

FORM 10-Q

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

(Mark One)

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

For the quarterly period ended March 31, 1996

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
(State or other jurisdiction of
incorporation or organization)

13-2626465
(I.R.S. Employer
Identification No.)

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

18018
(Zip Code)

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

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

YES X NO
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As of April 30, 1996, there were 205,818,473 shares of the Registrant's
Common Stock outstanding.

UNION PACIFIC CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

CONDENSED STATEMENT OF CONSOLIDATED INCOME

For the Three Months Ended March 31, 1996 and 1995

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

	1996	1995
	-----	-----
Operating Revenues (Note 3).....	\$ 1,968	\$ 1,664
	-----	-----
Operating Expenses (Note 3):		
Salaries, wages and employee benefits.....	773	656
Equipment and other rents.....	227	163
Depreciation and amortization	172	138
Fuel and utilities (Note 5).....	164	126
Materials and supplies.....	117	89
Other costs.....	250	213
	-----	-----
Total.....	1,703	1,385
	-----	-----
Operating Income.....	265	279
Other Income - Net.....	18	49
Interest Expense (Notes 2, 3, 4 and 5).....	(117)	(91)
Corporate Expenses.....	(28)	(30)
	-----	-----
Income before Income Taxes.....	138	207
Income Taxes.....	(31)	(77)
	-----	-----
Income from Continuing Operations.....	107	130
Income from Discontinued Operations, Net of Income Taxes of \$27 Million in 1996 and \$20 Million in 1995 (Note 4).....	49	61
	-----	-----
Net Income.....	\$ 156	\$ 191
	=====	=====
Earnings Per Share:		
Income from Continuing Operations.....	\$ 0.52	\$ 0.63
Income from Discontinued Operations.....	0.24	0.30
	-----	-----
Net Income.....	\$ 0.76	\$ 0.93
	=====	=====
Weighted Average Number of Shares.....	206.3	205.5
Cash Dividends Per Share.....	\$ 0.43	\$ 0.43
Ratio of Earnings to Fixed Charges (Note 6).	1.9	2.9

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

CONDENSED STATEMENT OF CONSOLIDATED FINANCIAL POSITION
(Millions of Dollars)
(Unaudited)

ASSETS	March 31, 1996	December 31, 1995
	-----	-----
Current Assets:		
Cash and temporary investments.....	\$ 79	\$ 230
Accounts receivable	447	349
Inventories.....	227	238
Notes receivable (Note 4).....	652	653
Other current assets.....	241	209
	-----	-----
Total Current Assets.....	1,646	1,679
	-----	-----
Investments:		
Investments in and advances to affiliated companies (Note 2).....	1,261	1,260
Other investments.....	186	187
	-----	-----
Total Investments.....	1,447	1,447
	-----	-----
Properties:		
Railroad:		
Road and other.....	13,038	12,888
Equipment.....	5,111	5,004
	-----	-----
Total Railroad.....	18,149	17,892
	-----	-----
Trucking.....	743	744
	-----	-----
Other.....	114	112
	-----	-----
Total Properties.....	19,006	18,748
Accumulated depreciation.....	(4,746)	(4,643)
	-----	-----
Properties - Net	14,260	14,105
	-----	-----
Net Assets of Discontinued Operations (Note 4)..	1,361	1,312
Excess Acquisition Costs - Net (Note 3).....	717	730
Other Assets.....	178	173
	-----	-----
Total Assets.....	\$ 19,609	\$ 19,446
	=====	=====

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

CONDENSED STATEMENT OF CONSOLIDATED FINANCIAL POSITION

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

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31, 1996	December 31, 1995
	-----	-----
Current Liabilities:		
Accounts payable.....	\$ 130	\$ 145
Accrued wages and vacation.....	299	284
Income and other taxes.....	181	178
Accrued casualty costs.....	189	192
Dividends and interest.....	187	203
Debt due within one year.....	225	132
Other current liabilities.....	763	765
	-----	-----
Total Current Liabilities.....	1,974	1,899
	-----	-----
Debt Due After One Year (Notes 2, 3 and 4).....	6,129	6,232
Deferred Income Taxes.....	3,595	3,498
Retiree Benefits Obligation.....	609	588
Other Long-Term Liabilities (Note 7).....	640	649
Minority Interest in Consolidated Subsidiary (Note 4).....	226	216
Stockholders' Equity:		
Common stock, \$2.50 par value, authorized 500,000,000 shares, 232,665,185 shares issued in 1996, 232,317,010 shares issued in 1995....	582	581
Paid-in surplus.....	2,129	2,111
Retained earnings.....	5,394	5,327
Treasury stock, at cost, 26,945,725 shares in 1996, 26,737,806 shares in 1995.....	(1,669)	(1,655)
	-----	-----
Total Stockholders' Equity.....	6,436	6,364
	-----	-----
Total Liabilities and Stockholders' Equity....	\$ 19,609	\$ 19,446
	=====	=====

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

CONDENSED STATEMENT OF CONSOLIDATED CASH FLOWS
For the Three Months Ended March 31, 1996 and 1995-----
(Millions of Dollars)
(Unaudited)

	1996	1995
	-----	-----
Cash flows from operating activities:		
Net Income.....	\$ 156	\$ 191
Non-cash items included in income:		
Depreciation and amortization.....	172	138
Deferred income taxes.....	(54)	23
Other - net.....	79	83
Income from discontinued operations (Note 4).....	(49)	(61)
Changes in current assets and liabilities.....	(43)	(124)
	-----	-----
Cash from operations.....	261	250
	-----	-----
Cash flows from investing activities:		
Capital investments.....	(259)	(178)
Other - net.....	13	267
	-----	-----
Cash (used in) provided by investing activities.	(246)	89
	-----	-----
Cash flows from equity and financing activities:		
Dividends paid.....	(89)	(88)
Debt repaid.....	(678)	(259)
Financings.....	668	--
Other - net.....	(67)	(21)
	-----	-----
Cash used in equity and financing.....	(166)	(368)
	-----	-----
Net decrease in cash and temporary investments...	\$ (151)	\$ (29)
	=====	=====

CONDENSED STATEMENT OF CONSOLIDATED RETAINED EARNINGS
For the Three Months Ended March 31, 1996 and 1995
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

	1996	1995
	-----	-----
Balance at Beginning of Year.....	\$ 5,327	\$ 4,734
Net Income.....	156	191
	-----	-----
Total.....	5,483	4,925
Dividends Declared (\$0.43 per share in 1996 and 1995).....	(89)	(89)
	-----	-----
Balance at End of Period.....	\$ 5,394	\$ 4,836
	=====	=====

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Responsibilities for Financial Statements - The condensed consolidated financial statements are unaudited and reflect all adjustments (consisting only of normal and recurring adjustments) that are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the interim periods. The Condensed Statement of Consolidated Financial Position at December 31, 1995 is derived from audited financial statements. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Union Pacific Corporation (the Corporation or UPC) Annual Report to Stockholders incorporated by reference in the Corporation's Annual Report on Form 10-K for the year ended December 31, 1995. The results of operations for the three months ended March 31, 1996 are not necessarily indicative of the results for the entire year ending December 31, 1996.
2. Acquisition of Southern Pacific Rail Corporation (Southern Pacific) - In August 1995, the Corporation and Southern Pacific entered into a definitive merger agreement (the Agreement) providing for the acquisition of Southern Pacific by UPC. Under the terms of the Agreement, UPC completed a first-step cash tender offer in September 1995, pursuant to which approximately 39 million, or 25%, of the outstanding common shares of Southern Pacific were acquired at a price of \$25 per share. The cash tender offer was funded with \$976 million in borrowings under the Corporation's then existing credit facilities.

Following the effective date of final approval of the Southern Pacific acquisition by the Surface Transportation Board (STB) of the U.S. Department of Transportation--the successor to the Interstate Commerce Commission--which is expected in September 1996, UPC will complete the acquisition by exchanging the remaining Southern Pacific common shares, at the holder's election and subject to proration, for \$25 in cash or 0.4065 shares of the Corporation's common stock.

Should the STB not approve the acquisition or should UPC elect not to complete the acquisition because the STB imposes onerous conditions which prevent UPC from realizing the economic benefits of the business combination with Southern Pacific, a subsequent disposition of the Southern Pacific shares owned by the Corporation could result in a significant loss. However, UPC continues to believe that the Southern Pacific acquisition will be approved without onerous conditions.

The business combination with Southern Pacific will be accounted for as a purchase. Until the merger's consummation, the Corporation will account for its investment in Southern Pacific using the equity method. Although the purchase price allocation will not be finalized until after the STB renders its decision, initial estimates indicate that the fair value of tangible assets acquired will exceed the purchase price.

3. Acquisition of Chicago and North Western Transportation Company (CNW) - In April 1995, UPC completed the acquisition of the remaining 71.6% of CNW's outstanding common stock not previously owned by the Corporation for approximately \$1.2 billion. Prior to the acquisition, CNW was the nation's eighth largest railroad. The Corporation funded the acquisition through the issuance of additional debt. The acquisition of CNW has been accounted for as a purchase and CNW's financial results were consolidated with the Corporation effective May 1, 1995.
4. Union Pacific Resources Group Inc. (Resources) - In July 1995, the Corporation's Board of Directors approved a formal plan to divest of UPC's natural resources business through an initial public offering (IPO) followed by a distribution of the shares owned by the Corporation to its stockholders. The distribution is expected to occur in the fourth quarter 1996, after receipt of a favorable Internal Revenue Service ruling and consummation or termination of the Southern Pacific acquisition.

The IPO of 42.5 million Resources' shares at \$21 per share was completed in October 1995, and generated net proceeds of \$844 million. At that time, Resources distributed to UPC a dividend of \$1,621 million (\$912 million in cash, \$650 million in 8.5% notes due within 90 days of the stock distribution and a \$59 million intercompany balance owed to the Corporation). UPC used the cash proceeds to repay outstanding commercial paper.

Resources' results have been reported as a discontinued operation in the Corporation's condensed consolidated financial statements for all periods presented.

The following summarized financial information is derived from Resources' condensed consolidated financial statements to be contained in Resources' first quarter 1996 Quarterly Report on Form 10-Q, which will be filed with the Securities and Exchange Commission no later than May 15, 1996, and is presented to provide additional information on Resources' financial results to the Corporation's stockholders:

	March 31, 1996	December 31, 1995
	-----	-----
	(Millions of Dollars)	

Current assets	\$ 353	\$ 420
Non-current assets	2,875	2,889
Current liabilities	929	1,067
Non-current liabilities	938	930
Stockholders' equity	1,361	1,312

	March 31, 1996	March 31, 1995
	-----	-----
	(Millions of Dollars)	

Operating revenues	\$ 390	\$ 325
Operating income	97	86
Net income	59	61

Financial Instruments: Resources uses swaps, futures and forward contracts to protect against unfavorable hydrocarbon price movements. Credit risk related to these activities is managed by requiring that counterparties meet minimum credit standards. At March 31, 1996, the largest credit risk

associated with any of Resources' counterparties was approximately \$14 million, which was partially secured by a \$10 million letter of credit.

At March 31, 1996, Resources had entered into near-term futures contracts and price swaps for May-June 1996 with respect to average natural gas sales volumes of 238 MMcfd at \$1.81/Mcf which had a total unrecognized mark-to-market loss of \$2 million. Resources had also entered into financial contracts related to long-term fixed price commitments for 85.2 Bcf which had a total unrecognized mark-to-market loss of \$13 million at March 31, 1996.

5. Financial Instruments - The Corporation uses derivative financial instruments in limited instances for other than trading purposes to manage risk as it relates to fuel prices and interest rates. Where the Corporation has fixed interest rates or fuel prices through the use of swaps, futures or forward contracts, the Corporation has mitigated the downside risk of adverse price and rate movements; however, it has also limited future gains from favorable movements.

The Corporation addresses market risk related to these 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 minimum credit standards for counterparties and periodic settlements. The largest credit risk associated with any of the Corporation's counterparties was \$18 million at March 31, 1996. The Corporation has not been required to provide, nor has it received, any significant amount of collateral relating to its hedging activity.

The fair market value of the Corporation's derivative financial instrument positions at March 31, 1996 was determined based upon current fair market values as quoted by recognized dealers or developed based upon the present value of future cash flows discounted at the applicable zero coupon U.S. treasury rate and swap spread.

Interest Rates - The Corporation controls its overall risk to fluctuations in interest rates by managing the proportion of fixed and floating rate debt instruments within its debt portfolio over a given period. Derivatives are used in limited circumstances as one of the tools to obtain the targeted mix. The mix of fixed and floating rate debt is largely managed through the issuance of targeted amounts of such debt as debt maturities occur or as incremental borrowings are required. The Corporation also obtains additional flexibility in managing interest cost and the interest rate mix within its debt portfolio by issuing callable fixed rate debt securities.

At March 31, 1996, the Corporation had outstanding interest rate swaps on \$226 million of notional principal amount of debt (4% of the total debt portfolio) with a gross fair market value asset position of \$18 million and a gross fair market value liability position of \$10 million. These contracts mature over the next one to nine years. Interest rate hedging activity increased first quarter 1996 interest expense by \$2 million.

Fuel - Over the past three years, fuel costs approximated 9 percent of the Corporation's total operating expenses. As a result of the significance of the fuel costs and the historical volatility of fuel prices, the Corporation periodically uses swaps, futures and forward contracts to mitigate the

impact of fuel price volatility. The intent of this program is to protect the Corporation's operating margins and overall profitability from adverse fuel price changes.

At March 31, 1996, the Corporation had hedged 33% of the remaining 1996 fuel consumption of Union Pacific Railroad Company and its affiliate Missouri Pacific Railroad Company (collectively the Railroad) at \$0.46 per gallon on a Gulf Coast basis, while Overnite Transportation Company had not hedged any of its 1996 fuel requirements. At March 31, 1996, the Corporation had outstanding swap agreements covering the Railroad's fuel purchases of \$95 million with a gross and net asset position of \$12 million. Fuel hedging lowered first quarter 1996 fuel costs by \$4 million.

6. Ratio of Earnings to Fixed Charges - The ratio of earnings to fixed charges has been computed on a total enterprise basis. Earnings represent income from continuing operations less equity in undistributed earnings of unconsolidated affiliates, plus income taxes and fixed charges. Fixed charges represent interest, amortization of debt discount and expense, and the estimated interest portion of rental charges.
7. Commitments and Contingencies - There are various lawsuits pending against the Corporation and certain of its subsidiaries. The Corporation is also subject to Federal, state and local environmental laws and regulations and is currently participating in the investigation and remediation of numerous sites. Where the remediation costs can be reasonably determined, and where such remediation is probable, the Corporation has recorded a liability. In addition, the Corporation has entered into commitments and provided guarantees for specific financial and contractual obligations of its subsidiaries and affiliates. The Corporation does not expect that the lawsuits, environmental costs, commitments or guarantees will have a material adverse effect on its consolidated financial condition or its results of operations.

Management does not anticipate that the ultimate resolution of the matters described in Part I, Item 3. Legal Proceedings of the Corporation's 1995 Annual Report on Form 10-K and in Part II, Item 1. Legal Proceedings in this Report will have a material adverse effect on the Corporation's consolidated financial condition or operating results.

8. Accounting Pronouncements - The Financial Accounting Standards Board (FASB) issued Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," which establishes methods for determining when an impairment of long-lived assets has occurred and for measuring the impairment of long-lived assets. Initial adoption of Statement 121 did not have a material effect on UPC's operating results or financial condition.

The FASB also issued Statement No. 123, "Accounting for Stock-Based Compensation," which encourages, but does not require, employers to adopt a fair value method of accounting for employee stock-based compensation, and which requires increased stock-based compensation disclosure if expense recognition is not adopted. The Corporation has not elected expense recognition for stock options and therefore implementation of this Statement had no effect on UPC's operating results or financial condition.

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

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

RESULTS OF OPERATIONS

Quarter Ended March 31, 1996 Compared to March 31, 1995

CORPORATE REORGANIZATION

Chicago and North Western Transportation Company (CNW) - In April 1995, Union Pacific Corporation (the Corporation or UPC) acquired the remaining 71.6% of CNW's outstanding common stock not previously owned by UPC for \$1.2 billion. The acquisition of CNW was accounted for as a purchase and CNW's financial results were consolidated with UPC beginning in May 1995.

Natural Resources Divestiture - In July 1995, UPC's Board of Directors approved a formal plan to exit its natural resources business. The plan includes an initial public offering (IPO) of Union Pacific Resources Group Inc.'s (Resources) common stock (which occurred in October 1995) followed by the distribution of UPC's remaining interest in Resources to the Corporation's stockholders on a tax-free, pro-rata basis once UPC has received a favorable ruling from the Internal Revenue Service (IRS) as to the tax-free nature of the distribution and after the completion or termination of the acquisition of Southern Pacific Rail Corporation (Southern Pacific).

Southern Pacific Acquisition - In August 1995, UPC and Southern Pacific entered into a definitive merger agreement (the Agreement) providing for the acquisition of Southern Pacific by UPC. Under the terms of the Agreement, UPC acquired 25% of Southern Pacific's common stock in a first-step cash tender offer in September 1995. UPC deposited these shares in an independent voting trust pending regulatory approval of the acquisition. Following the effective date of final approval of the Southern Pacific acquisition by the Surface Transportation Board (STB) of the U.S. Department of Transportation--the successor to the Interstate Commerce Commission--which is expected in September 1996, UPC will complete the acquisition of Southern Pacific by exchanging each of the remaining Southern Pacific common shares, at the holder's election and subject to proration, for \$25 or 0.4065 shares of UPC common stock.

The Corporation filed its application for control of Southern Pacific with the STB on November 30, 1995. Since that time, nearly 2,000 support statements have been filed with the STB. Of such support statements, more than 1,300 were provided by customers of Union Pacific Railroad Company and its affiliate, Missouri Pacific Railroad Company (collectively the Railroad), and Southern Pacific. In addition, 21 of the 25 states served by the Railroad and Southern Pacific have formally endorsed the acquisition, as have over 650 state and local officials. The acquisition has also received formal endorsements from every major Pacific Coast port and the Gulf Coast ports of Houston, Corpus Christi, Brownsville and Lake Charles Harbor. Furthermore, seven labor organizations representing the majority of the unionized workforce of the Railroad and Southern Pacific have formally endorsed the acquisition.

However, the acquisition is not without opposition. On or before the March 29, 1996 filing deadline, several groups and shippers, including the Texas Railroad Commission and the National Industrial Transportation League, filed statements opposing the acquisition with the STB. On April 12, 1996, the U.S. Department of Justice filed its comments in opposition to the acquisition. Certain other Class I railroads have also filed opposition statements.

On April 18, 1996, UPC reached a settlement agreement with the Chemical Manufacturers Association (CMA) that addressed the concerns that CMA had with respect to the acquisition and resulted in CMA withdrawing its opposition to the acquisition. CMA is a 200-member trade group whose members produce 90% of the chemical industry's annual output. Individual members of CMA are free to support or oppose the acquisition.

On April 29, 1996, UPC and Southern Pacific filed their Rebuttals to Interested Parties with the STB in response to the acquisition opposition statements. Interested parties' rebuttals to the UPC/Southern Pacific filing are scheduled to be filed by May 14, 1996, with legal briefs due to be filed with the STB by June 3, 1996 and oral arguments before the STB anticipated to occur on July 1, 1996. The STB voting conference on the acquisition is scheduled for July 3, 1996 with the final STB written decision due August 12, 1996.

Should the STB not approve the acquisition or should UPC elect not to complete the acquisition because the STB imposes onerous conditions which prevent UPC from realizing the economic benefits of the acquisition, a subsequent disposition of the Southern Pacific shares owned by the Corporation could result in a significant loss. However, UPC continues to believe that the Southern Pacific acquisition will be approved without onerous conditions.

CONSOLIDATED - The Corporation reported net income of \$156 million or \$0.76 per share for the first quarter of 1996, compared to 1995 net income of \$191 million or \$0.93 per share. Results for 1996 included the effects of the acquisition of CNW and, as a result of the Resources' IPO, reflected 83% of Resources' net income in discontinued operations.

RESULTS OF CONTINUING OPERATIONS - Income from continuing operations declined \$23 million (18%) to \$107 million (\$0.52 per share) for the first quarter of 1996, as severe winter weather, Pacific Northwest flooding, and the 17-day General Motors brake plant strike (the GM Strike) more than offset the positive impact of the CNW integration at the Railroad, while severe weather conditions and an unfavorable pricing environment reduced earnings at Overnite Transportation Company (Overnite).

Consolidated operating revenues grew 18% to \$1.97 billion from \$1.66 billion in 1995, resulting primarily from increased carloadings--reflecting the acquisition of CNW offset in part by the GM Strike and severe winter weather--and higher average revenue per car at the Railroad, reflecting the CNW integration.

Consolidated operating expenses rose \$318 million (23%) to \$1.70 billion. The addition of CNW volumes, weather-related traffic interruptions, rail traffic congestion and inflation were the primary reasons for increases in salaries, wages and employee benefits (\$117 million), equipment and other rents (\$64 million), materials and supplies (\$28 million), personal injury expense (\$8 million), other taxes (\$11 million) and third-party transportation costs (\$12 million). Fuel and utility costs increased \$38 million, reflecting increased fuel prices, incremental CNW volumes and weather-related inefficiencies.

Depreciation charges rose \$34 million--the result of UPC's continued reinvestment in its equipment and rail infrastructure and the addition of CNW properties.

Consolidated operating income declined \$14 million (5%) to \$265 million for the period. Interest expense increased \$26 million, principally from higher debt levels associated with the CNW acquisition and the Southern Pacific first-step cash tender offer. Other income decreased \$31 million, reflecting reduced real estate sales activity at the Railroad.

Railroad - The Railroad earned \$166 million for the quarter, a 15% decline from \$195 million in 1995. Earnings reductions reflected the current period's severe winter weather, Pacific Northwest flooding, and the GM Strike. Results in 1996 also included a \$33 million after-tax increase in interest costs, primarily related to financing the CNW acquisition and Southern Pacific first-step cash tender offer, and lower year-over-year real estate sales (\$31 million). The negative impact of these factors was somewhat countered by the acquisition of CNW and a favorable IRS tax settlement (\$20 million). The CNW acquisition added roughly \$10 million to the Railroad's first quarter 1996 net income.

Operating revenues improved \$297 million (22%) to \$1.68 billion, as CNW volumes combined with a 9% increase in average commodity revenue per car, reflecting longer average length of haul, favorable traffic mix shifts and pricing improvements. Carloadings grew 10% (122,000 cars) detailed as follows:

Energy: Energy carloadings declined 4% as weather-related inefficiencies and a late-January derailment reduced Powder River Basin coal traffic by 6%. Energy traffic was also adversely affected by volume declines from other western mines, reflecting lower export demand and increased competition from hydroelectric power generation in the Western U.S.

Intermodal: Fierce price competition and weather-related traffic interruptions caused a 4% reduction in intermodal volumes.

Industrial Products: Industrial products carloadings advanced 34%, as CNW volumes combined with strong improvements in stone, steel and cement shipments. Stone and cement growth were driven by favorable construction conditions in Texas, while significant steel slab movements increased steel carloadings. These increases were partially offset by weaknesses in nonmetallic minerals--the result of an industrial sand plant shutdown--newsprint, and non-ferrous metals volumes.

Agricultural Products: Agricultural products carloadings grew 41% over 1995, reflecting the addition of CNW volumes. These increases were slightly offset by decreases in shipments of sweeteners--reflecting a reduced sugar beet crop--and reductions in shipments of canned and packaged foods.

Chemicals: Chemicals carloadings rose 5%, as additional CNW volumes were slightly offset by reduced export fertilizer shipments to China and curtailed liquid and dry chemicals product demand.

Automotive: Automotive carloadings rose 22%, reflecting the addition of CNW volumes, strong northbound Mexican business for finished vehicles and increased auto parts shipments. Partially offsetting these increases was the impact of the GM Strike which reduced the Railroad's automotive revenues by approximately \$12 million.

Operating expenses advanced \$286 million (26%) to \$1.39 billion. Incremental CNW

volumes, system congestion caused by severe weather and the late arrival of new locomotives, and inflation were primarily responsible for the escalation in salaries, wages and employee benefits (\$107 million), rent expense (\$55 million), materials and supplies expense (\$26 million) and contracted services (\$10 million). Personal injury expense increased \$8 million, reflecting higher average settlement costs, while other taxes increased \$9 million--primarily the result of real estate taxes on CNW properties. Fuel and utility costs increased \$35 million, reflecting increased fuel prices, incremental CNW volumes and weather-related inefficiencies. Depreciation expense rose \$33 million, reflecting the addition of CNW properties and continued capital spending. Operating income improved \$11 million to \$292 million in 1996, while the operating ratio increased to 82.6 in 1996 from 79.6 in 1995.

Trucking - Overnite's operating environment was extremely difficult in the first quarter of 1996. The major factors affecting Overnite's operations were industry overcapacity, severe winter weather, aggressive pricing efforts from regional less-than-truckload (LTL) and truckload carriers and wage and benefit inflation. As a result, Overnite reported a net loss of \$17 million in 1996 compared to a net loss of \$4 million in 1995. Results for both periods included goodwill amortization of \$5 million.

Overnite's operating revenues advanced \$10 million (4%) to \$255 million as a 5% increase in volumes was slightly offset by a 1% decrease in average prices. Increased volumes were generated by a 6% increase in LTL tonnage; year-over-year truckload volumes were essentially unchanged.

Operating expenses increased \$30 million to \$280 million. Salaries, wages and employee benefit costs increased \$13 million due to wage and benefit inflation, increased volumes and weather-related inefficiencies. Overnite's efforts to balance traffic lanes on longer-haul business through the use of intermodal rail service and contract line-haul carriers resulted in a \$7 million increase in rent and purchased transportation expenses. Fuel and utilities costs rose \$3 million, the result of increased volumes, weather-related inefficiencies and a 13% increase in fuel prices, while general and administrative costs advanced \$2 million--largely due to costs incurred in response to unionization efforts. Overnite's operating loss grew \$20 million to an operating loss of \$25 million in 1996, while Overnite's operating ratio (including goodwill amortization) increased to 109.7 for the quarter from 102.2 in 1995.

Corporate Services and Other Operations - Expenses related to Corporate Services and Other Operations (comprising corporate expenses, third-party interest charges, inter-company interest allocations, other income and income taxes related to the Corporation's holding company operations and the results of other operating units) decreased \$19 million to \$42 million. This decrease is largely the result of lower Corporate interest costs reflecting the utilization of the Resources' IPO dividend to reduce debt levels. Other operating units recorded an operating loss of \$2 million in 1996 compared to operating income of \$3 million in 1995.

RESULTS OF DISCONTINUED OPERATIONS

Natural Resources - Resources' 1996 earnings declined \$2 million from 1995 to \$59 million, as higher average realized hydrocarbon prices and sales volumes were more than offset by increased depreciation and depletion; plants, pipeline and marketing expenses; and interest and administrative costs related to Resources' IPO. UPC recognized \$49 million of Resources' 1996 net income in discontinued operations, reflecting its 83% ownership of Resources during the period.

Operating revenues increased \$65 million (20%) to \$390 million. Producing property revenues increased \$26 million (13%), as the effects of a 5% increase in natural gas production and increases in average natural gas, natural gas liquids and crude oil prices (20%, 20% and 4%, respectively)--primarily the result of below normal temperatures in the eastern U.S.--more than offset a 12% reduction in crude oil volumes, reflecting crude oil production declines for all business units. During the quarter, Resources continued its aggressive development program in the Austin Chalk, remaining the most active U.S. driller. Plants, pipelines and marketing revenues advanced \$39 million, largely due to the expansion of two West Texas gas processing plants, the start-up and expansion of pipelines in West Texas and the Austin Chalk, and higher average product price realizations.

Operating expenses increased \$54 million in 1996 to \$293 million. Exploration costs increased \$9 million, largely the result of increased dry hole costs--reflecting increased exploratory drilling activity in the current high price environment. Plants, pipeline and marketing expenses increased \$20 million to \$61 million reflecting the start-up and expansion of West Texas and Austin Chalk pipelines and higher gas plant hydrocarbon purchase costs. Depreciation and depletion costs rose \$17 million, primarily as a result of a property writedown and a greater proportion of higher cost Austin Chalk production. Production expenses increased \$5 million reflecting higher lease operating costs. Operating income improved to \$97 million in 1996 from \$86 million a year earlier.

CHANGES IN FINANCIAL CONDITION AND OTHER DEVELOPMENTS

FINANCIAL CONDITION - During the first three months of 1996, cash from operations was \$261 million compared to \$250 million in 1995. This \$11 million increase primarily reflects the impact of higher non-cash expenses--mainly depreciation and accrued expenses--offset by lower earnings and higher tax payments related to the 1995 Columbia Gas bankruptcy settlement and Resources' sale of its Wilmington, California field in 1994.

Cash used in investing activities was \$246 million in 1996 compared to cash provided by investing activities of \$89 million in 1995. This change in cash reflects increased capital expenditures of \$81 million--largely from fleet expansion and renewal at the Railroad--and the absence of \$225 million in USPCI, Inc. sale proceeds collected in January 1995.

Outstanding debt levels decreased \$10 million from December 31, 1995 to March 31, 1996 as cash provided by UPC's continuing and discontinued operations (\$271 million) and the depletion of cash on hand at year-end 1995 were utilized to fund capital investments and dividends. The quarterly common stock dividend remained at \$0.43 per share in the first quarter of 1996. The ratio of debt to capital employed improved to 49.7% at March 31, 1996 from 50.0% at December 31, 1995. This decrease reflected the relatively unchanged debt levels and a \$72 million increase in equity--primarily the result of net income of \$156 million offset by dividends of \$89 million.

OTHER MATTERS

Labor Matters

Railroad: Approximately 90% of the Railroad's 35,000 employees are represented by one of twelve national rail unions. In November 1994, negotiations began on new labor agreements for all crafts. In January 1996, a tentative agreement was

reached between the major freight railroads and the leadership of the United Transportation Union (UTU)--representing approximately 25% of the Railroad's

unionized workforce--which was rejected in April 1996 by the union's membership. The railroads and the UTU agreed to accept binding arbitration which resulted in a decision in May 1996 to adopt the original five-year agreement, which includes a combination of general wage increases and lump-sum payments from 3% to 3.5% annually, as well as increased work rule flexibility.

In February 1996, a tentative agreement was reached between the major freight railroads and the leadership of the Brotherhood of Locomotive Engineers (BLE)--representing approximately 15% of the Railroad's unionized workforce. Ratification votes by the BLE's membership are currently in process. The Transportation Communications Union (TCU)--representing approximately 20% of the Railroad's unionized workforce--was released from mediation by the National Mediation Board (NMB) when the TCU rejected the NMB's binding arbitration alternative. The President appointed a Presidential Emergency Board (PEB) on May 8, 1996, which postponed a work shutdown for at least 60 days. The PEB will ultimately make recommendations for settlement, but neither the railroads nor the TCU is required to accept such recommendations. Should negotiations with other crafts, including the BLE, reach an impasse, it is anticipated that separate PEBs will be appointed by the President to examine the disputes and make recommendations for settlement. In the event that a work shutdown occurs, Congress may enact legislation resolving the disputes, although there is no assurance that it will do so. At this time, the ultimate outcome of binding arbitration, labor negotiations, PEB recommendations or Congressional action is not clear. However, the Corporation continues to be optimistic that a combination of negotiated settlements, arbitration awards, and PEB settlements will finalize this round of negotiations in 1996. In the past, any ultimate service interruption has been quickly addressed by Congress with limited disruption to the Railroad's operations.

Overnite: Overnite continues to resist the Teamsters' efforts to unionize Overnite service centers. Since year-end 1995, six Overnite service centers have held union elections--two of which voted for union representation--while the employees of two service centers that previously voted for union representation filed petitions with the National Labor Relations Board to decertify the Teamsters as their union bargaining representative. Despite the Teamsters' efforts, less than 9% of Overnite's workforce has voted for union representation. Overnite has begun negotiations with the Teamsters at several of the unionized service centers and is unable at this time to estimate the impact these negotiations will have on its future operating costs or profitability.

Management - In April 1996, Overnite announced the formation of an Office of the Chairman, consisting of Leo Suggs, Overnite's newly appointed Chairman and Chief Executive Officer, and Jim Douglas, President and Chief Operating Officer. Since 1992, Mr. Suggs has served as President and Chief Executive Officer of Preston Trucking Company, Inc. and prior thereto as Senior Vice President of Corporate Development for Yellow Corporation.

Accounting Pronouncements - The Financial Accounting Standards Board (FASB) issued Statement No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," which establishes methods for determining when an impairment of long-lived assets has occurred and for measuring the impairment of long-lived assets. Initial adoption of Statement 121 did not have a material effect on UPC's operating results or financial condition.

The FASB also issued Statement No. 123, "Accounting for Stock-Based Compensation," which encourages, but does not require, employers to adopt a fair

value method of accounting for employee stock-based compensation, and which requires increased stock-based compensation disclosure if expense recognition is not adopted. The Corporation has not elected expense recognition for stock options and therefore implementation of this Statement had no effect on UPC's operating results or financial condition.

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

As previously reported in the Corporation's Annual Report on Form 10-K for the year ended December 31, 1995, in July 1995 the Butte County (Oroville, California) District Attorney advised that a civil penalty action would be filed against the Railroad for violations resulting from the derailment and spill of diesel fuel into the Feather River in Peo, California on April 14, 1995. The District Attorney has since advised the Railroad that he intends to seek \$180,000 in civil penalties and resource damages for such spill. In late July, the California Regional Water Quality Control Board also filed a separate penalty action seeking \$40,000 for the same incident. This latter action was settled for \$40,000.

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

- (a) The annual meeting of stockholders of the Corporation was held on April 19, 1996.
- (c) At the Annual Meeting, the Corporation's stockholders voted for the election of Richard B. Cheney (170,493,706 shares in favor; 12,237,605 shares withheld), E. Virgil Conway (170,493,912 shares in favor; 12,230,443 shares withheld), Drew Lewis (170,333,950 shares in favor; 12,318,548 shares withheld), L. White Matthews, III (170,583,530 shares in favor; 12,218,699 shares withheld), Jack L. Messman (170,506,520 shares in favor; 12,222,730 shares withheld), and Thomas A. Reynolds, Jr. (170,486,590 shares in favor; 12,232,592 shares withheld) as directors of the Corporation. In addition, the Corporation's stockholders voted to eliminate cumulative voting (134,347,182 shares in favor, 22,662,877 shares against and 8,483,708 shares abstained), to declassify the Board of Directors (152,482,535 shares in favor, 4,366,382 shares against and 8,643,622 shares abstained), and to appoint Deloitte & Touche LLP as independent auditors of the Corporation (172,731,476 shares in favor, 558,847 shares against and 9,411,033 shares abstained). Furthermore, a stockholder resolution to provide that an independent director serve as chair of the board was defeated (2,864,789 shares in favor, 167,017,057 shares against and 5,380,536 shares abstained).

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 3 - Union Pacific's Revised Articles of Incorporation, as amended through April 25, 1996.
- 11 - Computation of earnings per share.
- 12 - Computation of ratio of earnings to fixed charges.
- 27 - Financial data schedule.

(b) Reports on Form 8-K

On January 23, 1996, the Corporation filed a Current Report on Form 8-K containing (i) an Indenture dated as of January 5, 1996 between the Corporation and Chemical Bank, (ii) historical financial statements for Southern Pacific as of December 31, 1994 and September 30, 1995, (iii) restated financial statements of the Corporation reflecting the financial presentation of Resources as a discontinued operation, (iv) pro forma financial statements as of September 30, 1995 for the Corporation and Southern Pacific and (v) a statement concerning the Corporation's consolidated income statement for the nine months ended September 30, 1995.

SIGNATURE

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

Dated: May 15, 1996

UNION PACIFIC CORPORATION
(Registrant)

/s/ Morris B. Smith

Morris B. Smith,
Vice President and Controller
(chief accounting officer and
duly authorized officer)

UNION PACIFIC CORPORATION

EXHIBIT INDEX

Exhibit No. -----	Description -----
3	Union Pacific's Revised Articles of Incorporation, as amended through April 25, 1996.
11	Computation of Earnings Per Share
12	Computation of Ratio of Earnings to Fixed Charges
27	Financial Data Schedule

REVISED ARTICLES OF INCORPORATION
OF
UNION PACIFIC CORPORATION

Adopted May 1, 1969

Including Amendments Effective January 27, 1977,
April 25, 1980, April 19, 1985, May 12, 1987,
April 17, 1992 and April 25, 1996

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
UNION PACIFIC CORPORATION

Pursuant to the provisions of Sections 57 and 60 of the Utah Business Corporation Act, the undersigned corporation adopts the following Articles of Amendment, constituting Revised Articles of Incorporation, to its Articles of Incorporation:

1. The name of the corporation is Union Pacific Corporation.

2. The following amendment of the Articles of Incorporation was adopted by the shareholders of the corporation on May 1, 1969, in the manner prescribed by the Utah Business Corporation Act:

REVISED ARTICLES OF INCORPORATION

OF

UNION PACIFIC CORPORATION

FIRST: The name of the Corporation is Union Pacific Corporation.

SECOND: The period of duration of the corporation is perpetual.

THIRD: The purpose or purposes for which the corporation is organized are:

1. To engage in any and all transportation activities, including transportation by rail, motor vehicle, pipeline, water carrier and aircraft, and any other means of conveyance whatsoever now in existence or at any time hereafter produced, invented or developed, wheresoever situated.

2. To engage in any and all activities concerned with the development, production and marketing of natural resources, wheresoever situated, including acquiring, using, enjoying, turning to account, drilling for, mining, manufacturing, processing, working, refining, handling, contracting for, purchasing, taking, receiving, investing in, leasing, subleasing, owning, holding, exploring for, managing,

dealing in, deeding, mortgaging, pledging, exchanging, trading, selling, conveying, assigning and disposing of oil, gas, coal and other minerals, timber, water and any other natural resources, and including the construction and maintenance of wells, mines, pipelines, refineries, plants, mills, reservoirs, dams, ditches and any other facilities useful or convenient in the conduct of the foregoing activities.

3. To engage in any and all real estate activities, including acquiring, using, enjoying, turning to account, contracting for, constructing, purchasing, taking, receiving, investing in, leasing, subleasing, owning, holding, maintaining, improving, developing, working, operating, exploring, managing, dealing in, deeding, mortgaging, pledging, exchanging, trading, selling, conveying, assigning and disposing of any and all kinds of real property, wheresoever situated, and any and all rights, privileges, options, concessions, licenses, claims, grants, franchises, easements, royalties, tenements, estates and interests therein, including the power to engage in any and all hotel, innkeeping, tourist and restaurant activities.

4. To acquire, use, enjoy, turn to account, or become interested in, by means of investment in, purchase, contract, merger, consolidation, lease, sublease, deed, mortgage, pledge, exchange, conveyance, assignment, participation in syndicates or otherwise, all or any part of the business, securities, rights, privileges, franchises, good will, assets and properties of any person, corporation, joint-stock company, joint venture, association, partnership, firm, trust, or syndicate, or of the United States, any state, municipality, district or territory thereof, any foreign country, or any other body politic, or any subdivision, instrumentality or agency of the foregoing, or of any other entity engaged in any activity whatsoever and wheresoever situated, and to pay for the same in whole or in part by cash, shares, stocks, bonds, debentures, voting trust certificates, scrip, warrants, rights, trust receipts, bank acceptances, coupons, trust deeds, mortgages, commercial paper, income certificates, certificates of indebtedness, certificates of interest, notes and other choses in action, obligations, securities, evidences of indebtedness, or any similar instruments of whatsoever kind, or otherwise, and to undertake or assume all or any part of the debts, obligations and liabilities of the foregoing entities.

5. To acquire, use, enjoy, turn to account, or become interested in, by means of investment in, purchase, subscription, underwriting, contract, lease, sublease, deed, mortgage, pledge, exchange, conveyance, assignment, participation in syndicates, or otherwise, and to receive,

own, hold, whether in its own name, in trust, in the name of a nominee or in any other form whatsoever, vote, guarantee, lend, transfer, deal in, deed, mortgage, pledge, exchange, sell, convey, assign, realize upon, employ and dispose of any and all forms of securities, whether fully paid or subject to further payment, including shares, stocks, bonds, debentures, voting trust certificates, scrip, warrants, rights, trust receipts, bank acceptances, coupons, trust deeds, mortgages, commercial paper, income certificates, certificates of indebtedness, certificates of interest, notes and other choses in action, obligations, securities, evidences of indebtedness, or any similar instruments of whatsoever kind, issued or created by any person, corporation, joint-stock company, joint venture, association, partnership, firm, trust syndicate, the United States, any state, municipality, district or territory thereof, any foreign country, any other body politic, any subdivision, instrumentality or agency of the foregoing or any other entity engaged in any activity whatsoever and wheresoever situated, whether the objective of any of the foregoing be current income, gain in capital or principal, or acquisition of interests useful in the business of the corporation.

6. To acquire, use, enjoy, turn to account, become interested in, contract for, construct, purchase, take, receive, invest in, lease, sublease, own, hold, maintain, improve, develop, work, operate, manufacture, process, prepare for market, store, manage, deal in, deed, mortgage, pledge, exchange, trade, export, import, sell, convey, assign, and dispose of goods, commodities, raw materials, wares, merchandise, and any and all other kinds of personal property, wheresoever situated, and any and all rights, privileges, options, concessions, licenses, claims, grants, franchises, royalties and interests therein.

7. To promote, finance, aid or assist, financially or otherwise, in any manner, whether by loan, subsidy, guarantee, indorsement or otherwise, whether secured or unsecured, any person, corporation, joint-stock company, joint venture, association, partnership, firm, trust, syndicate, the United States, any state, municipality, district or territory thereof, any foreign country, any other body politic, any subdivision, instrumentality or agency of the foregoing or any other entity engaged in any activity whatsoever and wheresoever situated, and, in connection therewith, to guarantee or to become surety for the payment or satisfaction of any principal, interest or dividends and to participate in any compromise, consolidation, merger, dissolution, reorganization, bankruptcy or other arrangement or proceeding.

8. To enter into, make and perform agreements, contracts and undertakings of every kind and description, with

any person, corporation, joint-stock company, joint venture, association, partnership, firm, trust syndicate, the United States, any state, municipality, district or territory thereof, any foreign country, any other body politic, any subdivision, instrumentality or agency of the foregoing or any other entity engaged in any activity whatsoever and wheresoever situated.

9. To borrow or raise monies for any of the purposes of the corporation, and to draw, make, create, execute, issue, accept, endorse and assign any and all forms of securities, whether fully paid or subject to further payment, including shares, stocks, bonds, debentures, voting trust certificates, scrip, warrants, rights, trust receipts, bank acceptances, coupons, trust deeds, mortgages, commercial paper, income certificates, certificates of indebtedness, certificates of interest, notes and other choses in action, obligations, evidences of indebtedness, or any similar instruments of whatsoever kind, without security, or to secure the payment of any thereof by deed, mortgage, pledge, conveyance, assignment, indenture, agreement or instrument of trust, or by other lien upon, assignment of or agreement with regard to, all or any part of the property, real or personal, or franchises, income, rights or privileges of the corporation wheresoever situated, whether at the time owned or thereafter to be acquired.

10. To acquire, use, enjoy, turn to account, or become interested in, by means of investment in, purchase, subscription, contract, lease, sublease, deed, mortgage, pledge, exchange, conveyance, assignment, participation in syndicates, registration or otherwise and to license, operate, develop, manufacture, lease, sublease, own, hold, enjoy, transfer, deal in, deed, mortgage, pledge, exchange, sell, convey, assign, apply for register, and dispose of inventions, processes, devices, designs, formulae, improvements, trademarks, trade names, copyrights, licenses, letters patent, patent rights, distinctive words or symbols, and any and all improvements or modifications thereof, and rights, interests, privileges, licenses, grants, concessions and franchises in any way pertaining thereto and wheresoever situated.

11. To act as agent, broker, consignee, factor or otherwise for the accounts of others in all parts of the world.

12. To establish and maintain offices, foreign companies and agencies and to appoint, employ and retain agents, subagents, salesmen, factors, brokers and other representatives and employees in all parts of the world.

13. To purchase or otherwise acquire and to own, hold, transfer, deal in, deed, mortgage, pledge, exchange, sell,

convey, assign and dispose of shares of its own capital stock and its bonds, debentures, voting trust certificates, scrip, warrants, rights, trust receipts, coupons, trust deeds, mortgages, commercial paper, income certificates, certificates of indebtedness, certificates of interest, notes and other choses in action, obligations, securities, evidences of indebtedness or any similar instruments of whatsoever kind issued by the corporation.

14. To make donations for the public welfare or for charitable, scientific, religious or educational purposes.

15. To engage in any other activity or enterprise not prohibited by applicable law, with all powers attendant thereto, to perform any of the activities hereinbefore set forth to the same extent as any natural person might or could do, to have and to exercise all powers necessary or convenient to effect any or all of the purposes which the corporation is authorized to pursue, and to exercise any of the aforesaid powers and effectuate any of the aforesaid purposes directly or by means of one or more subsidiaries or affiliates, domestic or foreign, either by itself or in collaboration with others.

The enumeration herein of specific purposes shall not be deemed to limit or restrict in any manner the powers, objects, purposes, rights, interests, privileges, franchises, properties, and land or other grants, which the corporation, or any of its constituent or predecessor companies, is, was or may be entitled to under these Articles of Incorporation and any law now, heretofore or hereafter applicable.

FOURTH: The total number of shares of all classes of capital stock which the corporation shall have the authority to issue is 40,000,000 shares which shall be divided into two classes as follows:

10,000,000 shares of Preferred Stock (Preferred Stock) without par value, and

30,000,000 shares of Common Stock (Common Stock) of the par value of \$10 per share.

The designations, voting powers, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions of the above classes of stock shall be as follows:

PREFERRED STOCK

1. Shares of Preferred Stock may be issued in one or more series at such time or times and for such consideration or considerations as the Board of Directors may determine. All shares of any one series of Preferred Stock shall be identical with each other in all respects, except that shares of any one series issued at different times may differ as to dates from which dividends thereon may be cumulative. All series shall rank equally and be identical in all respects, except as permitted by the following provisions of Section 2 of this Division I.

2. The Board of Directors is expressly authorized at any time, and from time to time, to provide for the issuance of shares of Preferred Stock in one or more series with such designations, preferences and relative participating, optional or other special rights and qualifications, limitations or restrictions thereof as shall be stated and expressed in the resolution or resolutions providing for the issue thereof adopted by the Board of Directors and as are not stated and expressed in these Revised Articles of Incorporation or any amendment thereto, including determination of any of the following:

(a) the distinctive serial designation and the number of shares constituting a series;

(b) the dividend rate or rates, the payment date or dates for dividends and the participating or other special rights, if any, with respect to dividends;

(c) whether the shares shall be redeemable and, if so, the price or prices at which and the terms and conditions on which the shares may be redeemed;

(d) the amount or amounts payable upon the shares in the event of voluntary or involuntary liquidation, dissolution or winding up of the corporation prior to any payment or distribution of the assets of the corporation to any class or classes of stock of the corporation junior in rank to the Preferred Stock;

(e) whether the shares shall be entitled to the benefit of a sinking or retirement fund to be applied to the purchase or redemption of shares of a series and, if so entitled, the amount of such fund and the manner of its application, including the price or prices at which

the shares may be redeemed or purchased through the application of such fund; and

(f) whether the shares shall be convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same or any other class or classes of stock of the corporation and, if so convertible or exchangeable, the conversion price or prices, or the rates of exchange, and the adjustments thereof, if any, at which such conversion or exchange may be made, and any other terms and conditions of such conversion or exchange.

3. Before any dividends on any class or classes of stock of the corporation junior in rank to the Preferred Stock (other than dividends payable in shares of any class or classes of stock of the corporation junior in rank to the Preferred Stock) shall be declared or paid or set apart for payment, the holders of shares of Preferred Stock of each series shall be entitled to such cash dividends, but only when and as declared by the Board of Directors out of funds of the corporation legally available therefor, as they may be entitled to in accordance with the resolution or resolutions adopted by the Board of Directors providing for the issue of such series, payable on such dates in March, June, March, June, September and December in each year as may be fixed in such resolution or resolutions. Whenever dividends shall not have been paid, or declared and set apart for payment, upon all shares of Preferred Stock of each series, at the rate established by the resolution or resolutions adopted by the Board of directors providing for the issue of each such series, such deficiency shall be cumulative and shall be paid, or declared and set apart for payment, before any dividends can be declared or paid on any class or classes of stock of the corporation junior in rank to the Preferred Stock. Accumulations of dividends on the Preferred Stock shall not bear interest. The term "class or classes of stock of the corporation junior in rank to the Preferred Stock" shall mean the Common Stock and any other class or classes of stock of the corporation hereafter authorized which shall rank junior to the Preferred Stock as to dividends or upon liquidation.

4. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the corporation, the holders of shares of Preferred Stock of the corporation shall be entitled to be paid or to have set apart for payment such sum or sums per share as shall be stated in the respective resolution or resolutions adopted by the Board of Directors providing for the issue of each series of Preferred Stock, together in each case with a sum equal to accrued and unpaid dividends, if any, at the rate of the dividends fixed therefor, to the date fixed for payment of such sum or sums,

before any payment shall be made to the holders of the Common Stock. The voluntary sale, lease, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of its property or assets to, or a consolidation or merger of the corporation with, one or more corporations shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, for purposes of this section 4 of this Division I.

5. So long as any of the Preferred Stock is outstanding, the corporation will not

(a) Without the affirmative vote or consent of the holders of at least 66 2/3 % of the shares of Preferred Stock at the time outstanding, given in person or by proxy, either in writing or by resolution adopted at a special or annual meeting of stockholders, (I) create any other class or classes of stock prior in rank to the Preferred Stock, either as to dividends or upon liquidation, or increase the authorized number of shares of any such class of stock, or (ii) amend, alter or repeal any of the provisions hereof or of any resolution or resolutions adopted by the Board of Directors providing for the issue of any series of Preferred Stock, so as adversely to affect the preferences, rights or powers of the Preferred Stock; or

(b) Without the affirmative vote or consent of the holders of at least a majority of the shares of Preferred Stock at the time outstanding, given in person or by proxy, either in writing or by resolution adopted at a special or annual meeting of stockholders, (i) increase the authorized number of shares of Preferred Stock, (ii) create or increase the authorized number of shares of any other class or classes of stock ranking on a parity with the Preferred Stock either as to dividends or upon liquidation, or (iii) sell, lease or convey all or substantially all of the property or business of the corporation, or voluntarily liquidate, dissolve or wind up the corporation, or merge or consolidate the corporation and any other corporation unless the resulting or surviving corporation will have after such merger or consolidation no stock either authorized or outstanding (except such stock of the corporation as may have been authorized or outstanding immediately preceding such merger or consolidation, or such stock of the resulting or surviving corporation as may be issued in exchange therefor) prior in rank either as to dividends or upon liquidation to the Preferred Stock or the stock of the resulting or surviving corporation issued in exchange therefor; provided, however, that no consent of the holders of the Preferred Stock shall be required by

the foregoing in connection with any mortgaging or other hypothecation by the corporation of all or any part of its property or business.

6. Each holder of Preferred Stock shall be entitled to one vote for each share held and, except as otherwise herein or by law provided, the Preferred Stock and Common Stock of the corporation shall vote together as one class, except that while the holders of Preferred Stock, voting as a class, are entitled to elect two directors as provided in Section 7 of this Division I, they shall not be entitled to participate with the Common Stock in the election of any other directors.

7. (a) If and whenever dividends on the Preferred Stock shall be in arrears and such arrears shall aggregate an amount at least equal to six quarterly dividends upon such stock, then and in such event the holders of the Preferred Stock, voting separately as a class, shall be entitled, at the next annual meeting of the shareholders or at a special meeting held in place thereof, or at a special meeting of the holders of the Preferred Stock called as hereinafter provided, to elect two directors. Whenever all arrears in dividends on the Preferred Stock then outstanding shall have been paid and dividends thereon for the current quarterly period shall have been paid or declared and a sum sufficient for the payment thereof set aside, then the right of the holders of the Preferred Stock to elect such number of directors shall cease, but subject always to the same provisions for the vesting of such voting rights in the case of any similar future arrearages in dividends.

(b) At any time after such voting power shall have so vested in the Preferred Stock, the Secretary of the corporation may, and upon the written request of the holders of record of 10% or more of the shares of Preferred Stock then outstanding, shall, call a special meeting of the holders of the Preferred Stock for the election of the directors to be elected by them as hereinafter provided, to be held within 30 days after such call and at the place and upon the notice provided by law and in the bylaws for the holding of meetings of stockholders; provided, however, that the Secretary shall not be required to call such meeting in the case of any such request received less than 90 days before the date fixed for any annual meeting of shareholders. If any such special meeting required to be called as above provided shall not be called by the Secretary within 30 days after receipt of any such request, then the holders of record of 10% or more of the shares of Preferred Stock then outstanding may designate in writing one of their number to call such meeting, and the person so designated may call such meeting to be held at the place and upon

the notice above provided, and for that purpose shall have access to the stock ledger of the corporation. No such special meeting and no adjournment thereof shall be held on a date later than 30 days before the annual meeting of the stockholders or a special meeting held in place thereof next succeeding the time when the holders of the Preferred Stock become entitled to elect directors as above provided.

(c) Notwithstanding that the directors of this corporation may be divided into one, two or three classes as authorized by law, if any meeting of the shareholders shall be held while holders of Preferred Stock voting as a class are entitled to elect two directors as hereinabove provided, and if the holders of at least a majority of the Preferred Stock then outstanding shall be present or represented by proxy at such meeting or any adjournment thereof, then, by vote of the holders of at least a majority of the Preferred Stock present or so represented at such meeting, the then authorized number of directors of the corporation shall be increased by two and at such meeting of the holders of the Preferred Stock shall be entitled to elect the additional directors so provided for, but no such additional director so elected shall hold office beyond the annual meeting of the shareholders or a special meeting held in place thereof next succeeding the time when the holders of the Preferred Stock become entitled to elect two directors as above provided. Whenever the holders of the Preferred Stock shall be divested of special voting power as above provided, the terms of office of all persons elected as directors by the holders of the Preferred Stock as a class shall forthwith terminate, and the authorized number of directors of the corporation shall be reduced accordingly.

In case a class of preferred stock other than the Preferred Stock, prior in rank to or on a parity with the Preferred Stock as to dividends or upon liquidation, shall be created and issued, nothing herein contained shall prevent any such other class from being given the right, in case dividends thereon or sinking fund requirements, if any, thereof shall be in arrears, to vote as part of the same class as and equally with the Preferred Stock and to have and exercise, *pari passu* with the shares of Preferred Stock entitled to vote on any matters, any and all voting rights and powers hereinbefore set forth with respect to the Preferred Stock, provided, however, that nothing herein contained shall prevent the giving of additional voting power not inconsistent with that granted in this paragraph to any class of preferred stock other than the Preferred Stock.

8. Shares of Preferred Stock which have been issued and reacquired in any manner by the corporation (excluding, until the corporation elects to retire them, shares which are held as treasury shares but including shares redeemed, shares purchased and retired and shares which have been converted into shares of Common Stock) shall have the status of authorized but unissued shares of Preferred Stock and may be reissued.

II

COMMON STOCK

1. Subject to the preferential rights of the Preferred Stock, the holders of the Common Stock shall be entitled to receive, to the extent permitted by law, such dividends as may be declared from time to time by the Board of Directors.

2. The holders of the Common Stock shall have the exclusive right to receive any dividends which may be declared payable in stock of the corporation of any class or in property.

3. In the event of the voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of the corporation, after distribution in full of the preferential amount to be distributed to the holders of shares of the Preferred Stock, holders of the Common Stock shall be entitled to receive all the remaining assets of the corporation, of whatever kind, available for distribution to stockholders ratably in proportion to the number of shares of Common Stock held by them respectively.

4. Except as may be otherwise required by law or these Revised Articles of Incorporation, the holders of Common Stock shall have one vote in respect of each share of stock held of record on the books of the corporation and shall vote together, share for share, with the holders of the Preferred Stock as one class for the election of directors and upon all other matters voted upon by the shareholders.

III

OTHER PROVISIONS

1. Subject to the protective conditions and restrictions of any outstanding Preferred Stock, any amendment to these Revised Articles of Incorporation which shall

increase or decrease the authorized capital stock of any class or classes may be adopted by the affirmative vote of the holders of a majority of the outstanding shares of the voting stock of the corporation.

2. The shares of all classes of capital stock of this corporation may be issued by this corporation from time to time for such consideration as from time to time may be fixed by the Board of Directors of this corporation without action by or consent of the stockholders, provided that shares of capital stock having a par value shall not be issued for consideration less than such par value; and all shares of all classes of capital stock of this corporation so issued shall be deemed fully paid and non-assessable and the holders of such shares shall not be liable thereunder to this corporation or its creditors. No stockholder of this corporation shall have any pre-emptive or preferential right of subscription to any shares of any capital stock of any class of this corporation, or to any securities or obligations convertible into any class of capital stock of this corporation, issued or sold, nor any right of subscription to any thereof other than such, if any, as the Board of Directors of this corporation in its discretion from time to time may determine, and at such price as the Board of Directors from time to time may fix, pursuant to the authority hereby conferred by these Revised Articles of Incorporation of this corporation, and the Board of Directors may issue any class of capital stock of this corporation, or securities or obligations convertible into any class of capital stock without offering such issue of capital stock, securities, or obligations either in whole or in part, to the stockholders of this corporation. The acceptance of any class of capital stock, securities, or obligations of this corporation shall be a waiver of any such pre-emptive or preferential right which in the absence of this provision might otherwise be asserted by stockholders of this corporation or any of them.

3. Except as otherwise provided by law, this corporation shall be entitled to treat the person in whose name any share of capital stock is registered as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the corporation shall have notice thereof.

FIFTH: In electing directors each shareholder may accumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of such candidates. At a meeting expressly called for that purpose, one or more directors or the entire Board of Directors may be removed without cause but only by a vote of the

holders of two-thirds of the shares then entitled to vote at an election of directors. No one of the directors may be removed if the votes of a sufficient number of shares are cast against his removal which, at an election of the class of directors of which he is a member, would be sufficient to elect him.

SIXTH: The corporation will not commence business until consideration of the value of at least \$1,000 has been received for the issuance of shares.

SEVENTH: The number of Directors of the corporation shall be such as shall from time to time be fixed by the bylaws, but shall not be less than three.

Whenever the number of Directors fixed by the bylaws shall be nine or more, the Directors shall be divided into three classes as nearly equal in size as possible, the term of office of the first class of Directors to expire at the first annual meeting after their election, that of the second class of Directors to expire at the second annual meeting after their election and that of the third class of Directors to expire at the third annual meeting after their election. At each annual meeting of shareholders after such classification the number of Directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting.

EIGHTH: These Revised Articles of Incorporation supersede the original Articles of Incorporation and all amendments thereto.

3. The number of shares of the corporation outstanding at the time of such adoption was 100; and the number of shares entitled to vote thereon was 100.

4. No shares of any class were entitled to vote thereon as a class.

5. The number of shares voted for such amendment was 100; and the number of shares voted against such amendment was 0.

6. The amendment does not provide for any exchange, reclassification or cancellation of issued shares.

7. The amendment does not effect any change in the stated capital of the corporation.

Dated May 1, 1969.

UNION PACIFIC CORPORATION

By /s/ JAMES H. EVANS

President

ATTEST:

/s/ C. W. Rossworn

Secretary

STATE OF NEW YORK]
] SS
COUNTY OF NEW YORK]

I, ELIZABETH L. GALPINE, a notary public, do hereby certify that on this 10th day of June, 1969, personally appeared before me JAMES H. EVANS, who being by me first duly sworn, declared that he is the President of Union Pacific Corporation, that he signed the foregoing document as President of the corporation, and that the statements therein contained are true.

ELIZABETH L. GALPINE
Notary Public

(Notarial Seal)

ELIZABETH L. GALPINE
Notary Public, State of New York
No. 30-6451300
Qualified in Nassau County
Certificate Filed in N. Y.
Co. Clk's Office
Commission Expires March 30, 1970

ARTICLES OF AMENDMENT
TO THE
REVISED ARTICLES OF INCORPORATION
OF
UNION PACIFIC CORPORATION

Pursuant to the provisions of Section 16-10-57 of the Utah Business Corporation Act, as amended, Union Pacific Corporation, a corporation of the State of Utah, hereby adopts the following Articles of Amendment to its Revised Articles of Incorporation:

1. The name of the corporation is Union Pacific Corporation.

2. The following amendment to the corporation's Revised Articles of Incorporation was adopted by the shareholders of the corporation on January 18, 1977, in the manner prescribed by the Utah Business Corporation Act:

The first paragraph of Article Fourth of the Revised Articles of Incorporation shall be deleted and the following two paragraphs shall be substituted therefor:

"FOURTH: The total number of shares of all classes of capital stock which the corporation shall have the authority to issue is 70,000,000 shares which shall be divided into two classes as follows:

10,000,000 shares of Preferred Stock (Preferred Stock) without par value, and

60,000,000 shares of Common Stock (Common Stock) of the par value of \$5 per share.

On the date on which the Secretary of State of the State of Utah shall issue a Certificate of Amendment to the revised Articles of Incorporation which contain the above amendment to this Article Fourth, each share of Common Stock of the par value of \$10 per share theretofore outstanding shall be automatically converted into two shares of Common Stock of the par value of \$5 per share. The certificates for each outstanding share of the par value of \$10 shall become certificates for the number of shares stated thereon of the par value of \$5 each, and the corporation shall promptly issue to each holder a certificate for additional shares of the par value of \$5 each equal in number to the number then held by such holder."

3. The number of shares of the corporation outstanding at the time of the adoption of such amendment and entitled to vote thereon was 23,870,285 shares, consisting of 23,511,458 shares of Common Stock, \$10 par value, and 358,827 shares of Preferred Stock without par value.

4. The 23,870,285 shares of Common Stock and Preferred Stock outstanding at the time of such adoption were entitled to vote thereon together as one class and the 23,511,458 shares of Common Stock then outstanding were entitled to vote thereon as a separate class.

5. The number of shares of Common Stock and Preferred Stock, voting together as one class, which were voted for such amendment was 19,141,291, and the number of such shares which were voted against the amendment was 65,379; the number of shares of Common Stock, voting as a separate class, which were voted for such amendment was 18,916,034, and the number of such shares which were voted against the amendment was 59,191.

6. The amendment provides for a reduction in the par value of the Common Stock from \$10 to \$5 per share and a split in the issued Common Stock on a 2-for-1 basis.

7. The amendment does not effect any change in the stated capital of the Corporation.

Dated: January 18, 1977.

UNION PACIFIC CORPORATION

By /s/ JAMES H. EVANS

President

ATTEST:

/s/ C. N. OLSEN

SECRETARY

STATE OF NEW YORK]
] SS
COUNTY OF NEW YORK]

I, KENDOR P. JONES, a notary public do hereby certify that on this 18th day of January, 1977, personally appeared before me, JAMES H. EVANS, who being by me first duly sworn, declared that he is the President of Union Pacific Corporation; that he signed the

foregoing document as President of such corporation; and that the statements contained therein are true.

KENDOR P. JONES
Notary Public

(Notarial Seal)

KENDOR P. JONES
Notary Public, State of New York
No. 31-7115525
Qualified in New York County
Commission Expires March 30, 1978

Filed and certificate issued January 27, 1977.

DAVID S. MONSON
Secretary of State

ARTICLES OF AMENDMENT
TO THE
REVISED ARTICLES OF INCORPORATION
OF
UNION PACIFIC CORPORATION

Pursuant to the provisions of Section 16-10-57 of the Utah Business Corporation Act, as amended, Union Pacific Corporation, a corporation of the State of Utah, hereby adopts the following Articles of Amendment to its Revised Articles of Incorporation:

1. The name of the corporation is Union Pacific Corporation.

2. The following amendment to the corporation's Revised Articles of Incorporation was adopted by the shareholders of the corporation on April 18, 1980, in the manner prescribed by the Utah Business Corporation Act:

The first paragraph of Article Fourth of the Revised Articles of Incorporation shall be deleted and the following two paragraphs shall be substituted therefor:

"FOURTH: The total number of shares of all classes of capital stock which the corporation shall have the authority to issue is 220,000,000 shares which shall be divided into two classes as follows:

20,000,000 shares of Preferred Stock (Preferred Stock) without par value, and

200,000,000 shares of Common Stock (Common Stock) of the par value of \$2.50 per share.

On the date on which the Secretary of State of the State of Utah shall issue a Certificate of Amendment to the Revised Articles of Incorporation which contain the above amendment to this Article Fourth, each share of Common Stock of the par value of \$5 per share theretofore outstanding shall be automatically converted into two shares of Common Stock of the par value of \$2.50 per share. The certificates for each outstanding share of the par value of \$5 shall become certificates for the number of shares stated thereon of the par value of \$2.50 each, and the corporation shall promptly issue to each holder a certificate for additional shares of the par value of \$2.50 each equal in number to the number then held by such holder."

3. The number of shares of the corporation outstanding at the time of the adoption of such amendment and entitled to vote thereon was 47,823,395 of Common Stock, \$5 par value.

4. The number of shares of Common Stock, which were voted for such amendment was 31,386,516, and the number of such shares which were voted against the amendment was 224,113.

5. The amendment provides for a reduction in the par value of the Common Stock from \$5 to \$2.50 per share and a split in the issued Common Stock on a 2-for-1 basis.

6. The amendment does not effect any change in the stated capital of the corporation.

Dated: April 23, 1980.

UNION PACIFIC CORPORATION

By /s/ W. S. Cook

President

ATTEST:

/s/ C. N. OLSEN

Secretary

STATE OF NEW YORK]
] SS
COUNTY OF NEW YORK]

I, KENDOR P. JONES, a notary public, do hereby certify that on this 23rd day of April, 1980, personally appeared before me, W. S. COOK, who being by me first duly sworn, declared that he is the President of Union Pacific Corporation; that he signed the foregoing document as President of such Corporation; and that the statements contained therein are true.

KENDOR P. JONES
Notary Public

(Notarial Seal)

KENDOR P. JONES
Notary Public, State of New York
No. 31-7115525
Qualified in New York County
Commission Expires March 30, 1982

Filed and certificate issued April 25, 1980.

DAVID S. MONSON
Secretary of State

ARTICLES OF AMENDMENT
TO THE
REVISED ARTICLES OF INCORPORATION
OF
UNION PACIFIC CORPORATION

Pursuant to the provisions of Section 16-10-57 of the Utah Business Corporation Act, as amended, Union Pacific Corporation, a corporation of the State of Utah, hereby adopts the following Articles of Amendment to its Revised Articles of Incorporation:

1. The name of the corporation is Union Pacific Corporation.

2. The following amendments to the corporation's Revised Articles of Incorporation were adopted by the shareholders of the corporation on April 19, 1985, in the manner prescribed by the Utah Business Corporation Act:

The first paragraph of Article Fourth of the Revised Articles of Incorporation shall be deleted and the following paragraph shall be substituted therefor:

"FOURTH: The total number of shares of all classes of capital stock which the corporation shall have the authority to issue is 320,000,000 shares, which shall be divided into two classes as follows:

20,000,000 share of Preferred Stock (Preferred Stock)
without par value, and

300,000,000 shares of Common Stock (Common Stock) of the par value of \$2.50 per share."

Article Fifth of the Revised Articles of Incorporation shall be amended by adding the following provision as the last sentence thereof:

"Notwithstanding any other provision of these Revised Articles of Incorporation or the bylaws of the corporation (and notwithstanding the fact that a lesser percentage or separate class vote may be specified by law, these Revised Articles of Incorporation or the bylaws of the corporation), the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 %) of the shares of capital stock of the corporation then entitled to vote thereon shall be required to amend or repeal, or adopt any provision

inconsistent with, the provisions of this Article Fifth relating to the removal of directors."

Article Seventh of the Revised Articles of Incorporation shall be amended by adding the following provision as the third paragraph thereof:

"Notwithstanding any other provision of these Revised Articles of Incorporation or the bylaws of the corporation (and notwithstanding the fact that a lesser percentage or separate class vote may be specified by law, these Revised Articles of Incorporation or the bylaws of the corporation), the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 %) of the shares of capital stock of the corporation then entitled to vote thereon shall be required to amend or repeal, or adopt any provision inconsistent with, this Article Seventh."

A new Article Eighth shall be added as follows:

"EIGHTH: A. In addition to any affirmative vote required by law or these Revised Articles of Incorporation or the bylaws of the corporation, and except as otherwise expressly provided in Section B of this Article Eighth, a Business Combination (as hereinafter defined) shall require the affirmative vote of not less than a majority of the votes entitled to be cast by the holders of all the then outstanding shares of Voting Stock (as hereinafter defined), voting together as a single class, excluding Voting Stock beneficially owned by any Interested Shareholder (as hereinafter defined). Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage or separate class or other vote may be specified, by law or in any agreement with any national securities exchange or otherwise.

B. The provisions of Section A of this Article Eighth shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote, if any, as is required by law or by any other provision of these Revised Articles of Incorporation or the bylaws of the corporation, or any agreement with any national securities exchange, if all of the conditions specified in either of the following Paragraphs 1 or 2 are met or, in the case of a Business Combination not involving the payment of consideration to all holders of the corporation's outstanding Capital Stock (as hereinafter defined), if the condition specified in the following Paragraph 1 is met:

1. The Business Combination shall have been approved by a majority (whether such approval is made prior to or subsequent to the acquisition of beneficial

ownership of the Voting Stock that caused the Interested Shareholder to become an Interested Shareholder) of the Continuing Directors (as hereinafter defined).

2. All of the following conditions shall have been met:

a. The aggregate amount of cash and the Fair Market Value (as hereinafter defined), as of the date of the consummation of the Business Combination, of consideration other than cash to be received per share by holders of Common Stock in such Business Combination shall be at least equal to the highest amount determined under clauses (i) and (ii) below:

(i) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by or on behalf of the interested Shareholder for any share of Common Stock in connection with the acquisition by the Interested Shareholder of beneficial ownership of shares of Common Stock (x) within the two-year period immediately prior to the first public announcement of the proposed Business Combination (the Announcement Date) or (y) in the transaction in which it became an Interested Shareholder, whichever is higher, in either case as adjusted for any subsequent stock split, stock dividend, subdivision or reclassification with respect to Common Stock; and

(ii) the Fair Market Value per share of Common Stock on the Announcement Date or on the date on which the Interested Shareholder became an Interested Shareholder (the Determination Date), which ever is higher, as adjusted for any subsequent stock split, stock dividend, subdivision or reclassification with respect to Common Stock.

b. The aggregate amount of cash and the Fair Market Value as of the date of the consummation of the Business Combination of consideration other than cash to be received per share by holders of shares of any class or series of outstanding Capital Stock other than Common Stock shall be at least equal to the highest amount determined under clauses (i), (ii) and (iii) below:

(i) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by or on behalf of the Interested Shareholder for any share of such class or series of Capital Stock

in connection with the acquisition by the Interested Shareholder of beneficial ownership of shares of such class or series of Capital Stock (x) within the two-year period immediately prior to the Announcement Date or (y) in the transaction in which it became an Interested Shareholder, whichever is higher, in either case as adjusted for any subsequent stock split, stock dividend, subdivision or reclassification with respect to such class or series of Capital Stock;

(ii) the Fair Market Value per share of such class or series of Capital Stock on the Announcement Date or on the Determination Date, whichever is higher, as adjusted for any subsequent stock split, stock dividend, subdivision or reclassification with respect to such class or series of Capital Stock; and

(iii)(if applicable) the highest preferential amount per share to which the holders of shares of such class or series of Capital Stock would be entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the corporation regardless of whether the Business Combination to be consummated constitutes such an event.

The provisions of this Paragraph b shall be required to be met with respect to every class or series of outstanding Capital Stock, whether or not the Interested Shareholder has previously acquired beneficial ownership of any shares of a particular class or series of Capital Stock.

c. The consideration to be received by holders of a particular class or series of outstanding Capital Stock shall be in cash or in the same form as previously has been paid by or on behalf of the Interested Shareholder in connection with its direct or indirect acquisition of beneficial ownership of shares of such class or series of Capital Stock. If the consideration so paid for shares or any class or series of Capital Stock varied as to form, the form of consideration for such class or series of Capital Stock shall be either cash or the form used to acquire beneficial ownership of the largest number of shares of such class or series of Capital Stock previously acquired by the Interested Shareholder.

d. After the Determination Date and prior to the consummation of such Business Combination: (i) except as approved by a majority of the Continuing Directors, there

shall have been no failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) payable in accordance with the terms of any outstanding Capital Stock; (ii) there shall have been no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any stock split, stock dividend or subdivision of the Common Stock), except as approved by a majority of the Continuing Directors; (iii) there shall have been an increase in the annual rate of dividends paid on the Common Stock as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction that has the effect of reducing the number of outstanding shares of Common Stock, unless the failure to increase such annual rate is approved by a majority of the Continuing Directors; and (iv) such Interested Shareholder shall not have become the beneficial owner of any additional shares of Capital Stock except as part of the transaction that results in such Interested Shareholder becoming an Interested Shareholder and except in a transaction that, after giving effect thereto, would not result in any increase in the Interested Shareholder's percentage of beneficial ownership of any class or series of Capital Stock.

e. After the Determination Date, such Interested Shareholder shall not have received the benefit, directly or indirectly (except proportionately as a shareholder of the corporation), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the corporation, whether in anticipation of or in connection with such Business Combination or otherwise.

f. A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 (the Act) and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to all shareholders of the corporation at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions). The proxy or information statement shall contain on the first page thereof, in a prominent place, any statement as to the advisability (or inadvisability) of the Business Combination that the Continuing Directors, or any of them, may choose to make and, if deemed advisable by a majority of the Continuing Directors, the opinion of an investment banking firm selected by a majority of the

Continuing Directors as to the fairness (or not) of the terms of the Business Combination from a financial point of view to the holders of the outstanding shares of Capital Stock other than the Interested Shareholder and its Affiliates or Associates (as hereinafter defined) such investment banking firm to be paid a reasonable fee for its services by the corporation.

g. Such Interested Shareholder shall not have made any major change in the corporation's business or equity capital structure without the approval of a majority of the Continuing Directors.

C. The following definitions shall apply with respect to this Article Eighth:

1. The term "Business Combination" shall mean:

a. Any merger or consolidation of the corporation or any Subsidiary (as hereinafter defined) with (i) any Interested Shareholder or (ii) any other company (whether or not itself an Interested Shareholder) which is or after such merger or consolidation would be an Affiliate or Associate of an Interested Shareholder; or

b. any sale, lease, exchange, mortgage, pledge, transfer or other disposition or security arrangement, investment, loan, advance, guarantee, agreement to purchase, agreement to pay, extension of credit, joint venture participation or other arrangement (in one transaction or a series of transactions) with or for the benefit of any Interested Shareholder or any Affiliate or Associate of any Interested Shareholder involving any assets, securities or commitments of the corporation, any Subsidiary, or any Interested Shareholder or any Affiliate or Associate of any Interested Shareholder having an aggregate Fair Market Value and/or involving aggregate commitments of \$50,000,000 or more or constituting more than 5 percent of the book value of the total assets (in the case of transactions involving assets or commitments other than Capital Stock) or 5 percent of the shareholders' equity (in the case of transactions in Capital Stock) of the entity in question (the Substantial Part), as reflected in the most recent fiscal year-end consolidated balance sheet of such entity existing at the time the shareholders of the corporation would be required to approve or authorize the Business Combination involving the assets, securities and/or commitments constituting any Substantial Part; or

c. the adoption of any plan or proposal for the liquidation or dissolution of the corporation which is

voted for or consented to by any Interested Shareholder; or

d. any reclassification of securities (including any reverse stock split), or recapitalization of the corporation, or any merger or consolidation of the corporation with any of its Subsidiaries or any other transaction (whether or not with or otherwise involving an Interested Shareholder) that has the effect, directly or indirectly, of increasing the proportionate share of any class or series of Capital Stock, or any securities convertible into Capital Stock or into equity securities of any Subsidiary, that is beneficially owned by any Interested Shareholder or any Affiliate or Associate of any Interested Shareholder; or

e. any agreement, contract or other arrangement providing for any one or more of the actions specified in the foregoing clauses a to d.

2. The term "Capital Stock" shall mean all capital stock of the corporation authorized to be issued from time to time under Article Fourth of these Revised Articles of Incorporation, and the term "Voting Stock" shall mean all Capital Stock which by its terms may be voted on all matters submitted to shareholders of the corporation generally.

3. The term "person" shall mean any individual, firm, company or other entity and shall include any group comprised of any person and any other person with whom such person or any Affiliate or Associate of such person has any agreement, arrangement or understanding, directly or indirectly, for the purpose of acquiring, holding, voting or disposing of Capital Stock.

4. The term "Interested Shareholder" shall mean any person (other than the corporation or any Subsidiary and other than any profit-sharing, employee stock ownership or other employee benefit plan of the corporation or any Subsidiary or any trustee of or fiduciary with respect to any such plan when acting in such capacity) who (a) is the beneficial owner of Voting Stock representing ten percent (10%) or more of the votes entitled to be cast by the holders of all the then outstanding shares of Voting Stock; or (b) is an Affiliate or Associate of the corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner of Voting Stock representing ten percent (10%) or more of the votes entitled to be cast by the holders of all the then outstanding share of Voting Stock.

5. A person shall be a "beneficial owner" of any Capital Stock:
(a) which such person or any of its Affiliates

or Associates beneficially owns, directly or indirectly; (b) which such person or any of its Affiliates or Associates has, directly or indirectly, (i) the right to acquire (whether such right is exercisable immediately or subject only to the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (ii) the right to vote pursuant to any agreement, arrangement or understanding; or (c) which is beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of Capital Stock. For the purposes of determining whether a person is an Interested Shareholder pursuant to Paragraph 4 of this Section C, the number of shares of Capital Stock deemed to be outstanding shall include shares deemed beneficially owned by such person through application of this Paragraph 5 of Section C, but shall not include any other shares of Capital Stock that may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

6. The terms "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 under the Act as in effect on the date that this Article Eighth is approved by the Board of Directors (the term "registrant" in said Rule 12b-2 meaning in this case the corporation).

7. The term "Subsidiary" shall mean any company of which a majority of any class of equity security is beneficially owned by the corporation; provided, however, that for the purposes of the definition of Interested Shareholder set forth in Paragraph 4 of this Section C, the term "Subsidiary" shall mean only a company of which a majority of each class of equity security is beneficially owned by the corporation.

8. The term "Continuing Director" shall mean any member of the Board of Directors, while such person is a member of the Board of Directors, who is not an Affiliate or Associate or representative of an Interested Shareholder and was a member of the Board of Directors prior to the time that an Interested Shareholder became an Interested Shareholder, and any successor of a Continuing director while such successor is a member of the Board of Directors, who is not an Affiliate or Associate or representative of an Interested Shareholder and is recommended or elected to succeed the Continuing Director by a majority of the Continuing Directors.

9. The term "Fair Market Value" shall mean (a) in the case of cash, the amount of such cash; (b) in the case of

stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Act on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any similar system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by a majority of the Continuing Directors in good faith; and (c) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined in good faith by a majority of the Continuing Directors.

10. In the event of any Business Combination in which the corporation survives, the phrase "consideration other than cash to be received" as used in Paragraphs 2.a and 2.b of Section B of this Article Eighth shall include the shares of Common Stock and/or the shares of any other class or series of Capital Stock retained by the holders of such shares.

D. A majority of the Continuing Directors shall have the power and duty to determine for the purposes of this Article Eighth, on the basis of information known to them after reasonable inquiry, (a) whether a person is an Interested Shareholder, (b) the number of shares of Capital Stock or other securities beneficially owned by any person, (c) whether a person is an Affiliate or Associate of another, (d) whether the assets that are the subject of any Business Combination have, or the consideration to be received for the issuance of transfer of securities by the corporation or any Subsidiary in any Business Combination has, an aggregate Fair Market Value of \$50,000,000 or more, and (e) whether the assets or securities that are the subject of any Business Combination constitute a Substantial Part. Any such determination made in good faith shall be binding and conclusive on all parties.

E. Nothing contained in this Article Eighth shall be construed to relieve any Interested Shareholder from any fiduciary obligation imposed by law.

F. The fact that any Business Combination complies with the provisions of Section B of this Article Eighth shall not be construed to impose any fiduciary duty, obligation or responsibility on the Board of Directors, or any member

thereof, to approve such Business Combination or recommend its adoption or approval to the shareholders of the corporation, nor shall such compliance limit, prohibit or otherwise restrict in any manner the Board of Directors, or any member thereof, with respect to evaluations of or actions and responses taken with respect to such Business Combination.

G. Notwithstanding any other provisions of these Revised Articles of Incorporation or the bylaws of the corporation (and notwithstanding the fact that a lesser percentage or separate class vote may be specified by law, these Revised Articles of Incorporation or the bylaws of the corporation), the affirmative vote of the holders of not less than a majority of the votes entitled to be cast by the holders of all the then outstanding shares of Voting Stock, voting together as a single class, excluding Voting Stock beneficially owned by any Interested Shareholder, shall be required to amend or repeal, or adopt any provisions inconsistent with, this Article Eighth; provided, however, that this Section G shall not apply to, and such majority vote shall not be required for, any amendment, repeal or adoption unanimously recommended by the Board of Directors if all of such directors are persons who would be eligible to serve as Continuing Directors within the meaning of Section C, Paragraph 8 of this Article Eighth."

The present Article Eighth shall be renumbered as Article Ninth.

3. The number of shares of the corporation outstanding at the time of the adoption of such amendments and entitled to vote thereon was 112,274,351 shares of Common Stock, \$2.50 par value, and 4,325,437 shares of Preferred Stock, without par value.

4. (a) The number of shares of Common Stock and Preferred Stock, voting as a single class, which were voted for the amendment to Article Fourth was 84,378,424, and the number of such shares which were voted against the amendment was 7,860,238. The number of shares of Common Stock which were voted for such amendment was 82,042,258, and the number of shares which were voted against the amendment was 7,756,834.

(b) The number of shares of Common Stock and Preferred Stock, voting as a single class, which were voted for the amendments to Articles Fifth and Seventh, for proposed Article Eighth, and for the renumbering of the present Article Eighth as Article Ninth was 70,890,933, and the number of such shares which were voted against such amendments and such proposal was 16,156,063.

5. The amendments do not effect any change in the stated capital of the corporation.

Dated: April 19, 1985

UNION PACIFIC CORPORATION

By /s/ W. S. COOK

President and Chief
Executive Officer

ATTEST:

/S/ C. N. OLSEN

Secretary

STATE OF UTAH)
)SS
COUNTY OF SALT LAKE)

I, Gail L. Young, a notary public, do hereby certify that on this 19th day of April, 1985, personally appeared before me, W. S. Cook, who being by me first duly sworn, declared that he is the President and Chief Executive Officer of Union Pacific Corporation; that he signed the foregoing document as President and Chief Executive Officer of such Corporation; and that the statements contained therein are true.

/s/ GAIL L. YOUNG
Notary Public

(Notarial Seal)
2-1-88

Filed and certificate issued April 19, 1985.

Randall R. Smart
Director, Division of
Corporations and Commercial
Code

ARTICLES OF AMENDMENT
to the
REVISED ARTICLES OF INCORPORATION
of
UNION PACIFIC CORPORATION

Pursuant to the provisions of Section 16-10-57 of the Utah Business Corporation Act, as amended, Union Pacific Corporation, a corporation of the State of Utah, hereby adopts the following Articles of Amendment to its Revised Articles of Incorporation:

1. The name of the corporation is Union Pacific Corporation.
2. The following amendment to the corporation's Revised Articles of Incorporation was adopted by the shareholders of the corporation on April 17, 1992, in the manner prescribed by the Utah Business Corporation Act:

A new Article Ninth shall be added as follows:

"NINTH: To the fullest extent that the Utah Business Corporation Act as it exists on the date hereof or as it may hereafter be amended permits the limitation or elimination of the liability of directors, no director of the corporation shall be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director of the corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal."

The present Article Ninth shall be renumbered as Article Tenth.

3. The number of shares of the corporation outstanding at the time of the adoption of the amendment was 105,243,028 shares of Common Stock, \$2.50 par value, and 4,322,498 shares of Preferred Stock, without par value, and the number of shares of the corporation entitled to vote on the amendment was 105,190,051 shares of such Common Stock, and 4,323,028 shares of such Preferred Stock.
4. The number of shares of Common Stock and Preferred Stock, voting as a single class, which were voted for the amendment was 82,281,490, and the number of such shares which were voted against the amendment was 4,026,694.

5. The amendment does not effect any change in the stated capital of the corporation.

Dated: May 11, 1987

UNION PACIFIC CORPORATION

By /s/ W. J. MCDONALD

Senior Vice President-Law

ATTEST:

/s/ C. N. OLSEN

Secretary

STATE OF NEW YORK)
)ss.
COUNTY OF NEW YORK)

I, Barbara Schulman, a notary public, do hereby certify that on this 11th day of May, 1987, personally appeared before me, William J. McDonald, who being by me first duly sworn, declared that he is the Senior Vice President-Law of Union Pacific Corporation; that he signed the foregoing document as the Senior Vice President-Law of such Corporation; and that the statements contained therein are true.

/s/ B. SCHULMAN
Notary Public

(Notarial Seal)

ARTICLES OF AMENDMENT
to the
REVISED ARTICLES OF INCORPORATION
of
UNION PACIFIC CORPORATION

Pursuant to the provisions of Section 16-10-57 of the Utah Business Corporation Act, as amended, Union Pacific Corporation, a corporation of the State of Utah, hereby adopts the following Articles of Amendment to its Revised Articles of Incorporation:

1. The name of the corporation is Union Pacific Corporation.
2. The following amendment to the corporation's Revised Articles of Incorporation was adopted by the shareholders of the corporation on April 17, 1992, in the manner prescribed by the Utah Business Corporation Act:

The first paragraph of Article Fourth of the Revised Articles of Incorporation shall be amended to read in its entirety as follows:

"FOURTH: The total number of shares of all classes of capital stock which the corporation shall have the authority to issue is 520,000,000 which shall be divided into two classes as follows:

20,000,000 shares of Preferred Stock (Preferred Stock) without par value, and

500,000,000 shares of Common Stock (Common Stock) of the par value of \$2.50 per share."

3. The number of shares of the corporation outstanding at the time of the adoption of the amendment was 203,866,621 shares of Common Stock, \$2.50 par value, and the number of shares of the corporation entitled to vote on the amendment was 203,025,267 shares of such Common Stock.
4. The number of shares of Common Stock which were voted for the amendment was 147,595,275, and the number of such shares which were voted against the amendment was 17,500,814.
5. The amendment does not effect any change in the stated capital of the corporation.

Dated: April 17, 1992

UNION PACIFIC CORPORATION

By /s/ C. W. von Bernuth

Senior Vice President and
General Counsel

ATTEST:

/s/ J. L. Swantak

Secretary

COMMONWEALTH OF PENNSYLVANIA)
)SS.
COUNTY OF LEHIGH)

I, Judith E. Ritter, a notary public, do hereby certify that on this 17th day of April, 1992, personally appeared before me, Carl W. von Bernuth, who being by me first duly sworn, declared that he is the Senior Vice President and General Counsel of Union Pacific Corporation; that he signed the foregoing document as Senior Vice President and General Counsel of such Corporation; and that the statements contained therein are true.

/s/ J. E. Ritter
Notary Public

(Notarial Seal)

ARTICLES OF AMENDMENT
to the
REVISED ARTICLES OF INCORPORATION
of
UNION PACIFIC CORPORATION

Pursuant to the provisions of Section 16-10a-1006 of the Utah Revised Business Corporation Act, Union Pacific Corporation, a corporation of the State of Utah, hereby adopts the following Articles of Amendment to its Revised Articles of Incorporation:

1. The name of the corporation is Union Pacific Corporation.
2. The following amendments to the corporation's Revised Articles of Incorporation have been adopted in the manner prescribed by the Utah Revised Business Corporation Act:
 - A. The text of Article FIFTH of the Revised Articles of Incorporation shall be amended in relevant part to delete the following sentence:

"In electing directors each shareholder may accumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of such candidates."

The text of Article FIFTH of the Revised Articles of Incorporation shall be further amended to insert the following immediately prior to the last sentence of such Article FIFTH:

"In voting for the election of directors holders of Common Stock shall not have the right to accumulate their votes. Notwithstanding that shareholders shall not be entitled to accumulate votes in the election of directors no one of the directors may be removed if the votes of a sufficient number of shares are cast against removal which, at an election of the class of directors of which the director is a member (or at an election of the entire board of directors commencing at the 1999 annual meeting), would have been sufficient to elect the director if cumulative voting were applicable."

- B. Article SEVENTH of the Revised Articles of Incorporation shall be amended to read in its entirety as follows:

"The number of directors of the corporation shall be such as shall from time to time be fixed by the bylaws, but shall not be less than three.

Through and including the 1996 annual meeting, whenever the number of directors fixed by the bylaws shall be nine or more, the directors shall be divided into three classes as nearly equal in size as possible, with the term of office of each class of directors expiring at the third annual meeting after their election. At each annual meeting, commencing with the annual meeting in 1997, the successors of the directors whose terms expire in that year shall be elected to serve until the annual meeting held in the following year, so that, upon the expiration in 1999 of the terms of the directors elected at the annual meeting in 1996, all directors shall be elected to hold office for a one-year term."

3. Each of the foregoing amendments was approved by the Board of Directors of the corporation on January 24, 1996 and was approved by the shareholders of the corporation on April 19, 1996.
4. The number of shares of the corporation's Common Stock, \$2.50 par value, constituting the only voting group entitled to vote on the amendments (the "Common Stock"), outstanding at the time of adoption of the amendments and entitled to vote on the amendments was 205,598,986 shares, and the number of shares of Common Stock indisputably represented at the meeting was 182,702,584, each of which shares of Common Stock was entitled to one vote.
5. The number of votes cast for the amendment of Article FIFTH was 134,347,182 and the number of votes cast against such amendment was 22,662,877.
6. The number of votes cast for the amendment of Article SEVENTH was 152,482,535, and the number of votes cast against such amendment was 4,366,382.

Dated: April 24, 1996

UNION PACIFIC CORPORATION

By /s/ Carl W. von Bernuth
Carl W. von Bernuth
Senior Vice President and
General Counsel

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

COMPUTATION OF EARNINGS PER SHARE

(In Thousands, Except Share and Per Share Amounts)
(Unaudited)

	Three Months Ended March 31,	
	----- 1996 -----	----- 1995 -----
Average number of shares outstanding.....	205,177	205,073
Average shares issuable on exercise of stock options less shares repurchasable from proceeds.....	1,163	459
Total average number of common and common equivalent shares.....	206,340 =====	205,532 =====
Income from continuing operations.....	\$107,061	\$129,494
Income from discontinued operations (Note 4)...	48,964	61,187
Net Income.....	\$156,025 =====	\$190,681 =====
Earnings per share:		
Income from continuing operations.....	\$ 0.52	\$ 0.63
Income from discontinued operations.....	0.24	0.30
Net Income.....	\$ 0.76 =====	\$ 0.93 =====

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(In Thousands, Except Ratios)
(Unaudited)

	Three Months Ended March 31,	
	1996	1995
	-----	-----
Earnings:		
Income from continuing operations.....	\$107,061	\$129,494
Deduct distributions to extent less than income of unconsolidated affiliates.....	(11,894)	(11,928)
Total.....	95,167	117,566
	-----	-----
Income Taxes:		
Federal, state and local.....	31,269	76,927
	-----	-----
Fixed Charges:		
Interest expense including amortization of debt discount.....	116,862	90,662
Portion of rentals representing an interest factor.....	28,130	13,003
Total.....	144,992	103,665
	-----	-----
Earnings available for fixed charges.....	\$271,428	\$298,158
	=====	=====
Fixed Charges -- as above.....	\$144,992	\$103,665
Interest capitalized.....	--	--
	-----	-----
Total fixed charges.....	\$144,992	\$103,665
	=====	=====
Ratio of earnings to fixed charges (Note 6).....	1.9	2.9
	=====	=====

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

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

1,000,000	
3-MOS	
DEC-31-1995	
MAR-31-1996	
	79
	0
1,099	0
	227
1,646	19,006
	4,746
19,609	19,609
1,974	6,129
	582
0	0
	5,854
19,609	0
1,968	0
	1,703
	28
	0
117	117
	138
	31
107	49
	0
	0
	156
	0.76
	0