

UNION PACIFIC ANNOUNCES SECOND QUARTER RESULTS

FOR IMMEDIATE RELEASE:

Omaha, NE, July 19 – Union Pacific Corporation today reported net income for the second quarter of \$243 million, or \$.95 per diluted share. This compares to net income of \$244 million, or \$.96 per diluted share, in the second quarter of 2000.

In commenting on the company's performance, Dick Davidson, chairman and chief executive officer, said, "The benefits of our diverse franchise were evident in the second quarter. Strength in Energy and Agricultural traffic, coupled with strong real estate sales, helped to offset the challenges of a soft economy and continued high fuel prices as well as floods in key areas of our service territory. Despite this difficult near-term environment, we remain committed to improving the quality of service to customers. The entire Union Pacific team continues to be focused on improving yields and driving productivity while positioning our company to leverage our strengths when the economy eventually improves."

For the second quarter, Union Pacific Corporation, excluding Overnite, reported operating income of \$478 million compared to \$526 million for the same period in 2000. The Railroad's commodity revenue increased to \$2.6 billion for the quarter as average revenue per car was up 2 percent. Energy continued to be strong, with revenue growth of 18 percent, while Agricultural revenues showed a 3 percent gain. The economically sensitive commodities all declined with Industrial

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Products down 1 percent, Intermodal and Automotive each down 2 percent and Chemicals down 9 percent. The operating ratio was up 1.9 percentage points to 82.3 percent from 80.4 percent in second quarter 2000. Key factors behind the increase were a 10 percent surge in fuel prices over 2000 levels and additional costs due to flooding in both Houston and the upper Midwest.

Overnite Transportation reported second quarter operating income of \$16 million compared to \$17 million in the second quarter of 2000. Revenue increased 2 percent to \$290 million from \$283 million, while Overnite's operating ratio increased 0.5 percentage points to 94.6 percent.

For the first half of 2001, the Corporation reported operating income of \$933 million and net income of \$424 million compared to operating income of \$994 million and net income of \$429 million for the same period in 2000.

Union Pacific Corporation is one of America's leading transportation companies. Its principal operating company, Union Pacific Railroad, is the largest railroad in North America, covering 23 states across the western two-thirds of the United States. A strong focus on quality and a strategically advantageous route structure enable the company to serve customers in critical and fast growing markets. It is a leading carrier of low-sulfur coal used in electrical power generation and has broad coverage of the large chemical-producing areas along the Gulf Coast. With competitive long-haul routes between all major West Coast ports and eastern gateways, and as the only railroad to serve all six gateways to Mexico,

Union Pacific has the premier rail franchise in North America. The Corporation also owns Overnite Transportation, a nationwide less-than-truckload carrier, and Fenix, a group of affiliated technology companies.

Supplemental financial information is attached.

Additional information is available at our website: www.up.com. Our contact for investors is Beth Whited at 402 271-4227. Our media contact is John Bromley who can be reached at 402 271-3475.

This press release and related materials 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, without limitation, 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 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, but are not limited to, 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.

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.