FORM 10-Q

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

(Mark One)

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

For the quarterly period ended September 30, 2001

\- 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.)

1416 DODGE STREET, OMAHA, NEBRASKA
(Address of principal executive offices)

68179
(Zip Code)

(402) 271-5777
(Registrant's telephone number, including area code)

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

YES X NO

As of October 31, 2001, there were 248,405,819 shares of the Registrant's Common Stock outstanding.

UNION PACIFIC CORPORATION

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PART I. FINANCIAL INFORMATION

PART II. OTHER INFORMATION

PART I - FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
Union Pacific Corporation and Subsidiary Companies
For the Three Months Ended September 30,

	Millions, Except Per Share and Ratios	2001	2000
OPERATING REVENUES	Rail, trucking and other	$ 3,026	$ 3,054
OPERATING EXPENSES	Salaries, wages and employee benefits	1,059	1,058
	Equipment and other rents	332	339
	Depreciation	292	285
	Fuel and utilities	318	344
	Materials and supplies	133	148
	Casualty costs	97	92
	Other costs	221	218
	Total	2,452	2,484
INCOME	Operating Income	574	570
	Other income - net	31	17
	Interest expense	(175)	(181)
	Income before Income Taxes	430	406
	Income taxes	(163)	(150)
	Net Income	$ 267	$ 256
PER SHARE	Basic - Net Income	$ 1.08	$ 1.04
	Diluted - Net Income	$ 1.04	$ 1.00
	Weighted Average Number of Shares (Basic)	247.9	246.5
	Weighted Average Number of Shares (Diluted)	271.6	269.4
	Dividends Declared	$ 0.20	$ 0.20
	Ratio of Earnings to Fixed Charges	3.2	2.7

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

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
Union Pacific Corporation and Subsidiary Companies
For the Nine Months Ended September 30,

	Millions, Except Per Share and Ratios	2001	2000
OPERATING REVENUES	Rail, trucking and other	$ 8,967	$ 8,926
OPERATING EXPENSES	Salaries, wages and employee benefits	3,207	3,163
	Equipment and other rents	992	964
	Depreciation	877	850
	Fuel and utilities	1,008	966
	Materials and supplies	417	459
	Casualty costs	282	270
	Other costs	677	690
	Total	7,460	7,362
INCOME	Operating Income	1,507	1,564
	Other income - net	136	61
	Interest expense	(534)	(543)
	Income before Income Taxes	1,109	1,082
	Income taxes	(418)	(397)
	Net Income	$ 691	$ 685
PER SHARE	Basic - Net Income	$ 2.79	$ 2.78
	Diluted - Net Income	$ 2.71	$ 2.71
	Weighted Average Number of Shares (Basic)	247.5	246.4
	Weighted Average Number of Shares (Diluted)	271.5	269.4
	Dividends Declared	$ 0.60	$ 0.60
	Ratio of Earnings to Fixed Charges	2.9	2.7

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Union Pacific Corporation and Subsidiary Companies

	Millions of Dollars	(Unaudited) Sept. 30, 2001	Dec. 31, 2000
ASSETS			
Current Assets	Cash and temporary investments	$ 120	$ 105
	Accounts receivable - net	690	597
	Inventories	280	360
	Current deferred tax asset	117	89
	Other current assets	192	134
	Total	1,399	1,285
Investments	Investments in and advances to affiliated companies	700	644
	Other investments	100	96
	Total	800	740
Properties	Cost	36,036	35,458
	Accumulated depreciation	(7,357)	(7,262)
	Net	28,679	28,196
Other	Other assets	427	278
	Total Assets	$ 31,305	$ 30,499
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities	Accounts payable	$ 556	$ 658
	Accrued wages and vacation	436	422
	Accrued casualty costs	408	409
	Income and other taxes	290	234
	Dividends and interest	244	265
	Debt due within one year	197	207
	Other current liabilities	693	767
	Total	2,824	2,962
Other Liabilities and Shareholders' Equity	Debt due after one year	8,207	8,144
	Deferred income taxes	7,517	7,143
	Accrued casualty costs	756	834
	Retiree benefits obligation	753	745
	Other long-term liabilities	491	509
	Commitments and contingencies		
	Company-obligated Mandatorily Redeemable Convertible Preferred Securities	1,500	1,500
	Common shareholders' equity	9,257	8,662
	Total Liabilities and Shareholders' Equity	$ 31,305	$ 30,499

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

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
Union Pacific Corporation and Subsidiary Companies
For the Nine Months Ended September 30,

	Millions of Dollars	2001	2000
OPERATING ACTIVITIES	Net Income	$ 691	$ 685
	Non-cash charges to income:		
	Depreciation	877	850
	Deferred income taxes	344	359
	Other - net	(313)	(215)
	Changes in current assets and liabilities	(237)	(182)
	Cash Provided by Operating Activities	1,362	1,497
INVESTING ACTIVITIES	Capital investments	(1,354)	(1,403)
	Sale of assets and other investing activities	80	49
	Cash Used in Investing Activities	(1,274)	(1,354)
FINANCING ACTIVITIES	Dividends paid	(148)	(150)
	Debt repaid	(792)	(651)
	Financings	867	538
	Cash Used in Financing Activities	(73)	(263)
	Net Change in Cash and Temporary Investments	15	(120)
	Cash and Temporary Investments at Beginning of Period	105	175
	Cash and Temporary Investments at End of Period	$ 120	$ 55
CHANGES IN CURRENT ASSETS AND LIABILITIES	Accounts receivable	$ (93)	$ (64)
	Inventories	80	4
	Other current assets	(86)	14
	Accounts, wages and vacation payable	(88)	14
	Debt due within one year	(10)	(4)
	Other current liabilities	(40)	(146)
	Total	$ (237)	$ (182)
SUPPLEMENTAL CASH FLOW INFORMATION	Cash paid during the year for:		
	Interest	$ 563	$ 588
	Income taxes - net	10	10

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

CONSOLIDATED STATEMENT OF CHANGES IN COMMON SHAREHOLDERS' EQUITY (Unaudited)
Union Pacific Corporation and Subsidiary Companies
For the Nine Months Ended September 30, 2001

					Accumulated Other Comprehensive Income (Loss)				
Millions of Dollars	[a] Common Shares	Paid-in-Surplus	Retained Earnings	[b] Treasury Stock	Minimum Pension Liability Adjustment	Foreign Currency Translation Adjustments	Derivative Adjustments	Total	Total
Balance at December 31, 2000	$ 688	$ 4,024	$ 5,699	$(1,749)	$ (2)	$ 2	$ --	$ --	$ 8,662
Net Income	--	--	691	--	--	--	--	--	691
Other Comprehensive Income (Loss), net of tax:									
Minimum Pension Liability Adjustment	--	--	--	--	--	--	--	--	--
Foreign Currency Translation Adjustments	--	--	--	--	--	3	--	3	3
Derivative Adjustments	--	--	--	--	--	--	(1)	(1)	(1)
Comprehensive Income									693
Conversion, exercises of stock options, forfeitures and other	1	(34)	--	83	--	--	--	--	50
Dividends declared ($0.60 per share)	--	--	(148)	--	--	--	--	--	(148)
Balance at September 30, 2001 ...	$ 689	$ 3,990	$ 6,242	$(1,666)	$ (2)	$ 5	$ (1)	$ 2	$ 9,257

[a] Common stock $2.50 par value; 500,000,000 shares authorized; 275,233,975 shares issued at beginning of period; 275,487,725 shares issued at end of period.

[b] 27,102,444 treasury shares at end of period, at cost.

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

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. RESPONSIBILITIES FOR FINANCIAL STATEMENTS - The consolidated financial statements are unaudited and reflect all adjustments (consisting only of normal and recurring adjustments) that are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the interim periods presented. The statement of consolidated financial position at December 31, 2000 is derived from audited financial statements. The consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Union Pacific Corporation's (the Corporation or UPC) Annual Report to Shareholders incorporated by reference in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2000. The results of operations for the three months and nine months ended September 30, 2001 are not necessarily indicative of the results for the entire year ending December 31, 2001. Certain prior year amounts have been reclassified to conform to the 2001 financial statement presentation.

2. SEGMENTATION - Union Pacific Corporation consists of two reportable segments, rail and trucking, and UPC's other product lines (other operations). The rail segment includes the operations of the Corporation's wholly owned subsidiary, Union Pacific Railroad Company (UPRR) and UPRR's subsidiaries and rail affiliates (collectively, the Railroad). The trucking segment includes the Corporation's wholly owned subsidiary, Overnite Transportation Company (Overnite). The Corporation's "other" product lines are comprised of the corporate holding company (which largely supports the Railroad), Fenix LLC and affiliated technology companies (Fenix), self-insurance activities, and all appropriate consolidating entries.

The following table details reportable financial information for UPC's segments and other operations for the three months and nine months ended September 30, 2001 and 2000:

	Three Months Ended		Nine Months Ended	
Millions of Dollars	Sept. 30, 2001	Sept. 30, 2000	Sept. 30, 2001	Sept. 30, 2000
Operating revenues [a]:				
Rail	$ 2,727	$ 2,757	$ 8,082	$ 8,061
Trucking	292	287	862	839
Other	7	10	23	26
Consolidated	$ 3,026	$ 3,054	$ 8,967	$ 8,926
Operating income (loss):				
Rail	$ 575	$ 563	$ 1,515	$ 1,567
Trucking	18	20	43	37
Other	(19)	(13)	(51)	(40)
Consolidated	$ 574	$ 570	$ 1,507	$ 1,564
Assets:				
Rail	$ 30,313	$ 29,488	$ 30,313	$ 29,488
Trucking	649	654	649	654
Other	343	249	343	249
Consolidated	$ 31,305	$ 30,391	$ 31,305	$ 30,391

[a] The Corporation has no significant intercompany sales activities.

3. ACQUISITIONS

SOUTHERN PACIFIC - UPC consummated the acquisition of Southern Pacific (SP) in September 1996 for $4.1 billion. Sixty percent of the outstanding Southern Pacific common shares were converted into UPC common stock, and the remaining 40% of the outstanding shares were acquired for cash. UPC initially funded the cash portion of the acquisition with credit facility borrowings, all of which have been subsequently refinanced with other borrowings. The acquisition of Southern Pacific has been accounted for using the purchase method and was fully consolidated into UPC's results beginning October 1996.

Merger Consolidation Activities - In connection with the acquisition and continuing integration of UPRR and Southern Pacific's rail operations, UPC will complete the elimination of 5,200 duplicate positions in 2001, primarily employees involved in activities other than train, engine and yard activities. UPC will also complete the relocation of 4,700 positions, merging or disposing of redundant facilities, and disposing of certain rail lines. In addition, the Corporation will cancel and settle the remaining uneconomical and duplicative SP contracts, including payroll-related contractual obligations in accordance with the original merger plan.

Merger Liabilities - In 1996, UPC recognized a $958 million pre-tax liability in the SP purchase price allocation for costs associated with SP's portion of these activities. Merger liability activity reflected cash payments for merger consolidation activities and reclassification of contractual obligations from merger liabilities to contractual liabilities. In addition, where merger implementation has varied from the original merger plan, the Corporation has adjusted the merger liability and the fair value allocation of SP's purchase price to fixed assets to eliminate the variance. Where the merger implementation has caused the Corporation to incur more costs than were envisioned in the original merger plan, such costs are charged to expense in the period incurred. For the three months and nine months ended September 30, 2001, the Corporation charged $3 million and $14 million, respectively, against the merger liability. The remaining merger payments will be made during 2001 as labor negotiations are implemented, and related merger consolidation activities are finalized.

The components of the merger liability as of September 30, 2001 were as follows:

Millions of Dollars	Original Liability	Cumulative Activity	Sept. 30, 2001 Liability
Labor protection related to legislated and contractual obligations	$ 361	$ 361	$ --
Severance and related costs	343	284	59
Contract cancellation fees and facility and line closure costs	145	141	4
Relocation costs	109	97	12
Total	$ 958	$ 883	$ 75

4. FINANCIAL INSTRUMENTS

ADOPTION OF STANDARD - Effective January 1, 2001, the Corporation adopted Financial Accounting Standards Board Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" (FAS 133) and Financial Accounting Standards Board Statement No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" (FAS 138). FAS 133 and FAS 138 require that the changes in fair value of all derivative financial instruments the Corporation uses for fuel or interest rate hedging purposes be recorded in the Corporation's consolidated statements of financial position. In addition, to the extent fuel hedges are ineffective due to pricing differentials resulting from the geographic dispersion of the Corporation's operations, income statement recognition of the ineffective portion of the hedge position may be required. Also, derivative instruments that do not qualify for hedge accounting treatment per FAS 133 and FAS 138 may require income statement recognition. The adoption of FAS 133 and FAS

138 resulted in the recognition of a $2 million asset on January 1, 2001. Activity through September 30, 2001 is disclosed within the following narrative and tables.

STRATEGY AND RISK - The Corporation and its subsidiaries use derivative financial instruments in limited instances for other than trading purposes to manage risk related to changes in fuel prices and to achieve the Corporation's interest rate objectives. The Corporation uses swaps, futures and/or forward contracts to mitigate the downside risk of adverse price movements and hedge the exposure to variable cash flows. The use of these instruments also limits future gains from favorable movements. The Corporation uses interest rate swaps to manage its exposure to interest rate changes. The purpose of these programs is to protect the Corporation's operating margins and overall profitability from adverse fuel price changes or interest rate fluctuations.

The Corporation at times may use swaptions to secure near-term swap prices. Swaptions are swaps that are extendable past their base period at the option of the counterparty. Swaptions do not qualify for hedge accounting treatment.

MARKET AND CREDIT RISK - The Corporation addresses market risk related to derivative financial instruments by selecting instruments whose value fluctuations highly correlate with the underlying item being hedged. Credit risk related to derivative financial instruments, which is minimal, is managed by requiring high credit standards for counterparties and periodic settlements. The Corporation has not been required to provide collateral; however, UPC has received collateral relating to its hedging activity where the concentration of credit risk was substantial.

DETERMINATION OF FAIR VALUE - The fair market values of the Corporation's derivative financial instrument positions at September 30, 2001 and December 31, 2000, detailed below, were determined based upon current fair market values as quoted by recognized dealers or developed based upon the present value of expected future cash flows discounted at the applicable U.S. Treasury rate and swap spread.

INTEREST RATE STRATEGY - The Corporation manages its overall exposure to fluctuations in interest rates by adjusting the proportion of fixed and floating rate debt instruments within its debt portfolio over a given period. The mix of fixed and floating rate debt is largely managed through the issuance of targeted amounts of each as debt matures or as incremental borrowings are required. Derivatives are used as one of the tools to obtain the targeted mix. In addition, the Corporation also obtains flexibility in managing interest costs and the interest rate mix within its debt portfolio by issuing callable fixed-rate debt securities.

In May and August 2001, the Corporation entered into interest rate swaps on $598 million of debt with varying maturity dates extending to November 2004. The swaps allowed the Corporation to convert the 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 (LIBOR). The swaps have been accounted for using the short-cut method as allowed by FAS 133; and therefore, no ineffectiveness has been recorded within the Corporation's consolidated financial statements.

FUEL STRATEGY - Fuel costs are a significant portion of the Corporation's total operating expenses. As a result of the significance of fuel costs and the historical volatility of fuel prices, the Corporation's transportation subsidiaries periodically use swaps, futures and/or forward contracts to mitigate the impact of adverse fuel price changes. In addition, the Corporation at times may use swaptions to secure near-term swap prices. Swaptions are swaps that are extendable past their base period at the option of the counterparty.

The following is a summary of the Corporation's derivative financial instruments at September 30, 2001 and December 31, 2000:

Millions Except Percentages and Average Commodity Prices	Sept. 30, 2001	Dec. 31, 2000
Interest Rate Hedging:		
Amount of debt hedged	$ 598	$ --
Percentage of total debt portfolio	7%	--
Rail Fuel Hedging/Swaptions:		
Number of gallons hedged for the remainder of 2001 [a] ..	161	101
Percentage of forecasted 2001 fuel consumption hedged ...	48%	8%
Average price of 2001 hedges outstanding (per gallon) [b]	$ 0.65	$ 0.68
Number of gallons hedged for 2002 [c]	139	--
Percentage of forecasted 2002 fuel consumption hedged ...	10%	--
Average price of 2002 hedges outstanding (per gallon) [b]	$ 0.61	$ --
Trucking Fuel Hedging:		
Number of gallons hedged for the remainder of 2001	--	--
Percentage of forecasted 2001 fuel consumption hedged ...	--	--
Average price of 2001 hedges outstanding (per gallon) [b]	$ --	$ --

[a] Rail fuel hedges expire December 31, 2001. Rail fuel hedges include the swap portion of a swaption with a base term expiring December 31, 2001, and they exclude the option portion of the swaption to extend the swap through December 31, 2002.

[b] Excluding taxes, transportation costs and regional pricing spreads.

[c] Rail fuel hedges expire December 31, 2002. Rail fuel hedges include the swap portions of the swaptions with base terms expiring December 31, 2002, and they exclude the option portions of the swaptions to extend the swaps through December 31, 2003.

The asset and liability positions of the Corporation's outstanding derivative financial instruments at September 30, 2001 and December 31, 2000 were as follows:

Millions of Dollars	Sept. 30, 2001	Dec. 31, 2000
Interest Rate Hedging:		
Gross fair market asset position	$ 16	$ --
Gross fair market (liability) position	--	--
Rail Fuel Hedging:		
Gross fair market asset position	3	2
Gross fair market (liability) position	(4)	--
Rail Fuel Swaptions:		
Gross fair market asset position	--	--
Gross fair market (liability) position	(8)	--
Trucking Fuel Hedging:		
Gross fair market asset position	--	--
Gross fair market (liability) position	--	--
Total net asset position	$ 7	$ 2

Rail fuel hedging positions will be reclassified from accumulated other comprehensive income to fuel expense over the life of the hedge as fuel is consumed. Rail fuel swaption positions will be reflected in the consolidated statements of income as fuel expense over the life of the swap and as other income as the fair value of the outstanding option fluctuates.

The Corporation's use of derivative financial instruments had the following impact on pre-tax income for the three months and nine months ended September 30, 2001 and September 30, 2000:

Millions of Dollars	Three Months Ended Sept. 30, 2001	Three Months Ended Sept. 30, 2000	Nine Months Ended Sept. 30, 2001	Nine Months Ended Sept. 30, 2000
Decrease in interest expense from interest rate hedging	$ 1	$ --	$ 1	$ --
Decrease in fuel expense from rail fuel hedging	3	15	7	35
Decrease in fuel expense from rail fuel swaptions	2	--	2	--
Decrease in fuel expense from trucking fuel hedging ...	--	1	--	2
Decrease in operating expenses	6	16	10	37
Decrease in other income - net from rail fuel swaptions	(10)	--	(10)	--
Increase (Decrease) in pre-tax income	$ (4)	$ 16	$ --	$ 37

At September 30, 2001, there was no ineffectiveness recorded within fuel expense for hedging.

SALE OF RECEIVABLES - The Railroad has sold, on a revolving basis, an undivided percentage ownership interest in a designated pool of accounts receivable to third parties through a bankruptcy-remote subsidiary. The amount of receivables sold fluctuates based upon the availability of the designated pool of receivables and is directly affected by changing business volumes and credit risks. At September 30, 2001 and December 31, 2000, accounts receivable are presented net of approximately $600 million receivables sold.

5. DEBT

CREDIT FACILITIES - On September 30, 2001, the Corporation had $2.0 billion in revolving credit facilities, of which $1.0 billion expires in March 2002, with the remaining $1.0 billion expiring in 2005. The facilities, which were entered into during March 2001 and March 2000, respectively, are designated for general corporate purposes.

CONVERTIBLE PREFERRED SECURITIES - Union Pacific Capital Trust (the Trust), a statutory business trust sponsored and wholly owned by the Corporation, has issued $1.5 billion aggregate liquidation amount of 6-1/4% Convertible Preferred Securities (the CPS). Each of the CPS has a stated liquidation amount of $50 and is convertible, at the option of the holder, into shares of UPC's common stock, par value $2.50 per share (the Common Stock), at the rate of 0.7257 shares of Common Stock for each of the CPS, equivalent to a conversion price of $68.90 per share of Common Stock, subject to adjustment under certain circumstances. The CPS accrue and pay cash distributions quarterly in arrears at the annual rate of 6-1/4% of the stated liquidation amount. The Corporation owns all of the common securities of the Trust. The proceeds from the sale of the CPS and the common securities of the Trust were invested by the Trust in $1.5 billion aggregate principal amount of the Corporation's Convertible Junior Subordinated Debentures due 2028, which debentures represent the sole assets of the Trust. For financial reporting purposes, the Corporation has recorded distributions payable on the CPS as an interest charge to earnings in the consolidated statements of income.

SHELF REGISTRATION STATEMENT AND SIGNIFICANT NEW BORROWINGS - During May 2001, under an existing shelf registration statement, the Corporation issued the remaining $200 million of debt securities available as fixed rate debt with a maturity date of May 25, 2004. Simultaneously, the Corporation entered into an interest rate swap converting the debt from a fixed rate to a variable rate. The proceeds from the issuance of this debt were used for repayment of debt and other general corporate purposes.

In June 2001, the Corporation filed a $1.0 billion shelf registration statement, which became effective June 14, 2001. Under the shelf registration statement, the Corporation may issue, from time to time, any combination of debt securities, preferred stock, common stock or warrants for debt securities or preferred stock in one or more offerings. The total offering price of these securities, in the aggregate, will not exceed $1.0 billion.

During July 2001, UPRR entered into capital leases covering new locomotives. The related capital lease obligations totaled approximately $124 million and are included in the statements of consolidated financial position as debt.

On October 1, 2001, the Corporation issued $300 million of fixed-rate debt under its shelf registration statement with a maturity date of October 15, 2007, leaving $700 million available for issuance. The proceeds from the issuance of this debt were used for repayment of debt and other general corporate purposes.

6. EARNINGS PER SHARE - The following table provides a reconciliation between basic and diluted earnings per share for the three months and nine months ended September 30, 2001 and 2000:

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
Millions, Except Per Share Amounts	2001	2000	2001	2000
Income Statement Data:				
Net income available to common shareholders - Basic .	$ 267	$ 256	$ 691	$ 685
Dilutive effect of interest associated with the CPS .	14	14	44	44
Net income available to common shareholders - Diluted	$ 281	$ 270	$ 735	$ 729
Weighted Average Number of Shares Outstanding:				
Basic	247.9	246.5	247.5	246.4
Dilutive effect of common stock equivalents	23.7	22.9	24.0	23.0
Diluted	271.6	269.4	271.5	269.4
Earnings Per Share:				
Basic	$ 1.08	$ 1.04	$ 2.79	$ 2.78
Diluted	$ 1.04	$ 1.00	$ 2.71	$ 2.71

7. OTHER INCOME - Other income included the following for the three months and nine months ended September 30, 2001 and 2000:

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
Millions of Dollars	2001	2000	2001	2000
Net gain on non-operating asset dispositions	$ 31	$ 15	$ 112	$ 37
Rental income	11	14	47	43
Interest income	2	2	7	7
Other - net	(13)	(14)	(30)	(26)
Total	$ 31	$ 17	$ 136	$ 61

8. RATIO OF EARNINGS TO FIXED CHARGES - The ratio of earnings to fixed charges has been computed on a consolidated basis. Earnings represent net income less equity in undistributed earnings of unconsolidated affiliates, plus income taxes and fixed charges. Fixed charges represent interest, amortization of debt discount and the estimated interest portion of rental charges.

9. COMMITMENTS AND CONTINGENCIES - There are various claims and lawsuits pending against the Corporation and certain of its subsidiaries. The Corporation is also subject to federal, state and local environmental laws and regulations, pursuant to which it is currently participating in the investigation and remediation of numerous sites. For environmental sites where remediation costs can be reasonably determined, and where such remediation is probable, the Corporation has recorded a liability. At September 30, 2001, the Corporation had accrued $177 million for estimated future environmental costs.

In addition, the Corporation and its subsidiaries periodically enter into financial and other commitments in connection with their businesses. It is not possible at this time for the Corporation to determine fully the effect of all unasserted claims on its consolidated financial condition, results of operations or liquidity; however, to the extent possible, where unasserted claims can be estimated and where such claims are considered probable, the Corporation has recorded a liability. The Corporation does not expect that any known lawsuits, claims, environmental costs, commitments, contingent liabilities or guarantees will have a material adverse effect on its consolidated financial condition, results of operations or liquidity.

10. ACCOUNTING PRONOUNCEMENTS - In September 2000, the Financial Accounting Standards Board issued Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" (FAS 140), replacing Statement No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" (FAS 125). FAS 140 revises criteria for accounting for securitizations, other financial asset transfers and collateral, and introduces new disclosures. FAS 140 was effective for fiscal 2000 with respect to the new disclosure requirements and amendments of the collateral provisions originally presented in FAS 125. All other provisions are effective for transfers of financial assets and extinguishments of liabilities occurring after March 31, 2001. The provisions are to be applied prospectively with certain exceptions. The adoption of FAS 140 did not have a significant impact on the Corporation's consolidated financial statements.

In July 2001, the Financial Accounting Standards Board issued Statement No. 141, "Business Combinations" (FAS 141). FAS 141 revises the method of accounting for business combinations and eliminates the pooling method of accounting. FAS 141 is effective for all business combinations that are initiated or completed after June 30, 2001. Management believes the financial impact that FAS 141 will have on the Corporation's consolidated financial statements will not be significant.

Also in July 2001, the Financial Accounting Standards Board issued Statement No. 142, "Goodwill and Other Intangible Assets" (FAS 142). FAS 142 revises the method of accounting for goodwill and other intangible assets. FAS 142 eliminates the amortization of goodwill, but requires goodwill to be tested for impairment at least annually at a reporting unit level. FAS 142 is effective for the Corporation's fiscal year beginning January 1, 2002. Management believes the financial impact that FAS 142 will have on the Corporation's consolidated financial statements will not be significant.

In August 2001, the Financial Accounting Standards Board issued Statement No. 143, "Accounting for Asset Retirement Obligations" (FAS 143). FAS 143 requires the Corporation to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred and is effective for the Corporation's fiscal year beginning January 1, 2003. Management is in the process of evaluating the impact this standard will have on the Corporation's consolidated financial statements.

In addition, in October 2001, the Financial Accounting Standards Board issued Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (FAS 144). FAS 144 replaces Financial Accounting Standards Board Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Asset to Be Disposed Of" (FAS 121). FAS 144 develops one accounting model, based on the framework established in FAS 121, for long-lived assets to be disposed of by sale. The accounting model applies to all long-lived assets, including discontinued operations, and it replaces the provisions of APB Opinion No. 30, "Reporting Results of Operations-Reporting the Effects of Disposal of a Segment of a Business and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," for disposal of segments of a business. FAS 144 requires that long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. FAS 144 also broadens the definition of discontinued operations. FAS 144 is effective for the Corporation's fiscal year beginning January 1, 2002. Management is currently in the process of evaluating the impact this standard will have on the Corporation's consolidated financial statements.

11. WORK FORCE REDUCTION PLAN - Prompted by signs of an economic slowdown, the Corporation's Board of Directors approved a work force reduction plan (the Plan) in the fourth quarter of 2000. The Plan calls for the elimination of approximately 2,000 Railroad positions during 2001. The positions will be eliminated through a combination of attrition, subsidized early retirement and involuntary layoffs and will affect agreement and non-agreement employees across the entire 23-state Railroad system. As of September 30, 2001, 1,544 positions had been identified for elimination in accordance with the Plan. Of those eliminations, 986 will be made through subsidized early retirements and involuntary layoffs with the remaining coming through attrition.

The Corporation accrued $115 million pre-tax or $72 million after-tax in the fourth quarter of 2000 for costs related to the Plan. The expense was charged to salaries, wages and employee benefits in the Corporation's 2000 consolidated statement of income. Plan liability activity in 2001 includes $42 million paid in cash or reclassified to contractual liabilities for severance benefits to 494 employees. The remaining $60 million of plan liability activity reflects subsidized early retirement benefits covering 480 employees.

Plan liability activity for 2001 is as follows:

Millions of Dollars	Original Liability	Cumulative Activity	Sept. 30, 2001 Liability
Severance and related costs	$ 115	$ 102	$ 13

It is expected that the Plan will be completed during the remainder of 2001.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES
RESULTS OF OPERATIONS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2001 COMPARED TO
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2000

Union Pacific Corporation (UPC or the Corporation) consists of two reportable segments, rail and trucking, and UPC's other product lines (Other Operations). The rail segment includes the operations of the Corporation's wholly owned subsidiary, Union Pacific Railroad Company (UPRR) and UPRR's subsidiaries and rail affiliates (collectively, the Railroad). The trucking segment includes the Corporation's wholly owned subsidiary, Overnite Transportation Company (Overnite). The Corporation's "other" product lines are comprised of the corporate holding company (which largely supports the Railroad), Fenix LLC and affiliated technology companies (Fenix), and self-insurance activities, and all appropriate consolidating entries (see note 2 to the consolidated financial statements).

CONSOLIDATED

NET INCOME - Net income for the three and nine month periods ended September 30, 2001 was $267 million ($1.04 per diluted share) and $691 million ($2.71 per diluted share), respectively, compared to $256 million ($1.00 per diluted share) and $685 million ($2.71 per diluted share) for the comparable periods in 2000. For the third quarter, the increase resulted from higher real estate sales, lower interest expense and a slight increase in operating income. The year to date increase is primarily the result of higher real estate sales and lower interest expense, partially offset by a 4% drop in operating income.

OPERATING REVENUES - Operating revenues decreased $28 million (1%) and increased $41 million (flat) for the three and nine month periods ended September 30, 2001, respectively, over the comparable periods in 2000. The decline for the three month period reflects lower Railroad commodity revenue in Agricultural, Automotive, Chemicals, and Intermodal, which was partially offset by higher commodity revenue in Energy and Industrial Products at the Railroad, as well as increased revenue at Overnite.

OPERATING EXPENSES - For the three and nine month periods ended September 30, 2001, operating expenses decreased $32 million (1%) and increased $98 million (1%), respectively, over the comparable periods in 2000. Costs decreased in the third quarter due primarily to lower fuel prices and lower materials and supplies expense. The increase in costs during the first nine months was attributable to higher fuel prices during the first six months, increased rent expense, and salaries, wages and employee benefits expense. Partially offsetting these increases were lower materials and supplies expenses and continued improvements in productivity through work force level reductions, and cost control initiatives. Operating expense comparisons by category for the three and nine month periods ending September 30, 2001 and September 30, 2000 are discussed below.

Salaries, wages, and employee benefits were higher reflecting wage increases and higher benefits expense partially offset by a 3% reduction in employment levels and improved productivity. Equipment and other rents expense decreased in the third quarter as a result of lower rail volume, higher receipts and lower car and intermodal leases which were partially offset by increased locomotive lease expense and longer car cycle times. Equipment and other rents expense increased for the nine month period due primarily to increased car cycle times and higher locomotive lease expense. Lower automotive carloads created increased cycle time as excess cars were temporarily stored at assembly plants and unloading facilities. Depreciation expense increased as a result of the Railroad's capital program in 2000 and the first nine months of 2001. Fuel and utilities costs declined in the third quarter due to lower fuel prices; however, for the first nine months of 2001, costs rose due to significantly higher fuel prices and increased gross ton miles at the Railroad compared to 2000. The decrease in materials and supplies reflects fewer locomotive overhauls and lower freight car repair costs at the Railroad. Casualty costs increased due to slightly higher settlement costs at the Railroad. Other costs increased 1% and decreased 2% for the three and nine month periods, respectively. Cost control and productivity gains at the Railroad for the first nine months were partially offset by higher state and local taxes and joint facilities expense at the Railroad during the third quarter of 2001.

OPERATING INCOME - Operating income increased $4 million (1%) and decreased $57 million (4%) for the three and nine month periods ended September 30, 2001, respectively, over the comparable periods in 2000. In the third quarter, lower fuel prices and material costs were partially offset by a decline in revenue. For the nine month period, higher fuel, wage and benefit, and rent expenses more than offset revenue growth and productivity gains at the Railroad and Overnite.

NON-OPERATING ITEMS - Non-operating expense decreased $20 million and $84 million for the three and nine months ended September 30, 2001, respectively. The reductions were primarily the result of higher income from real estate sales at the Railroad and lower interest expense. Income taxes for the three and nine month periods of 2001 increased $13 million (9%) and $21 million (5%), respectively, over the comparable periods of 2000 reflecting higher pre-tax income and a higher effective tax rate, in all periods of 2001.

RAIL SEGMENT

NET INCOME - Rail operations reported net income of $286 million and $757 million for the three and nine month periods ended September 30, 2001, respectively, compared to net income of $274 million for the third quarter of 2000 and $752 million for the nine month period in 2000. Lower fuel prices and materials and supplies expenses offset a 1% decline in revenue in the third quarter. For the nine month period, a 1% increase in commodity revenue, lower materials and supplies expenses and other costs and higher real estate sales income were partially offset by higher fuel prices, rent expenses, and depreciation.

OPERATING REVENUES - Rail operating revenues decreased $30 million (1%) to $2.7 billion in the third quarter and increased $21 million (flat) to $8.1 billion for the nine month period ended September 30, 2001 over the comparable periods in 2000. Revenue carloads declined 1% in the third quarter and were flat for the first nine months of 2001 as weakness in the economically sensitive commodities of Automotive, Chemicals, and Intermodal offset strong Energy demand.

The following tables summarize rail commodity revenue, revenue carloads and average revenue per car for the periods indicated:

Three Months Ended Sept. 30, 2001	Three Months Ended Sept. 30, 2000	% Change	Commodity Revenue In Millions	Nine Months Ended Sept. 30, 2001	Nine Months Ended Sept. 30, 2000	% Change
$ 357	$ 363	(2)	Agricultural	$ 1,071	$ 1,047	2
253	280	(10)	Automotive	830	877	(5)
393	412	(5)	Chemicals	1,170	1,248	(6)
611	586	4	Energy	1,781	1,605	11
514	502	3	Industrial Products	1,509	1,519	(1)
499	506	(1)	Intermodal	1,412	1,418	--
$ 2,627	$ 2,649	(1)	Total	$ 7,773	$ 7,714	1

Three Months Ended Sept. 30, 2001	2000	% Change	Revenue Carloads In Thousands	Nine Months Ended Sept. 30, 2001	2000	% Change
214	217	(1)	Agricultural	645	651	(1)
177	196	(10)	Automotive	561	609	(8)
225	237	(5)	Chemicals	666	713	(7)
549	513	7	Energy	1,602	1,432	12
368	363	1	Industrial Products	1,078	1,094	(1)
741	767	(3)	Intermodal	2,112	2,181	(3)
2,274	2,293	(1)	Total	6,664	6,680	--

Three Months Ended Sept. 30, 2001	2000	% Change	Average Revenue Per Car	Nine Months Ended Sept. 30, 2001	2000	% Change
$1,667	$1,673	--	Agricultural	$1,662	$1,607	3
1,429	1,425	--	Automotive	1,478	1,439	3
1,745	1,738	--	Chemicals	1,757	1,752	--
1,113	1,141	(2)	Energy	1,112	1,120	(1)
1,399	1,383	1	Industrial Products	1,400	1,389	1
674	661	2	Intermodal	668	650	3
$1,155	$1,155	--	Total	$1,166	$1,155	1

Agricultural - Agricultural revenue decreased for the three month period and increased for the nine month period of 2001 over the comparable periods in 2000. Wheat carloads declined in the third quarter and for the year as a result of soft domestic and overseas export demand and were the primary driver of the revenue decline in the third quarter. A weak export market throughout the year for corn shipments has been mostly offset by strong shipments to domestic feeder markets. Partially offsetting the overall decline was strong export demand for meals and oils shipments. Beverages, frozen and refrigerated products, and fruits and vegetables grew from strong domestic demand and new railroad services introduced last year. For the nine month period of 2001, average revenue per car increased primarily due to longer haul domestic corn shipments and fewer low average revenue per car wheat and sweeteners shipments.

Automotive - Automotive revenue declined for both the three and nine month periods of 2001 over the comparable periods in 2000 as carload volumes fell 10% in the third quarter and 8% for the nine months ended September 30, 2001. These declines were the result of soft consumer demand for vehicles compared to high vehicle production levels in 2000. The weak market led suppliers to shutdown plants and adjust inventories which also reduced auto materials shipments. Partially offsetting the weak demand was an increase in market share. Average revenue per car increased for the nine months due to fewer materials shipments with low average revenues per car. In addition, the use of boxcars rather than containers also contributed to the increase.

Chemicals - Chemicals revenue and carloads decreased for both the three and nine month periods of 2001 over the comparable periods in 2000 as a slowing economy and lower industrial production reduced demand for plastics and liquid and dry chemicals. Production and demand for plastics and fertilizer have decreased due to high raw material costs resulting from high natural gas costs.

Energy - The Railroad recorded its third consecutive quarterly record for revenue, carloads, and average coal trains per day out of the Southern Powder River Basin. The growth for both the three and nine month periods was the result of high utility demand and market share gains. Extreme weather and high prices for natural gas and Eastern-sourced coal reduced utility stockpiles compared to a year ago. Severe weather in the first half of the year and delays due to mine production issues partially offset these increases.

Industrial Products - Industrial Products revenue increased in the third quarter but decreased for the nine month period of 2001 over the comparable periods in 2000. Strong construction activity drove up demand for lumber, stone, and cement in the third quarter and for the nine months ended September 30, 2001. The slowdown elsewhere in the economy reduced demand in the third quarter and nine months for steel and metallic minerals, advertising newsprint, and ferrous scrap. Average revenue per car for the three and nine month periods increased slightly as price increases and increased volumes of high average revenue per car lumber shipments more than offset growth in low average revenue per car stone carloads.

Intermodal - Intermodal revenue declined for both the three and nine month periods of 2001 over the comparable periods in 2000, as carloadings fell 3% for both periods. Volumes declined primarily in domestic segments as the slowing economy reduced demand. International segments continued to grow for both the three month and nine month periods of 2001. Average revenue per car grew primarily as the result of price increases.

OPERATING EXPENSES - Operating expenses decreased $42 million (2%) in the third quarter and increased $73 million (1%) for the three and nine month periods ended September 30, 2001, respectively. Operating expense comparisons by category for the three and nine month periods ending September 30, 2001 and 2000 are discussed below. The factors primarily responsible for the increase or decrease in each category are substantially the same for both the three and nine month periods, except as noted.

Salaries, Wages and Employee Benefits - Labor costs decreased $9 million (1%) in the third quarter and increased $18 million (1%) for the nine month period ended September 30, 2001. In the third quarter, the lower expenses were due to a 5% reduction in employee levels and higher train crew productivity compared to 2000, partially offset by wage and benefit inflation. Labor costs increased for the nine month period primarily from higher wage and benefit inflation, which was partially offset by a 4% reduction in employees and higher train crew productivity.

Equipment and Other Rents - Expenses decreased $6 million (2%) for the three month period and increased $32 million (4%) for the nine month period ended September 30, 2001. Lower costs in the third quarter were due primarily to lower volume costs and car leases, which were partially offset by increased locomotive leases and cycle times. Expenses were higher in the nine month period due to increased cycle times and higher locomotive leases partially offset by lower volume costs. Locomotive leases increased due to the acquisition of new, more reliable and fuel-efficient units to replace older models in the fleet.

Depreciation - Depreciation increased $7 million (3%) and $25 million (3%) for the three and nine month periods, respectively, over comparable periods in 2000, as a result of the Railroad's capital program in 2000 and the first nine months of 2001. Capital spending was $1.3 billion in the nine months ended September 30, 2001, compared to $1.4 billion in the nine months ended September 30, 2000.

Fuel and utilities - Expenses were down $24 million (7%) and up $43 million (5%) for the three and nine month periods, respectively. Lower fuel prices in the third quarter reduced expense by $20 million in the third quarter. Higher year to date average fuel prices added $41 million of expense in the first nine months of 2001 over comparable periods in 2000. Additional costs due to higher gross ton miles were offset by a lower diesel fuel consumption rate. In 2001, the Railroad's fuel consumption was 32% hedged at an average of 69 cents per gallon in the first quarter, 8% hedged at 68 cents per gallon in the second quarter, and 26% hedged at 67 cents per gallon in the third quarter (excluding taxes, transportation charges, and regional pricing spreads). The hedges decreased fuel costs by $4 million in the first half of the year and $3 million in the third quarter. In 2000, the Railroad hedged approximately 10% of its fuel consumption for the three and nine month periods, which decreased fuel costs by $15 million and $35 million, respectively. As of September 30, 2001, expected fuel consumption for the remaining three months of 2001 is 48% hedged at 65 cents per gallon excluding taxes, transportation costs and regional pricing spreads (see note 4 to the consolidated financial statements). During

October 2001, additional swaps were entered into which increased the hedge percentage to 58% and decreased the cents per gallon, excluding taxes, transportation costs and regional pricing spreads to 64 for the remaining three months of 2001.

Materials and Supplies - Expenses decreased $16 million (12%) and $48 million (11%) for the three and nine month periods, respectively, reflecting decreases in locomotive overhauls as well as freight car repairs and purchasing costs. The decrease in locomotive overhauls is due to the acquisition of newer, more reliable units and the retirement of older models in the fleet.

Casualty Costs - Expenses increased $4 million (5%) and $7 million (3%) for the three and nine month periods, respectively, primarily due to higher settlement costs.

Other Costs - Expenses increased $2 million (1%) for the third quarter of 2001 and decreased $4 million (1%) for the first nine months compared to the same periods in 2000. Higher contract expenses, state and local taxes, and joint facilities expenses were partially offset by cost control measures during the third quarter of 2001. Lower costs in the first nine months were primarily due to cost control and productivity gains, which were partially offset by higher state and local taxes and joint facilities expenses.

OPERATING INCOME - Operating income increased $12 million (2%) to $575 million in the third quarter and decreased $52 million (3%) to $1.5 billion for the nine months ended September 30, 2001. The operating ratio for the third quarter of 2001 was 78.9%, 0.7 percentage points better than 2000's 79.6% operating ratio. The operating ratio for the nine months ended September 30, 2001 was 81.2%, 0.6 percentage points worse than 2000's 80.6%.

NON-OPERATING ITEMS - Non-operating expense decreased $12 million and $78 million for the three and nine months ended September 30, 2001, respectively. The gains were primarily the result of higher income from real estate sales and lower interest expense. Income taxes increased $12 million for the third quarter and $21 million for the first nine months of 2001 reflecting higher pre-tax income and a higher effective tax rate in 2001.

TRUCKING SEGMENT

OPERATING REVENUES - For the three and nine month periods ended September 30, 2001, trucking revenues increased $5 million (2%) to $292 million and $23 million (3%) to $862 million, respectively, over the comparable periods in 2000 despite a decline in volume. The growth in each period resulted primarily from improved yield, partially offset by lower tonnage hauled.

OPERATING EXPENSES - For the three and nine month periods ended September 30, 2001, operating expenses increased $7 million (3%) to $274 million and $17 million (2%) to $819 million, respectively, over the comparable periods in 2000. Salaries, wages and employee benefits costs increased $9 million (5%) to $173 million and $25 million (5%) to $519 million for the three and nine month periods of 2001, respectively, reflecting wage and benefit increases and a 3% increase in employee levels. Fuel and utilities costs decreased $1 million (6%) to $17 million for the third quarter due to lower fuel prices partially offset by lower fuel economy. For the nine month period, fuel and utilities expense was nearly flat compared to 2000 as fuel price was the same in both periods. In the first nine months of 2001, Overnite had no fuel hedges. In the first nine months of 2000, fuel consumption was 9% hedged at an average of 39 cents per gallon (excluding taxes, transportation charges, and regional pricing spreads). As of September 30, 2001, no fuel consumption for the remaining three months of 2001 was hedged. Depreciation expense was flat at $12 million and $36 million for the three and nine months ended September 30, 2001, respectively. Materials and supplies expenses were flat at $12 million in the third quarter and up $1 million (3%) to $37 million for the nine month period ended September 30, 2001. Equipment and other rents decreased $1 million (4%) to $25 million for the third quarter and decreased $2 million (3%) to $71 million for the nine-month period over 2000 due to a reduction in local transportation services which offset an increase in contracted linehaul purchased transportation. Other expenses were flat at $35 million for the third quarter and down $6 million to $104 million (5%) for the nine month period ended September 30, 2001 primarily due to lower security, legal, and travel expenses compared to 2000.

OPERATING INCOME - Operating income decreased $2 million (7%) to $18 million and increased $6 million (15%) to $43 million for the three and nine months ended September 30, 2001, respectively. The operating ratio for the third quarter of 2001 was 93.7%, 0.5 percentage points worse than 2000's 93.2% operating ratio. The operating ratio for the nine months ended September 30, 2001 was 95.1%, 0.5 percentage points better than 2000's 95.6%.

OTHER OPERATIONS

OTHER PRODUCT LINES

The other product lines include the corporate holding company (which largely supports the Railroad), Fenix LLC, self-insurance activities, and all appropriate consolidating entries (see note 2 to the consolidated financial statements). For the three and nine month periods ended September 30, 2001, operating losses increased $6 million and increased $11 million, respectively, reflecting increased operating expenses over the same periods of 2000.

CHANGES IN FINANCIAL CONDITION AND OTHER DEVELOPMENTS

FINANCIAL CONDITION - During the first nine months of 2001, cash provided by operations was $1.4 billion, compared to $1.5 billion in 2000. The decrease is primarily attributable to the timing of large cash payments including payments for the work force reduction.

Cash used in investing activities was $1.3 billion during the first nine months of 2001, compared to $1.4 billion in 2000. The decrease in 2001 is a result of lower capital spending and higher asset sales in 2001, partially offset by the receipt of a cash dividend from an affiliate in 2000.

Cash used in financing activities was $73 million in the first nine months of 2001, compared to $263 million in 2000. This lower net use of cash in financing activities is the result of higher debt and other financings in 2001 ($867 million in 2001 compared to $538 million in 2000) partly offset by higher net debt repayments ($792 million in 2001 versus $651 million in 2000).

Including the Convertible Preferred Stock as an equity instrument, the ratio of debt to total capital employed was 43.9% at September 30, 2001 and 45.1% at December 31, 2000.

FINANCING ACTIVITIES

CREDIT FACILITIES - On September 30, 2001, the Corporation had $2.0 billion in revolving credit facilities, of which $1.0 billion expires in March 2002, with the remaining $1.0 billion expiring in 2005. The facilities, which were entered into during March 2001 and March 2000, respectively, are designated for general corporate purposes.

SHELF REGISTRATION STATEMENT AND SIGNIFICANT NEW BORROWINGS - During May 2001, under an existing shelf registration statement, the Corporation issued the remaining $200 million of debt securities available as fixed rate debt with a maturity date of May 25, 2004. Simultaneously, the Corporation entered into an interest rate swap converting the debt from a fixed rate to a variable rate. The proceeds from the issuance of this debt were used for repayment of debt and other general corporate purposes.

In June 2001, the Corporation filed a $1.0 billion shelf registration statement, which became effective June 14, 2001. Under the shelf registration statement, the Corporation may issue, from time to time, any combination of debt securities, preferred stock, common stock or warrants for debt securities or preferred stock in one or more offerings. The total offering price of these securities, in the aggregate, will not exceed $1.0 billion.

During July 2001, UPRR entered into capital leases covering new locomotives. The related capital lease obligations totaled approximately $124 million and are included in the statements of consolidated financial position as debt.

On October 1, 2001, the Corporation issued $300 million of fixed-rate debt under its shelf registration statement with a maturity date of October 15, 2007, leaving $700 million available for issuance. The proceeds from the issuance of this debt were used for repayment of debt and other general corporate purposes.

OTHER MATTERS

COMMITMENTS AND CONTINGENCIES - There are various claims and lawsuits pending against the Corporation and certain of its subsidiaries. The Corporation is also subject to various federal, state and local environmental laws and regulations, pursuant to which it is are currently participating in the investigation and remediation of various sites. A discussion of certain claims, lawsuits, contingent liabilities and guarantees is set forth in note 9 to the consolidated financial statements, which is incorporated herein by reference.

ACCOUNTING PRONOUNCEMENTS - In September 2000, the Financial Accounting Standards Board issued Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" (FAS 140), replacing Statement No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" (FAS 125). FAS 140 revises criteria for accounting for securitizations, other financial asset transfers and collateral, and introduces new disclosures. FAS 140 was effective for fiscal 2000 with respect to the new disclosure requirements and amendments of the collateral provisions originally presented in FAS 125. All other provisions are effective for transfers of financial assets and extinguishments of liabilities occurring after March 31, 2001. The provisions are to be applied prospectively with certain exceptions. The adoption of FAS 140 did not have a significant impact on the Corporation's consolidated financial statements.

In July 2001, the Financial Accounting Standards Board issued Statement No. 141, "Business Combinations" (FAS 141). FAS 141 revises the method of accounting for business combinations and eliminates the pooling method of accounting. FAS 141 is effective for all business combinations that are initiated or completed after June 30, 2001. Management believes the financial impact that FAS 141 will have on the Corporation's consolidated financial statements will not be significant.

Also in July 2001, the Financial Accounting Standards Board issued Statement No. 142, "Goodwill and Other Intangible Assets" (FAS 142). FAS 142 revises the method of accounting for goodwill and other intangible assets. FAS 142 eliminates the amortization of goodwill, but requires goodwill to be tested for impairment at least annually at a reporting unit level. FAS 142 is effective for the Corporation's fiscal year beginning January 1, 2002. Management believes the financial impact that FAS 142 will have on the Corporation's consolidated financial statements will not be significant.

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Accounting Standards Board Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Asset to Be Disposed Of" (FAS 121). FAS 144 develops one accounting model, based on the framework established in FAS 121, for long-lived assets to be disposed of by sale. The accounting model applies to all long-lived assets, including discontinued operations, and it replaces the provisions of APB Opinion No. 30, "Reporting Results of Operations-Reporting the Effects of Disposal of a Segment of a Business and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," for disposal of segments of a business. FAS 144 requires that long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. FAS 144 also broadens the definition of discontinued operations. FAS 144 is effective for the Corporation's fiscal year beginning January 1, 2002. Management is currently in the process of evaluating the impact this standard will have on the Corporation's consolidated financial statements.

MOTOR CARGO ACQUISITION - On October 15, 2001, the Corporation announced that it had entered into an Agreement and Plan of Merger, dated October 15, 2001 (the Agreement), with Motor Cargo Industries, Inc., a Utah corporation (Motor Cargo), and Motor Merger Co., a Utah corporation and wholly owned subsidiary of UPC, pursuant to which the Corporation agreed to offer to exchange for each share of Motor Cargo common stock, no par value (Motor Cargo Stock), at the election of the holder, either 0.26 of a share of common stock, par value $2.50 per share, of the Corporation or $12.10 in cash. On October 31, 2001, the Corporation announced the commencement of its offer to acquire the shares of Motor Cargo Stock, which offer will remain open until November 29, 2001, unless the Corporation elects to extend the offer beyond such date in accordance with the Agreement. Under the purchase method of accounting, the purchase price will be approximately $80 million. Motor Cargo is a western regional less than truckload (LTL) carrier providing comprehensive service throughout 10 western states.

CAUTIONARY INFORMATION

CAUTIONARY INFORMATION

Certain statements in this report are, 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 the Corporation) are, or will be, forward-looking within the meaning of 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 improvements; expectations as to cost savings, revenue growth and earnings; the time by which certain objectives will be achieved; estimates of costs relating to environmental remediation and restoration; proposed new products and services; expectations that claims, lawsuits, environmental costs, commitments, contingent liabilities, labor negotiations or agreements, or other matters will not have a material adverse effect on its consolidated financial position, results of operations or liquidity; and statements concerning projections, predictions, expectations, estimates or forecasts as to the Corporation's and its subsidiaries' business, financial and operational results, and future economic performance, statements of management's goals and objectives and 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 at, or by which, such performance or results will be achieved. Forward-looking information is based on information available at the time and/or management's good faith belief with respect to future events, and is subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements.

Important factors that could cause such differences include, but are not limited to, whether the Corporation and its subsidiaries are fully successful in implementing their financial and operational initiatives; industry competition, conditions, performance and consolidation; legislative and/or regulatory developments, including possible enactment of initiatives to re-regulate the rail business; natural events such as severe weather, floods and earthquakes; the effects of adverse general economic conditions, both within the United States and globally; any adverse economic or operational repercussions from recent terrorist activities, any government response thereto and any future terrorist activities; changes in fuel prices; changes in labor costs; labor stoppages; and the outcome of claims and litigation.

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in market risk from the information provided in Item 7A. Quantitative and Qualitative Disclosures About Market Risk of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2000. Disclosure concerning market risk-sensitive instruments is set forth in note 4 to the consolidated financial statements included in Item 1 of Part I of this Report and is incorporated herein by reference.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

SHAREHOLDER LITIGATION

As previously reported, a purported derivative action was filed by nine individuals, seven of whom are members of the International Brotherhood of Teamsters (Teamsters), on behalf of the Corporation on June 21, 2001 in the Chancery Court of Shelby County, Tennessee, naming as defendants current and certain former directors of the Corporation and various present and former officers and employees of Overnite Transportation Company, as well as Overnite, and, as a nominal defendant, the Corporation. The derivative action alleges, among other things, that the named defendants breached their fiduciary duties to the Corporation, wasted its assets and mismanaged the company by opposing the efforts of the Teamsters to organize the employees of Overnite. Plaintiffs claim that the "anti-union" campaign allegedly waged by the defendants cost millions of dollars and caused a substantial decline in the value of Overnite. On July 31, 2001, defendants filed a motion to dismiss the action on various grounds, which is still pending. The Corporation, Overnite and the individual defendants believe that the claims raised by the plaintiffs are without merit and intend to defend them vigorously. There have been no material developments with respect to these claims during the period covered by this report.

LABOR MATTERS

As previously reported, the General Counsel of the National Labor Relations Board (NLRB) is seeking a bargaining order remedy in 11 cases involving Overnite where a Teamsters local union lost a representation election. In these eleven cases an administrative law judge ruled that the bargaining order remedy is warranted. Overnite appealed those rulings to the NLRB. In two separate decisions, the NLRB upheld the decisions of the administrative law judge, and Overnite appealed the NLRB's rulings to the United States Court of Appeals for the Fourth Circuit. On February 16, 2001 a two-one majority of a Fourth Circuit panel enforced the NLRB bargaining orders in the first four cases. On July 5, 2001 a majority of judges of the entire Fourth Circuit bench granted Overnite's petition for a rehearing by the entire court in those four cases, and a hearing was held on September 25, 2001. A decision with respect to this hearing is still pending. The appeal of the other seven cases has been held in abeyance. In a twelfth case, the administrative law judge found that a bargaining order remedy was not warranted. Overnite believes it has substantial defenses in the bargaining order cases and intends to continue to defend them aggressively.

ENVIRONMENTAL MATTERS

The State of Illinois filed a complaint against the Railroad with the Illinois Pollution Board on May 14, 2001 seeking penalties for an alleged violation of state air pollution laws arising out of a release of styrene from a tank car near Cora, Illinois, which occurred on August 29, 1997. The car contained styrene monomer, a hazardous substance, stabilized by an inhibitor by the origin shipper. The car was delayed in transit for a number of different reasons including rerouting and reconsignment by the shipper. The Railroad was not notified that such delays could jeopardize the shipment. Eventually the effect of the inhibitor wore off and the styrene went into a reactive state resulting in pressure and venting near Cora, Illinois. A small populated area was evacuated for a few hours. The situation was controlled and remediated promptly. Styrene has since been put on the Railroad's list of time sensitive shipments for special monitoring. The State of Illinois seeks to assess a penalty in excess of $100,000. The Railroad believes the penalty should be significantly less than $100,000 and is vigorously defending the case. A hearing of the complaint is scheduled for March 22, 2002.

OTHER MATTERS

As previously reported in the Corporation's Annual Report on Form 10-K for 2000, Western Resources (Western) filed a complaint on January 24, 2000 in the U.S. District Court for the District of Kansas alleging that UPRR and The Burlington Northern Santa Fe Railway Company (BNSF) materially breached their service obligations under the transportation contract to deliver coal in a timely manner to Western's Jeffrey Energy Center. The original complaint sought recovery of consequential damages and termination of the contract, excusing Western from further performance. In an amended complaint filed September 1, 2000, Western claimed the right to retroactive termination and added a claim for restitution. On October 23, 2001, Western moved for leave to file a second amendment to its complaint to add counts for innocent misrepresentation and negligent misrepresentation and to request rescission of the contract. The railroads are vigorously defending this lawsuit and oppose amendment of the complaint. As of the date of this report, the railroads have not filed their opposition to the second amendment. The suit currently is scheduled for trial in May of 2002. If, however, Western is permitted to file the second amended complaint, the trial date likely will be postponed. UPRR and BNSF have filed two motions seeking dismissal of the termination and restitution claims, both of which are still pending.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

12(a) Computation of ratio of earnings to fixed charges for the Three Months Ended September 30, 2001.

12(b) Computation of ratio of earnings to fixed charges for the Nine Months Ended September 30, 2001.

(b) REPORTS ON FORM 8-K

On July 19, 2001, UPC filed a Current Report on Form 8-K announcing UPC's financial results for the second quarter of 2001.

On October 16, 2001, UPC filed a Current Report on Form 8-K announcing the Agreement and Plan of Merger by and among Motor Cargo Industries, Inc., Union Pacific Corporation and Motor Merger Co.

On October 18, 2001, UPC filed a Current Report on Form 8-K announcing UPC's financial results for the third quarter of 2001.

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: November 14, 2001

UNION PACIFIC CORPORATION
(Registrant)

By /s/ Richard J. Putz

Richard J. Putz
Vice President and Controller
(Chief Accounting Officer and Duly Authorized Officer)

UNION PACIFIC CORPORATION
EXHIBIT INDEX

Exhibit No.	Description of Exhibits Filed with this Statement
12(a)	Computation of ratio of earnings to fixed charges for the Three Months Ended September 30, 2001.
12(b)	Computation of ratio of earnings to fixed charges for the Nine Months Ended September 30, 2001.

EXHIBIT 12(a)

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(UNAUDITED)

Millions, Except Ratios	Three Months Ended Sept. 30, 2001	Three Months Ended Sept. 30, 2000
Earnings:		
Net income	$ 267	$ 256
Undistributed equity earnings	(19)	(16)
Total earnings	248	240
Income taxes	163	150
Fixed charges:		
Interest expense including amortization of debt discount	175	181
Portion of rentals representing an interest factor	10	45
Total fixed charges	185	226
Earnings available for fixed charges	$ 596	$ 616
Ratio of earnings to fixed charges	3.2	2.7

EXHIBIT 12(b)

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(UNAUDITED)

Millions, Except Ratios	Nine Months Ended Sept. 30, 2001	2000
Earnings:		
Net income	$ 691	$ 685
Undistributed equity earnings	(34)	44
Total earnings	657	729
Income taxes	418	397
Fixed charges:		
Interest expense including amortization of debt discount	534	543
Portion of rentals representing an interest factor	30	131
Total fixed charges	564	674
Earnings available for fixed charges	$ 1,639	$ 1,800
Ratio of earnings to fixed charges	2.9	2.7