

UNION PACIFIC GENERATES EARNINGS GROWTH

FOR IMMEDIATE RELEASE:

Omaha, NE, October 18 – Union Pacific Corporation today reported net income for the third quarter of \$267 million, or \$1.04 per diluted share. This is an increase of 4 percent compared to net income of \$256 million, or \$1.00 per diluted share, in the third quarter of 2000.

"The strength of Union Pacific's diverse franchise was evident in this quarter's strong results," said Dick Davidson, chairman and chief executive officer. "Revenues during the quarter came close to last year in spite of the slowdown in the overall economy. Our financial results also demonstrate Union Pacific's commitment to driving quality service, productivity improvement and operational efficiency."

For the third quarter, Union Pacific Corporation, excluding Overnite, reported operating income of \$556 million compared to \$550 million for the same period in 2000. The Railroad's commodity revenue declined modestly to \$2.63 billion for the quarter from \$2.65 billion, as carloads were off 1 percent. Energy revenue continued its record-setting performance with 4 percent growth year-over-year, while Industrial Products rebounded during the third quarter with a 3 percent gain. The other commodities all experienced revenue declines during the quarter with Automotive down 10 percent, Chemicals down 5 percent, Agricultural down 2 percent and Intermodal down 1 percent.

-M O R E-

The operating ratio improved by 0.4 percentage points to the best quarterly performance since 1996 at 79.7 percent from 80.1 percent in third quarter 2000. Record levels of employee productivity and other cost control measures, combined with moderating fuel prices were key contributors to the improved performance.

"We're particularly encouraged by the continued record level of customer satisfaction," said Davidson. "It shows that we're offering and delivering services which meet our customers' needs."

Overnite Transportation reported third quarter operating income of \$18.3 million compared to \$19.6 million in the third quarter of 2000. Operating revenues increased 2 percent to \$292 million from \$287 million. Overnite's operating ratio increased 0.5 percentage points to 93.7 percent.

For the first nine months of 2001, the Corporation reported operating income of \$1.5 billion and net income of \$691 million compared to operating income of \$1.6 billion and net income of \$685 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.

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

	2001	2000	Pct Chg	
Operating Revenues	\$ 3,026	\$ 3,054	-	1
Operating Expenses	<u>2,452</u>	<u>2,484</u>	-	1
Operating Income	574	570	+	1
Other Income - Net	31	17	+	82
Interest Expense	<u>(175)</u>	<u>(181)</u>	-	3
Income Before Income Taxes	430	406	+	6
Income Tax Expense	<u>(163)</u>	<u>(150)</u>	+	9
Net Income	<u>\$ 267</u>	<u>\$ 256</u>	+	4
Basic Earnings Per Share	\$ 1.08	\$ 1.04	+	4
Diluted Earnings Per Share	\$ 1.04	\$ 1.00	+	4
Average Basic Shares Outstanding (MM)	247.9	246.5		
Average Diluted Shares Outstanding (MM)	271.6	269.4		

UNION PACIFIC CORPORATION
STATEMENTS OF CONSOLIDATED INCOME
For the Nine Months Ended September 30
(Dollars in Millions, Except Per Share Amounts)
(Unaudited)

	2001	2000	Pct Chg	
Operating Revenues	\$ 8,967	\$ 8,926		-
Operating Expenses	<u>7,460</u>	<u>7,362</u>	+	1
Operating Income	1,507	1,564	-	4
Other Income - Net	136	61		F
Interest Expense	<u>(534)</u>	<u>(543)</u>	-	2
Income Before Income Taxes	1,109	1,082	+	2
Income Tax Expense	<u>(418)</u>	<u>(397)</u>	+	5
Net Income	<u>\$ 691</u>	<u>\$ 685</u>	+	1
Basic Earnings Per Share	\$ 2.79	\$ 2.78		-
Diluted Earnings Per Share	\$ 2.71	\$ 2.71		-
Average Basic Shares Outstanding (MM)	247.5	246.4		
Average Diluted Shares Outstanding (MM)	271.5	269.4		