits in which current and former employees allege exposure to asbestos. Additionally, we have received claims for asbestos exposure that have not been litigated. The claims and lawsuits (collectively referred to as "claims") allege occupational illness resulting from exposure to asbestos-containing products. In most cases, the claimants do not have credible medical evidence of physical impairment resulting from the alleged exposures. Additionally, most claims filed against us do not specify an amount of alleged damages. We use a third-party with extensive experience in estimating resolution cost for asbestos-related claims to assist us in assessing the number and value of these unasserted claims.

Our asbestos-related liability activity was as follows:

Millions of Dollars	*Three Months Ended March 31,* ***2007***	*2006*
Beginning balance	**$ 302**	$ 311
Accruals	**-**	-
Payments	**(2)**	(2)
Ending balance at March 31	**$ 300**	$ 309
Current portion, ending balance at March 31	**$ 13**	$ 16

We have insurance coverage for a portion of the costs incurred to resolve asbestos-related claims, and, we have recognized an asset for estimated insurance recoveries at March 31, 2007 and December 31, 2006.

We believe that our liability estimates for asbestos-related claims and the estimated insurance recoveries reflect reasonable and probable estimates. The amounts recorded for asbestos-related liabilities and related insurance recoveries were based on currently known facts. However, future events, such as the number of new claims to be filed each year, average settlement costs, and insurance coverage issues, could cause the actual costs and insurance recoveries to be higher or lower than the projected amounts. Estimates may also vary due to changes in the litigation environment, federal and state law governing compensation of asbestos claimants, and the level of payments made to claimants by other defendants.

Environmental Costs – We are subject to federal, state, and local environmental laws and regulations. We have identified approximately 350 sites at which we are or may be liable for remediation costs associated with alleged contamination or for violations of environmental requirements. This includes 43 sites that are the subject of actions taken by the U.S. government, 25 of which are currently on the Superfund National Priorities List. Certain federal legislation imposes joint and several liability for the remediation of identified sites; consequently, our ultimate environmental liability may include costs relating to activities of other parties, in addition to costs relating to our own activities at each site.

When an environmental issue has been identified with respect to property owned, leased, or otherwise used in the conduct of our business, we and our consultants perform environmental assessments on the property. We expense the cost of the assessments as incurred. We accrue the cost of remediation where our obligation is probable and such costs can be reasonably estimated. We do not discount our environmental liabilities when the timing of the anticipated cash payments is not fixed or readily determinable.

Our environmental liability activity was as follows:

	Three Months Ended March 31,	
Millions of Dollars	***2007***	*2006*
Beginning balance	**$ 210**	$ 213
Accruals	**8**	5
Payments	**(15)**	(8)
Ending balance at March 31	**$ 203**	$ 210
Current portion, ending balance at March 31	**$ 54**	$ 50

The environmental liability includes costs for remediation and restoration of sites, as well as for ongoing monitoring costs, but excludes any anticipated recoveries from third parties. Cost estimates are based on information available for each site, financial viability of other potentially responsible parties, and existing technology, laws, and regulations. We believe that we have adequately accrued for our ultimate share of costs at sites subject to joint and several liability. However, the ultimate liability for remediation is difficult to determine because of the number of potentially responsible parties involved, site-specific cost sharing arrangements with other potentially responsible parties, the degree of contamination by various wastes, the scarcity and quality of volumetric data related to many of the sites, and the speculative nature of remediation costs. Estimates may also vary due to changes in federal, state, and local laws governing environmental remediation. We do not expect current obligations to have a material adverse effect on our results of operations or financial condition.

Guarantees – At March 31, 2007, we were contingently liable for $465 million in guarantees. We have recorded a liability of $6 million for the fair value of these obligations as of March 31, 2007. We entered into these contingent guarantees in the normal course of business, and they include guaranteed obligations related to our headquarters building, equipment financings, and affiliated operations. The final guarantee expires in 2022. We are not aware of any existing event of default that would require us to satisfy these guarantees. We do not expect that these guarantees will have a material adverse effect on our consolidated financial condition, results of operations, or liquidity.

Indemnities – Our maximum potential exposure under indemnification arrangements, including certain tax indemnifications, can range from a specified dollar amount to an unlimited amount, depending on the nature of the transactions and the agreements. Due to uncertainty as to whether claims will be made or how they will be resolved, we cannot reasonably determine the probability of an adverse claim or reasonably estimate any adverse liability or the total maximum exposure under these indemnification arrangements. We do not have any reason to believe that we will be required to make any material payments under these indemnity provisions.

9. Other Income – Our other income included the following:

Millions of Dollars	*Three Months Ended March 31,* ***2007***	*2006*
Rental income	**$17**	$13
Net gain on non-operating asset dispositions	**5**	6
Interest income	**9**	5
Sale of receivables fees	**(9)**	(7)
Non-operating environmental costs and other	**(7)**	(7)
Total	**$15**	$10

10. Share Repurchase Program – On January 30, 2007, our Board of Directors authorized the repurchase of up to 20 million shares of Union Pacific Corporation common stock through the end of 2009. The timing and volume of any purchases will be guided by management's assessment of market conditions and other pertinent facts.

As of March 31, 2007, we repurchased approximately 2 million shares under this program at an aggregate purchase price of $202 million. These shares were recorded in Treasury Stock at cost, which includes any applicable commissions and fees.

11. Income Taxes – In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109* (FIN 48). We adopted FIN 48 on January 1, 2007. Under FIN 48, tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon ultimate settlement. Unrecognized tax benefits are tax benefits claimed in our tax returns that do not meet these recognition and measurement standards.

After the adoption of FIN 48, we have total liabilities for unrecognized tax benefits of $173 million. Of this amount, $7 million was recorded as a decrease to beginning retained earnings for the cumulative effect of adopting FIN 48. The remaining $166 million had been previously accrued under either FASB Statement No. 5, *Accounting for Contingencies*, or FASB Statement No. 109, *Accounting for Income Taxes.* The entire $173 million is classified as non-current in the Condensed Consolidated Statement of Financial Position.

Included in the $173 million balance at January 1, 2007, are $126 million of unrecognized tax benefits that, if recognized, would reduce our effective tax rate. The remaining unrecognized tax benefits relate to tax positions for which ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. Recognition of these tax benefits, other than any applicable interest and penalties, would not affect our effective tax rate.

We recognize accrued interest and penalties as part of income tax expense. Included in the $173 million of unrecognized tax benefits is $47 million for interest and penalties as of January 1, 2007.

All federal income tax years prior to 1995 are closed. Federal income tax liabilities for tax years 1986 through 1994 have been resolved. Interest calculations for these years are in process and may take several years to resolve with the Internal Revenue Service (IRS). The IRS is examining our federal income tax returns for tax years 2003 and 2004 and should complete its exam in 2007. The IRS has completed its examinations and issued notices of deficiency for tax years 1995 through 2002, and we are in different stages of the IRS Appeals process for these years. As previously reported, among their proposed adjustments is the disallowance of tax deductions claimed in connection with certain donations of property. In the fourth quarter of 2005, the IRS National Office issued a Technical Advice Memorandum that left unresolved whether the deductions were proper, pending further factual development. We continue to dispute the donation issue, as well as many of the other proposed adjustments, and will contest the associated tax deficiencies through the IRS Appeals process, and, if necessary, litigation.

Several state taxing jurisdictions are currently examining our state income tax returns for tax years 1999 through 2004. Additionally, upon resolution of the federal income tax return examinations described above, we will report any changes to the state and local taxing authorities in compliance with state and local requirements.

We believe it is reasonably possible that the total amount of unrecognized tax benefits related to federal examinations will significantly change during the next 12 months. We may resolve some or all of the issues related to tax years 1995 through 1998 at IRS Appeals, and we may make a payment to settle any agreed liabilities. We may also make a payment in order to begin litigation against the IRS on any unresolved issues. With the information available at March 31, 2007, it is not possible to reasonably estimate the amount of change in unrecognized tax benefits that may result from full or partial resolution.

12. Accounting Pronouncements – In September 2006, the FASB issued Statement No. 157, *Fair Value Measurement* (FAS 157). While this statement does not require new fair value measurements, it provides guidance on applying fair value and expands required disclosures. FAS 157 is effective for us beginning in the first quarter of 2008. We are currently assessing the impact FAS 157 may have on our Condensed Consolidated Financial Statements.

In February 2007, the FASB issued Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (FAS 159). This statement, which is expected to expand fair value measurement, permits entities to choose to measure many financial instruments and certain other items at fair value. FAS 159 is effective for us beginning in the first quarter of 2008. We are currently assessing the impact FAS 159 may have on our Condensed Consolidated Financial Statements.

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

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

RESULTS OF OPERATIONS

Three Months Ended March 31, 2007 Compared to Three Months Ended March 31, 2006

For purposes of this report, unless the context otherwise requires, all references herein to "UPC", "Corporation", "we", "us", and "our" shall mean Union Pacific Corporation and its subsidiaries, including Union Pacific Railroad Company, which we separately refer to as "UPRR" or the "Railroad".

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements and applicable notes to the Condensed Consolidated Financial Statements, Item 1, and other information included in this report. Our Condensed Consolidated Financial Statements are unaudited and reflect all adjustments (consisting only of normal and recurring adjustments) that are, in the opinion of management, necessary for their fair presentation in conformity with accounting principles generally accepted in the United States of America (GAAP).

The Railroad, along with its subsidiaries and rail affiliates, is our one reportable business segment. Although revenue is analyzed by commodity, we analyze the net financial results of the Railroad as one segment due to the integrated nature of the rail network.

Available Information

Our Internet website is www.up.com. We make available free of charge on our website (under the "Investors" caption link) our Annual Reports on Form 10-K; our Quarterly Reports on Form 10-Q; our current reports on Form 8-K; our proxy statements; Forms 3, 4, and 5, filed on behalf of directors and executive officers; and amendments to such reports filed or furnished pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act), as soon as reasonably practicable after such material is electronically filed with, or furnished to, the Securities and Exchange Commission (SEC). We also make available on our website previously filed SEC reports and exhibits via a link to EDGAR on the SEC's Internet site at www.sec.gov. Additionally, our corporate governance materials, including By-Laws, Board Committee charters, governance guidelines and policies, and codes of conduct and ethics for directors, officers, and employees are available on our website. From time to time, the corporate governance materials on our website may be updated as necessary to comply with rules issued by the SEC and the New York Stock Exchange or as desirable to promote the effective and efficient governance of our company. Any security holder wishing to receive, without charge, a copy of any of our SEC filings or corporate governance materials should send a written request to: Secretary, Union Pacific Corporation, 1400 Douglas Street, Omaha, NE 68179.

References to our website address in this report, including references in Management's Discussion and Analysis of Financial Condition and Results of Operations, Item 2, are provided as a convenience and do not constitute, and should not be deemed, an incorporation by reference of the information contained on, or available through, the website. Therefore, such information should not be considered part of this report.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our Condensed Consolidated Financial Statements. The preparation of these financial statements requires estimation and judgment that affect the reported amounts of revenue, expenses, assets, and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. If these estimates differ materially from actual results, the impact on the Condensed Consolidated Financial Statements may be material. Our critical accounting policies are available in Item 7 of our 2006 Annual Report on Form 10-K. There have been no significant changes with respect to these policies during the first three months of 2007, except for the treatment of tax contingency accruals.

Effective January 1, 2007, we began to measure and record tax contingency accruals in accordance with Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109* (FIN 48). Under FIN 48, we will recognize tax benefits only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon ultimate settlement. Unrecognized tax benefits are tax benefits claimed in our tax returns that do not meet these recognition and measurement standards. For additional information on the adoption of FIN 48, see note 11 in Part I, Item 1 of this report.

RESULTS OF OPERATIONS

Quarterly Summary

We reported earnings of $1.41 per diluted share on net income of $386 million in the first quarter of 2007 compared to earnings of $1.15 per diluted share on net income of $311 million for the first quarter of 2006. Yield increases, network management initiatives, improved operational efficiency, lower volume-related costs and lower casualty costs more than offset a decline in volume levels and inflation, resulting in a 19% improvement in operating income.

In the first quarter of 2007, the adverse impact of severe winter weather on our coal network, extended automotive plant shutdowns, and continued softening in some market sectors reduced our volume by 2% from the first quarter of 2006. While we benefited from relatively mild weather during the first quarter of 2006, our operations were hindered by some significant snowstorms in 2007. In particular, a snowstorm in late March caused severe mine flooding and highway and road-closings, resulting in temporary closure of all ten mines in the Southern Powder River Basin of Wyoming (SPRB). For the last four days of the first quarter of 2007, coal shipments out of the SPRB were significantly below normal levels, adversely affecting our business results.

Operationally, we experienced continued improvement in our network fluidity versus the first quarter of 2006 as evidenced by a 2% increase in average train speed and 13% reduction in average terminal dwell time, as reported to the Association of American Railroads. Focused efforts on terminal processing initiatives and improved asset utilization, combined with reduced volume levels, led to the improvement.

Operating Revenue

Millions of Dollars	*Three Months Ended March 31,* ***2007***	*2006*	***% Change***
Commodity revenue	**$ 3,652**	$ 3,543	**3%**
Other revenue	**197**	167	**18**
Total	**$ 3,849**	$ 3,710	**4%**

Operating revenue includes commodity revenue and other revenue. Other revenue primarily consists of revenue earned by our subsidiaries, revenue from our commuter rail operations, and accessorial revenue, which we earn when customers retain equipment owned or controlled by us. We recognize revenue on a percentage-of-completion basis as freight moves from origin to destination. We allocate revenue between reporting periods based on the relative transit time in each reporting period and recognize expenses as we incur them. We recognize other revenue as service is performed or contractual obligations are met. We provide incentives to our customers for meeting or exceeding specified cumulative volumes or shipping to and from specific locations, which we record as a reduction to revenue based on the actual or projected future shipments.

Revenue from four of our six commodity groups increased during the first quarter of 2007, while revenue from the automotive and industrial products groups declined. Core price increases and index-based contract escalators, which are formulas in our shipping contracts that correlate price adjustments to certain economic indices, contributed to higher average revenue per car (ARC) and generated 7% revenue growth in the first quarter of 2007 versus the first quarter of 2006. Our fuel surcharge programs (excluding index-based contract escalators that contain some provision for fuel) generated $340 million in commodity revenue in the first quarter of 2007, $15 million lower than the first quarter of 2006, decreasing revenue by 0.5%. Volume decreased over 2% during the quarter due to lower industrial products, agricultural and automotive shipments. The mix impact of shipments moved in the first quarter of 2007 versus the first quarter of 2006 generated the remaining decline in revenue. Harsh winter weather conditions impacting operations on our coal network, coal production, extended automotive plant shutdowns and continued softening in some market sectors combined to reduce total volume from business levels in the first quarter of 2006.

The following tables summarize the year-over-year changes in commodity revenue, revenue carloads, and average revenue per car by commodity type:

Commodity Revenue Millions of Dollars	*Three Months Ended March 31, 2007*	*2006*	*% Change*
Agricultural	**$ 607**	$ 563	**8%**
Automotive	**355**	361	**(2)**
Chemicals	**544**	501	**9**
Energy	**730**	699	**4**
Industrial Products	**747**	774	**(3)**
Intermodal	**669**	645	**4**
Total	**$3,652**	$3,543	**3%**

Revenue Carloads Thousands	*Three Months Ended March 31, 2007*	*2006*	*% Change*
Agricultural	**219**	234	**(6)%**
Automotive	**201**	210	**(4)**
Chemicals	**224**	218	**3**
Energy	**551**	550	**-**
Industrial Products	**318**	365	**(13)**
Intermodal	**821**	816	**1**
Total	**2,334**	2,393	**(2)%**

Average Revenue Per Car	*Three Months Ended March 31, 2007*	*2006*	*% Change*
Agricultural	**$2,771**	$2,405	**15%**
Automotive	**1,761**	1,722	**2**
Chemicals	**2,434**	2,303	**6**
Energy	**1,325**	1,271	**4**
Industrial Products	**2,351**	2,117	**11**
Intermodal	**815**	791	**3**
Average	**$1,565**	$1,481	**6%**

Agricultural Products – Price increases primarily drove higher agricultural commodity revenue in the first quarter of 2007 versus the first quarter of 2006, despite lower volume levels, which partially offset these gains. Lower shipments of whole grains, particularly wheat and feed grains, largely drove the volume decrease. Favorable barge rates and river navigation conditions led to fewer rail shipments of feed grains for export from the gulf, partially offset by higher export shipments to Mexico. Soft production in growing regions serviced by us and an overall weak export market drove lower wheat shipments. Conversely, continuing growth and demand in the ethanol industry increased shipments of this fuel additive, as well as shipments of wet corn milling and co-products of ethanol production (primarily livestock feed). Price increases also were the primary driver of improvement of first quarter ARC.

Automotive – Fewer shipments of finished vehicles from Mexico, a decline in vehicle production levels, and lower fuel surcharges contributed to the shortfall in automotive commodity revenue in the first quarter of 2007, partially offset by price increases. In addition, high levels of finished vehicles in manufacturers' inventories at the end of 2005 resulted in stronger than usual shipments of finished vehicles in the first quarter of 2006. Automotive parts shipments grew in the first quarter of 2007 due to increased volumes from domestic manufacturers and new business acquired in mid-2006, partially offset by the loss of shipments from a domestic truck manufacturer and lower Mexico production levels. Price increases generated the ARC improvement, partially offset by lower fuel surcharges and the mix impact of increased automotive parts shipments and lower finished vehicle shipments.

Chemicals – Volume growth, fuel surcharges, and index-based contract escalators all increased revenue in the first quarter of 2007 versus the same period in 2006. Strong export demand for potash shipments through the Pacific

Northwest and an expected robust corn planting season to support the ethanol industry drove higher demand for fertilizer shipments. Soda ash shipments also increased as export demand grew in the Gulf area, Pacific Northwest, and Mexico. Price increases were the primary driver of first quarter ARC improvement.

Energy – Price increases and index-based contract escalators primarily drove the increases in revenue and ARC in the first quarter of 2007 versus the first quarter of 2006. Volume was flat as severe snowstorms in January and March reduced coal production and impacted network operations. In particular, a storm in late March temporarily closed all ten SPRB mines. Shipments from the SPRB were down 2% in the first quarter of 2007 compared to the first quarter of 2006. Conversely, shipments from the Colorado and Utah mines grew 5% in the first quarter of 2007 despite less production from one Colorado mine. Coal shipments delivered to an Oregon utility also grew in the first quarter of 2007 due to the closure of this facility in the first quarter of 2006. Additionally, mine shutdowns that occurred in the first quarter of 2006 negatively impacted last year's volume levels.

Industrial Products – Lower volume reduced revenue in the first quarter of 2007 versus the first quarter of 2006, partially offset by price increases. Adverse weather conditions that hindered construction and quarry activity in our key mid-south markets, as well as delays of rail expansion projects in Texas, led to the decline in both stone and cement shipments. The continued softening of the housing market, lower production levels, and general market uncertainty resulted in lower lumber, paper, and newsprint shipments. Price increases mainly generated the first quarter ARC improvement.

Intermodal – Price increases, volume growth, and index-based contract escalators combined to improve revenue in the first quarter of 2007, partially offset by lower fuel surcharges. Carloadings grew due to increased import volumes from Asia that were partially offset by decreased domestic traffic. ARC improved due to price increases and contract escalators, which was partially offset by lower fuel surcharges.

Mexico Business – Each commodity group discussed above includes revenue from shipments to and from Mexico. Revenue from Mexico business increased 12% to $349 million in the first quarter of 2007 compared to the same period in 2006 driven primarily by price increases and volume growth. Increased shipments of automotive parts, corn and feed grains, dry feed ingredients, and intermodal traffic led the volume growth. Partially offsetting these gains were fewer shipments of finished vehicles from plants in Mexico.

Operating Expenses

Millions of Dollars	*Three Months Ended March 31,* **2007**	*2006*	*%* ***Change***
Salaries, wages, and employee benefits	**$1,180**	$1,129	**5%**
Fuel and utilities	**683**	692	**(1)**
Equipment and other rents	**353**	367	**(4)**
Depreciation	**325**	303	**7**
Materials and supplies	**176**	164	**7**
Casualty costs	**69**	110	**(37)**
Purchased services and other costs	**344**	340	**1**
Total	**$3,130**	$3,105	**1%**

Operating expenses increased $25 million in the first quarter of 2007. Higher wage, benefit and materials inflation, combined with higher depreciation expense drove the increase. Lower personal injury expense, cost savings realized from operational improvements, and lower volume-related costs partially offset these expense increases.

Salaries, Wages, and Employee Benefits – General wage and benefit inflation increased expenses $35 million in the first quarter of 2007, reflecting higher salaries and wages and the impact of higher healthcare costs and other benefit costs. A 1% increase in our workforce and higher training expenses for our train and engine personnel contributed an additional $24 million of expense versus the first quarter of 2006. Conversely, lower volume-related costs and operational improvements, boosted by network management initiatives and investment in capacity, partially offset these increases.

Fuel and Utilities

Millions of Dollars	Three Months Ended March 31, 2007	2006	% Change
Locomotive fuel expense	**$632**	$644	**(2)%**
Fuel surcharge revenue	**340**	355	**(4)**

Fuel and utilities include locomotive fuel, utilities other than telephone, and gasoline and other fuels. A 3% decrease in gross ton-miles resulted in $20 million lower fuel expense, which was partially offset by higher diesel fuel prices. Our average fuel costs were $1.90 per gallon (including taxes and transportation costs) in the first quarter of 2007 compared to $1.87 per gallon in the same period of 2006, which increased expenses by $13 million. In addition, a 1% improvement in our fuel consumption rate due to the use of newer, more fuel-efficient locomotives and our fuel conservation programs resulted in $6 million of cost savings. Gasoline, utilities, and propane and other fuel expenses increased $4 million in the first quarter of 2007 due to higher prices.

As previously disclosed in our 2006 Annual Report on Form 10-K, the Surface Transportation Board (STB) of the United States Department of Transportation issued a decision limiting the manner in which U.S. railroads can calculate fuel surcharges on traffic regulated by the STB. This decision does not prevent us from using fuel surcharges or adversely affect our ability to use fuel surcharges to mitigate the impact of rising or elevated fuel prices on most or all of our traffic.

Equipment and Other Rents – Equipment and other rents primarily includes rental expense the Railroad pays for freight cars owned by other railroads or private companies; freight car, intermodal, and locomotive leases; other specialty equipment leases; and office and other rentals. Lower shipments of industrial products and finished vehicles and improved car-cycle times driven by network management initiatives drove a $21 million reduction in our short-term freight car rental expense compared to the first quarter of 2006. This decrease was partially offset by an $8 million increase in locomotive lease expense.

Depreciation – The majority of depreciation relates to track structure, including rail, ties, and other track material. A higher depreciable asset base, reflecting higher capital spending in recent years, and increased usage of our assets combined for higher depreciation expense in the first quarter of 2007.

Materials and Supplies – Materials used to maintain the Railroad’s lines, structures, and equipment are the principal components of materials and supplies expense. This expense item also includes small tools, office supplies, other materials, and the costs of freight services to ship Railroad supplies and materials. Increased use of higher cost components to repair and maintain our fleet of locomotives (including a growing number of units not covered by warranties) contributed $13 million of the increase during the quarter.

Casualty Costs – Personal injury costs, freight and property damage, insurance, and environmental expense are the primary components of casualty costs. Casualty costs were $41 million lower in the first quarter of 2007 compared to the first quarter of 2006, which was primarily driven by a reduction in personal injury expense. Two components drove the personal injury expense reduction: an actuarial study completed in 2007, which lowered personal injury expense by $30 million, reflecting improvements in our safety experience and lower ultimate settlement costs; and the comparative impact of adverse developments with respect to a small group of claims, which increased personal injury expense by $14 million in the first quarter of 2006. The reduction in personal injury expense was partially offset by a $3 million increase in environmental expense.

Purchased Services and Other Costs – Purchased services and other costs include the costs of services purchased from outside contractors, state and local taxes, net costs of operating facilities jointly used by UPRR and other railroads, transportation and lodging for train crew employees, trucking and contracting costs for intermodal containers, leased automobile maintenance expenses, telephone and cellular expense, employee travel expense, and computer and other general expenses. Higher locomotive and freight car contract maintenance and repair costs of $6 million and an increase in other contract expenses drove the first quarter 2007 increase in expense compared to the first quarter of 2006. Conversely, lower expenses associated with jointly-owned operating facilities of $8 million and lower volume-related drayage expense of $6 million partially offset these expense increases.

Non-Operating Items

Millions of Dollars	*Three Months Ended March 31,* ***2007***	*2006*	*%* ***Change***
Other income	**$ 15**	$ 10	**50%**
Interest expense	**(113)**	(120)	**(6)**
Income taxes	**(235)**	(184)	**28**

Other Income – Increased cash investment returns of $4 million due to higher interest rates and higher cash balances combined with an increase in contract rental and lease income of $4 million drove the increase of other income in the first quarter of 2007.

Interest Expense – Declining weighted-average debt levels of $6.8 billion in the first quarter of 2007 compared to $7.3 billion in the first quarter of 2006 primarily led to lower interest expense in the first quarter of 2007. A higher effective interest rate of 6.7% in the first quarter of 2007, compared to 6.6% in the first quarter of 2006, partially offset the effects of the declining debt level.

Income Taxes – Income taxes were $51 million higher in the first quarter of 2007 compared to the same period in 2006 primarily due to higher pre-tax income. Our effective tax rate was 37.8% and 37.2% in the first quarters of 2007 and 2006, respectively.

OTHER OPERATING/PERFORMANCE AND FINANCIAL STATISTICS

We report key Railroad performance measures weekly to the Association of American Railroads (AAR), including carloads, average daily inventory of rail cars on our system, average train speed, and average terminal dwell time. We provide this operating data on our website at www.up.com/investors/reports/index.shtml.

Operating/Performance Statistics

Railroad performance measures reported to the AAR as well as other performance measures are included in the table below:

	Three Months Ended March 31, ***2007***	*2006*	***Change***
Average train speed (miles per hour)	**21.7**	21.3	**2%**
Average terminal dwell time (hours)	**25.3**	29.0	**(13)%**
Gross ton-miles (billions)	**254.9**	263.1	**(3)%**
Revenue ton-miles (billions)	**135.1**	139.3	**(3)%**
Average full-time equivalent employees	**50,771**	50,262	**1%**
Customer satisfaction index	**79**	70	**9pt**

Average Train Speed – Average train speed is calculated by dividing train miles by hours operated on our main lines between terminals. Lower volume levels, ongoing network management initiatives and capacity expansion contributed to a 2% improvement in average train speed during the first quarter of 2007.

Average Terminal Dwell Time – Average terminal dwell time is the average time that a rail car spends at our terminals. Lower average terminal dwell time is favorable. Average terminal dwell improved 13% in the first quarter of 2007 as a result of ongoing management initiatives and directed efforts to more timely deliver rail cars to our interchange partners and customers.

Gross and Revenue Ton-Miles – Gross ton-miles are calculated by multiplying the weight of loaded or empty freight cars by the number of miles hauled. Revenue ton-miles are calculated by multiplying the weight of freight by the number of tariff miles. In the first quarter of 2007, gross and revenue ton-miles declined 3% while carloads decreased 2% compared to the same period in 2006. Our higher density shipments of agricultural and industrial products commodities declined 6% and 13%, respectively, impacting gross and revenue ton-miles.

Average Full-Time Equivalent Employees – Higher employee levels in the first quarter of 2007 versus the first quarter of 2006 included more people to maintain our larger locomotive and freight car fleet, the addition of employees needed to complete increased track repair and replacement programs, the hiring of operations management personnel, including an expanded management training program.

Customer Satisfaction Index – The customer satisfaction survey asks customers to rate how satisfied they are with our service over the last 12 months on a variety of attributes. A higher score indicates higher customer satisfaction. The improvement over the first quarter of 2006 generally reflects customer recognition of our improving service.

Debt to Capital/Lease Adjusted Debt to Capital

Millions of Dollars, except Percentages	***Mar. 31, 2007***	*Dec. 31, 2006*
Debt (a)	**$6,731**	$6,780
Equity	**15,447**	15,312
Capital (b)	**$22,178**	$22,092
Debt to capital (a/b)	**30.3%**	30.7%
Millions of Dollars, except Percentages		
Debt	**$6,731**	$6,780
Net present value of operating leases	**3,388**	3,513
Lease adjusted debt (a)	**$10,119**	$10,293
Equity	**15,447**	15,312
Lease adjusted capital (b)	**$25,566**	$25,605
Lease adjusted debt to capital (a/b)	**39.6%**	40.2%

Lease adjusted debt to capital is a non-GAAP financial measure under SEC Regulation G and Item 10 of SEC Regulation S-K. We believe this measure is important to management and investors in evaluating the total amount of leverage in our capital structure including off-balance sheet lease obligations. We monitor the ratio of lease adjusted debt to capital as we manage our capital structure to balance cost effective and efficient access to the capital markets with the Corporation's overall cost of capital. Lease adjusted debt to capital should be considered in addition to, rather than as a substitute for, debt to capital. The table above provides support for the lease adjusted debt to capital calculation. Our March 31, 2007 debt to capital ratios improved as a result of a $53 million reduction in debt from December 31, 2006, and an increase in retained earnings due to higher earnings in the first quarter of 2007, partially offset by purchases of our common stock under our share repurchase program.

On April 18, 2007, we issued a total of $500 million of fixed rate debt under our current shelf registration statement. We issued $250 million of notes at 5.65%, which are due May 1, 2017, and $250 million of debentures at 6.15%, which are due May 1, 2037. We expect to use the net proceeds from this offering for general corporate purposes, including the repurchase of common stock pursuant to our share repurchase program. These debt securities also include change-in-control provisions.

Table of Contents

LIQUIDITY AND CAPITAL RESOURCES

Financial Condition

Cash Flows *Millions of Dollars*	Three Months Ended March 31, **2007**	 2006
Cash provided by operating activities	**$ 731**	$ 407
Cash used in investing activities	**(677)**	(636)
Cash used in financing activities	**(283)**	(286)
Net change in cash and cash equivalents	**$ (229)**	$ (515)

Cash Provided by Operating Activities – Higher income in the first quarter of 2007 and changes in working capital combined to increase cash provided by operating activities. A $50 million voluntary pension contribution during the first quarter of 2006 also contributed to the year-over-year increase. These increases were partially offset by higher income tax payments and higher management incentive payments during the first quarter of 2007.

Cash Used in Investing Activities – We acquired more locomotives pending completion of long-term financing arrangements in the first quarter of 2007 compared to the first quarter of 2006. The increase was partially offset by lower capital investments.

The table below details cash capital investments.

Millions of Dollars	Three Months Ended March 31, **2007**	 2006
Track	**$362**	$374
Capacity and commercial facilities	**83**	132
Locomotives and freight cars	**28**	22
Other	**41**	21
Total	**$514**	$549

Cash Used in Financing Activities – Cash used in financing activities was essentially flat versus last year as lower debt repayments were offset by higher cash used for common share repurchases and lower net proceeds from equity compensation plans ($18 million in 2007 compared to $88 million in 2006).

Free Cash Flow – Free cash flow is a non-GAAP financial measure under SEC Regulation G. We believe free cash flow is important to management and investors in evaluating our financial performance and measures our ability to generate cash without incurring additional external financings. Free cash flow should be considered in addition to, rather than as a substitute for, cash provided by operating activities. The table below reconciles cash provided by operating activities (GAAP measure) to free cash flow (non-GAAP measure). First quarter 2007 free cash flow increased compared to the first quarter of 2006 due primarily to higher cash provided by operating activities. We typically report negative free cash flow in the first quarter due to certain seasonal aspects of our business.

Millions of Dollars	Three Months Ended March 31, **2007**	 2006
Cash provided by operating activities	**$ 731**	$ 407
Cash used in investing activities	**(677)**	(636)
Dividends paid	**(83)**	(80)
Free cash flow	**$ (29)**	$ (309)

Financing Activities

Credit Facilities – On March 31, 2007, we had $2 billion in revolving credit facilities available, including $1 billion under a five-year facility expiring in March 2009 and $1 billion under a five-year facility expiring in March 2010 (collectively, the “facilities”). The facilities were designated for general corporate purposes and support the issuance of commercial paper. Neither of the facilities were drawn on as of March 31, 2007. Commitment fees and interest rates payable under the facilities were similar to fees and rates available to comparably rated investment-grade borrowers. These facilities allowed for borrowings at floating rates based on London Interbank Offered Rates, plus a spread, depending upon our senior unsecured debt ratings. The facilities required the maintenance of a minimum net worth and a debt to net worth coverage ratio. At March 31, 2007, we were in compliance with these covenants. The facilities did not include any other financial restrictions, credit rating triggers (other than rating-dependent pricing), or any other provision that could require the posting of collateral. The Company amended and consolidated the two existing facilities into a new five-year $1.9 billion facility on April 20, 2007. The terms of the new facility are comparable with those of the existing facilities (although the minimum net worth requirement of $7.5 billion was removed) and include commitment fees and interest rates that are comparable to those made available to similarly rated investment grade borrowers. The new facility also includes a change-in-control provision.

In addition to our revolving credit facilities, we had $150 million in uncommitted lines of credit available, including $75 million that expires in May 2007 and $75 million expiring in March 2008. Neither of these lines of credit were used as of March 31, 2007. We must have equivalent credit available under our five-year facility to draw on these $75 million lines.

At March 31, 2007, approximately $948 million of short-term borrowings that we intend to refinance were reclassified as long-term debt. This reclassification reflected our ability and intent to refinance these short-term borrowings and current maturities of long-term debt on a long-term basis. At December 31, 2006, we did not reclassify any short-term debt to a long-term basis as we did not intend to refinance at that time.

Dividend Restriction – We were subject to certain restrictions related to the payment of cash dividends to our shareholders due to minimum net worth requirements under the credit facilities referred to above. The amount of retained earnings available for dividends was $7.9 billion and $7.8 billion at March 31, 2007 and December 31, 2006, respectively. Under the new credit facility dated April 20, 2007, we are no longer required to maintain a minimum net worth that has previously restricted the amount of retained earnings available for dividends.

Share Repurchase Program – On January 30, 2007, our Board of Directors authorized the repurchase of up to 20 million shares of Union Pacific Corporation common stock through the end of 2009. The timing and volume of any purchases will be guided by management’s assessment of market conditions and other pertinent facts.

As of March 31, 2007, we repurchased approximately 2 million shares under this program at an aggregate purchase price of $202 million. These shares were recorded in Treasury Stock at cost, which includes any applicable commissions and fees.

Shelf Registration Statement and Significant New Borrowings – We filed a new shelf registration statement, which became effective March 6, 2007, under which our Board of Directors authorized the issuance of up to $3 billion of debt securities, replacing the $500 million of authority remaining under our shelf registration filed in December 2003. Under the current shelf registration, we may issue, from time to time, any combination of debt securities, preferred stock, common stock, or warrants for debt securities or preferred stock in one or more offerings.

On April 18, 2007, we issued a total of $500 million of fixed rate debt under this shelf registration statement. We issued $250 million of notes at 5.65%, which are due May 1, 2017, and $250 million of debentures at 6.15%, which are due May 1, 2037. We expect to use the net proceeds from this offering for general corporate purposes, including the repurchase of common stock pursuant to our share repurchase program. These debt securities also include change-in-control provisions. We have no immediate plans to issue equity securities; however, we will continue to explore opportunities to replace existing debt or access capital through issuances of debt securities, and, therefore, we may issue additional debt securities under our shelf registration at any time.

Ratio of Earnings to Fixed Charges – Our ratio of earnings to fixed charges was 4.5 and 3.7 for the quarters ended March 31, 2007 and 2006, respectively. The ratio of earnings to fixed charges was computed on a consolidated basis. Earnings represent net income, less equity earnings net of distributions, plus fixed charges and income taxes. Fixed charges represent interest charges, amortization of debt discount, and an estimated amount representing the interest portion of rental charges.

Off-Balance Sheet Arrangements, Contractual Obligations, and Commercial Commitments

As described in the notes to the Condensed Consolidated Financial Statements and as referenced in the tables below, we have contractual obligations and commercial commitments that may affect our financial condition. However, based on our assessment of the underlying provisions and circumstances of our contractual obligations and commercial commitments, including material sources of off-balance sheet and structured finance arrangements, there is no known trend, demand, commitment, event, or uncertainty that is reasonably likely to occur that would have a material adverse effect on our consolidated results of operations, financial condition, or liquidity. In addition, the commercial obligations, financings, and commitments made by us are customary transactions that are similar to those of other comparable corporations, particularly within the transportation industry.

The following tables identify material obligations and commitments as of March 31, 2007:

		Payments Due by March 31,					
Contractual Obligations Millions of Dollars	*Total*	*2008*	*2009*	*2010*	*2011*	*2012*	*After 2012*
Debt [a]	$ 8,997	$1,340	$ 819	$ 431	$1,013	$ 531	$ 4,863
Operating leases	5,254	547	539	491	448	420	2,809
Capital lease obligations [b]	1,829	178	171	155	150	127	1,048
Purchase obligations [c]	4,332	1,330	567	435	232	202	1,566
Other post retirement benefits [d]	298	27	28	29	31	31	152
Total contractual obligations	$20,710	$3,422	$2,124	$1,541	$1,874	$1,311	$10,438

[a] Excludes capital lease obligations of $1,191 million, unamortized discount of $(103) million, and market value adjustments of $(11) million for debt with qualifying hedges that are recorded as liabilities on the Condensed Consolidated Statements of Financial Position. Includes an interest component of $3,343 million.
[b] Represents total obligations, including interest component of $638 million.
[c] Purchase obligations include locomotive maintenance contracts; purchase commitments for locomotives, ties, ballast, and track; and agreements to purchase other goods and services.
[d] Includes estimated other postretirement, medical, and life insurance payments and payments made under the unfunded pension plan for the next ten years. No amounts are included for funded pension as no contributions are currently required.

		Amount of Commitment Expiration by March 31,					
Other Commercial Commitments Millions of Dollars	*Total*	*2008*	*2009*	*2010*	*2011*	*2012*	*After 2012*
Credit facilities [a]	$2,000	$ -	$1,000	$1,000	$ -	$ -	$ -
Sale of receivables [b]	600	600	-	-	-	-	-
Guarantees [c]	465	5	16	52	31	56	305
Standby letters of credit [d]	37	37	-	-	-	-	-
Total commercial commitments	$3,102	$ 642	$1,016	$1,052	$ 31	$ 56	$ 305

[a] None of the credit facilities were used as of March 31, 2007.
[b] $600 million of the sale of receivables program was utilized at March 31, 2007.
[c] Includes guaranteed obligations related to our headquarters building, equipment financings, and affiliated operations.
[d] None of the letters of credit were drawn upon as of March 31, 2007.

Sale of Receivables – The Railroad transfers most of its accounts receivable to Union Pacific Receivables, Inc. (UPRI), a bankruptcy-remote subsidiary, as part of a sale of receivables facility. UPRI sells, without recourse on a 364-day revolving basis, an undivided interest in such accounts receivable to investors. The total capacity to sell undivided interests to investors under the facility was $600 million at both March 31, 2007 and December 31, 2006. The value of the outstanding undivided interest held by investors under the facility was $600 million at both March 31, 2007 and December 31, 2006, respectively. The value of the outstanding undivided interest held by investors is not included in our Condensed Consolidated Financial Statements. The value of the undivided interest held by investors was supported by $1,141 million and $1,158 million of accounts receivable held by UPRI at March 31, 2007 and December 31, 2006, respectively. At March 31, 2007 and December 31, 2006, the value of the interest retained by UPRI was $541 million and $558 million, respectively. This retained interest is included in accounts receivable in our Condensed Consolidated Financial Statements. The interest sold to investors is sold at carrying value, which approximates fair value, and there is no gain or loss recognized from the transaction.

The value of the outstanding undivided interest held by investors could fluctuate based upon the availability of eligible receivables and is directly affected by changing business volumes and credit risks, including default and dilution. If default or dilution percentages were to increase one percentage point, the amount of eligible receivables would decrease by $6 million. Should our credit rating fall below investment grade, the value of the outstanding undivided interest held by investors would be reduced, and, in certain cases, the investors would have the right to discontinue the facility.

The Railroad services the sold receivables; however, the Railroad does not recognize any servicing asset or liability as the servicing fees adequately compensate the Railroad for its responsibilities. The Railroad collected approximately $3.8 billion and $3.7 billion during the three months ended March 31, 2007 and 2006, respectively. UPRI used certain of these proceeds to purchase new receivables under the facility.

The costs of the sale of receivables program are included in other income and were $9 million and $7 million for the three months ended March 31, 2007 and 2006, respectively. The costs include interest, program fees paid to banks, commercial paper issuing costs, and fees for unused commitment availability.

The investors have no recourse to the Railroad's other assets except for customary warranty and indemnity claims. Creditors of the Railroad have no recourse to the assets of UPRI. In August 2006, the sale of receivables program was renewed for an additional 364-day period without any significant changes in terms.

OTHER MATTERS

Asserted and Unasserted Claims – Various claims and lawsuits are pending against us and certain of our subsidiaries. It is not possible at this time for us to determine fully the effect of all unasserted claims on our consolidated results of operations, financial condition, or liquidity; however, to the extent possible, where unasserted claims are considered probable and where such claims can be reasonably estimated, we have recorded a liability. We do not expect that any known lawsuits, claims, environmental costs, commitments, contingent liabilities, or guarantees will have a material adverse effect on our consolidated results of operations, financial condition, or liquidity after taking into account liabilities previously recorded for these matters.

Indemnities – Our maximum potential exposure under indemnification arrangements, including certain tax indemnifications, can range from a specified dollar amount to an unlimited amount, depending on the nature of the transactions and the agreements. Due to uncertainty as to whether claims will be made or how they will be resolved, we cannot reasonably determine the probability of an adverse claim or reasonably estimate any adverse liability or the total maximum exposure under these indemnification arrangements. We do not have any reason to believe that we will be required to make any material payments under these indemnity provisions.

Accounting Pronouncements – In September 2006, the FASB issued Statement No. 157, *Fair Value Measurement* (FAS 157). While this statement does not require new fair value measurements, it provides guidance on applying fair value and expands required disclosures. FAS 157 is effective for us beginning in the first quarter of 2008. We are currently assessing the impact FAS 157 may have on our Condensed Consolidated Financial Statements.

In February 2007, the FASB issued Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (FAS 159). This statement, which is expected to expand fair value measurement, permits entities to choose to measure many financial instruments and certain other items at fair value. FAS 159 is effective for us beginning in the first quarter of 2008. We are currently assessing the impact FAS 159 may have on our Condensed Consolidated Financial Statements.

CAUTIONARY INFORMATION

Certain statements in this report, and statements in other reports or information filed or to be filed with the SEC (as well as information included in oral statements or other written statements made or to be made by us), are, or will be, forward-looking statements as defined by the Securities Act of 1933 and the Securities Exchange Act of 1934. These forward-looking statements include, without limitation, statements and information set forth under the caption "2007 Outlook" in Item 7 of our 2006 Annual Report on Form 10-K, and any other statements or information in this report (including information incorporated herein by reference) regarding: expectations as to operational or service improvements; expectations regarding the effectiveness of steps taken or to be taken to improve operations, service, infrastructure improvements, transportation plan modifications, and management of customer traffic on the system to meet demand; expectations as to cost savings, revenue growth, and earnings; the time by which goals, targets, or objectives will be achieved; projections, predictions, expectations, estimates, or forecasts as to our business, financial and operational results, future economic performance, and general economic conditions; proposed new products and services; estimates of costs relating to environmental remediation and restoration; expectations that claims, litigation, environmental costs, commitments, contingent liabilities, labor negotiations or agreements, or other matters will not have a material adverse effect on our consolidated results of operations, financial condition, or liquidity and any other similar expressions concerning matters that are not historical facts.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times that, or by which, such performance or results will be achieved. Forward-looking information is subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements.

Forward-looking statements and information reflect the good faith consideration by management of currently available information, and may be based on underlying assumptions believed to be reasonable under the circumstances. However, such information and assumptions (and, therefore, such forward-looking statements and information) are or may be subject to variables or unknown or unforeseeable events or circumstances over which management has little or no influence or control. The Risk Factors in Item 1A of our Annual Report on Form 10-K, filed on February 23, 2007, could affect our future results and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements, and this report, including this Item 2, should be read in conjunction with these Risk Factors. To the extent circumstances require or we deem it otherwise necessary, we will update or amend these risk factors in a Form 10-Q or Form 8-K. Information regarding new risk factors or material changes to our risk factors, if any, is set forth in Item 1A of Part II of this report.

Forward-looking statements speak only as of the date the statement was made. We assume no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect thereto or with respect to other forward-looking statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There were no material changes to the Quantitative and Qualitative Disclosures About Market Risk previously disclosed in our 2006 Annual Report on Form 10-K.

Item 4. Controls and Procedures

As of the end of the period covered by this report, the Corporation carried out an evaluation, under the supervision and with the participation of the Corporation's management, including the Corporation's Chief Executive Officer (CEO) and Executive Vice President – Finance and Chief Financial Officer (CFO), of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures pursuant to Exchange Act Rules 13a-15 and 15d-15. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Based upon that evaluation, the CEO and the CFO concluded that, as of the end of the period covered by this report, the Corporation's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the SEC, and that such information is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Additionally, the CEO and CFO determined that there have been no changes to the Corporation's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, the Corporation is involved in legal proceedings, claims, and litigation that occur in connection with the Corporation's business. Management routinely assesses the Corporation's liabilities and contingencies in connection with these matters based upon the latest information available. Consistent with SEC rules and requirements, the Corporation describes below material pending legal proceedings (other than ordinary routine litigation incidental to the business of the Corporation), material proceedings known to be contemplated by governmental authorities, other proceedings arising under federal, state, or local environmental laws and regulations (including governmental proceedings involving potential fines, penalties, or other monetary sanctions in excess of $100,000) and such other pending matters that the Corporation may determine to be appropriate.

Environmental Matters

As we reported in our Annual Report on Form 10-K for 2006, the Railroad was notified on October 23, 2006, by the California Air Resources Board (ARB) of its intent to impose civil penalties resulting from the Railroad's failure to perform and document annual opacity (smoke) testing for its heavy-duty diesel vehicle fleet. The ARB proposed that the Railroad pay $135,000 and agree to other non-monetary conditions to settle these violations. The Railroad and the ARB reached an agreement in principle to settle these claims. Under the agreement, Union Pacific will pay $90,000 to the California Air Pollution Control Fund, and an additional $30,000 to the Peralta Community College District, to fund diesel technology education programs at California Community Colleges.

We received notices from EPA and state environmental agencies alleging that we are or may be liable under federal or state environmental laws for remediation costs at various sites throughout the United States, including sites on the Superfund National Priorities List or state superfund lists. We cannot predict the ultimate impact of these proceedings and suits 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 the speculative nature of remediation costs.

Other Matters

As we reported in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, we were notified that a *qui tam*, or private citizen, complaint was filed in the United States District Court for the Central District of California against, among other parties, the City of Long Beach, City of Long Beach Harbor Department, Port of Long Beach (the Port), Union Pacific Corporation, Union Pacific Railroad Company, and Union Pacific Resources Company, also known as Union Pacific Resources Group Inc. (Resources), a former subsidiary of UPC. A private citizen filed the action because the federal government and the State of California elected not to pursue the claims. The complaint alleges that the defendants violated the Federal Civil False Claims Act and the California False Claims Act by conspiring to use public funds to (1) shift environmental cleanup liability to the Port when Resources sold its Terminal Island oil field property to the Port in 1994 and (2) effect the acquisition by the Port of the Terminal Island property in which the Port (or the State of California) allegedly already held certain incidents of title. The complaint sought damages of $2.4 billion, unspecified costs for remediating groundwater contamination, and triple damages and civil penalties of $10,000 per day. On March 7, 2007, the Court disqualified the private citizen and dismissed the complaint without prejudice.

Item 1A. Risk Factors

There were no material changes from the risk factors previously disclosed in our 2006 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities – The following table presents common stock repurchases during each month for the first quarter of 2007:

Period	*Total Number of Shares Purchased [a]*	*Average Price Paid per Share*	*Total Number of Shares Purchased as Part of a Publicly Announced Plan or Program*	*Maximum Number of Shares That May Yet Be Purchased Under the Plan or Program [b]*
Jan. 1 through Jan. 31	39,326	$ 96.18	N/A	N/A
Feb. 1 through Feb. 28	104,195	101.78	31,800	19,968,200
Mar. 1 through Mar. 31	2,031,999	98.71	2,012,200	17,956,000
Total	2,175,520	$ 98.81	2,044,000	N/A

[a] *Total number of shares purchased includes approximately 131,520 shares delivered or attested to UPC to pay stock option exercise prices or to satisfy tax withholding obligations for stock option exercises or vesting of retention shares or stock units.*

[b] *On January 30, 2007, our Board of Directors authorized us to repurchase up to 20 million shares of our common stock through December 31, 2009. We may make these repurchases on the open market or through other transactions. Our management has sole discretion with respect to determining the timing and amount of these transactions.*

Dividend Restrictions – We were subject to certain restrictions related to the payment of cash dividends to our shareholders due to minimum net worth requirements under our credit facilities. The amount of retained earnings available for dividends was $7.9 billion and $7.8 billion at March 31, 2007 and December 31, 2006, respectively. Under the new credit facility dated April 20, 2007, we will no longer be required to maintain a minimum net worth that has previously restricted the amount of retained earnings available for dividends.

Item 3. Defaults Upon Senior Securities

None.

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

None.

Item 5. Other Information

None.

Table of Contents

Item 6. Exhibits

Exhibit No.	Description of Exhibits Filed with this Statement
10	The 1993 Stock Option and Retention Stock Plan of UPC, as amended November 16, 2006.
12	Ratio of Earnings to Fixed Charges for the Three Months Ended March 31, 2007 and 2006.
31(a)	Certification Pursuant to Rule 13a-14(a) of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 – James R. Young.
31(b)	Certification Pursuant to Rule 13a-14(a) of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 – Robert M. Knight, Jr.
32	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – James R. Young and Robert M. Knight, Jr.
	Description of Exhibits Incorporated by Reference
3(a)	Revised Articles of Incorporation of UPC, as amended through April 25, 1996, are incorporated herein by reference to Exhibit 3 to the Corporation’s Quarterly Report on Form 10-Q for the quarter ended March 31, 1996.
3(b)	By-Laws of UPC, as amended, effective October 1, 2006, are incorporated herein by reference to Exhibit 3(a) to the Corporation’s Annual Report on Form 10-K for the year ended December 31, 2006.
4(a)	Form of Debt Security (Note) is incorporated herein by reference to Exhibit 4.1 to the Corporation’s Current Report on Form 8-K, dated April 18, 2007.
4(b)	Form of Debt Security (Debenture) is incorporated herein by reference to Exhibit 4.2 to the Corporation’s Current Report on Form 8-K, dated April 18, 2007.

Table of Contents

SIGNATURES

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

Dated: April 26, 2007

UNION PACIFIC CORPORATION (Registrant)

By /s/ Robert M. Knight, Jr.
Robert M. Knight, Jr.,
Executive Vice President – Finance and
Chief Financial Officer
(Principal Financial Officer)

By /s/ Richard J. Putz
Richard J. Putz,
Vice President and Controller
(Principal Accounting Officer)

Exhibit 10

1993

STOCK OPTION AND RETENTION STOCK PLAN

of

UNION PACIFIC CORPORATION

(Effective April 16, 1993 -
As Amended September 30, 1993,
July 28, 1994, April 24, 1997,
November 20, 1997, September 24, 1998¸ May 27, 1999,
May 25, 2000, November 16, 2000, January 25, 2001 and November 16, 2006)

1993 STOCK OPTION AND RETENTION STOCK PLAN
OF UNION PACIFIC CORPORATION

1. PURPOSE

The purpose of the 1993 Stock Option and Retention Stock Plan of Union Pacific Corporation is to promote and closely align the interests of employees of Union Pacific Corporation and its shareholders by providing stock based compensation. The Plan is intended to strengthen Union Pacific Corporation's ability to reward performance which enhances long term shareholder value; to increase employee stock ownership through performance based compensation plans; and to strengthen the company's ability to attract and retain an outstanding employee and executive team.

2. DEFINITIONS

The following terms shall have the following meanings:

"Act" means the Securities Exchange Act of 1934, as amended.

"Affiliate" shall have the meaning set forth in Rule 12b-2 under Section 12 of the Act.

"Approved Leave of Absence" means a leave of absence of definite length approved by the Senior Vice President—Human Resources of the Company, or by any other officer of the Company to whom the Committee delegates such authority.

"Award" means an award of Retention Shares or Stock Units pursuant to the Plan.

"Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Act.

"Beneficiary" means any person or persons designated in writing by a Participant to the Committee on a form prescribed by it for that purpose, which designation shall be revocable at any time by the Participant prior to his or her death, provided that, in the absence of such a designation or the failure of the person or persons so designated to survive the Participant, "Beneficiary" shall mean such Participant's estate; and further provided that no designation of Beneficiary shall be effective unless it is received by the Company before the Participant's death.

"Board" means the Board of Directors of the Company.

"Change in Control" means the occurrence of any one of the following:

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (A) of paragraph (iii) below; or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on November 16, 2000, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(iii) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) more than 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities; or

(iv) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, more than 50% of the combined voting power of the voting securities of which is owned by shareholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

"Code" means the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any successor statute.

"Committee" means the Committee designated by the Board to administer the Plan pursuant to Section 3.

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

"Company" means Union Pacific Corporation, a Utah corporation, or any successor corporation.

"Option" means each non-qualified stock option, incentive stock option and stock appreciation right granted under the Plan.

"Optionee" means any employee of the Company or a Subsidiary (including directors who are also such employees) who is granted an Option under the Plan.

"Participant" means any employee of the Company or a Subsidiary (including directors who are also such employees) who is granted an Award under the Plan.

"Person" shall have the meaning given in Section 3(a)(9) of the Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its Affiliates, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities or (iv) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company.

"Plan" means this 1993 Stock Option and Retention Stock Plan, as amended from time to time.

"Retention Shares" means shares of Common Stock subject to an Award granted under the Plan.

"Restriction Period" means the period defined in Section 9(a).

"Stock Unit" means the right to receive in the future a share of Common Stock.

"Subsidiary" means any corporation of which the Company owns directly or indirectly at least a majority of the outstanding shares of voting stock.

"Unit Restriction Period" means the period defined in Section 10.

"Unit Vesting Condition" means any condition to the vesting of Stock Units established by the Committee pursuant to Section 10.

"Vesting Condition" means any condition to the vesting of Retention Shares established by the Committee pursuant to Section 9.

3. ADMINISTRATION

The Plan shall be administered by the Committee, which shall be comprised of not less than three members of the Board, none of whom shall be employees of the Company or any Subsidiary. The Committee shall (i) grant Options to Optionees and make Awards of Retention Shares and Stock Units to Participants, and (ii) determine the terms and conditions of such Options and Awards of Retention Shares and Stock Units, all in accordance with the provisions of the Plan. The Committee shall have full authority to construe and interpret the Plan, to establish, amend and rescind rules and regulations relating to the Plan, to administer the Plan, and to take all such steps and make all such determinations in connection with the Plan and Options and Awards granted thereunder as it may deem necessary or advisable. Each Option and grant of Retention Shares or Stock Units shall, if required by the Committee, be evidenced by an agreement to be executed by the Company and the Optionee or Participant, respectively, and contain provisions not inconsistent with the Plan. All determinations of the Committee shall be by a majority of its members and shall be evidenced by resolution, written consent or other appropriate action, and the Committee's determinations shall be final. Each member of the Committee, while serving as such, shall be considered to be acting in his or her capacity as a director of the Company.

4. ELIGIBILITY

To be eligible for selection by the Committee to participate in the Plan an individual must be an employee of the Company or a Subsidiary. Directors who are not full-time salaried employees shall not be eligible. In granting Options or Awards of Retention Shares or Stock Units to eligible employees, the Committee shall take into account the duties of the respective employees, their present and potential contributions to the success of the Company or a Subsidiary, and such other factors as the Committee shall deem relevant in connection with accomplishing the purpose of the Plan.

5. STOCK SUBJECT TO THE PLAN

Subject to the provisions of Section 13 hereof, the maximum number and kind of shares as to which Options, or Retention Shares or Stock Units may at any time be granted under the Plan are 16 million shares of Common Stock. Shares of Common Stock subject to Options or Awards under the Plan may be either authorized but unissued shares or shares previously issued and reacquired by the Company. Upon the expiration, termination or cancellation (in whole or in part) of unexercised Options, shares of Common Stock subject thereto shall again be available for option or grant as Retention Shares or Stock Units under the Plan. Shares of Common Stock covered by an Option, or portion thereof, which is surrendered upon the exercise of a stock appreciation right, shall thereafter be unavailable for option or grant as Retention Shares or Stock Units under the Plan. Upon the forfeiture (in whole or in part) of a grant of Retention Shares or Stock Units, the shares of Common Stock subject to such forfeiture shall again be available for option or grant as Retention Shares or Stock Units under the Plan if no dividends have been paid on the forfeited shares, and otherwise shall be unavailable for such an option or grant.

6. TERMS AND CONDITIONS OF NON-QUALIFIED OPTIONS

All non-qualified options under the Plan shall be granted subject to the following terms and conditions:

a. Option Price. The option price per share with respect to each option shall be determined by the Committee but shall not be less than 100% of the fair market value of the Common Stock on the date the option is granted, such fair market value to be determined in accordance with the procedures to be established by the Committee.

b. Duration of Options. Options shall be exercisable at such time or times and under such conditions as set forth in the written agreement evidencing such option, but in no event shall any option be exercisable subsequent to the tenth anniversary of the date on which the option is granted.

c. Exercise of Option. Except as provided in Section 6(h), 6(i), 8(c) or 8(d), the shares of Common Stock covered by an option may not be purchased prior to the first anniversary of the date on which the option is granted (unless the Committee shall determine otherwise), or such longer period or periods, and subject to such conditions, as the Committee may determine, but thereafter may be purchased at one time or in such installments over the balance of the option period as may be provided in the option. Any shares not purchased on the applicable installment date may, unless the Committee shall have determined otherwise, be purchased thereafter at any time prior to the final expiration of the option. To the extent that the right to purchase shares has accrued thereunder, options may be exercised from time to time by notice to the Company stating the number of shares with respect to which the option is being exercised.

d. Payment. Shares of Common Stock purchased under options shall, at the time of purchase, be paid for in full. All, or any portion, of the option exercise price may, at the discretion of the Committee, be paid by the surrender to the Company, at the time of exercise, of shares of previously acquired Common Stock owned by the Optionee, to the extent that such payment does not require the surrender of a fractional share of such previously acquired Common Stock. In addition, to the extent permitted by the Committee, the option exercise price may be paid by authorizing the Company to withhold Common Stock otherwise issuable on exercise of the option. Such shares previously acquired or shares withheld to pay the option exercise price shall be valued at fair market value on the date the option is exercised in accordance with the procedures to be established by the Committee. A holder of an option shall have none of the rights of a stockholder until the shares of Common Stock are issued to him or her. If an amount is payable by an Optionee to the Company or a Subsidiary under applicable withholding tax laws in connection with the exercise of non-qualified options, the Committee may, in its discretion and subject to such rules as it may adopt, permit the Optionee to make such payment, in whole or in part, by electing to authorize the Company to withhold or accept shares of Common Stock having a fair market value equal to the amount to be paid under such withholding tax laws.

e. Restrictions. The Committee shall determine, with respect to each option, the nature and extent of the restrictions, if any, to be imposed on the shares of Common Stock that may be purchased thereunder including restrictions on the transferability of such shares acquired through the exercise of such option. Without limiting the generality of the foregoing, the Committee may impose conditions restricting absolutely or conditionally the transferability of shares acquired through the exercise of options for such periods, and subject to such conditions, including continued employment of the Optionee by the Company or a Subsidiary, as the Committee may determine.

f. Purchase for Investment. The Committee shall have the right to require that each Optionee or other person who shall exercise an option under the Plan represent and agree that any shares of Common Stock purchased pursuant to such option will be purchased for investment and not with a view to the distribution or resale thereof or that such shares will not be sold except in accordance with such restrictions or limitations as may be set forth in the written agreement granting such option.

g. Non-Transferability of Options. During an Optionee's lifetime, the option may be exercised only by the Optionee. Options shall not be transferable, except for exercise by the Optionee's legal representatives or heirs.

h. Termination of Employment. Upon the termination of an Optionee's employment for any reason other than death, then, except as provided below, the option shall be exercisable only as to those shares of Common Stock which were then subject to the exercise of such option (provided that the Committee may determine that particular limitations and restrictions under the Plan shall not apply) and such option shall expire according to the following schedule (unless the Committee shall provide for shorter periods at the time the option is granted):

(i) Retirement. Option shall expire, unless exercised, five (5) years after the Optionee's retirement from the Company or any Subsidiary under the provisions of the Company's or a Subsidiary's pension plan.

(ii) Disability. Any holding period required by Section 6(c) shall automatically be deemed to be satisfied and Option shall expire, unless exercised, five (5) years after the date the Optionee is eligible to receive disability benefits under the provisions of the Company's or a Subsidiary's long-term disability plan.

(iii) Disposition of Business. In the case of a termination resulting from the disposition by the Company or any of its Subsidiaries of all or a part of its interest in, or the discontinuance of a business of, a subsidiary, division or other business unit, unvested options shall not be forfeited, but any holding period required by Section 6(c) shall be satisfied in accordance with its original schedule (including any holding period associated with an option that becomes a non-qualified option in accordance with Section 8(c)) and Option shall expire, unless exercised, five (5) years after the date of termination;

(iv) Force Reduction Program. In the case of a termination (other than retirement) resulting from a force reduction program instituted by the Company or any of its Subsidiaries, the Option shall expire, unless exercised, three (3) years from the date of termination.

(v) Gross Misconduct. Option shall expire upon receipt by the Optionee of the notice of termination if he or she is terminated for deliberate, willful or gross misconduct as determined by the Company.

(vi) Change in Control. In the event an Optionee's employment is involuntarily terminated by the Company (other than termination as a result of disability or gross misconduct, but including a termination described in subsection (iii) and (iv) above) within two years following a

Change in Control all options shall become fully vested and the option shall remain exercisable for a period of three (3) years following such termination (or five (5) years following such termination in the case of a termination described in Subsection (i), (iii) or (iv) above) but in no event after the expiration of the option, and the option shall expire thereafter.

(vii) All Other Terminations. Option shall expire, unless exercised, three (3) months after the date of such termination.

i. Death of Optionee. Upon the death of an Optionee during his or her period of employment, the option shall be exercisable only as to those shares of Common Stock which were subject to the exercise of such option at the time of his or her death, provided that (i) any holding period required by Section 6(c) shall automatically be deemed to be satisfied and (ii) the Committee may determine that particular limitations and restrictions under the Plan shall not apply, and such option shall expire, unless exercised by the Optionee's legal representatives or heirs, five (5) years after the date of death (unless the Committee shall provide for a shorter period at the time the option is granted).

j. Deferral. The Committee may permit an Optionee to elect to defer receipt of all or part of the Common Stock issuable upon the exercise of an option, pursuant to rules and regulations adopted by the Committee. The Committee may not permit the payment of cash in lieu of Common Stock upon payment of the deferred amount.

In no event, however, shall any option be exercisable pursuant to Sections 6(h) or (i) subsequent to the tenth anniversary of the date on which it is granted.

7. TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS

a. General. The Committee may also grant a stock appreciation right in connection with a non-qualified option, either at the time of grant or by amendment. Such stock appreciation right shall cover the same shares covered by such option (or such lesser number of shares of Common Stock as the Committee may determine) and shall, except for the provisions of Section 6(d) hereof, be subject to the same terms and conditions as the related non-qualified option.

b. Exercise and Payment. Each stock appreciation right shall entitle the Optionee to surrender to the Company unexercised the related option, or any portion thereof, and to receive from the Company in exchange therefor an amount equal to the excess of the fair market value of one share of Common Stock over the option price per share times the number of shares covered by the option, or portion thereof, which is surrendered. Payment shall be made in shares of Common Stock valued at fair market value, or in cash, or partly in shares and partly in cash, all as shall be determined by the Committee. The fair market value shall be the value determined in accordance with procedures established by the Committee. Stock appreciation rights may be exercised from time to time upon actual receipt by the Company of written notice stating the number of shares of Common Stock with respect to which the stock appreciation right is being exercised, provided that if a stock appreciation right expires unexercised, it shall be deemed exercised on the expiration date if any amount would be payable with respect thereto. No fractional shares shall be issued but instead cash shall be paid for a fraction or, if the Committee should so determine, the number of shares shall be rounded downward to the next whole share. If an amount is payable by an Optionee to the Company or a Subsidiary under applicable withholding tax laws in connection with the exercise of stock appreciation rights, the Committee may, in its discretion and subject to such rules as it may adopt, permit the Optionee to make such payment, in whole or in part, by electing to authorize the Company to withhold or accept shares of Common Stock having a fair market value equal to the amount to be paid under such withholding tax laws.

c. Restrictions. The obligation of the Company to satisfy any stock appreciation right exercised by an Optionee subject to Section 16 of the Act shall be conditioned upon the prior receipt by the Company of an opinion of counsel to the Company that any such satisfaction will not create an obligation on the part of such Optionee pursuant to Section 16(b) of the Act to reimburse the Company for any statutory profit which might be held to result from such satisfaction.

8. TERMS AND CONDITIONS OF INCENTIVE STOCK OPTIONS.

a. General. The Committee may also grant incentive stock options as defined under Section 422 of the Code. All incentive stock options issued under the Plan shall, except for the provisions of Sections 6(h) and (i) and Section 7 hereof, be subject to the same terms and conditions as the non-qualified options granted under the Plan. In addition, incentive stock options shall be subject to the conditions of Sections 8(b), (c), (d) and (e).

b. Limitation of Exercise. The aggregate fair market value (determined as of the date the incentive stock option is granted) of the shares of stock with respect to which incentive stock options are exercisable for the first time by such Optionee during any calendar year, under this Plan or any other stock option plans adopted by the Company, its Subsidiaries or any predecessor companies thereof, shall not exceed $100,000. If any incentive stock options become exercisable in any year in excess of the $100,000 limitation, options representing such excess shall become non-qualified options exercisable pursuant to the terms of Section 6 hereof and shall not be exercisable as incentive stock options.

c. Termination of Employment. Upon the termination of an Optionee's employment, for any reason other than death, his or her incentive stock option shall be exercisable only as to those shares of Common Stock which were then subject to the exercise of such option except as provided below (provided that the Committee may determine that particular limitations and restrictions under the Plan shall not apply) and such option shall expire as an incentive stock option according to the following schedule (unless the Committee shall provide for shorter periods at the time the incentive stock option is granted) but shall, in all cases other than 8(c)(iii) and 8(c)(iv), at the end of the period referred to below become a non-qualified option exercisable pursuant to the terms of Section 6 hereof (including Sections 6(h) and (i)) less the period already elapsed under such Section:

(i) Retirement. An incentive stock option shall expire, unless exercised, three (3) months after the Optionee's retirement from the Company or any

Subsidiary under the provisions of the Company's or a Subsidiary's pension plan.

(ii) Disability. In the case of an Optionee who is disabled within the meaning of Section 22(e)(3) of the Code, any holding period required by Section 6(c) shall automatically be deemed to be satisfied and an incentive stock option shall expire, unless exercised, one (1) year after the earlier of the date the Optionee terminates employment or the date the Optionee is eligible to receive disability benefits under the provisions of the Company's or a Subsidiary's long-term disability plan.

(iii) Gross Misconduct. An incentive stock option shall expire upon receipt by the Optionee of the notice of termination if he or she is terminated for deliberate, willful or gross misconduct as determined by the Company.

(iv) All Other Terminations. An incentive stock option shall expire, unless exercised, three (3) months after the date of such termination.

d. Incentive Stock Options Granted On and After May 25, 2000. In the case of an incentive stock option granted on or after May 25, 2000, the following additional provisions shall apply:

(i) Disposition of Business. Subject to Section 8(e), in the case of a termination resulting from the disposition by the Company or any of its Subsidiaries of all or a part of its interest in, or the discontinuance of a business of, a subsidiary, division or other business unit, unvested options shall not be forfeited, but any holding period required by Section 6(c) shall be satisfied in accordance with its original schedule and the Option shall expire, unless exercised, three (3) months after the date of termination, but shall at the end of such three month period become a non-qualified option exercisable pursuant to the terms of Section 6 hereof (including Section 6(h)(iii), less the period already elapsed hereunder);

(ii) Force Reduction Program. Subject to Section 8(e), in the case of a termination (other than retirement) resulting from a force reduction program instituted by the Company or any of its Subsidiaries, the Option shall expire, unless exercised, three (3) months after the date of termination, but shall at the end of such three (3) month period become a non-qualified option exercisable pursuant to the terms of Section 6 hereof (including Section 6(h)(iv), less the period already elapsed hereunder).

e. Additional Provisions Regarding Incentive Stock Options Granted On Or After November 16, 2000. In the case of an incentive stock option granted on or after November 16, 2000, the following additional provisions shall apply:

In the event an Optionee's employment is involuntarily terminated by the Company (other than termination as a result of disability or gross misconduct, but including a termination described in subsections (d)(i) or (d)(ii) above) within two years following a Change in Control, all options shall become fully vested and the option shall remain exercisable for a period of three (3) months following such termination (but in no event after the expiration of the option) and shall at the end of such three (3) month period become a non-qualified option exercisable pursuant to the terms of Section 6 hereof (including Section 6(h)(vii), less the period already elapsed hereunder).

f. Additional Provisions Regarding Certain Incentive Stock Options Granted Before May 25, 2000. In the case of an incentive stock option granted before May 25, 2000, the following additional provisions shall apply:

(i) Disposition of Business. In the case of incentive stock options granted after September 24, 1998 and before May 25, 2000, in the event that a termination results from the disposition by the Company of all or a part of its interest in, or the discontinuance of the business of, a subsidiary, division or other business unit of the Company, the Committee may extend the period during which an incentive stock option may be exercised as a non-qualified option to up to five (5) years from the date of such termination.

(ii) Other Terminations. In the case of incentive stock options granted after April 24, 1997 and before May 25, 2000, the Committee may extend the period during which an incentive stock option may be exercised as a non-qualified stock option to up to three (3) years from the date of a termination not due to retirement, disability or gross misconduct or, if later, three (3) years from the date the option becomes exercisable but not more than five years after the date of such termination.

g. Death of Optionee. Upon the death of an Optionee during his or her period of employment, the incentive stock option shall be exercisable as an incentive stock option only as to those shares of Common Stock which were subject to the exercise of such option at the time of death, provided that (i) any holding period required by Section 6(c) shall automatically be deemed to be satisfied, and (ii) the Committee may determine that particular limitations and restrictions under the Plan shall not apply, and such option shall expire, unless exercised by the Optionee's legal representatives or heirs, five (5) years after the date of death (unless the Committee shall provide for a shorter period at the time the option is granted).

h. Leave of Absence. A leave of absence, whether or not an Approved Leave of Absence, shall be deemed a termination of employment for purposes of Section 8.

In no event, however, shall any incentive stock option be exercisable pursuant to Sections 8(c) or (d) subsequent to the tenth anniversary of the date on which it was granted.

9. TERMS AND CONDITIONS OF AWARDS OF RETENTION STOCK

a. General. Retention Shares may be granted only to reward the attainment of individual, Company or Subsidiary goals, or to attract or retain officers or other employees of the

Company or any Subsidiary, and shall be granted subject to the attainment of performance goals unless the Committee shall determine otherwise. With respect to each grant of Retention Shares under the Plan, the Committee shall determine the period or periods, including any conditions for determining such period or periods, during which the restrictions set forth in Section 9(b) shall apply, provided that in no event, other than as provided in Section 9(c) or in the next sentence, shall such restrictions terminate prior to 3 years after the date of grant (the "Restriction Period"), and may also specify any other terms or conditions to the right of the Participant to receive such Retention Shares ("Vesting Conditions"). The Committee may determine in its sole discretion to waive any or all of such restrictions prior to end of the Restriction Period or the satisfaction of any Vesting Condition. Subject to Section 9(c) and any such Vesting Condition, a grant of Retention Shares shall be effective for the Restriction Period and may not be revoked; provided, however, in the event of a Change in Control of the Company (i) with respect to Retention Shares (other than Retention Shares granted pursuant to the Executive Incentive Premium Exchange Program ("PEP Plan") or the 2001 Long Term Plan (the "LTP")), the Restricted Period shall end with respect to that number of such Retention Shares calculated by multiplying such Retention Shares by the fraction obtained by dividing the number of full months during such Restricted Period through the date of such Change in Control by the total number of months contained in such Restricted Period (determined without regard to this proviso), (ii) with respect to Retention Shares granted to such Participant pursuant to the PEP Plan, the Restricted Period shall end with respect to that number of such Retention Shares equal to (x) that number of such Retention Shares with a fair market value (as of the date of grant) equal to the amount of incentive award such Participant elected to forego in exchange for such Retention Shares (the "Original Retention Shares"), and (y) number of Retention Shares which the Participant received as a premium under the PEP Plan (the "Premium Retention Shares") calculated by multiplying such Premium Retention Shares by the fraction obtained by dividing the number of full months during such Restricted Period through the date of such Change in Control by the total number of months contained in such Restricted Period, and (iii) Retention Shares granted to such Participant pursuant to the LTP shall be subject to the terms of the applicable agreement issued under the LTP. In the event a payment becomes due, the Committee may, in its sole discretion, elect to make such payment either in cash, in shares of Common Stock, in shares of equity securities of the entity (or its parent) resulting from such Change in Control or in any combination of the foregoing.

b. Restrictions. At the time of grant of Retention Shares to a Participant, a certificate representing the number of shares of Common Stock granted shall be registered in the Participant's name but shall be held by the Company for his or her account. The Participant shall have the entire beneficial ownership interest in, and all rights and privileges of a stockholder as to, such Retention Shares, including the right to vote such Retention Shares and, unless the Committee shall determine otherwise, the right to receive dividends thereon, subject to the following: (i) subject to Section 9(c), the Participant shall not be entitled to delivery of the stock certificate until the expiration of the Restriction Period and the satisfaction of any Vesting Conditions; (ii) none of the Retention Shares may be sold, transferred, assigned, pledged, or otherwise encumbered or disposed of during the Restriction Period or prior to the satisfaction of any Vesting Conditions; and (iii) all of the Retention Shares shall be forfeited and all rights of the Participant to such Retention Shares shall terminate without further obligation on the part of the Company unless the Participant remains in the continuous employment of the Company or a

Subsidiary for the entire Restriction Period, except as provided by Sections 9(a) and 9(c), and any applicable Vesting Conditions have been satisfied. Any shares of Common Stock or other securities or property received as a result of a transaction listed in Section 13 shall be subject to the same restrictions as such Retention Shares unless the Committee shall determine otherwise.

c. Termination of Employment.

(i) Disability and Retirement. Unless the Committee shall determine otherwise at the time of grant of Retention Shares, if (A) a Participant ceases to be an employee of the Company or a Subsidiary prior to the end of a Restriction Period, by reason of disability under the provisions of the Company's or a Subsidiary's long-term disability plan or retirement under the provisions of the Company's or a Subsidiary's pension plan either (i) at age 65 or (ii) prior to age 65 at the request of the Company or a Subsidiary, and (B) all Vesting Conditions have been satisfied, the Retention Shares granted to such Participant shall immediately vest and all restrictions applicable to such shares shall lapse. A certificate for such shares shall be delivered to the Participant in accordance with the provisions of Section 9(d).

(ii) Death. Unless the Committee shall determine otherwise at the time of grant of Retention Shares, if (A) a Participant ceases to be an employee of the Company or a Subsidiary prior to the end of a Restriction Period by reason of death, and (B) all Vesting Conditions have been satisfied, the Retention Shares granted to such Participant shall immediately vest in his or her Beneficiary, and all restrictions applicable to such shares shall lapse. A certificate for such shares shall be delivered to the Participant's Beneficiary in accordance with the provisions of Section 9(d).

(iii) All Other Terminations. If a Participant ceases to be an employee of the Company or a Subsidiary prior to the end of a Restriction Period for any reason other than death, disability or retirement as provided in Section 9(c)(i) and (ii) or a termination pursuant to Section 9(c)(v), the Participant shall immediately forfeit all Retention Shares then subject to the restrictions of Section 9(b) in accordance with the provisions thereof, except that the Committee may, if it finds that the circumstances in the particular case so warrant, allow a Participant whose employment has so terminated to retain any or all of the Retention Shares then subject to the restrictions of Section 9(b) and all restrictions applicable to such retained shares shall lapse. A certificate for such retained shares shall be delivered to the Participant in accordance with the provisions of Section 9(d).

(iv) Vesting Conditions. Unless the Committee shall determine otherwise at the time of grant of Retention Shares, if a Participant ceases to be an employee of the Company for any reason prior to the satisfaction of any Vesting Conditions, the Participant shall immediately forfeit all Retention Shares then subject to the restrictions of Section 9(b) in accordance with the provisions thereof, except that the Committee may, if it finds that the circumstances in the particular case so warrant, allow a Participant whose employment has so terminated to retain any or all of the Retention Shares then subject to the restrictions of Section 9(b) and all restrictions applicable to such retained shares shall lapse. A certificate for such retained shares shall be delivered to the Participant in accordance with the provisions of Section 9(d).

(v) Change in Control. In the event a Participant's employment is involuntarily terminated by the Company (other than a termination as a result of death, disability, retirement or gross misconduct) within two years following a Change in Control, the remaining restrictions with respect to all Original Retention Shares and all Premium Retention Shares shall lapse and the Committee may, in its sole discretion, elect to make such payment either in cash, in shares of Common Stock, in shares of equity securities of the entity (or its parent) resulting from such Change in Control or in any combination of the foregoing.

d. Payment of Retention Shares. At the end of the Restriction Period and after all Vesting Conditions have been satisfied, or at such earlier time as provided for in Section 9(c) or as the Committee, in its sole discretion, may otherwise determine, all restrictions applicable to the Retention Shares shall lapse, and a stock certificate for a number of shares of Common Stock equal to the number of Retention Shares, free of all restrictions, shall be delivered to the Participant or his or her Beneficiary, as the case may be. If an amount is payable by a Participant to the Company or a Subsidiary under applicable withholding tax laws in connection with the lapse of such restrictions, the Committee, in its sole discretion, may permit the Participant to make such payment, in whole or in part, by authorizing the Company to transfer to the Company Retention Shares otherwise deliverable to the Participant having a fair market value equal to the amount to be paid under such withholding tax laws.

e. Deferral. The Committee may permit a Participant to elect to defer receipt of all or part of any Retention Shares that would otherwise be delivered, pursuant to rules and regulations adopted by the Committee. The Committee may permit the payment of cash in lieu of Common Stock upon payment of the deferred amount.

10. STOCK UNITS

The Committee may also grant Awards of Stock Units under the Plan. The vesting of Awards of Stock Units shall be subject to the requirement that a Participant continue employment with the Company or a Subsidiary for a certain period of no less than three years (the "Unit Restriction Period"), and may be subject to the satisfaction of other conditions or contingencies ("Unit Vesting Condition"), in order for a Participant to receive payment of such Award, as established by the Committee at the time of the Award. The Committee may determine in its sole discretion to waive any such requirement, condition or contingency. Awards of Stock Units shall be payable in shares of Common Stock. The Committee may permit a Participant to elect to defer receipt of payment of all or part of any Award of Stock Units pursuant to rules and regulations adopted by the Committee. Unless the Committee provides otherwise at the time an Award of Stock Units to a Participant is made, the provisions of Section 9(c) of the Plan relating to the vesting and forfeiture of Retention Stock upon termination of employment shall apply to any termination of employment by such Participant during the Unit Restricted Period or prior to the satisfaction of any Unit Vesting Condition for such Award.

11. DIVIDENDS AND DIVIDEND EQUIVALENTS

Any Option or Award of Stock Units may provide the Participant with the right to receive dividend payments or dividend equivalent payments on the Common Stock subject to the Option or Award, whether or not such Option or Award has been exercised or is vested. Such payments may be made in cash or may be credited to a Participant's account and later settled in cash or Common Stock or a combination thereof, as determined by the Committee. Such payments and credits may be subject to such conditions and contingencies as the Committee may establish.

12. REGULATORY APPROVALS AND LISTING

The Company shall not be required to issue to an Optionee, Participant or a Beneficiary, as the case may be, any certificate for any shares of Common Stock upon exercise of an option or for any Retention Shares granted under the Plan or to make any payment with respect to any Stock Unit granted under the Plan prior to (i) the obtaining of any approval from any governmental agency which the Company, in its sole discretion, shall determine to be necessary or advisable, (ii) the admission of such shares to listing on any stock exchange on which the Common Stock may then be listed, and (iii) the completion of any registration or other qualification of such shares or units under any state or federal law or rulings or regulations of any governmental body which the Company, in its sole discretion, shall determine to be necessary or advisable.

13. ADJUSTMENT IN EVENT OF CHANGES IN CAPITALIZATION

In the event of a recapitalization, stock split, stock dividend, combination or exchange of shares, merger, consolidation, rights offering, separation, spin-off, reorganization or liquidation, any other change in the corporate structure or shares of the Company or any equity restructuring transaction, as that term is defined in Statement of Financial Accounting Standards No. 123 (revised), the Board, upon recommendation of the Committee, will make such equitable adjustments as it may deem appropriate in the number and kind of shares and Stock Units authorized by the Plan, in the option price of outstanding Options (except with respect to incentive stock options), and in the number and kind of shares, Stock Units or other securities or property subject to Options (except with respect to incentive stock options) or covered by outstanding Awards.

14. TERM OF THE PLAN

No Options, or Retention Shares or Stock Units shall be granted pursuant to the Plan after April 16, 2003, but grants of Options, or Retention Shares or Stock Units theretofore granted may extend beyond that date and the terms and conditions of the Plan shall continue to apply thereto.

15. TERMINATION OR AMENDMENT OF THE PLAN

The Board may at any time terminate the Plan with respect to any shares of Common Stock or Stock Units not at that time subject to outstanding Options or Awards, and may from time to time alter or amend the Plan or any part thereof (including, but without limiting the generality of the foregoing, any amendment deemed necessary to ensure that the Company may obtain any approval referred to in Section 12 or to ensure that the grant of Options or Awards, the exercise of Options, the payment of Retention Shares or the payment with respect to Stock Units or any other provision of the Plan complies with Section 16(b) of the Act), provided that no change with respect to any Options, Retention Shares or Stock Units theretofore granted may be made which would impair the rights of an Optionee or Participant without the consent of such Optionee or Participant and, further, that without the approval of stockholders, no alteration or amendment may be made which would (i) increase the maximum number of shares of Common Stock and Stock Units subject to the Plan as set forth in Section 5 (except by operation of Section 13), (ii) extend the term of the Plan or (iii) change the class of eligible persons who may receive Options or Awards of Retention Shares or Stock Units under the Plan. The Committee may amend the Plan to extend the exercise period following an optionee's termination of an option granted prior to September 24, 1998, but not beyond: (i) in the case of a termination resulting from the disposition by the Company of all or a part of its interest in, or the discontinuance of the business of, a subsidiary, division or other business unit of the Company, five years from the date of termination and (ii) in the case of all other terminations, not more than three years from the date of termination, or, if later, three years from the date the option becomes exercisable, but not more than five years after the date of such termination.

16. LEAVE OF ABSENCE

Unless the Committee shall determine otherwise, a leave of absence other than an Approved Leave of Absence shall be deemed a termination of employment for purposes of the Plan. An Approved Leave of Absence shall not be deemed a termination of employment for purposes of the Plan (except for purposes of Section 8), but the period of such Leave of Absence shall not be counted toward satisfaction of any Restriction Period or Unit Restriction Period or any holding period described in Section 6(c).

17. GENERAL PROVISIONS

a. Neither the Plan nor the grant of any Option or Award nor any action by the Company, any Subsidiary or the Committee shall be held or construed to confer upon any person any right to be continued in the employ of the Company or a Subsidiary. The Company and each Subsidiary expressly reserve the right to discharge, without liability but subject to his or her rights under the Plan, any Optionee or Participant whenever in the sole discretion of the Company or a Subsidiary, as the case may be, its interest may so require.

b. All questions pertaining to the construction, regulation, validity and effect of the Plan shall be determined in accordance with the laws of the State of Utah, without regard to conflict of laws doctrine.

18. EFFECTIVE DATE

The Plan shall become effective upon approval of the stockholders of the Company.

Exhibit 12

Ratio of Earnings to Fixed Charges

Union Pacific Corporation and Subsidiary Companies

(Unaudited)

	Three Months Ended March 31,	
Millions of Dollars, Except for Ratios	***2007***	*2006*
Earnings:		
Net income	**$ 386**	$ 311
Equity earnings net of distributions	**(15)**	(14)
Total earnings	**371**	297
Income taxes	**235**	184
Fixed charges:		
Interest expense including amortization of debt discount	**113**	120
Portion of rentals representing an interest factor	**60**	60
Total fixed charges	**173**	180
Earnings available for fixed charges	**$ 779**	$ 661
Ratio of earnings to fixed charges	**4.5**	3.7

Exhibit 31(a)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, James R. Young, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Union Pacific Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: April 26, 2007

/s/ James R. Young
James R. Young
Chairman, President and
Chief Executive Officer

Exhibit 31(b)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Robert M. Knight, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Union Pacific Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2007

/s/ Robert M. Knight, Jr.

Robert M. Knight, Jr.
Executive Vice President – Finance and
Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying quarterly report of Union Pacific Corporation (the Corporation) on Form 10-Q for the period ending March 31, 2007, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, James R. Young, President and Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By: /s/ James R. Young
James R. Young
Chairman, President and
Chief Executive Officer
Union Pacific Corporation

April 26, 2007

A signed original of this written statement required by Section 906 has been provided to the Corporation and will be retained by the Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying quarterly report of Union Pacific Corporation (the Corporation) on Form 10-Q for the period ending March 31, 2007, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Robert M. Knight, Jr., Executive Vice President – Finance and Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By: /s/ Robert M. Knight, Jr.
Robert M. Knight, Jr.
Executive Vice President – Finance and
Chief Financial Officer
Union Pacific Corporation

April 26, 2007

A signed original of this written statement required by Section 906 has been provided to the Corporation and will be retained by the Corporation and furnished to the Securities and Exchange Commission or its staff upon request.