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, 2006

- 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 30, 2006, there were 268,954,617 shares of the Registrant's Common Stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

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

Millions, Except Per Share Amounts, For the Three Months Ended March 31,	*2006*	*2005*
Operating revenue	$3,710	$3,152
Operating expenses:		
Salaries, wages, and employee benefits	1,129	1,099
Fuel and utilities	692	539
Equipment and other rents	367	353
Depreciation	303	289
Materials and supplies	164	135
Casualty costs	110	95
Purchased services and other costs	340	329
Total operating expenses	3,105	2,839
Operating income	605	313
Other income	10	20
Interest expense	(120)	(132)
Income before income taxes	495	201
Income taxes	(184)	(73)
Net income	$ 311	$ 128
Share and Per Share		
Earnings per share – basic	$ 1.16	$ 0.49
Earnings per share – diluted	$ 1.15	$ 0.48
Weighted average number of shares – basic	268.3	261.4
Weighted average number of shares – diluted	271.0	264.3
Dividends declared	$ 0.30	$ 0.30

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

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

Millions of Dollars, Except Share and Per Share Amounts	*March 31, 2006*	*December 31, 2005*
Assets		
Current assets:		
Cash and cash equivalents	$ 258	$ 773
Accounts receivable, net	730	747
Materials and supplies	416	331
Current deferred income taxes	293	304
Other current assets	163	170
Total current assets	1,860	2,325
Investments:		
Investments in and advances to affiliated companies	815	789
Other investments	15	17
Total investments	830	806
Properties:		
Road	34,314	33,812
Equipment	7,686	7,675
Other	208	210
Total cost	42,208	41,697
Accumulated depreciation	(9,974)	(9,722)
Net properties	32,234	31,975
Other assets	620	514
Total assets	$ 35,544	$ 35,620
Liabilities and Common Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 614	$ 783
Accrued wages and vacation	407	415
Accrued casualty costs	495	478
Income and other taxes	291	212
Dividends and interest	222	252
Debt due within one year	393	656
Equipment rents payable	122	130
Other current liabilities	446	458
Total current liabilities	2,990	3,384
Debt due after one year	6,712	6,760
Deferred income taxes	9,511	9,482
Accrued casualty costs	880	876
Retiree benefits obligation	847	855
Other long-term liabilities	539	556
Commitments and contingencies (Note 8)		
Total liabilities	21,479	21,913
Common shareholders' equity:		
Common shares, par value $2.50 per share; 500,000,000 shares authorized; 275,968,186 and 275,798,611 shares issued, respectively	690	689
Paid-in-surplus	3,925	3,915
Retained earnings	10,162	9,932
Treasury stock	(485)	(599)
Accumulated other comprehensive loss	(227)	(230)
Total common shareholders' equity	14,065	13,707
Total liabilities and common shareholders' equity	$ 35,544	$ 35,620

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

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

Millions of Dollars, For the Three Months Ended March 31,	*2006*	*2005*
Operating Activities		
Net income	$ 311	$ 128
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	303	289
Deferred income taxes	43	36
Stock-based compensation expense	11	9
Net gains from non-operating asset sales	(6)	(14)
Other, net	(63)	41
Changes in current assets and liabilities, net	(192)	(38)
Cash provided by operating activities	407	451
Investing Activities		
Capital investments	(549)	(476)
Proceeds from asset sales	13	24
Other investing activities, net	(100)	(168)
Cash used in investing activities	(636)	(620)
Financing Activities		
Dividends paid	(80)	(78)
Debt repaid	(309)	(54)
Net proceeds from equity compensation plans	88	58
Excess tax benefits from equity compensation plans	15	-
Other financing activities, net	-	(2)
Cash used in financing activities	(286)	(76)
Net change in cash and cash equivalents	(515)	(245)
Cash and cash equivalents at beginning of period	773	977
Cash and cash equivalents at end of period	$ 258	$ 732
Changes in Current Assets and Liabilities, Net		
Accounts receivable, net	$ 17	$ (55)
Materials and supplies	(85)	(27)
Other current assets	7	5
Accounts, wages, and vacation payable	(177)	32
Other current liabilities	46	7
Total	$ (192)	$ (38)
Supplemental Cash Flow Information:		
Non-cash financing activity, cash dividends declared but not yet paid	$ 79	$ 77
Cash paid during the period for:		
Interest	$ (152)	$ (144)
Income taxes, net	(1)	(6)

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

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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 Comprehensive Income/(Loss) Minimum Pension Liability Adj.*	*Foreign Currency Trans. Adj.*	*Derivative Adj.*	*Total*
Balance at January 1, 2006	275,799	(9,164)	$689	$3,915	$9,932	$(599)	$(211)	$(13)	$(6)	$13,707
Comprehensive income:										
Net income			-	-	311	-	-	-	-	311
Other comp. income [a]			-	-	-	-	2	1	-	3
Total comprehensive income			-	-	311	-	2	1	-	314
Conversion, exercises of stock options, forfeitures, and other	169	1,846	1	10	-	114	-	-	-	125
Dividends declared ($0.30 per share)			-	-	(81)	-	-	-	-	(81)
Balance at March 31, 2006	275,968	(7,318)	$690	$3,925	$10,162	$(485)	$(209)	$(12)	$(6)	$14,065

[a] Net of tax of $1.

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

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

NOTES TO 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 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, 2005 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 2005 annual report on Form 10-K. The results of operations for the three months ended March 31, 2006 are not necessarily indicative of the results for the entire year ending December 31, 2006. Certain prior year amounts have been reclassified to conform to the 2006 Consolidated Financial Statement presentation. These reclassifications were not material, individually or in aggregate.

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”. There were 18 million shares authorized and available for grant as stock-based compensation at March 31, 2006.

We issue treasury shares to cover option exercises and stock unit vestings, while new shares are issued when retention shares vest. We do not currently intend to repurchase any shares in 2006 to replace treasury shares issued as stock-based compensation; however, we do continually evaluate the appropriateness of the level of our shares outstanding.

We adopted Financial Accounting Standards Board (FASB) Statement No. 123(R), *Share-Based Payment* (FAS 123(R)), on January 1, 2006. FAS 123(R) requires us to measure and recognize compensation expense for all stock-based awards made to employees and directors, including stock options. Compensation expense is based on the calculated fair value of the awards as measured at the grant date and is expensed ratably over the service period of the awards (generally the vesting period). The fair value of retention awards is the stock price on the date of grant, while the fair value of stock options is determined by using the Black-Scholes option pricing model. We elected to use the modified prospective transition method as permitted by FAS 123(R) and did not restate financial results for prior periods. Furthermore, because the impact of implementing a policy of netting estimated forfeitures against compensation expense was immaterial, no cumulative effect resulted.

As a result of the adoption of FAS 123(R), we recognized expense for stock options in the first quarter of 2006, in addition to retention awards, which were expensed prior to 2006. Stock-based compensation expense in the first quarter of 2006 was $7 million after tax, or $0.02 per basic and diluted share, which includes $3 million for stock options and $4 million for retention awards. Before taxes, stock-based compensation expense was $4 million for stock options and $7 million for retention awards. We recorded $15 million of excess tax benefits, representing the benefit of tax deductions in excess of previously recorded deferred tax assets, as an outflow of operating activities and an inflow of financing activities in the Consolidated Statements of Cash Flows for the quarter ended March 31, 2006.

Prior to the adoption of FAS 123(R), we applied APB 25 to account for stock-based awards. The following table details the effect on net income and earnings per share had compensation expense for all of our stock-based awards, including stock options, been recorded in the first quarter of 2005 based on the fair value method under FASB Statement No. 123, *Accounting for Stock-Based Compensation*.

Millions of Dollars, Except Per Share Amounts	*Three Months Ended March 31, 2005*
Net income, as reported	$ 128
Stock-based employee compensation expense included in reported net income, net of tax	5
Total stock-based employee compensation expense determined under fair value based method for all awards, net of tax [a]	(22)
Pro forma net income	$ 111
EPS – basic, as reported	$ 0.49
EPS – basic, pro forma	$ 0.42
EPS – diluted, as reported	$ 0.48
EPS – diluted, pro forma	$ 0.42

[a] *Stock options for executives granted in 2002 and 2003 included a reload feature. This reload feature allowed executives to exercise their options using shares of Union Pacific Corporation common stock that they already owned and obtain a new grant of options in the amount of the shares used for exercise plus any shares withheld for tax purposes. The reload feature of these option grants could only be exercised if the price of our common stock increased at least 20% from the price at the time of the reload grant. During the first quarter of 2005, reload option grants represented $12 million of the pro forma expense noted above. There were no reload option grants during 2006 as stock options exercised after January 1, 2006 are not eligible for the reload feature.*

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 weighted-average of the assumptions used when valuing these separate groups:

	2006	*2005*
Risk-free interest rates	4.5%	3.7%
Dividend yield	1.4%	1.9%
Expected lives (years)	6.0	4.8
Volatility	25.4%	21.0%
Weighted-average grant-date fair value of options granted	$ 24.98	$ 12.28

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 historical dividends paid per share of common stock to the stock price on the date of grant; the expected life computation is based on historical and expected exercise behavior; and expected volatility is based on the historical volatility of our stock price, over a time period that is consistent with the expected life of the option.

A summary of stock option activity during the quarter ended March 31, 2006 is presented below:

	Shares	*Weighted-Average Exercise Price*
Outstanding at January 1, 2006	12,436,209	$ 59.41
Granted	1,396,917	86.05
Exercised	(2,036,325)	56.44
Forfeited or expired	(12,067)	53.41
Outstanding at March 31, 2006	11,784,734	$ 63.09
Options exercisable at March 31, 2006	10,320,084	$ 60.01

The weighted-average remaining contractual terms of options outstanding and exercisable at March 31, 2006 was 6.3 years and 5.8 years, respectively. The aggregate intrinsic value of options outstanding and exercisable at March 31, 2006 was $357 million and $344 million, respectively.

Stock options are granted at market price on the date of grant, have ten-year contractual terms, and vest no later than three years from the date of grant. While the majority of the options that were granted in the first quarter of 2006 will vest over a three-year service period, a smaller percentage of options awarded in 2006 and the nonvested options that were awarded in prior years will vest two years from their grant date. None of the stock options outstanding at March 31, 2006 are subject to performance or market-based vesting conditions.

At March 31, 2006, there was $33 million of unrecognized compensation expense related to nonvested stock options, which is expected to be recognized over a weighted-average period of 2.5 years. Additional information regarding stock option exercises appears in the table below:

Millions of Dollars	*Three Months Ended March 31, 2006*	*2005*
Aggregate grant-date fair value of stock options vested	$ 26	$ 31
Intrinsic value of stock options exercised	63	51
Cash received from option exercises	96	76
Tax benefit realized from option exercises	24	19

Retention Awards – The fair value of retention awards is based on the market price of the stock at the grant date.

Changes in our retention awards for the first quarter of 2006 were as follows:

	Shares	*Weighted-Average Grant-Date Fair Value*
Nonvested at January 1, 2006	1,005,276	$ 58.88
Granted	442,400	86.05
Vested	(184,965)	56.14
Forfeited	(3,225)	65.81
Nonvested at March 31, 2006	1,259,486	$ 68.81

Retention awards, which we grant at no cost to the employee or non-employee director, vest over periods lasting up to four years. With the exception of the awards granted under the Long Term Plan, which is discussed below, the majority of awards granted in 2006 will vest over a four-year service period. Most nonvested awards that were granted in prior years also vest over four years.

In January 2006, our Board of Directors approved a new Long Term Plan (LTP). Under the LTP, selected employees were awarded stock units subject to continued employment through January 2009 and the attainment of certain levels of return on invested capital (ROIC) as defined in the LTP. Over the course of the 3-year performance period, the participants can earn up to 122,400 stock units, which had a grant-date fair value of $86.05 each and are included within the granted shares shown in the table above. We will expense the fair value (grant-date stock price) of the units that are probable of being earned based on our forecasted ROIC over the 3-year performance period.

At March 31, 2006, there was $48 million of total unrecognized compensation expense related to nonvested retention awards, which is expected to be recognized over a weighted-average period of 1.8 years. A portion of this expense is subject to achievement of the performance criteria under the LTP.

3. Operations and Segmentation – 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.

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. We are not a party to leveraged derivatives and, by policy, do not use derivative financial instruments for speculative purposes. 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. We may use swaps, collars, futures, and/or forward contracts to mitigate the downside risk of adverse price movements and to hedge the exposure to variable cash flows. The use of these instruments also limits future benefits from favorable 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, 2006 and December 31, 2005, we were not required to provide collateral, nor had we received collateral, relating to our hedging activities.

Determination of Fair Value – We determined the fair values of our derivative financial instrument positions at March 31, 2006 and December 31, 2005 based upon current fair values as quoted by recognized dealers or developed based upon the present value of expected future cash flows discounted at the applicable swap rate.

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 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 the benchmark interest rate (London Interbank Offered Rates (LIBOR)). We accounted for the 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 did not record any ineffectiveness within our 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, 2006*	*December 31, 2005*
Interest rate fair value hedging:		
Amount of debt hedged	$ 750	$ 750
Percentage of total debt portfolio	11%	10%
Gross fair value liability position	$ (24)	$ (17)

The use of interest rate hedging increased our interest expense by $1 million during the three months ended March 31, 2006; whereas, the use of interest rate hedging reduced our interest expense by $3 million during the three months ended March 31, 2005.

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, 2006, we had a reduction of $6 million recorded as an accumulated other comprehensive loss that is being amortized on a straight-line basis through September 31, 2014. As of March 31, 2006 and December 31, 2005, we had no interest rate cash flow hedges outstanding.

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 March 31, 2006. The value of the outstanding undivided interest held by investors under the facility was $600 million at both March 31, 2006 and December 31, 2005. The value of the outstanding undivided interest held by investors is not included in our Consolidated Financial Statements. The value of the undivided interest held by investors was supported by $1,224 million and $1,226 million of accounts receivable held by UPRI at March 31, 2006 and December 31, 2005, respectively. At March 31, 2006 and December 31, 2005, the value of the interest retained by UPRI was $624 million and $626 million, respectively. This retained interest is included in accounts receivable in our 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 $4 billion and $3 billion during the three-month periods ended March 31, 2006 and 2005, 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 $7 million and $4 million for the three months ended March 31, 2006 and 2005, 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. On August 11, 2005, 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, 2006, we had $2 billion in revolving credit facilities available, including $1 billion under a five-year facility expiring in March 2010 and $1 billion under a five-year facility expiring in March 2009 (collectively, the "facilities"). The facilities are designated for general corporate purposes and support the issuance of commercial paper. Neither of the facilities were drawn as of March 31, 2006. Commitment fees and interest rates payable under the facilities are similar to fees and rates available to comparably rated investment-grade borrowers. These facilities allow for borrowings at floating (LIBOR-based) rates, plus a spread, depending upon our senior unsecured debt ratings. The facilities require the maintenance of a minimum net worth and a debt to net worth coverage ratio. At March 31, 2006, we were in compliance with these covenants. The facilities do 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.

In addition to our revolving credit facilities, we also had $150 million in uncommitted lines of credit that were unused at March 31, 2006. We established two $75 million uncommitted lines of credit in May and July 2005, which will expire in May and July 2006, respectively.

Shelf Registration Statement – Under a current shelf registration statement, we may issue any combination of debt securities, preferred stock, common stock, or warrants for debt securities or preferred stock in one or more offerings. At March 31, 2006, we had $500 million remaining for issuance under the current shelf registration statement. We have no immediate plans to issue any securities; however, we routinely consider and evaluate opportunities to replace existing debt or access capital through issuances of debt securities under this shelf registration, and, therefore, we may issue debt securities at any time.

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.

See note 10 to the Consolidated Financial Statements for discussion of the FASB's project to reconsider the accounting for postretirement benefits, including pensions.

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 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:

	Pension		*OPEB*	
	Three Months Ended March 31,		*Three Months Ended March 31,*	
Millions of Dollars	*2006*	*2005*	*2006*	*2005*
Service cost	$ 8	$ 9	$ 1	$ 1
Interest cost	29	29	7	7
Expected return on plan assets	(34)	(34)	-	-
Amortization of:				
Prior service cost (credit)	2	2	(7)	(6)
Actuarial loss	5	3	4	3
Total net periodic benefit cost	$ 10	$ 9	$ 5	$ 5

Cash Contributions

Our policy with respect to funding the qualified plans is to fund at least the minimum required by the Employee Retirement Income Security Act of 1974, as amended, and not more than the maximum amount deductible for tax purposes. We do not currently have minimum funding requirements under applicable employee benefit and tax laws. In January 2006, we made a $50 million voluntary contribution to the funded pension plan. The contribution was made with cash generated from operations. No further contributions are expected during 2006.

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	*2006*	*2005*
Net income	$311	$128
Weighted average number of shares outstanding:		
Basic	268.3	261.4
Dilutive effect of stock options	2.1	1.2
Dilutive effect of nonvested retention awards	0.6	1.7
Diluted	271.0	264.3
Earnings per share – basic	$1.16	$0.49
Earnings per share – diluted	$1.15	$0.48

Common stock options totaling 1.4 million shares and 3.5 million shares for the three months ended March 31, 2006 and 2005, respectively, were excluded from the computation of diluted earnings per share because the effect of their inclusion would be antidilutive.

8. Commitments and Contingencies

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 can be estimated and where such claims are considered probable, 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.

Our personal injury liability activity was as follows:

Millions of Dollars	*Three Months Ended March 31,* 2006	2005
Beginning balance	$619	$639
Accruals	76	63
Payments	(58)	(60)
Ending balance	$637	$642
Current portion, ending balance	$273	$274

Our personal injury liability is discounted to present value using applicable U.S. Treasury rates.

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.

The greatest potential for asbestos exposure in the railroad industry existed while steam locomotives were used. The railroad industry, including UPRR and its predecessors, phased out steam locomotives between 1955 and 1960. The use of asbestos-containing products in the railroad industry was substantially reduced after steam locomotives were discontinued, although it was not completely eliminated. Some asbestos-containing products were still manufactured in the building trade industry and were used in isolated component parts on locomotives and railroad cars during the 1960s and 1970s. By the early 1980s, manufacturers of building materials and locomotive component parts developed non-asbestos alternatives for their products and ceased manufacturing asbestos-containing materials.

Prior to 2004, we concluded it was not possible to reasonably estimate the cost of disposing of asbestos-related claims that might be filed against us in the future, due to a lack of sufficient comparable history from which to reasonably estimate unasserted asbestos-related claims. As a result, we recorded a liability for asbestos-related claims only when the claims were asserted.

Since 2004, we have used a third party with extensive experience in estimating resolution costs for asbestos-related claims to assist us in assessing the number and value of these unasserted claims through 2034, based on our average claims experience over a multi-year period. The liability for resolving both asserted and unasserted claims is based on the following assumptions:

- The number of claims to be filed against us will decline each year after 2005.
- The average settlement values for asserted and unasserted claims will be equivalent to those experienced between 2002 and 2004.
- The percentage of claims dismissed between 2002 and 2004 will continue through 2034.

Our asbestos-related liability activity was as follows:

Millions of Dollars	*Three Months Ended March 31, 2006*	*2005*
Beginning balance	$ 311	$ 324
Accruals	-	2
Payments	(2)	(2)
Ending balance	$ 309	$ 324
Current portion	$ 16	$ 17

Our liability for asbestos-related claims is not discounted to present value due to the uncertainty surrounding the timing of future payments. Approximately 17% of the recorded liability related to asserted claims, and approximately 83% related to unasserted claims. These claims are expected to be paid out through 2034. During the third quarter of 2005, our third-party consultants assisted us in reviewing our actual asbestos claim experience through the first half of 2005 compared to the assumptions used in the 2004 estimate, and we determined that no adjustment to our estimate was necessary. We will continue to review actual experience and adjust our estimate as warranted.

Insurance coverage reimburses us for a portion of the costs incurred to resolve asbestos-related claims, and we have recognized an asset for estimated insurance recoveries.

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.

Additionally, we have a legal obligation to properly dispose of asbestos-containing materials. The estimated fair value of this obligation is $5 million at both March 31, 2006 and December 31, 2005, which is recorded as a liability.

Environmental Costs – We are subject to federal, state, and local environmental laws and regulations. We have identified approximately 352 sites at which we are or may be liable for remediation costs associated with alleged contamination or for violations of environmental requirements. This includes 39 sites that are the subject of actions taken by the U.S. government, 22 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 the 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:

Millions of Dollars	*Three Months Ended March 31,* 2006	2005
Beginning balance	$ 213	$ 201
Accruals	5	12
Payments	(8)	(8)
Ending balance	$ 210	$ 205
Current portion, ending balance	$ 50	$ 49

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 consolidated results of operations, financial condition, or liquidity.

Guarantees – At March 31, 2006, we were contingently liable for $487 million in guarantees. We have recorded a liability of $7 million for the fair value of these obligations as of March 31, 2006. 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 results of operations, financial condition, or liquidity.

Income Taxes – As previously reported in note 3 to our Consolidated Financial Statements, Item 8, in our 2005 annual report on Form 10-K, the IRS has completed its examinations and issued notices of deficiency for tax years 1995 through 2002. Among their proposed adjustments is the disallowance of tax deductions claimed in connection with certain donations of property. In 2005, the IRS national office issued a Technical Advice Memorandum that left unresolved whether the deductions were proper pending further factual development by the IRS examination team. 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. We do not expect that the ultimate resolution of these examinations will have a material adverse effect on our operating results, financial condition, or liquidity. In addition, the IRS has begun its examination of tax years 2003 and 2004.

9. Other Income – Other income included the following for the three months ended March 31:

Millions of Dollars	*Three Months Ended March 31, 2006*	*2005*
Rental income	$13	$13
Net gain from non-operating asset sales	6	14
Interest income	5	7
Sale of receivables program fees	(7)	(4)
Non-operating environmental costs and other	(7)	(10)
Total	$10	$20

10. Accounting Pronouncements – In July 2005, the FASB issued an exposure draft, *Accounting for Uncertain Tax Positions, an Interpretation of FASB Statement No. 109*. As drafted, the interpretation would require companies to recognize the best estimate of the impact of a tax position only if that position is probable of being sustained during a tax audit. However, in November 2005 the FASB voted to replace the probable threshold and instead require companies to recognize the best estimate of the impact of a tax position only if that position is more likely than not to be sustained during a tax audit. The FASB expects to issue a final interpretation in the second quarter of 2006 with a target effective date as of the beginning of the first fiscal year beginning after December 15, 2006. When it is available, we will review the final interpretation to determine the impact it may have on our Consolidated Financial Statements.

In September 2005, the FASB issued an exposure draft, *Earnings per Share, an Amendment of FASB Statement No. 128*. The draft clarifies guidance for the treasury stock method, contracts that may be settled in cash or shares, and contingently issuable shares. The FASB expects to issue a final statement in the second quarter of 2006. We are currently reviewing this proposed exposure draft to determine the impact it may have on our calculation of earnings per share.

In March 2006, the FASB issued an exposure draft for the first phase of its project to reconsider the accounting for postretirement benefits, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of FASB Statements No. 87, 88, 106, and 132(R)*. The exposure draft would require us to recognize the difference between the fair value of plan assets and the benefit obligation in our financial statements as a component of accumulated other comprehensive income/loss. We are currently assessing the impact this exposure draft may have on our Consolidated Financial Statements. If the exposure draft is finalized, we would be required to adopt these proposed changes in the first fiscal year ending after December 15, 2006.

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, 2006 Compared to
Three Months Ended March 31, 2005**

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 Consolidated Financial Statements and applicable notes to the Consolidated Financial Statements, Item 1, and other information included in this report. Our 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 Board Committee charters, governance guidelines and policies, and codes of conduct and ethics for directors, officers, and employees are 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 (NYSE) 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 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 Consolidated Financial Statements may be material. Our critical accounting policies are available in Item 7 of our 2005 annual report on Form 10-K. There have been no significant changes with respect to these policies during the first three months of 2006.

RESULTS OF OPERATIONS

Quarterly Summary

We reported earnings of $1.15 per diluted share, or net income of $311 million, in the first quarter of 2006 compared to earnings of $0.48 per diluted share, or net income of $128 million, for the first quarter of 2005. Operating income grew 93% to $605 million driven by 18% revenue growth resulting from higher volume levels, fuel surcharge programs, and yield increases. In addition, mild winter weather conditions, network management initiatives, and capacity improvements contributed to improved financial results compared to the first quarter of 2005, which were hampered by the January West Coast storm. The January West Coast storm reduced net income by approximately $34 million during the first quarter of 2005. Conversely, higher locomotive diesel fuel prices; volume-related expenses; wage, benefit, and materials inflation; and personal injury costs partially offset the higher revenues and operating efficiencies.

In the first quarter of 2006, we handled record volume for any first quarter, which exceeded volume during the same period of last year by 4%. Despite higher volumes, our operations improved modestly from the first quarter of 2005 with slight improvements in both average train speed and average terminal dwell time, as reported to the Association of American Railroads. We benefited from mild winter weather during the quarter and did not experience the operating delays and expenses typically associated with winter weather conditions. Additionally, better weather conditions allowed us to accelerate implementation of our network management initiatives and our capital programs. We continue to focus on increasing velocity, improving asset utilization, and increasing our capacity. In the second quarter of 2005, we began implementation of the Unified Plan, a major initiative to help us achieve these goals by simplifying our network and reducing car handlings and work events. In the first quarter of 2006 compared to the same period of 2005, we decreased the rate of car handlings or switches at intermediate terminals and the rate of en route work events by 12% and 16%, respectively, excluding energy carloads. These reductions translated to improved average terminal dwell time, which decreased by one half hour in the first quarter of 2006, resulting in cost savings and improved car utilization. During the second quarter of 2006, our focus under the Unified Plan will involve the southern and western regions.

Operating Revenue

Millions of Dollars	*Three Months Ended March 31, 2006*	*2005*	*% Change*
Commodity revenue	$3,543	$3,004	18%
Other revenue	167	148	13
Total operating revenue	$3,710	$3,152	18%

Operating revenue includes commodity revenue and other revenue. Other revenue consists primarily 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 the Railroad. We recognize commodity revenue on a percentage-of-completion basis as freight moves from origin to destination. We allocate commodity revenue between reporting periods based on the relative transit time in each reporting period and recognize expenses as incurred. We recognize other revenue as service is performed or contractual obligations are met.

Commodity revenue improved in all six business groups during the first quarter of 2006, with over 20% growth in the agricultural products, industrial products, intermodal, and automotive commodity groups. Fuel surcharges, price increases, and index-based contract escalators, which are formulas in our shipping contracts that correlate price adjustments to certain economic indexes, all contributed to higher average revenue per car (ARC). Our fuel surcharge programs (excluding index-based contract escalators that contain some provision for fuel) generated an additional $191 million in commodity revenue compared to the same period in 2005, contributing 6% revenue growth. Volume increased 4% during the period led by substantial growth in intermodal, agricultural products, and automotive shipments, which was partially offset by lower chemical and energy shipments. Contributing to the comparative volume growth in the first quarter of 2006 is the negative impact of the January West Coast storm on 2005 volume.

Subsidiary and accessorial revenue increased other revenue in the first quarter of 2006, mainly driven by higher volumes. In addition, we generated higher subsidiary revenue from Bay Pacific Financial L.L.C. (Bay Pacific), an intermodal equipment leasing entity, as we acquired our joint venture partner's interest in Bay Pacific during the third quarter of 2005.

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, 2006*	*2005*	*% Change*
Agricultural Products	$ 563	$ 448	26%
Automotive	361	293	23
Chemicals	501	441	14
Energy	699	668	5
Industrial Products	775	630	23
Intermodal	644	524	23
Total	$3,543	$3,004	18%

Revenue Carloads Thousands	*Three Months Ended March 31, 2006*	*2005*	*% Change*
Agricultural Products	$ 234	$ 216	8%
Automotive	210	192	9
Chemicals	218	228	(4)
Energy	550	574	(4)
Industrial Products	366	358	2
Intermodal	815	732	11
Total	$2,393	$2,300	4%

Average Revenue Per Car	*Three Months Ended March 31, 2006*	*2005*	*% Change*
Agricultural Products	$2,405	$2,076	16%
Automotive	1,722	1,524	13
Chemicals	2,303	1,937	19
Energy	1,271	1,163	9
Industrial Products	2,115	1,758	20
Intermodal	790	716	10
Total	$1,481	$1,306	13%

Agricultural Products – Price increases, volume growth, and fuel surcharges increased commodity revenue in the first quarter of 2006 versus 2005. Carloads of grain products grew as we shipped more corn and feed grains for gulf export and dry feed ingredients to Mexico. Increased shipments of beer from Mexico also contributed to the volume growth. Price and fuel surcharge increases drove ARC improvement, which was partially offset by the negative impact of shorter average lengths of haul.

Automotive – Revenue increased in the first quarter of 2006 due to fuel surcharges, volume growth, and price increases. Finished vehicle shipments grew as higher inventories at the end of 2005 translated into strong demand for transportation in the first quarter of 2006. Higher shipments of finished vehicles from GM and Ford and higher import volumes from Toyota also drove the volume increase. Automotive parts shipments also grew, but to a lesser extent in the first quarter period compared to 2005. Fuel surcharge growth and price increases, coupled with less growth in parts shipments that have lower ARC drove the ARC improvement.

Chemicals – Revenue increased in the first quarter of 2006 primarily due to price increases, fuel surcharges, and index-based contract escalators, which also drove ARC improvement. Volume declined due to softer export markets for fertilizer, plastics, and liquid and dry chemicals shipments. An agreement providing the BNSF Railway Company (BNSF) access to certain facilities in the Bayport, Texas area also contributed to the lower plastics shipments.

Energy – Revenue increased in the first quarter of 2006 primarily due to fuel surcharges, price increases, and index-based contract escalators, which also drove ARC improvement. Carloadings for the quarter decreased primarily due to temporary outages at mines in Colorado and Utah, reducing quarter-over-quarter shipments by 20%. The mines returned to full production in early April of 2006. Carloadings from the Southern Powder River Basin of Wyoming (SPRB) were essentially flat in the first quarter of 2006 versus 2005, and lower than our expectations. Over 250 train loadings were missed during the period, approximately 55% were not loaded as a result of operational problems at the mines and 45% were not loaded due to either SPRB Joint Line operational issues with the BNSF or our network operations.

Industrial Products – Price increases, fuel surcharges, volume growth and the positive mix impact of transporting more shipments with a higher average ARC generated revenue growth in the first quarter of 2006. More stone shipments resulting from larger trains and efficiency improvements drove volume growth. Lumber, steel, and cement shipments also increased, partially offset by lower newsprint and fiber and recyclable moves, leading to the favorable ARC impact. Strong construction demand for lumber and cement along with solid domestic market conditions for steel and pipe fueled growth in these commodities.

Intermodal – Strong volume growth, fuel surcharges, price increases and index-based contract escalators led to higher revenue in the first quarter of 2006. Carloadings grew due to strong imports, primarily from China and the rest of Asia, and stronger domestic traffic. In addition, first quarter 2005 volume levels were hampered by the January 2005 West Coast storm, which contributed to comparative improvements in this quarter. ARC in the first quarter of 2006 improved due to fuel surcharges, price increases, and index-based contract escalators.

Mexico Business – Each commodity group discussed above includes revenue from shipments to and from Mexico. Revenue from Mexico business increased 26% to $313 million in the first quarter of 2006 compared to the same period in 2005 driven by price increases, fuel surcharges, and volume growth. Increased shipments of finished vehicles, automotive parts, import beer, and dry feed ingredients led the volume growth.

Operating Expenses

Millions of Dollars	*Three Months Ended March 31, 2006*	*2005*	*% Change*
Salaries, wages, and employee benefits	$ 1,129	$ 1,099	3%
Fuel and utilities	692	539	28
Equipment and other rents	367	353	4
Depreciation	303	289	5
Materials and supplies	164	135	21
Casualty costs	110	95	16
Purchased services and other costs	340	329	3
Total	$ 3,105	$ 2,839	9%

Operating expenses increased $266 million in the first quarter of 2006 versus the comparable period in 2005. A 29% increase in locomotive fuel prices accounted for $145 million of this increase. While our fuel surcharge programs helped offset these expenses in the form of higher revenue, we remain below 100% recovery of the additional expense incurred above the base fuel price of $0.75 per gallon for our fuel surcharge programs. Inflation of wages, benefits, and materials and supplies; a larger workforce; volume-related expenses; higher locomotive and freight car lease expense; and personal injury costs resulted in most of the additional increase. Lower training costs, an improved fuel consumption rate, and improved car cycle times (which reduced freight car rental expense) partially offset these costs.

Salaries, Wages, and Employee Benefits – Several factors drove higher labor expenses in the first quarter of 2006 versus 2005. General wage and benefit inflation continued to increase expenses, reflecting higher salaries and wages and the impact of higher healthcare and other benefit costs. We also incurred additional expenses associated with higher volume levels, a 2% increase in our workforce, and higher management compensation costs driven by stock compensation expense pursuant to Financial Accounting Standards Board (FASB) Statement No. 123(R), *Share-Based Payment*. Conversely, lower crew training costs, reduced protection pay, and network improvements boosted by mild winter weather conditions partially offset these costs. Expenses were also lower in 2006 as the first quarter of 2005 included higher labor expenses associated with the January West Coast storm.

Fuel and Utilities – Fuel and utilities include locomotive fuel, utilities other than telephone, and gasoline and other fuels. Higher diesel fuel prices, which averaged $1.87 per gallon (including taxes and transportation costs) in the first quarter of 2006 compared to $1.45 per gallon in the same period in 2005, increased expenses by $145 million. A 2% increase in gross ton-miles resulted in $8 million of additional expenses. However, we improved our consumption rate by 2% through both fuel conservation programs and the use of newer, more fuel-efficient locomotives, which provided a $7 million reduction in expense compared to 2005. Gasoline, utilities, and propane expenses increased $6 million in the first quarter of 2006 due to higher prices.

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. In the first quarter of 2006, the number of leased locomotives and freight cars increased, resulting in additional lease expense. Strong intermodal and automotive volume growth also increased our short-term freight car rental expense. Improved car cycle times partially offset these increases, which lowered short-term freight car rental expense.

Depreciation – A 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, increased depreciation expense in the first quarter of 2006.

Materials and Supplies – Materials used to maintain the Railroad's lines, structures, and equipment are the principal component 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 materials. During the first quarter of 2006, materials and supplies expense increased, primarily due to locomotive and freight car maintenance. We used more repair materials to maintain a larger fleet of locomotives, including a growing number of units not covered by warranties. In addition, we performed maintenance on more locomotives that were serviced internally and not subject to maintenance contracts with third-party contractors compared to the first quarter 2005. We also incurred higher costs for car wheel sets and lube oil.

Casualty Costs – Personal injury expense, freight and property damage, insurance, and environmental costs are the primary components of casualty costs. Higher personal injury expense drove the first quarter year-over-year increase, mainly due to higher estimated costs for future claims and adverse developments on a small group of existing claims. Insurance costs also increased in the first quarter of 2006 compared to 2005 due to higher premiums. Lower freight loss and damage expense and lower costs for destruction of foreign or leased equipment partially offset these higher costs. We incur expense for destruction of foreign equipment when equipment owned by other railroads is damaged while in our possession.

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. Expenses increased in the first quarter of 2006 due to higher state and local taxes driven in part by higher diesel fuel prices, volume-related expenses associated with crew transportation and lodging, as well as trucking services provided by intermodal carriers. Lower freight car and locomotive contract maintenance costs and lower expenses associated with jointly owned operating facilities partially offset these costs. In addition, we incurred clean-up and restoration expenses in the first quarter of 2005 due to the January West Coast storm.

Non-Operating Items

Millions of Dollars	*Three Months Ended March 31, 2006*	*2005*	*% Change*
Other income	$ 10	$ 20	(50)%
Interest expense	(120)	(132)	(9)
Income taxes	(184)	(73)	152

Other Income – Lower net gains from non-operating asset sales, lower interest income resulting from lower cash balances, and higher expenses due to rising interest rates associated with our sale of receivables program drove other income lower in the first quarter of 2006 compared to 2005.

Interest Expense – Lower interest expense in the first quarter of 2006 was primarily due to declining weighted-average debt levels of $7.3 billion in the first quarter of 2006 compared to $8.1 billion in the first quarter of 2005. Our effective interest rate was unchanged at 6.6% in both first quarters of 2006 and 2005.

Income Taxes – Income taxes were greater in the first quarter of 2006 primarily due to higher 2006 pre-tax income. Our effective tax rate for the first quarter of 2006 was 37.2%, while the rate for the first quarter of 2005 was 36.3%.

OTHER OPERATING AND FINANCIAL STATISTICS

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

	Three Months Ended March 31, 2006	*2005*	*% Change*
Average train speed (miles per hour)	21.3	21.1	1%
Average terminal dwell time (hours)	29.0	29.5	(2)
Gross ton-miles (billions)	263.1	258.4	2
Revenue ton-miles (billions)	139.3	137.5	1
Average full-time equivalent employees	50,262	49,294	2

Average Train Speed – Average train speed is calculated by dividing train miles by hours operated on our main lines between terminals. Network management initiatives created additional capacity in our network, allowing us to move 4% more volume at an improved average train speed during the first quarter of 2006.

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. The improvement in dwell time was the result of network management initiatives and directed efforts to more timely deliver rail cars off-line 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 based on tariff miles and do not include the weight of freight cars. In the first quarter of 2006, gross and revenue ton-miles grew 2% and 1% respectively, while carloadings increased 4%. Substantial volume growth in the lower density commodity groups of intermodal and automotive, combined with a decrease in the higher density commodities of energy and chemicals, impacted growth rates of gross and revenue ton-miles in relation to carload growth.

Average Full-Time Equivalent Employees – The first quarter 2006 increase includes the addition of employees needed to complete increased track repair and replacement programs, more employees to maintain our larger locomotive and freight car fleet, the hiring of operations management personnel, including an expanded management training program, and train and engine personnel.

	March 31, 2006	*December 31, 2005*	*Change*
Debt to capital	33.6%	35.1%	(1.5) pt
Lease adjusted debt to capital	41.9%	43.6%	(1.7) pt

Debt to Capital/Lease Adjusted Debt to Capital – Debt to capital is computed by dividing total debt by total debt plus equity. Lease adjusted debt to capital is derived by dividing total debt plus the net present value of operating leases by total debt plus equity plus the net present value of operating leases. We believe these measures are important in managing our capital structure to allow efficient access to the debt market while minimizing our cost of capital. Our debt to capital ratios improved due to a $311 million reduction in our debt level in the first quarter and an increase in equity as a result of first quarter earnings. The net present value of operating leases was approximately $3.0 billion and $3.2 billion at March 31, 2006 and December 31, 2005, respectively.

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LIQUIDITY AND CAPITAL RESOURCES

Financial Condition

Cash Flows *Millions of Dollars*	*Three Months Ended March 31,* *2006*	 *2005*
Cash provided by operating activities	$ 407	$ 451
Cash used in investing activities	(636)	(620)
Cash used in financing activities	(286)	(76)
Net change in cash and cash equivalents	$ (515)	$ (245)

Cash Provided by Operating Activities – Increased 2006 first quarter working capital requirements, including higher materials, supplies, and fuel inventories; the timing of payments; a $50 million voluntary pension contribution; and higher management incentive payments in 2006 resulted in lower cash provided from operating activities in 2006. Higher 2006 income partially offset this decrease.

Cash Used in Investing Activities – Higher capital spending and lower proceeds from asset sales increased the amount of cash used in investing activities in the first quarter of 2006. Partially offsetting this, we acquired fewer locomotives pending completion of long-term financing arrangements in the first quarter of 2006 compared to the first quarter of 2005.

The following table details capital expenditures for the three months ended March 31:

Capital Expenditures *Millions of Dollars*	*Three Months Ended March 31,* *2006*	 *2005*
Track program	$ 374	$ 334
Capacity and commercial facilities	132	109
Locomotives and freight cars	22	22
Other	21	11
Total	$ 549	$ 476

Cash Used in Financing Activities – The increase in cash used in financing activities resulted from higher debt repayments ($309 million in the first quarter of 2006 compared to $54 million in the first quarter of 2005) partially offset by higher net proceeds from equity compensation plans ($88 million in the first quarter of 2006 compared to $58 million in the first quarter of 2005).

Free Cash Flow *Millions of Dollars*	*Three Months Ended March 31,* *2006*	 *2005*
Cash provided by operating activities	$ 407	$ 451
Cash used in investing activities	(636)	(620)
Dividends paid	(80)	(78)
Free cash flow	$ (309)	$ (247)

Free Cash Flow – Free cash flow is considered a non-GAAP financial measure by SEC Regulation G. We believe free cash flow is important 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 above reconciles cash provided by operating activities (GAAP measure) to free cash flow (non-GAAP measure). First quarter 2006 free cash flow declined compared to 2005 due primarily to lower cash provided by operating activities. Due to certain seasonal aspects of our business, we typically report negative free cash flow in the first quarter.

Financing Activities

Credit Facilities – On March 31, 2006, we had $2 billion in revolving credit facilities available, including $1 billion under a five-year facility expiring in March 2010 and $1 billion under a five-year facility expiring in March 2009 (collectively, the “facilities”). The facilities are designated for general corporate purposes and support the issuance of commercial paper. Neither of the facilities were drawn as of March 31, 2006. Commitment fees and interest rates payable under the facilities are similar to fees and rates available to comparably rated investment-grade borrowers. These facilities allow for borrowings at floating London Interbank Offered Rates-based rates, plus a spread, depending upon our senior unsecured debt ratings. The facilities require the maintenance of a minimum net worth and a debt to net worth coverage ratio. At March 31, 2006, we were in compliance with these covenants. The facilities do 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. In addition to our revolving credit facilities, we also had $150 million in uncommitted lines of credit that were unused at March 31, 2006. We established two $75 million uncommitted lines of credit in May and July 2005, which will expire in May and July 2006, respectively.

Shelf Registration Statement – Under a current shelf registration statement, we may issue any combination of debt securities, preferred stock, common stock, or warrants for debt securities or preferred stock in one or more offerings. At March 31, 2006, we had $500 million remaining for issuance under the current shelf registration statement. We have no immediate plans to issue any securities; however, we routinely consider and evaluate opportunities to replace existing debt or access capital through issuances of debt securities under this shelf registration, and, therefore, we may issue debt securities at any time.

Ratio of Earnings to Fixed Charges – Our ratio of earnings to fixed charges was 3.7 and 2.1 for the quarters ended March 31, 2006 and 2005, 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 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 material 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, 2006:

Contractual Obligations Millions of Dollars		*Payments Due by March 31,*					
	Total	*2007*	*2008*	*2009*	*2010*	*2011*	*After 2011*
Debt [a]	$ 9,662	$ 659	$1,338	$ 819	$ 433	$1,015	$ 5,398
Operating leases	4,724	399	519	451	404	362	2,589
Capital lease obligations [b]	2,016	193	180	172	156	150	1,165
Purchase obligations [c]	4,190	934	624	418	395	209	1,610
Other postretirement benefits [d]	479	42	45	46	48	49	249
Total contractual obligations	$21,071	$2,227	$2,706	$1,906	$1,436	$1,785	$11,011

[a] *Excludes capital lease obligations of $1,280 million, unamortized discount of $(104) million, and market value adjustments of $(22) million for debt with qualifying hedges that are recorded as liabilities on the Consolidated Statements of Financial Position. Includes an interest component of $3,711 million.*

[b] *Represents total obligations, including interest component of $736 million .*

[c] *Purchase obligations include locomotive maintenance contracts; purchase commitments for locomotives, freight cars, 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.*

Other Commercial Commitments Millions of Dollars	Total	Amount of Commitment Expiration by March 31, 2007	2008	2009	2010	2011	After 2011
Credit facilities [a]	$ 2,000	$ -	$ -	$ 1,000	$ 1,000	$ -	$ -
Sale of receivables [b]	600	600	-	-	-	-	-
Guarantees [c]	487	5	5	9	18	45	405
Standby letters of credit [d]	37	8	29	-	-	-	-
Total commercial commitments	$ 3,124	$ 613	$ 34	$ 1,009	$ 1,018	$ 45	$ 405

[a] *None of the credit facilities was used as of March 31, 2006.*
[b] *$600 million of the facility was utilized at March 31, 2006.*
[c] *Includes guaranteed obligations related to our headquarters, equipment financings, and affiliated operations.*
[d] *None of the letters of credit was drawn upon as of March 31, 2006.*

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 March 31, 2006. The value of the outstanding undivided interest held by investors under the facility was $600 million at both March 31, 2006 and December 31, 2005. The value of the outstanding undivided interest held by investors is not included in our Consolidated Financial Statements. The value of the undivided interest held by investors was supported by $1,224 million and $1,226 million of accounts receivable held by UPRI at March 31, 2006 and December 31, 2005, respectively. At March 31, 2006 and December 31, 2005, the value of the interest retained by UPRI was $624 million and $626 million, respectively. This retained interest is included in accounts receivable in our 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 $4 billion and $3 billion during the three-month periods ended March 31, 2006 and 2005, 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 $7 million and $4 million for the three months ended March 31, 2006 and 2005, 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. On August 11, 2005, the sale of receivables program was renewed for an additional 364-day period without any significant changes in terms.

OTHER MATTERS

Commitments and Contingencies – Various claims and lawsuits are pending against us and certain of our subsidiaries. We are also subject to various federal, state and local environmental laws and regulations, pursuant to which we are currently participating in the investigation and remediation of various sites. 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 financial condition, results of operations, or liquidity after taking into account liabilities previously recorded for these matters.

Accounting Pronouncements – In July 2005, the FASB issued an exposure draft, *Accounting for Uncertain Tax Positions, an Interpretation of FASB Statement No. 109*. As drafted, the interpretation would require companies to recognize the best estimate of the impact of a tax position only if that position is probable of being sustained during a tax audit. However, in November 2005 the FASB voted to replace the probable threshold and instead require companies to recognize the best estimate of the impact of a tax position only if that position is more likely than not to be sustained during a tax audit. The FASB expects to issue a final interpretation in the second quarter of 2006 with a target effective date as of the beginning of the first fiscal year beginning after December 15, 2006. When it is available, we will review the final interpretation to determine the impact it may have on our Consolidated Financial Statements.

In September 2005, the FASB issued an exposure draft, *Earnings per Share, an Amendment of FASB Statement No. 128*. The draft clarifies guidance for the treasury stock method, contracts that may be settled in cash or shares, and contingently issuable shares. The FASB expects to issue a final statement in the second quarter of 2006. We are currently reviewing this proposed exposure draft to determine the impact it may have on our calculation of earnings per share.

In March 2006, the FASB issued an exposure draft for the first phase of its project to reconsider the accounting for postretirement benefits, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of FASB Statements No. 87, 88, 106, and 132(R)*. The exposure draft would require us to recognize the difference between the fair value of plan assets and the benefit obligation in our financial statements as a component of accumulated other comprehensive income/loss. We are currently assessing the impact this exposure draft may have on our Consolidated Financial Statements. If the exposure draft is finalized, we would be required to adopt these proposed changes in the first fiscal year ending after December 15, 2006.

CAUTIONARY INFORMATION

Certain statements in this report, and statements in other material filed or to be filed with the Securities and Exchange Commission (as well as information included in oral statements or other written statements made or to be made by 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 regarding: expectations as to operational or service improvements; statements concerning expectations of the effectiveness of steps taken or to be taken to improve operations, service, or to stabilize the rail system, 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 certain objectives will be achieved; statements or information concerning projections, predictions, expectations, estimates, or forecasts as to our business, financial and operational results, future economic performance, and general economic conditions; statements of management's goals and objectives; proposed new products and services; estimates of costs relating to environmental remediation and restoration; expectations that claims, lawsuits, environmental costs, commitments, contingent liabilities, labor negotiations or agreements, or other matters will not have a material adverse effect on our consolidated financial condition, results of operations, 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, including expectations as to improvement of operational, service, and network fluidity improvements. 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.

The following important factors, in addition to those discussed in Risk Factors in Item 1A of our 2005 annual report on Form 10-K, 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:

- whether we are successful in implementing our financial and operational initiatives, including gaining new customers, retaining existing ones, increasing prices for our services, and containing operating costs;
- whether we are successful in improving network operations and service by improving infrastructure; reviewing, assessing, and, as necessary, redesigning our transportation plan; managing network volume, and undertaking other efficiency and productivity initiatives;
- claims and litigation, including those related to environmental contamination, personal injuries, and occupational illnesses arising from hearing loss, repetitive motion, and exposure to asbestos and diesel fumes;
- legislative and regulatory developments, including possible legislation to re-regulate the rail industry;
- any adverse economic or operational repercussions related to the transportation of hazardous materials, which we are required to transport under federal law;

- natural events such as severe weather, fire, hurricanes, floods, earthquakes, or other disruptions of our operating systems, structures, and equipment;
- the impact of ongoing track maintenance and restoration in the Southern Powder River Basin of Wyoming;
- changes in fuel prices, including price increases caused by the effects of severe weather, other events, or disruptions of domestic refining capacity;
- material adverse changes in economic and industry conditions, both within the United States and globally;
- adverse economic conditions affecting customer demand and the industries and geographic areas that produce and consume commodities we carry;
- transportation industry competition, conditions, performance, and consolidation;
- changes in labor costs, including healthcare cost increases, and labor difficulties, including stoppages affecting either our operations or our customers' abilities to deliver goods to us for shipment;
- legislative, regulatory, or legal developments involving taxation, including new federal or state income tax rates, revisions of controlling authority, and tax claims and litigation;
- changes in securities and capital markets; and
- terrorist activities, or other similar events, and any governmental response thereto; war or risk of war.

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

None.

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 significant 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.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Environmental Matters

As we reported in our Annual Report on Form 10-K for 2001, on January 30, 2002, the Louisiana Department of Environmental Quality (LDEQ) issued to the Railroad a notice of a proposed penalty assessment in the amount of $195,700. The proposed penalty relates to the derailment of one of our trains carrying hazardous materials near Eunice, Louisiana, on May 27, 2000. The Railroad met with the LDEQ regarding this matter to demonstrate that no penalty should be assessed. On December 28, 2005, the LDEQ amended the proposed penalty to $47,113, and the Railroad submitted payment on February 13, 2006.

On October 25, 2005, the State of Washington Department of Ecology notified the Railroad that a $106,000 penalty had been assessed against the Railroad for a November 15, 2003, incident near Kelso, Washington. In that incident, a Railroad train collided with a BNSF train, derailing three of our locomotives. The Department of Ecology contends that diesel fuel and lube oil from the derailed locomotives entered waters of the State of Washington. The Railroad asked the state to reconsider the penalty amount. On April 10, 2006, the Department of Ecology notified the Railroad that its request had been denied, and the amount of the penalty was affirmed. The Railroad is considering appealing the penalty.

Item 1A. Risk Factors

There were no material changes from the risk factors previously disclosed in our 2005 annual report on Form 10-K.

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

Purchases of Equity Securities – While we do not currently intend to repurchase any shares in 2006 to replace treasury shares issued as stock-based compensation, we do continually evaluate the appropriateness of the level of our shares outstanding. The purchased shares presented below relate solely to our equity compensation plans described in note 7 to the Consolidated Financial Statements and Supplementary Data, Item 8 in our 2005 annual report on Form 10-K. The following table presents common stock repurchases during each month for the first quarter:

Period	*Total Number of Shares Purchased*	*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*
Jan. 1 through Jan. 31 Employee transactions [a]	21,652	$ 84.53	N/A	N/A
Feb. 1 through Feb. 28 Employee transactions [a]	18,727	$ 85.28	N/A	N/A
March 1 through March 31 Employee transactions [a]	162,286	$ 90.18	N/A	N/A
Total	202,665	$ 88.45	N/A	N/A

[a] *Includes 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.*

Item 3. Defaults Upon Senior Securities

None.

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

(a) The Annual Meeting of shareholders of the Corporation was held on May 4, 2006.

(b) At the Annual Meeting, the Corporation's shareholders voted for the election of Richard K. Davidson (232,112,533 shares in favor; 8,011,328 shares withheld), Erroll B. Davis, Jr. (234,075,498 shares in favor; 6,048,363 shares withheld), Thomas J. Donohue (233,923,034 shares in favor; 6,200,827 shares withheld), Archie W. Dunham (234,098,526 shares in favor; 6,025,335 shares withheld), Judith Richards Hope (231,968,413 shares in favor; 8,155,448 shares withheld), Charles C. Krulak (234,141,437 shares in favor; 5,982,424 shares withheld), Michael W. McConnell (234,142,492 shares in favor; 5,981,369 shares withheld), Steven R. Rogel (229,224,818 shares in favor; 10,899,043 shares withheld), and James R. Young (234,228,853 shares in favor; 5,895,008 shares withheld), as directors of the Corporation. In addition, the Corporation's shareholders voted in favor of the Audit Committee's appointment of Deloitte & Touche LLP as the Corporation's independent registered public accounting firm for 2006 (235,928,639 shares in favor; 2,572,340 shares against, and 1,622,882 shares withheld), and to defeat two shareholder proposals regarding (1) political contributions (49,106,219 shares in favor; 128,187,061 shares against, 34,056,487 shares withheld, and 28,774,094 shares not voted by brokers) and (2) independent chairman (73,044,297 shares in favor; 132,324,988 shares against, 5,982,484 shares withheld, and 28,772,002 shares not voted by brokers). Finally, the Corporation's shareholders voted in favor of a shareholder proposal regarding majority voting for the election of directors (109,022,037 shares in favor; 96,697,559 shares against, 5,630,173 shares withheld, and 28,774,094 shares not voted by brokers).

Item 5. Other Information

On May 4, 2006, the Board of Directors amended the By-Laws of the Corporation. The amendments, effective May 4, 2006, relate solely to the elimination of the Executive Committee of the Board of Directors.

Item 6. Exhibits

Exhibit No.	Description of Exhibits Filed with this Statement
3(a)	By-Laws of UPC, as amended, effective May 4, 2006.
12	Ratio of Earnings to Fixed Charges for the Three Months Ended March 31, 2006 and 2005.
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(b)	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.

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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: May 5, 2006

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 3(a)

BY-LAWS

OF

UNION PACIFIC CORPORATION

As Amended Effective as of May 4, 2006

BY-LAWS

OF

UNION PACIFIC CORPORATION

(AS AMENDED EFFECTIVE AS OF MAY 4, 2006)

ARTICLE I

STOCKHOLDERS MEETINGS

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

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

SECTION 3. A special meeting of the stockholders may be called by the Board of Directors or by any other person who, at such time, is authorized by the Utah Revised Business Corporation Act (the "Act") to call a special meeting of stockholders. A request by a stockholder for a special meeting must be accompanied by a statement of purposes which includes at least the information set out in clauses (i) through (vi) of Section 10(e) of Article I of these By-Laws. The objects of a special meeting shall be stated in the order therefor, and the business transacted shall be confined to such objects.

SECTION 4. Notice of all meetings of the stockholders shall be given, either personally or by mail, not less than ten nor more than sixty days prior thereto. The notice of all special meetings shall state the objects thereof. The failure to give notice of an annual meeting, or any irregularity in the notice, shall not affect the validity of such annual meeting or of any proceedings thereat. Any stockholder may consent in writing to the holding of a special meeting without notice. A stockholder's attendance at a meeting: (i) waives objection to lack of notice or defective notice of the meeting, unless the stockholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice; and (ii) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the stockholder objects to considering the matter when it is presented.

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

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

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

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

SECTION 9. Stockholders may take action on a matter at a meeting only if a quorum exists with respect to that matter. Unless the articles of incorporation or the Act provide otherwise, a majority of the votes entitled to be cast on the matter, represented in person or by proxy, constitutes a quorum for action on that matter. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting. If a quorum exists, action on a matter, other than the election of directors, by stockholders is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless the articles of incorporation or the Act require a greater number of affirmative votes. Directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present.

SECTION 10. (a) At any annual meeting of stockholders, only such business shall be conducted as shall have been brought before the meeting (i) by or at the direction of the Board of Directors or (ii) by any stockholder who complies with the procedures set forth in this Section 10.

(b) No business may be transacted at any annual meeting of stockholders, other than business that is either (i) specified in the notice of meeting (or any supplement thereto) given pursuant to Section 4 of Article I of these By-Laws, (ii) otherwise properly brought before such meeting of stockholders by or at the direction of the Board of Directors or (iii) otherwise properly brought before such meeting by any stockholder (A) who is a stockholder of record on the date of the giving of the notice by the stockholder provided for in this Section 10 and on the record date for the determination of stockholders entitled to vote at such annual meeting of stockholders and (B) who complies with the notice procedures set forth in this Section 10.

(c) No business may be transacted at any special meeting of stockholders, other than business that is specified in the notice of meeting (or any supplement thereto) given pursuant to Section 4 of Article I of these By-Laws.

(d) In addition to any other applicable requirements, for business to be properly brought before a meeting of stockholders by a stockholder pursuant to clause (b) of this Section 10 such stockholder must have given timely notice thereof in proper written form to the Secretary of the Company. To be timely, a stockholder’s notice to the Secretary of the Company pursuant to clause (b) of this Section 10 must be delivered to or mailed and received at the principal executive offices of the Company not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting of stockholders is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which notice of the date of the annual meeting of stockholders was mailed or public disclosure of the date of the meeting of stockholders was made, whichever first occurs.

(e) To be in proper written form, a stockholder’s notice to the Secretary of the Company pursuant to clause (b) of this Section 10 must set forth as to each matter such stockholder proposes to bring before the annual meeting of stockholders (i) a brief description of the business desired to be brought before the meeting of stockholders and the reasons for conducting such business at such meeting of stockholders, (ii) the name and record address of such stockholder, (iii) the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by such stockholder as of the record date for the meeting (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business, (v) any other information which would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitation of proxies for the proposal pursuant to Section 14 of the Securities Exchange Act of 1934 (the "Exchange Act"), and the rules and regulations promulgated thereunder if such stockholder were engaged in such a solicitation (other than a solicitation described in Rules 14a-2(a) or 14a-2(b) promulgated under the Exchange Act), and (vi) a representation that such stockholder intends to appear in person or by proxy at the meeting of stockholders to bring such business before the meeting.

(f) No business shall be conducted at the annual meeting of stockholders except business brought before the meeting of stockholders in accordance with the procedures set forth in this Section 10, provided, however, that, once business has been properly brought before the meeting of stockholders in accordance with such procedures, nothing in this Section 10 shall be deemed to preclude discussion by any stockholder of any such business.

(g) If the chairman of a meeting of stockholders determines that business was not properly brought before a meeting of stockholders, the chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

SECTION 11. (a) Subject to the rights of the holders of any series of Preferred Stock then outstanding, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the Board of Directors may be made at any annual meeting of stockholders, or at any special meeting of stockholders called for the purpose of electing directors, (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the Company (A) who is a stockholder of record on the date of the giving of the notice provided for in this Section 11 and on the record date for the determination of stockholders entitled to vote at such meeting and (B) who complies with the notice procedures set forth in this Section 11.

(b) In addition to any other applicable requirements for a nomination to be made by a stockholder pursuant to clause (a) of this Section 11, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Company.

(c) To be timely, a stockholder's notice to the Secretary of the Company pursuant to clause (a) of this Section 11 must be delivered to or mailed and received at the principal executive offices of the Company (i) in the case of an annual meeting of stockholders, not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of stockholders, provided, however, that in the event that the annual meeting of stockholders is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which notice of the date of the annual meeting of stockholders was mailed or public disclosure of the date of the annual meeting was made, whichever first occurs, and (ii) in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the special meeting of stockholders was mailed or public disclosure of the date of the special meeting of stockholders was made, whichever first occurs.

(d) To be in proper written form, a stockholder's notice to the Secretary of the Company pursuant to clause (a) of this Section 11 must set forth (i) as to each person whom the stockholder proposes to nominate for election as a director (A) the name, age, business address and residence address of the person, (B) the principal occupation or employment of the person, (C) the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by the person as of the record date for the meeting (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice and (D) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder; and (ii) as to the stockholder giving the notice (A) the name and record address of such stockholder, (B) the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by such stockholder as of the record date for the meeting (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, (C) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nominations are to be made by such stockholder, (D) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (E) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (other than a solicitation described in Rules 14a-2(a) or 14a-2(b) promulgated under the Exchange Act). Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

(e) No person shall be eligible for election as a director of the Company unless nominated in accordance with the procedures set forth in this Section 11. If the chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

SECTION 12. If and to the extent authorized by the Board in connection with a particular meeting, stockholders may participate in a meeting of stockholders, and such meetings may be conducted through the use of, any means of telecommunication permitted under the Act.

ARTICLE II

BOARD OF DIRECTORS

SECTION 1. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Board of Directors. The number of directors which shall constitute the whole board shall be fixed from time to time by resolution of the Board of Directors, provided that such number shall not be less than three (3). Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a vote of the Board and, if the directors remaining in office consist of fewer than a quorum of the Board, a majority of the directors then in office, though less than a quorum, may fill the vacancy. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any director appointed by the Board of Directors to fill a directorship caused by an increase in the number of directors shall serve until the next annual meeting or a special meeting of the stockholders called for the purpose of electing directors.

SECTION 2. Regular meetings of the Board of Directors shall be held at 8:30 a.m. on such day in such months as the Board shall from time to time designate, and no further notice of such regular meetings shall be required. Special meetings shall be held whenever called by order of the Chairman or any five members of the Board. Notice of Special meetings shall be given, at least one day prior thereto, by personal service of written notice upon the directors or by delivering the same at, or transmitting the same by first class mail, facsimile transmission, telephone or other electronic means to, their respective residences or offices. Any director may consent in writing to the holding of a special meeting without notice, and the attendance or participation of any director at a special meeting shall constitute a waiver by him of call and notice thereof and a consent to the holding of said meeting and the transaction of any corporate business thereat, unless the director at the beginning of the meeting, or promptly upon the director's arrival, objects to holding the meeting or transacting business thereat because of lack of notice or defective notice, and does not thereafter vote for or assent to the action taken at the meeting. Meetings of the Board of Directors may be held at such place or places as shall be ordered by a majority of the directors in office, but unless otherwise ordered, all meetings of the Board of Directors shall be held at the principal executive offices of the Company in Omaha, Nebraska.

SECTION 3. A majority of the number of directors prescribed by Article II, Section 1 shall constitute a quorum at all meetings of the Board. If a quorum be not present at any meeting, a majority of the directors present may adjourn the meeting until a later day or hour.

SECTION 4. Each director, other than active employees of the Company, or of any subsidiary of the Company, shall be paid an annual retainer in an amount equal to $120,000, a portion of which may be required to be deferred as determined by the Board of Directors. Each director who shall serve as the Chair or a Co-Chair of a Committee of the Board shall receive an additional annual retainer of $15,000, and each director who shall serve on the Audit Committee of the Board, including the Chair or Co-Chair of such committee, shall receive an additional annual retainer of $10,000. Each retainer shall be payable in quarterly installments at the end of the quarter, except that directors who attend fewer than 75% of the Board and Committee meetings on which they serve will be paid 75% of the annual retainer, plus a reasonable allowance for transportation and other expenses incurred by such director in going to any meeting of the Board of Directors, or of any Committee of the Board, and returning to such director’s place of residence.

ARTICLE III

OFFICERS AND AGENTS

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

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

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

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

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

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

SECTION 7. The Executive Vice Presidents and Senior Vice Presidents shall perform such duties as may be prescribed or conferred by the Chief Executive Officer.

SECTION 8. The Executive Vice President-Finance and Chief Financial Officer shall have the direction and management of the financial affairs, investments, strategic planning and corporate development of the Company and of the offices in charge of the Controller, the

Treasurer and the Vice President-Taxes, and shall perform such other duties as may be prescribed or conferred by the Chief Executive Officer.

SECTION 9. The Senior Vice President-Human Resources shall have the direction and management of the human resources functions of the Company, and shall perform such other duties as may be prescribed or conferred by the Chief Executive Officer.

SECTION 10. The General Counsel shall have the direction and management of all legal business of the Company except as otherwise provided in Sections 12 and 19 of this ARTICLE III, shall perform such duties respecting legal matters as shall be assigned to him by the Chief Executive Officer, and shall perform such other duties as may be prescribed or conferred by the Chief Executive Officer.

SECTION 11. The Vice President-Taxes shall, under the control of the Executive Vice President-Finance, have charge of all aspects of Federal, foreign, state and local taxes, and shall perform such other duties as may be assigned by the Executive Vice President-Finance and Chief Financial Officer.

SECTION 12. The other Vice Presidents elected and Assistant Vice Presidents appointed from time to time shall perform such duties and possess such powers as may be prescribed or conferred by the Board of Directors or the Chief Executive Officer.

SECTION 13. Except as otherwise provided herein or directed by the Board of Directors, the Controller shall have immediate charge of the general books, accounts and statistics of the Company and shall be the custodian of all vouchers, drafts, invoices and other evidences of payment and all bonds, interest coupons and other evidences of indebtedness which shall have been canceled. He is authorized to approve for payment by the Treasurer vouchers, payrolls, drafts or other accounts. He shall be furnished by the Assistant Controllers of the Company periodically or specially as requested by him with the approval of and in form prescribed by the Executive Vice President-Finance and Chief Financial Officer, statements of operating revenues and expenses and estimates thereof and of expenditures and estimates on all other accounts; and copies of all statistical data that may be compiled in regular course and also all other information in reference to the financial affairs and operations of the Company and of any subsidiary company that may be required by the Executive Vice President-Finance and Chief Financial Officer or the Board of Directors. He shall submit for each regular meeting of the Board of Directors, and, at such other times as may be required by said Board or the Executive Vice President-Finance and Chief Financial Officer, statements of operating results, of cash resources and requirements and of appropriations for Capital Expenditures, and shall perform such other duties as the Executive Vice President-Finance and Chief Financial Officer may from time to time direct.

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

SECTION 14. The Secretary shall attend all meetings of the stockholders and the Board of Directors, and keep a record of all their proceedings. He shall procure and keep in his files copies of the minutes of all meetings of the stockholders, boards of directors and executive committees of all companies a majority of whose capital stock is owned by this Company. He shall be the custodian of the seal of the Company. He shall have power to affix the seal of the Company to instruments, the execution of which is authorized by these By-Laws or by action of the Board of Directors, and to attest the same. He shall have supervision of the issuance, transfer and registration of the capital stock and debt securities of the Company. He shall perform such other duties as may be assigned to him by the Board of Directors or the Chief Executive Officer.

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

SECTION 15. Except as otherwise provided herein or directed by the Board of Directors, the Treasurer shall be the custodian of all moneys, stocks, bonds, notes and other securities of the Company. He is authorized to receive and receipt for stocks, bonds, notes and other securities belonging to the Company or which are received for its account. All stocks, bonds, notes and other securities in the custody of the Treasurer shall be held in the safe deposit vaults of the Company or in one or more depositories selected by the Treasurer or other officer authorized by the Board of Directors, in each case subject to access thereto as shall from time to time be authorized or required by the Board of Directors, the Chief Executive Officer, or the Treasurer. Stocks, bonds, notes and other securities shall be deposited in the safe deposit vaults or depositories, or withdrawn from them, only by persons and pursuant to procedures as shall be determined by the Board of Directors, the Chief Executive Officer or the Treasurer. The Treasurer is authorized and empowered to receive and collect all moneys due to the Company and to receipt therefor. All moneys received by the Treasurer shall be deposited to the credit of the Company in such depositories as shall be designated by the Board of Directors, the Chief Executive Officer, the Treasurer or such other officers as may be authorized by the Board of Directors; and the Treasurer or other officer designated by the Treasurer may endorse for deposit therein all checks, drafts, or vouchers drawn to the order of the Company or payable to it. He is also authorized to draw checks against any funds to the credit of the Company in any of its depositories. All such checks shall be signed by such persons, either by manual or facsimile signature as shall be authorized by the Board of Directors, and countersigned if required by the Board of Directors. The Treasurer is authorized to make disbursements in settlement of vouchers, payrolls, drafts or other accounts, when approved for payment by the Controller, or such other person as shall be authorized by the Board of Directors, the Chief Executive Officer or these By-Laws; for payments which have been otherwise ordered or provided for by the Board of Directors or the Chief Executive Officer; for interest on bonds and dividends on stock when due and payable; for vouchers, pay checks, drafts and other accounts properly certified to by the duly authorized officers of the Company; and for vouchers, pay checks, drafts and other accounts approved by the officers duly authorized to approve for payment of any company which this Company controls through the ownership of stock or otherwise, as may be designated in writing from time to time by the Chief Executive Officer to the Treasurer. He shall cause to be kept in his office true and full accounts of all receipts and disbursements of his office. He shall also perform such other duties as shall be assigned to him by the Executive Vice President-Finance and Chief Financial Officer.

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

SECTION 16. The Associate General Counsels and Assistant General Counsels shall perform such duties respecting legal matters as shall be assigned to them by the General Counsel.

SECTION 17. The General Tax Counsels shall be responsible for all tax-related legal advice (including federal tax planning and research, litigation and legislation; tax aspects of strategic, operational and financing transactions; and ERISA/Benefits tax matters), and shall perform such other duties as shall be assigned to them by the Vice President-Taxes.

SECTION 18. The Associate General Tax Counsels shall perform such duties as shall be assigned to them by the Vice President-Taxes or the General Tax Counsels.

SECTION 19. To the extent that a separate division shall be created within the Company, the Chief Executive Officer shall be authorized to appoint officers of such division and any such officers shall perform such duties and possess such powers as are prescribed and conferred by the Chief Executive Officer.

ARTICLE IV

SUPERVISION, REMOVAL AND SALARIES OF OFFICERS AND EMPLOYEES

SECTION 1. Any officer or employee elected or appointed by the Board of Directors may be removed as such at any time by the affirmative vote of a majority of the directors then in office, with or without cause. Any other officer or employee of the Company may be removed at any time by vote of the Board of Directors or by the officer supervising such officer or employee, with or without cause.

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

SECTION 3. No office or position shall be created and no person shall be employed at a salary of more than $300,000 per annum, and no salary shall be increased to an amount in excess of $300,000 per annum, without the approval of the Board of Directors.

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

ARTICLE V

CONTRACTS AND EXPENDITURES

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

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

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

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

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

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

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

SECTION 8. For purposes of this Article V, any references to “officers of the Company” shall include officers of any division of the Company and references to the “Head of the department or office of the Company” shall include the Head of any division of the Company or any department or office within such a division.

ARTICLE VI

ISSUE AND CANCELLATION OF STOCK CERTIFICATES

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

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

SECTION 3. The registrar of transfers shall in every case be a trust company to be appointed by the Board of Directors, in accordance with the requirements of the New York Stock Exchange, and such registration shall be performed in accordance with the rules and regulations of said Exchange.

ARTICLE VII

FINAL

SECTION 1. The Company shall indemnify to the full extent permitted by law any person made or threatened to be made a party to any action, suit or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that such person is or was a director, officer or employee of the Company or serves or served at the request of the Company any other enterprise as a director, officer, fiduciary or employee. The indemnification provided in this section shall include the right to receive payment in advance of any final disposition of any expenses incurred by any such person in connection with any such action, suit or proceeding, consistent with the provisions of then applicable law. For purposes of this By-Law, the term “other enterprise” shall include any corporation, partnership, joint venture, trust or employee benefit plan; service “at the request of the Company” shall include service as a director, officer or employee of the Company which imposes duties on, or involves services by, such director, officer or employee with respect to an employee benefit plan, its participants or beneficiaries; any excise taxes assessed on a person with respect to an employee benefit plan shall be deemed to be indemnifiable expenses; and action by a person with respect to an employee benefit plan in good faith which such person reasonably believes to be in the interest of the participants and beneficiaries of such plan shall be deemed to be action not opposed to the best interests of the corporation. This Section 1 shall not apply to any action, suit or proceeding pending or threatened on the date of adoption hereof provided that the right of the Company to indemnify any person with respect thereto shall not be limited hereby.

SECTION 2. Any indemnification under Section 1 of this Article VII (unless ordered by a court) shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the director, officer or employee is proper in the circumstances because such person has met the applicable standard of conduct required by law. Such determination shall be made by the persons authorized by the Act.

SECTION 3. Notwithstanding Sections 1 and 2 of this Article VII, except for proceedings to enforce indemnification, the Company shall not be obligated to indemnify any director, officer or employee in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors. The indemnification and advancement of expenses provided by Section 1 of this Article VII shall not be deemed exclusive of any other rights to which any person seeking indemnification may be entitled under any law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person’s official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such a person. Any amendment or repeal of Section 1 or Section 2 of this ARTICLE VII or this Section 3 shall not limit the right of any person to indemnity with respect to actions taken or omitted to be taken by such person prior to such amendment or repeal.

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

SECTION 5. Except as otherwise provided by the Act, these By-Laws may be altered, amended or repealed at a meeting of the stockholders by a majority vote of those present in person or by proxy or at any meeting of the Board of Directors by a majority vote of the directors then in office.

Exhibit 12

Ratio of Earnings to Fixed Charges

Union Pacific Corporation and Subsidiary Companies

(Unaudited)

Millions of Dollars, Except for Ratios	*Three Months Ended March 31, 2006*	*2005*
Earnings:		
Net income	$ 311	$ 128
Equity earnings net of distributions	(14)	(8)
Total earnings	297	120
Income taxes	184	73
Fixed charges:		
Interest expense including amortization of debt discount	120	132
Portion of rentals representing an interest factor	60	49
Total fixed charges	180	181
Earnings available for fixed charges	$ 661	$ 374
Ratio of earnings to fixed charges	3.7	2.1

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: May 5, 2006

/s/ James R. Young

James R. Young
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: May 5, 2006

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

Exhibit 32

**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, 2006, 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
President and
Chief Executive Officer
Union Pacific Corporation

May 5, 2006

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, 2006, 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

May 5, 2006

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.