

UNION PACIFIC ANNOUNCES SECOND QUARTER RESULTS

FOR IMMEDIATE RELEASE:

OMAHA, July 27 -- Union Pacific Corporation today reported strong second quarter earnings driven by solid revenue growth and continued service improvement. Net income for the second quarter increased 26 percent to \$244 million, or \$.96 per diluted share. Union Pacific reported net income of \$194 million, or \$.77 per diluted share, in the second quarter of 1999.

Union Pacific Corporation, excluding Overnite, reported second quarter operating income of \$526 million, a 23 percent increase over 1999. The Railroad's commodity revenue increased 5 percent to a record \$2.6 billion. The Automotive, Intermodal and Industrial Products business groups continued strong with each showing double-digit revenue gains. The revenue growth, coupled with operating productivity improvements, drove a 2.5 percentage point reduction in the operating ratio to 80.5 percent, a quarterly best for the merged company. This improvement was accomplished despite a 50 percent increase in fuel prices year over year.

Overnite Transportation continued its turnaround with second quarter operating income of \$17 million compared to \$15 million in the second quarter of 1999. This is a substantial improvement over the \$0.5 million in operating income for the first quarter of 2000. Revenue rose 4 percent to \$283 million from \$273 million in 1999. Overnite's operating ratio improved to 94.1 percent from 94.5 in 1999.

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For the first half of 2000, the Corporation reported operating income of \$994 million and net income of \$429 million compared to an operating income of \$803 million and net income of \$323 million for the same period in 1999.

“We’re particularly encouraged by the record revenue performance in the quarter. It shows that our operational improvements are making a difference for our customers,” said Dick Davidson, Chairman and Chief Executive Officer. “As we head into the second half of the year, we will work even harder to leverage our operating efficiencies into innovative and enhanced service products that will attract new business to the Railroad.”

Second quarter and first half income statements are attached.

**Media inquiries should be directed to John Bromley at Union Pacific Railroad,
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This press release may contain statements about the Corporation’s future that are not statements of historical fact. These statements are “forward-looking statements” for purposes of applicable securities laws, and are based on current information and/or management’s good faith belief as to future events. Forward-looking statements include projections and estimates of earnings, revenues, cost-savings, expenses, or other financial items; statements of management’s plans, strategies and objectives for future operation, and management’s expectations as to future performance and operations and the time by which objectives will be achieved; statements concerning proposed new products and services; and statements regarding future economic, industry or market conditions or performance.

Forward-looking statements are subject to risks and uncertainties. Actual performance or results could differ materially from that anticipated by the forward-looking statement. Important factors that could cause such differences include the Corporation’s success in implementing its financial and operational initiatives; the impact of industry competition, conditions, performance and consolidation; legislative and/or regulatory developments, including initiatives to re-regulate the rail business; natural events such as severe weather, floods and earthquakes; adverse general economic conditions, both within the United States and globally; changes in fuel prices; changes in labor costs; labor stoppages; and the outcome of claims and litigation.

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

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UNION PACIFIC CORPORATION
STATEMENT OF CONSOLIDATED INCOME
For the Three Months Ended June 30
(Dollars in Millions, Except Per Share Amounts)
(Unaudited)

	2000	1999	Pct Chg
Operating Revenue	\$ 2,979	\$ 2,773	+ 7
Operating Expense - a)	<u>2,437</u>	<u>2,332</u>	+ 5
Operating Income	542	441	+ 23
Other Income - Net	24	24	-
Interest Expense	<u>(180)</u>	<u>(184)</u>	- 2
Income Before Income Taxes	386	281	+ 37
Income Tax Expense	<u>(142)</u>	<u>(87)</u>	+ 63
Net Income	<u>\$ 244</u>	<u>\$ 194</u>	+ 26
Basic Earnings Per Share	<u>\$ 0.99</u>	<u>\$ 0.79</u>	+ 25
Diluted Earnings Per Share	<u>\$ 0.96</u>	<u>\$ 0.77</u>	+ 25
Average Basic Shares Outstanding (MM)	246.4	246.5	
Average Diluted Shares Outstanding (MM)	269.4	270.6	

a) Includes one-time merger expenses of \$9 million pre-tax (\$5 million after-tax or \$.02 per diluted share) in 2000, \$13 million pre-tax (\$8 million after-tax or \$.03 per diluted share) in 1999. Merger expenses include severance, relocation and certain other costs related to Union Pacific employees affected by the merger.

UNION PACIFIC CORPORATION
STATEMENT OF CONSOLIDATED INCOME
For the Six Months Ended June 30
(Dollars in Millions, Except Per Share Amounts)
(Unaudited)

	2000	1999	Pct Chg	
Operating Revenue	\$ 5,892	\$ 5,513	+	7
Operating Expense - a)	<u>4,898</u>	<u>4,710</u>	+	4
Operating Income	994	803	+	24
Other Income - Net	44	49	-	10
Interest Expense	<u>(362)</u>	<u>(370)</u>	-	2
Income Before Income Taxes	676	482	+	40
Income Tax Expense	<u>(247)</u>	<u>(159)</u>	+	55
Net Income	<u>\$ 429</u>	<u>\$ 323</u>	+	33
Basic Earnings Per Share	<u>\$ 1.74</u>	<u>\$ 1.31</u>	+	33
Diluted Earnings Per Share	<u>\$ 1.70</u>	<u>\$ 1.31</u>	+	30
Average Basic Shares Outstanding (MM)	246.4	246.4		
Average Diluted Shares Outstanding (MM) - b)	269.4	247.7		

a) Includes one-time merger expenses of \$18 million pre-tax (\$11 million after-tax or \$.04 per diluted share) in 2000, \$28 million pre-tax (\$17 million after-tax or \$.07 per basic and diluted share) in 1999. Merger expenses include severance, relocation and certain other costs related to Union Pacific employees affected by the merger.

b) 1999 excludes 21.8 million anti-dilutive common stock equivalents.

UNION PACIFIC RAILROAD

REVENUE DETAIL

Periods Ended June 30

(Unaudited)

Second Quarter			Year-to-Date			
2000	1999	Pct Chg		2000	1999	Pct Chg
Commodity Revenue (000):						
\$ 334,293	\$ 328,694	+ 2	Agricultural	\$ 683,787	\$ 675,393	+ 1
307,039	274,666	+ 12	Automotive	597,175	528,010	+ 13
424,175	395,569	+ 7	Chemicals	836,117	796,462	+ 5
489,959	532,802	- 8	Energy	1,019,054	1,096,596	- 7
525,250	474,473	+ 11	Industrial Products	1,017,296	923,681	+ 10
470,842	425,430	+ 11	Intermodal	911,899	813,532	+ 12
<u>\$ 2,551,558</u>	<u>\$ 2,431,634</u>	+ 5	Total	<u>\$ 5,065,328</u>	<u>\$ 4,833,674</u>	+ 5
Revenue Carloads:						
213,250	214,016	-	Agricultural	434,238	437,430	- 1
213,593	184,071	+ 16	Automotive	412,855	354,009	+ 17
243,611	232,540	+ 5	Chemicals	475,407	457,582	+ 4
439,233	448,425	- 2	Energy	919,046	925,164	- 1
375,741	352,721	+ 7	Industrial Products	730,597	679,901	+ 7
727,441	681,509	+ 7	Intermodal	1,414,476	1,307,011	+ 8
<u>2,212,869</u>	<u>2,113,282</u>	+ 5	Total	<u>4,386,619</u>	<u>4,161,097</u>	+ 5
Average Revenue per Car:						
\$1,568	\$1,536	+ 2	Agricultural	\$1,575	\$1,544	+ 2
1,437	1,492	- 4	Automotive	1,446	1,492	- 3
1,741	1,701	+ 2	Chemicals	1,759	1,741	+ 1
1,115	1,188	- 6	Energy	1,109	1,185	- 6
1,398	1,345	+ 4	Industrial Products	1,392	1,359	+ 2
647	624	+ 4	Intermodal	645	622	+ 4
<u>\$1,153</u>	<u>\$1,151</u>	-	Total	<u>\$1,155</u>	<u>\$1,162</u>	- 1

RAIL AND OTHER OPERATIONS - a)

REVIEW OF OPERATIONS

Periods Ended June 30

(Dollars in Millions, Except Operating Statistics)

(Unaudited)

Second Quarter				Year-to-Date			
2000	1999	Pct Chg					
\$ 2,696	\$ 2,500	+	8	Operating Revenues	\$ 5,340	\$ 4,987	+ 7
				Operating Expenses - b)			
875	890	-	2	Salaries and Benefits	1,775	1,808	- 2
297	303	-	2	Rent Expense	601	616	- 2
271	256	+	6	Depreciation	541	515	+ 5
294	191	+	54	Fuel and Utilities	587	369	+ 59
142	134	+	6	Materials and Supplies	287	267	+ 7
291	300	-	3	Other	572	634	- 10
2,170	2,074	+	5	Total	4,363	4,209	+ 4
\$ 526	\$ 426	+	23	Operating Income	\$ 977	\$ 778	+ 26
				Operating Statistics:			
2,213	2,113	+	5	Revenue Carloads (Thousands)	4,387	4,161	+ 5
117,827	115,696	+	2	Revenue Ton-Miles (Millions)	239,070	231,083	+ 3
227,322	220,759	+	3	Gross Ton-Miles (Millions)	459,339	439,261	+ 5
2.17 ¢	2.10 ¢	+	3	Rev/RTM (Commodity Revenue Based)	2.12 ¢	2.09 ¢	+ 1
\$ 1,153	\$ 1,151	-		Average Commodity Revenue Per Car	\$ 1,155	\$ 1,162	- 1
50,948	53,305	-	4	Average Employees	50,857	52,971	- 4
84 ¢	56 ¢	+	50	Average Fuel Price Per Gallon	82 ¢	53 ¢	+ 55
319	307	+	4	Fuel Consumed in Gallons (MM)	643	610	+ 5
1.402	1.390	+	1	Fuel Consumption Rate (Gal/000 GTM)	1.399	1.389	+ 1
80.5	83.0	-	2.5 pt.	Operating Ratio (%)	81.7	84.4	- 2.7 pt.
\$ 9	\$ 13			Merger Expenses (\$MM) - b)	\$ 18	\$ 28	

a) Excludes Overnite's operations.

b) Includes merger expenses (severance, relocation and certain other costs).

OVERNITE TRANSPORTATION COMPANY

REVIEW OF OPERATIONS

Periods Ended June 30

(Dollars in Millions, Except Operating Statistics)

(Unaudited)

Second Quarter					Year-to-Date			
2000	1999		Pct Chg		2000	1999		Pct Chg
\$ 283	\$ 273	+	4	Operating Revenues	\$ 552	\$ 526	+	5
				Operating Expenses				
165	167	-	1	Salaries and Benefits	330	325	+	2
24	22	+	9	Rent Expense	47	40	+	18
12	12	-	-	Depreciation	24	23	+	4
17	11	+	55	Fuel and Utilities	35	22	+	59
12	12	-	-	Materials and Supplies	24	23	+	4
36	34	+	6	Other	75	68	+	10
266	258	+	3	Total	535	501	+	7
\$ 17	\$ 15	+	13	Operating Income	\$ 17	\$ 25	-	32
				Operating Statistics:				
1,927	2,090	-	8	Millions of Pounds Hauled - LTL	3,783	4,032	-	6
2,062	2,196	-	6	Millions of Pounds Hauled - Combined	4,039	4,246	-	5
\$ 13.51	\$ 12.42	+	9	Revenue/CWT - LTL	\$ 13.48	\$ 12.38	+	9
\$ 13.10	\$ 12.07	+	9	Revenue/CWT - Combined	\$ 13.05	\$ 12.02	+	9
11,182	11,704	-	4	Average Employees	11,142	11,611	-	4
83 ¢	51 ¢	+	63	Average Fuel Price Per Gallon	84 ¢	47 ¢	+	79
14,453	14,425	-	-	Fuel Consumed in Gallons (000s)	28,946	28,357	+	2
94.1	94.5	-	0.4 pt.	Operating Ratio (%)	96.9	95.2	+	1.7 pt.

UNION PACIFIC CORPORATION
STATEMENT OF CONSOLIDATED FINANCIAL POSITION

As of June 30, 2000 and December 31, 1999

(Dollars in Millions)

(Unaudited)

	June 30, 2000	December 31, 1999
Assets:		
Cash and Temporary Investments	\$ 72	\$ 175
Other Current Assets	1,122	1,139
Investments	706	753
Properties - Net	27,825	27,519
Other Assets	477	302
Total	\$ 30,202	\$ 29,888
Liabilities and Stockholders' Equity:		
Current Portion of Long Term Debt	\$ 206	\$ 214
Other Current Liabilities	2,636	2,671
Long Term Debt	8,365	8,426
Deferred Income Taxes	6,921	6,715
Other Long Term Liabilities	2,235	2,361
Convertible Preferred Shares	1,500	1,500
Common Stockholders' Equity	8,339	8,001
Total	\$ 30,202	\$ 29,888

UNION PACIFIC CORPORATION
STATEMENT OF CONSOLIDATED CASH FLOWS
For the Six Months Ended June 30
(Dollars in Millions)
(Unaudited)

	<u>2000</u>	<u>1999</u>
Cash From Operations:		
Net Income	\$ 429	\$ 323
Depreciation and Amortization	565	538
Deferred Income Taxes	200	161
Other	<u>(198)</u>	<u>(44)</u>
Cash Provided by Operations	<u>996</u>	<u>978</u>
Investing Activities:		
Capital Investments	(817)	(824)
Other	<u>(117)</u>	<u>(17)</u>
Cash Used by Investing Activities	<u>(934)</u>	<u>(841)</u>
Financing Activities:		
Dividends Paid	(101)	(98)
Debt Repaid	(539)	(528)
Financings and Other - Net	<u>475</u>	<u>644</u>
Cash Provided (Used) by Financing Activities	<u>(165)</u>	<u>18</u>
Net Change in Cash and Temporary Investments	<u>\$ (103)</u>	<u>\$ 155</u>