UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2014

OR

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

For the transition period from __________ to __________

Commission File Number 1-6075

UNION PACIFIC CORPORATION

(Exact name of registrant as specified in its charter)

UTAH	**13-2626465**
(State or other jurisdiction of	(I.R.S. Employer

incorporation or organization)	Identification No.)

1400 DOUGLAS STREET, OMAHA, NEBRASKA

(Address of principal executive offices)

68179

(Zip Code)

(402) 544-5000

(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.

þ Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

þ Yes ¨ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer þ Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

¨ Yes þ No

As of July 18, 2014, there were 897,427,875 shares of the Registrant s Common Stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Income (Unaudited)

Union Pacific Corporation and Subsidiary Companies

Millions, Except Per Share Amounts, for the Three Months Ended June 30,	***2014***	*2013*
Operating revenues:		
Freight revenues	**$ 5,661**	$ 5,153
Other revenues	**354**	317
Total operating revenues	**6,015**	5,470
Operating expenses:		
Compensation and benefits	**1,246**	1,185
Fuel	**923**	863
Purchased services and materials	**636**	585
Depreciation	**470**	438
Equipment and other rents	**316**	302
Other	**228**	219
Total operating expenses	**3,819**	3,592
Operating income	**2,196**	1,878
Other income (Note 7)	**22**	23
Interest expense	**(138)**	(133)
Income before income taxes	**2,080**	1,768
Income taxes	**(789)**	(662)
Net income	**$ 1,291**	$ 1,106
Share and Per Share (Notes 4 and 9):		
Earnings per share - basic	**$ 1.43**	$ 1.19
Earnings per share - diluted	**$ 1.43**	$ 1.18
Weighted average number of shares - basic	**901.5**	930.6
Weighted average number of shares - diluted	**905.0**	935.3
Dividends declared per share	**$ 0.455**	$ 0.345

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

Union Pacific Corporation and Subsidiary Companies

Millions, for the Three Months Ended June 30,		***2014***		*2013*
Net income	**$**	**1,291**	$	1,106
Other comprehensive income/(loss):				
Defined benefit plans		**11**		17
Foreign currency translation		**9**		4
Total other comprehensive income/(loss) [a]		**20**		21
Comprehensive income	**$**	**1,311**	$	1,127

[a] Net of deferred taxes of $12 million and $13 million during the three months ended June 30, 2014, and 2013, respectively.
The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

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Condensed Consolidated Statements of Income (Unaudited)

Union Pacific Corporation and Subsidiary Companies

Millions, Except Per Share Amounts, for the Six Months Ended June 30,		***2014***		*2013*
Operating revenues:				
Freight revenues	**$**	**10,947**	$	10,137
Other revenues		**706**		623
Total operating revenues		**11,653**		10,760
Operating expenses:				
Compensation and benefits		**2,500**		2,401
Fuel		**1,844**		1,763
Purchased services and materials		**1,243**		1,142
Depreciation		**934**		872
Equipment and other rents		**628**		615
Other		**454**		456
Total operating expenses		**7,603**		7,249
Operating income		**4,050**		3,511
Other income (Note 7)		**60**		63
Interest expense		**(271)**		(261)
Income before income taxes		**3,839**		3,313
Income taxes		**(1,460)**		(1,250)
Net income	**$**	**2,379**	$	2,063
Share and Per Share (Notes 4 and 9):				
Earnings per share - basic	**$**	**2.63**	$	2.21
Earnings per share - diluted	**$**	**2.62**	$	2.20
Weighted average number of shares - basic		**904.8**		933.1
Weighted average number of shares - diluted		**908.7**		938.1
Dividends declared per share	**$**	**0.91**	$	0.69

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

Union Pacific Corporation and Subsidiary Companies

Millions, for the Six Months Ended June 30,		***2013***		*2012*
Net income	**$**	**2,379**	$	2,063
Other comprehensive income/(loss):				

Defined benefit plans		**31**		31
Foreign currency translation		**5**		7
Other comprehensive income/(loss) [a]		**36**		38
Comprehensive income	**$**	**2,415**	$	2,101

[a] Net of deferred taxes of $17 million and $25 million during the six months ended June 30, 2014, and 2013, respectively.
The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

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Condensed Consolidated Statements of Financial Position (Unaudited)

Union Pacific Corporation and Subsidiary Companies

Millions, Except Share and Per Share Amounts		***June 30, 2014***		*December 31, 2013*
Assets				
Current assets:				
Cash and cash equivalents	**$**	**1,537**	$	1,432
Accounts receivable, net (Note 11)		**1,666**		1,414
Materials and supplies		**739**		653
Current deferred income taxes		**239**		268
Other current assets		**322**		223
Total current assets		**4,503**		3,990
Investments		**1,369**		1,321
Net properties (Note 12)		**44,901**		43,749
Other assets		**789**		671
Total assets	**$**	**51,562**	$	49,731
Liabilities and Common Shareholders Equity				
Current liabilities:				
Accounts payable and other current liabilities (Note 13)	**$**	**3,319**	$	3,086
Debt due within one year (Note 15)		**458**		705
Total current liabilities		**3,777**		3,791
Debt due after one year (Note 15)		**10,385**		8,872
Deferred income taxes		**14,301**		14,163
Other long-term liabilities		**1,659**		1,680
Commitments and contingencies (Note 17)				
Total liabilities		**30,122**		28,506
Common shareholders equity (Note 4):				
Common shares, $2.50 par value, 1,400,000,000 authorized; 1,110,115,474 and 1,109,657,652 issued; 899,019,384 and 912,001,996 outstanding, respectively		**2,775**		2,774
Paid-in-surplus		**4,269**		4,210
Retained earnings		**25,456**		23,901
Treasury stock		**(10,346)**		(8,910)
Accumulated other comprehensive loss (Note 10)		**(714)**		(750)
Total common shareholders equity		**21,440**		21,225

Total liabilities and common shareholders equity	**$**	**51,562**	$	49,731

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

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Condensed Consolidated Statements of Cash Flows (Unaudited)

Union Pacific Corporation and Subsidiary Companies

Millions, for the Six Months Ended June 30,	***2014***	*2013*
Operating Activities		
Net income	**$ 2,379**	$ 2,063
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	**934**	872
Deferred income taxes and unrecognized tax benefits	**155**	365
Other operating activities, net	**(43)**	(83)
Changes in current assets and liabilities:		
Accounts receivable, net	**(252)**	(137)
Materials and supplies	**(86)**	6
Other current assets	**(99)**	(37)
Accounts payable and other current liabilities	**233**	169
Cash provided by operating activities	**3,221**	3,218
Investing Activities		
Capital investments	**(2,068)**	(1,730)
Proceeds from asset sales	**40**	42
Other investing activities, net	**(150)**	(51)
Cash used in investing activities	**(2,178)**	(1,739)
Financing Activities		
Debt issued (Note 15)	**1,895**	944
Common share repurchases (Note 18)	**(1,450)**	(833)
Dividends paid	**(776)**	(646)
Debt repaid	**(640)**	(139)
Other financing activities, net	**33**	(23)
Cash used in financing activities	**(938)**	(697)
Net change in cash and cash equivalents	**105**	782
Cash and cash equivalents at beginning of year	**1,432**	1,063
Cash and cash equivalents at end of period	**$ 1,537**	$ 1,845
Supplemental Cash Flow Information		
Non-cash investing and financing activities:		
Cash dividends declared but not yet paid	**$ 404**	$ 316
Capital investments accrued but not yet paid	**109**	119
Common shares repurchased but not yet paid	**39**	24
Cash paid for:		
Income taxes, net of refunds	**$ (1,229)**	$ (715)
Interest, net of amounts capitalized	**(231)**	(251)

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

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Condensed Consolidated Statements of Changes in Common Shareholders Equity (Unaudited)

Union Pacific Corporation and Subsidiary Companies

Millions	*Common Shares*	*Treasury Shares*	*Common Shares*	*Paid-in-Surplus*	*Retained Earnings*	*Treasury Stock*	*AOCI [a]*	*Total*
Balance at January 1, 2013 (Note 4)	1,109.1	(170.2)	$ 2,773	$ 4,113	$ 20,884	$ (6,707)	$ (1,186)	$ 19,877
Net income			-	-	2,063	-	-	2,063
Other comp. income			-	-	-	-	38	38
Conversion, stock option exercises, forfeitures, and other	0.6	1.1	1	49	-	(3)	-	47
Share repurchases (Note 18)	-	(11.9)	-	-	-	(857)	-	(857)
Cash dividends declared ($0.69 per share)	-	-	-	-	(644)	-	-	(644)
Balance at June 30, 2013	1,109.7	(181.0)	$ 2,774	$ 4,162	$ 22,303	$ (7,567)	$ (1,148)	$ 20,524
Balance at January 1, 2014 (Note 4)	1,109.7	(197.7)	$ 2,774	$ 4,210	$ 23,901	$ (8,910)	$ (750)	$ 21,225
Net income			-	-	2,379	-	-	2,379
Other comp. income			-	-	-	-	36	36
Conversion, stock option exercises, forfeitures, and other	0.4	2.6	1	59	-	53	-	113
Share repurchases (Note 18)	-	(16.0)	-	-	-	(1,489)	-	(1,489)
Cash dividends declared ($0.91 per share)	-	-	-	-	(824)	-	-	(824)
Balance at June 30, 2014	**1,110.1**	**(211.1)**	**$ 2,775**	**$ 4,269**	**$ 25,456**	**$ (10,346)**	**$ (714)**	**$ 21,440**

[a] AOCI = Accumulated Other Comprehensive Income/(Loss) (Note 10)
The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

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UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

For purposes of this report, unless the context otherwise requires, all references herein to the Corporation , Company , UPC , we , us , and our Union Pacific Corporation and its subsidiaries, including Union Pacific Railroad Company, which will be separately referred to herein as UPRR or the Railroad .

1. Basis of Presentation

Our Condensed Consolidated Financial Statements are unaudited and reflect all adjustments (consisting of normal and recurring adjustments) that are, in the opinion of management, necessary for their fair presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Our Consolidated Statement of Financial Position at December 31, 2013, is derived from audited financial statements. This Quarterly Report on Form 10-Q should be read in conjunction with our Consolidated Financial Statements and notes thereto contained in our 2013 Annual Report on Form 10-K. The results of operations for the six months ended June 30, 2014, are not necessarily indicative of the results for the entire year ending December 31, 2014.

The Condensed Consolidated Financial Statements are presented in accordance with GAAP as codified in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Certain prior period amounts have been disaggregated to provide more detail and conform to the current period financial statement presentation.

2. Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 supersedes the revenue recognition guidance in Topic 605, Revenue Recognition. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in the exchange for those goods or services. This standard is effective for annual reporting periods beginning after December 15, 2016. ASU 2014-09 is not expected to have a material impact on our consolidated financial position, results of operations, or cash flows.

3. Operations and Segmentation

The Railroad, along with its subsidiaries and rail affiliates, is our one reportable operating segment. Although we provide and analyze revenue by commodity group, we treat the financial results of the Railroad as one segment due to the integrated nature of our rail network. The following table provides freight revenue by commodity group:

	Three Months Ended June 30,		*Six Months Ended June 30,*	
Millions	***2014***	*2013*	***2014***	*2013*
Agricultural	**$ 934**	$ 784	**$ 1,844**	$ 1,568
Automotive	**545**	534	**1,033**	1,021
Chemicals	**913**	890	**1,806**	1,763
Coal	**989**	975	**1,950**	1,911
Industrial Products	**1,130**	977	**2,141**	1,893
Intermodal	**1,150**	993	**2,173**	1,981
Total freight revenues	**5,661**	5,153	**10,947**	10,137
Other revenues	**354**	317	**706**	623
Total operating revenues	**$ 6,015**	$ 5,470	**$ 11,653**	$ 10,760

Although our revenues are principally derived from customers domiciled in the U.S., the ultimate points of origination or destination for some products transported by us are outside the U.S. Each of our commodity groups includes revenue from shipments to and from Mexico. Included in the above table are revenues from our Mexico business which amounted to $599 million and $519 million, respectively for the three months ended June 30, 2014, and June 30, 2013 and $1,139 million and $1,024 million, respectively for the six months ended June 30, 2014, and June 30, 2013.

4. Stock Split

On June 6, 2014, we completed a two-for-one stock split, effected in the form of a 100% stock dividend. The stock split entitled all shareholders of record at the close of business on May 27, 2014, to receive one additional share of our common stock, par value $2.50 per share, for each share of common stock held on that date. All references to common shares and per share amounts have been retroactively adjusted to reflect the stock split for all periods presented.

5. Stock-Based Compensation

We have several stock-based compensation plans under which employees and non-employee directors receive stock options, nonvested retention shares, and nonvested stock units. We refer to the nonvested shares and stock units collectively as retention awards . We have elected to issue treasury shares to cover option exercises and stock unit vestings, while new shares are issued when retention shares are granted. Information regarding stock-based compensation appears in the table below:

	Three Months Ended June 30,		*Six Months Ended June 30,*	
Millions	***2014***	*2013*	***2014***	*2013*
Stock-based compensation, before tax:				
Stock options	**$ 6**	$ 6	**$ 12**	$ 10
Retention awards	**22**	20	**51**	41
Total stock-based compensation, before tax	**$ 28**	$ 26	**$ 63**	$ 51
Excess tax benefits from equity compensation plans	**$ 43**	$ 19	**$ 103**	$ 65

Stock Options We estimate the fair value of our stock option awards using the Black-Scholes option pricing model. The table below shows the annual weighted-average assumptions used for valuation purposes:

Weighted-Average Assumptions	***2014***	*2013*
Risk-free interest rate	**1.6%**	0.8%
Dividend yield	**2.1%**	2.1%
Expected life (years)	**5.2**	5.0
Volatility	**30.0%**	36.2%
Weighted-average grant-date fair value of options granted	**$ 20.18**	$ 17.49

The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant; the dividend yield is calculated as the ratio of dividends paid per share of common stock to the stock price on the date of grant; the expected life is based on historical and expected exercise behavior; and volatility is based on the historical volatility of our stock price over the expected life of the option.

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A summary of stock option activity during the six months ended June 30, 2014, is presented below:

	Options (thous.)	*Weighted-Average Exercise Price*	*Weighted-Average Remaining Contractual Term*	*Aggregate Intrinsic Value (millions)*
Outstanding at January 1, 2014	7,443	$ 40.07	5.8 yrs.	$ 327
Granted	989	87.56	N/A	N/A
Exercised	(2,491)	30.35	N/A	N/A
Forfeited or expired	(60)	68.56	N/A	N/A
Outstanding at June 30, 2014	5,881	$ 51.88	6.2	$ 281
Vested or expected to vest at June 30, 2014	5,818	$ 51.62	6.1	$ 280
Options exercisable at June 30, 2014	3,807	$ 39.49	4.8	$ 229

Stock options are granted at the closing price on the date of grant, have ten-year contractual terms, and vest no later than three years from the date of grant. None of the stock options outstanding at June 30, 2014, are subject to performance or market-based vesting conditions.

At June 30, 2014, there was $24 million of unrecognized compensation expense related to nonvested stock options, which is expected to be recognized over a weighted-average period of 1.5 years. Additional information regarding stock option exercises appears in the table below:

	Three Months Ended June 30,		*Six Months Ended June 30,*	
Millions	***2014***	*2013*	***2014***	2013
Intrinsic value of stock options exercised	**$ 124**	$ 54	**$ 158**	$ 82
Cash received from option exercises	**13**	17	**31**	31
Treasury shares repurchased for employee payroll taxes	**(6)**	(7)	**(13)**	(12)
Tax benefit realized from option exercises	**47**	21	**60**	32
Aggregate grant-date fair value of stock options vested	**-**	-	**17**	16

Retention Awards The fair value of retention awards is based on the closing price of the stock on the grant date. Dividends and dividend equivalents are paid to participants during the vesting periods.

Changes in our retention awards during the six months ended June 30, 2014, were as follows:

	Shares (thous.)	*Weighted-Average Grant-Date Fair Value*
Nonvested at January 1, 2014	3,712	$ 49.02
Granted	864	87.97
Vested	(1,071)	31.14
Forfeited	(67)	57.16
	3,438	$ 64.22

Nonvested at June 30, 2014	

Retention awards are granted at no cost to the employee or non-employee director and vest over periods lasting up to four years. At June 30, 2014, there was $113 million of total unrecognized compensation expense related to nonvested retention awards, which is expected to be recognized over a weighted-average period of 2.1 years.

Performance Retention Awards In February 2014, our Board of Directors approved performance stock unit grants. Other than different performance targets, the basic terms of these performance stock units are identical to those granted in February 2012, and February 2013, including using annual return on invested capital (ROIC) as the performance measure. We define ROIC as net operating profit adjusted for interest expense (including interest on the present value of operating leases) and taxes on interest divided by average invested capital adjusted for the present value of operating leases.

Stock units awarded to selected employees under these grants are subject to continued employment for 37 months and the attainment of certain levels of ROIC. We expense the fair value of the units that are probable of being earned based on our forecasted ROIC over the 3-year performance period. We measure the fair value of these performance stock units based upon the closing price of the underlying common stock as of the date of grant, reduced by the present value of estimated future dividends. Dividend equivalents are paid to participants only after the units are earned.

The assumptions used to calculate the present value of estimated future dividends related to the February 2014, grant were as follows:

	2014
Dividend per share per quarter	$ 0.455
Risk-free interest rate at date of grant	0.7%

Changes in our performance retention awards during the six months ended June 30, 2014, were as follows:

	Shares (thous.)	*Weighted-Average Grant-Date Fair Value*
Nonvested at January 1, 2014	1,888	$ 53.70
Granted	456	83.06
Vested	(661)	44.94
Forfeited	(65)	60.86
Nonvested at June 30, 2014	1,618	$ 65.26

At June 30, 2014, there was $50 million of total unrecognized compensation expense related to nonvested performance retention awards, which is expected to be recognized over a weighted-average period of 1.5 years. This expense is subject to achievement of the ROIC levels established for the performance stock unit grants.

6. Retirement Plans

Pension and Other Postretirement Benefits

Pension Plans We provide defined benefit retirement income to eligible non-union employees through qualified and non-qualified (supplemental) pension plans. Qualified and non-qualified pension benefits are based on years of service and the highest compensation during the latest years of employment, with specific reductions made for early retirements.

Other Postretirement Benefits (OPEB) We provide medical and life insurance benefits for eligible retirees. These benefits are funded as medical claims and life insurance premiums are paid.

Expense

Both pension and OPEB expense are determined based upon the annual service cost of benefits (the actuarial cost of benefits earned during a period) and the interest cost on those liabilities, less the expected return on plan assets. The expected long-term rate of return on plan assets is applied to a calculated value of plan assets that recognizes changes in fair value over a five-year period. This practice is intended to reduce year-to-year volatility in pension expense, but it can have the effect of delaying the recognition of differences between actual returns on assets and expected returns based on long-term rate of return assumptions. Differences in actual experience in relation to assumptions are not recognized in net income immediately, but are deferred in accumulated other comprehensive income and, if necessary, amortized as pension or OPEB expense.

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The components of our net periodic pension cost were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
Millions	***2014***	*2013*	***2014***	*2013*
Service cost	**$ 17**	$ 18	**$ 35**	$ 37
Interest cost	**38**	33	**77**	66
Expected return on plan assets	**(57)**	(50)	**(115)**	(101)
Amortization of:				
Actuarial loss	**18**	27	**35**	53
Net periodic pension cost	**$ 16**	$ 28	**$ 32**	$ 55

The components of our net periodic OPEB cost were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
Millions	***2014***	*2013*	***2014***	*2013*
Service cost	**$ 1**	$ 1	**$ 2**	$ 2
Interest cost	**3**	3	**7**	6
Amortization of:				
Prior service credit	**(3)**	(4)	**(6)**	(8)
Actuarial loss	**3**	3	**5**	7
Net periodic OPEB cost	**$ 4**	$ 3	**$ 8**	$ 7

Cash Contributions

For the six months ended June 30, 2014, we have not made any cash contributions to the qualified pension plan. Any contributions made during 2014 will be based on cash generated from operations and financial market considerations. Our policy with respect to funding the qualified plans is to fund at least the minimum required by law and not more than the maximum amount deductible for tax purposes. At June 30, 2014, we do not have minimum cash funding requirements for 2014.

7. Other Income

Other income included the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
Millions	***2014***	*2013*	***2014 [a]***	*2013 [b]*
Rental income	**$ 23**	$ 21	**$ 47**	$ 58
Net gain on non-operating asset dispositions	**7**	-	**11**	4
Interest income	**1**	1	**2**	2
Non-operating environmental costs and other	**(9)**	1	**-**	(1)

Total	**$**	**22**	$	23	**$**	**60**	$	63

[a] Non-operating environmental costs and other includes $14 million related to the sale of a permanent easement.

[b] Rental income includes $17 million related to a land lease contract settlement.

8. Income Taxes

Internal Revenue Service (IRS) examinations have been completed and settled for all years prior to 2005, and the statute of limitations bars any additional tax assessments. The IRS has completed their examinations and issued notices of deficiency for tax years 2005 through 2010. We disagree with many of their proposed adjustments, and we are at IRS Appeals for those years. Additionally, several state tax authorities are examining our state income tax returns for years 2006 through 2010.

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In the fourth quarter of 2013, we reached an agreement in principle with the IRS to resolve all of the issues related to tax years 2005 through 2008, with the exception of interest calculations. We anticipate signing a closing agreement with the IRS for these years within the next 12 months. When signed, this closing agreement will not have a material effect on our consolidated results of operations, financial condition or liquidity.

At June 30, 2014, we had a net liability for unrecognized tax benefits of $61 million. Of that amount, $26 million is classified as a current liability in the Condensed Consolidated Statements of Financial Position.

9. Earnings Per Share

The following table provides a reconciliation between basic and diluted earnings per share:

Millions, Except Per Share Amounts	*Three Months Ended June 30,* **2014**	*2013*	*Six Months Ended June 30,* **2014**	*2013*
Net income	**$ 1,291**	$ 1,106	**$ 2,379**	$ 2,063
Weighted-average number of shares outstanding:				
Basic	**901.5**	930.6	**904.8**	933.1
Dilutive effect of stock options	**1.8**	2.6	**2.2**	2.7
Dilutive effect of retention shares and units	**1.7**	2.1	**1.7**	2.3
Diluted	**905.0**	935.3	**908.7**	938.1
Earnings per share basic	**$ 1.43**	$ 1.19	**$ 2.63**	$ 2.21
Earnings per share diluted	**$ 1.43**	$ 1.18	**$ 2.62**	$ 2.20
Stock options excluded as their inclusion would be antidilutive	**1.0**	1.1	**0.8**	1.0

10. Accumulated Other Comprehensive Income/(Loss)

Reclassifications out of accumulated other comprehensive income/(loss) for the three and six months ended June 30, 2014, and 2013, were as follows (net of tax):

Millions	*Defined benefit plans*	*Foreign currency translation*	*Derivatives*	*Total*
Balance at April 1, 2014	$ (693)	$ (41)	$ -	$ (734)
Other comprehensive income/(loss) before reclassifications	-	9	-	9
Amounts reclassified from accumulated other comprehensive income/(loss) [a]	11	-	-	11
Net quarter-to-date other comprehensive income/(loss), net of taxes of $12 million	11	9	-	20
Balance at June 30, 2014	$ (682)	$ (32)	$ -	$ (714)
Balance at April 1, 2013	$ (1,135)	$ (33)	$ (1)	$ (1,169)

Other comprehensive income/(loss) before reclassifications		1		4		-		5
Amounts reclassified from accumulated other comprehensive income/(loss) [a]		16		-		-		16
Net quarter-to-date other comprehensive income/(loss), net of taxes of $13 million		17		4		-		21
Balance at June 30, 2013	$	(1,118)	$	(29)	$	(1)	$	(1,148)

[a] The accumulated other comprehensive income/(loss) reclassification components are 1) prior service cost/(benefit) and 2) net actuarial loss which are both included in the computation of net periodic pension cost. See Note 6 Retirement Plans for additional details.

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Millions		*Defined benefit plans*		*Foreign currency translation*		*Derivatives*		*Total*
Balance at January 1, 2014	$	(713)	$	(37)	$	-	$	(750)
Other comprehensive income/(loss) before reclassifications		10		5		-		15
Amounts reclassified from accumulated other comprehensive income/(loss) [a]		21		-		-		21
Net year-to-date other comprehensive income/(loss), net of taxes of $17 million		31		5		-		36
Balance at June 30, 2014	$	(682)	$	(32)	$	-	$	(714)
Balance at January 1, 2013	$	(1,149)	$	(36)	$	(1)	$	(1,186)
Other comprehensive income/(loss) before reclassifications		(2)		7		-		5
Amounts reclassified from accumulated other comprehensive income/(loss) [a]		33		-		-		33
Net year-to-date other comprehensive income/(loss), net of taxes of $25 million		31		7		-		38
Balance at June 30, 2013	$	(1,118)	$	(29)	$	(1)	$	(1,148)

[a] The accumulated other comprehensive income/(loss) reclassification components are 1) prior service cost/(benefit) and 2) net actuarial loss which are both included in the computation of net periodic pension cost. See Note 6 Retirement Plans for additional details.

11. Accounts Receivable

Accounts receivable includes freight and other receivables reduced by an allowance for doubtful accounts. The allowance is based upon historical losses, credit worthiness of customers, and current economic conditions. At June 30, 2014, and December 31, 2013, our accounts receivable were reduced by $4 million and $1 million, respectively. Receivables not expected to be collected in one year and the associated allowances are classified as other assets in our Condensed Consolidated Statements of Financial Position. At June 30, 2014, and December 31, 2013, receivables classified as other assets were reduced by allowances of $18 million and $22 million, respectively.

Receivables Securitization Facility The Railroad maintains a $600 million, 364-day receivables securitization facility under which it sells most of its eligible third-party receivables to Union Pacific Receivables, Inc. (UPRI), a wholly-owned, bankruptcy-remote subsidiary that may subsequently transfer, without recourse, an undivided interest in accounts receivable to investors. The investors have no recourse to the Railroad s other assets except for customary warranty and indemnity claims. Creditors of the Railroad do not have recourse to the assets of UPRI.

The amount outstanding under the facility was $400 million and $0 at June 30, 2014, and December 31, 2013, respectively. The amount outstanding under the facility was supported by $1.3 billion and $1.1 billion of accounts receivable as collateral at June 30, 2014, and December 31, 2013, respectively, which, as a retained interest, is included in accounts receivable, net in our Condensed Consolidated Statements of Financial Position.

The outstanding amount the Railroad is allowed to maintain under the facility, with a maximum of $600 million, may fluctuate based on the availability of eligible receivables and is directly affected by business volumes and credit risks, including receivables payment quality measures such as default and dilution ratios. If default or dilution ratios increase one percent, the allowable outstanding amount under the facility would not materially change.

The costs of the receivables securitization facility include interest, which will vary based on prevailing benchmark and commercial paper rates, program fees paid to participating banks, commercial paper issuing costs, and fees of participating banks for unused commitment availability. The costs of the receivables securitization facility are included in interest expense and were $1 million for the three months

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ended June 30, 2014, and 2013, and $1 million and $2 million for the six months ended June 30, 2014, and 2013.

We are currently in the process of renewing the receivables securitization facility under comparable terms and conditions.

12. Properties

The following tables list the major categories of property and equipment, as well as the weighted average estimated useful life for each category (in years):

Millions, Except Estimated Useful Life

As of June 30, 2014	*Cost*	*Accumulated Depreciation*	*Net Book Value*	*Estimated Useful Life*
Land	$ 5,134	$ N/A	$ 5,134	N/A
Road:				
Rail and other track material	14,219	5,105	9,114	33
Ties	8,968	2,396	6,572	33
Ballast	4,720	1,220	3,500	34
Other roadway [a]	15,996	2,796	13,200	47
Total road	43,903	11,517	32,386	N/A
Equipment:				
Locomotives	7,882	3,625	4,257	20
Freight cars	2,073	969	1,104	25
Work equipment and other	571	135	436	18
Total equipment	10,526	4,729	5,797	N/A
Technology and other	803	295	508	11
Construction in progress	1,076	-	1,076	N/A
Total	$ 61,442	$ 16,541	$ 44,901	N/A

Millions, Except Estimated Useful Life

As of December 31, 2013	*Cost*	*Accumulated Depreciation*	*Net Book Value*	*Estimated Useful Life*
Land	$ 5,120	$ N/A	$ 5,120	N/A
Road:				
Rail and other track material	13,861	4,970	8,891	35
Ties	8,785	2,310	6,475	33

Ballast	4,621	1,171	3,450	34
Other roadway [a]	15,596	2,726	12,870	48
Total road	42,863	11,177	31,686	N/A
Equipment:				
Locomotives	7,518	3,481	4,037	20
Freight cars	2,085	1,000	1,085	25
Work equipment and other	561	119	442	18
Total equipment	10,164	4,600	5,564	N/A
Technology and other	711	286	425	10
Construction in progress	954	-	954	N/A
Total	$ 59,812	$ 16,063	$ 43,749	N/A

[a] Other roadway includes grading, bridges and tunnels, signals, buildings, and other road assets.

13. Accounts Payable and Other Current Liabilities

Millions	***June 30, 2014***	*Dec. 31, 2013*
Accounts payable	**$ 924**	$ 803
Income and other taxes payable	**509**	491
Dividends payable	**404**	356
Accrued wages and vacation	**395**	385
Accrued casualty costs	**209**	207
Interest payable	**161**	169
Equipment rents payable	**108**	96
Other	**609**	579
Total accounts payable and other current liabilities	**$ 3,319**	$ 3,086

14. Financial Instruments

Strategy and Risk We may use derivative financial instruments in limited instances for other than trading purposes to assist in managing our overall exposure to fluctuations in interest rates and fuel prices. We are not a party to leveraged derivatives and, by policy, do not use derivative financial instruments for speculative purposes. Derivative financial instruments qualifying for hedge accounting must maintain a specified level of effectiveness between the hedging instrument and the item being hedged, both at inception and throughout the hedged period. We formally document the nature and relationships between the hedging instruments and hedged items at inception, as well as our risk-management objectives, strategies for undertaking the various hedge transactions, and method of assessing hedge effectiveness. Changes in the fair market value of derivative financial instruments that do not qualify for hedge accounting are charged to earnings. We may use swaps, collars, futures, and/or forward contracts to mitigate the risk of adverse movements in interest rates and fuel prices; however, the use of these derivative financial instruments may limit future benefits from favorable interest rate and fuel price movements.

Interest Rate Cash Flow Hedges We report changes in the fair value of cash flow hedges in accumulated other comprehensive loss until the hedged item affects earnings. At June 30, 2014, and December 31, 2013, we had reductions of $0 and $1 million, respectively, recorded as an accumulated other comprehensive loss. As of June 30, 2014, and December 31, 2013, we had no interest rate cash flow hedges outstanding.

Fair Value of Financial Instruments The fair value of our short- and long-term debt was estimated using a market value price model, which utilizes applicable U.S. Treasury rates along with current market quotes on comparable debt securities. All of the inputs used to determine the fair market value of the Corporation s long-term debt are Level 2 inputs and obtained from an independent source. At June 30, 2014, the fair value of total debt was $12.0 billion, approximately $1.2 billion more than the carrying value. At December 31, 2013, the fair value of total debt was $10.2 billion, approximately $0.6 billion more than the carrying value. The fair value of the Corporation s debt is a measure of its current value under present market conditions. It does not impact the financial statements under current accounting rules. At both June 30, 2014, and December 31, 2013, approximately $163 million of debt securities contained call provisions that allow us to retire the debt instruments prior to final maturity, with the payment of fixed call premiums, or in certain cases, at par. The fair value of our cash equivalents approximates their carrying value due to the short-term maturities of these instruments.

15. Debt

Credit Facilities During the second quarter of 2014, we replaced our $1.8 billion revolving credit facility, which was scheduled to expire in May 2015, with a new $1.7 billion facility that expires in May 2019 (the facility). The facility is based on substantially similar terms as those in the previous credit facility. At June 30, 2014, we had $1.7 billion of credit available under the facility, which is designated for general corporate purposes and supports the issuance of commercial paper. We did not draw on either facility at any time during the six months ended June 30, 2014. Commitment fees and interest rates payable under the facility are similar to fees and rates available to comparably rated, investment-grade borrowers. The facility allows for borrowings at floating rates based on London Interbank Offered Rates, plus a spread, depending upon credit ratings for our senior unsecured debt. The facility matures in 2019 under a five-year term.

The facility requires that the Corporation maintain a debt-to-net-worth coverage ratio as a condition to making a borrowing. At June 30, 2014, and December 31, 2013 (and at all times during the first and second quarters), we were in compliance with this covenant. The definition of debt used for purposes of calculating the debt-to-net-worth coverage ratio includes, among other things, certain credit arrangements, capital leases, guarantees and unfunded and vested pension benefits under Title IV of ERISA. At June 30, 2014, the debt-to-net-worth coverage ratio allowed us to carry up to $43 billion of debt (as defined in the facility), and we had $11.0 billion of debt (as defined in the facility) outstanding at that date. Under our current capital plans, we expect to continue to satisfy the debt-to-net-worth coverage ratio; however, many factors beyond our reasonable control could affect our ability to comply with this provision in the future. The facility does not include any other financial restrictions, credit rating triggers (other than rating-dependent pricing), or any other provision that could require us to post collateral. The facility also includes a $125 million cross-default provision and a change-of-control provision.

During the three and six months ended June 30, 2014, we did not issue or repay any commercial paper, and at June 30, 2014, we had no commercial paper outstanding. Our revolving credit facility supports our outstanding commercial paper balances, and, unless we change the terms of our commercial paper program, our aggregate issuance of commercial paper will not exceed the amount of borrowings available under the facility.

Shelf Registration Statement and Significant New Borrowings Under our current shelf registration, we may issue, from time to time, any combination of debt securities, preferred stock, common stock, or warrants for debt securities or preferred stock in one or more offerings. We have no immediate plans to issue equity securities; however, we will continue to explore opportunities to replace existing debt or access capital through issuances of debt securities under our shelf registration, and, therefore, we may issue additional debt securities at any time.

During the six months ended June 30, 2014, we issued the following unsecured, fixed-rate debt securities under our current shelf registration:

Date	*Description of Securities*
January 10, 2014	$300 million of 2.25% Notes due February 15, 2019
	$400 million of 3.75% Notes due March 15, 2024
	$300 million of 4.85% Notes due June 15, 2044

We used the net proceeds from this offering for general corporate purposes, including the repurchase of common stock pursuant to our share repurchase program. These debt securities include change-of-control provisions. At June 30, 2014, we had remaining authority to issue up to $1.85 billion of debt securities under our shelf registration.

At June 30, 2014, and December 31, 2013, we reclassified as long-term debt approximately $400 million and $0, respectively, of debt due within one year that we intend to refinance. This reclassification reflects our ability and intent to refinance any short-term borrowings and certain current maturities of long-term debt on a long-term basis.

Equipment Trust On May 20, 2014, UPRR consummated a pass-through (P/T) financing, whereby a P/T trust was created which issued $500 million of P/T trust certificates with a stated interest rate of 3.227%. The P/T trust certificates will mature on May 14, 2026. The proceeds from the issuance of the P/T trust certificates were used to purchase equipment trust certificates to be issued by UPRR to finance the acquisition of 245 locomotives. The equipment trust certificates are secured by a lien on the locomotives.

During the three months ended June 30, 2014, UPRR received $402 million in proceeds (net of $3 million in transaction fees) to fund the purchase of 199 locomotives delivered by the closing of the financing. The remaining proceeds of $95 million are held in an escrow account and will fund the acquisition of 46 additional locomotives scheduled for delivery by the end of the third quarter of 2014. The restricted cash held in the escrow account is included in other assets on the Condensed Consolidated Statement of Financial Position.

UPRR evaluated whether the P/T trust is a variable interest entity (VIE). As UPRR has control over the escrow account based on the P/T trust agreement, it was determined that UPRR has a variable interest in the trust and must consolidate the trust in accordance with ASC 810. As such, the Company recorded the debt obligation and restricted cash held in escrow upon the initial issuance of the P/T trust certificates.

Debt Redemption On May 14, 2013, we redeemed all $40 million of our outstanding 5.65% Port of Corpus Christi Authority Revenue Refunding Bonds due December 1, 2022. The redemption resulted in an early extinguishment charge of $1 million during the three months ended June 30, 2013.

Receivables Securitization Facility The amount outstanding under the facility was $400 million and $0 at June 30, 2014, and December 31, 2013, respectively. See further discussion of our receivables securitization facility in Note 11.

16. Variable Interest Entities

We have entered into various lease transactions in which the structure of the leases contain variable interest entities (VIEs). These VIEs were created solely for the purpose of doing lease transactions (principally involving railroad equipment and facilities) and have no other activities, assets or liabilities outside of the lease transactions. Within these lease arrangements, we have the right to purchase some or all of the assets at fixed prices. Depending on market conditions, fixed-price purchase options available in the leases could potentially provide benefits to us; however, these benefits are not expected to be significant.

We maintain and operate the assets based on contractual obligations within the lease arrangements, which set specific guidelines consistent within the railroad industry. As such, we have no control over activities that could materially impact the fair value of the leased assets. We do not hold the power to direct the activities of the VIEs and, therefore, do not control the ongoing activities that have a significant impact on the economic performance of the VIEs. Additionally, we do not have the obligation to absorb losses of the VIEs or the right to receive benefits of the VIEs that could potentially be significant to the VIEs.

We are not considered to be the primary beneficiary and do not consolidate these VIEs because our actions and decisions do not have the most significant effect on the VIE s performance and our fixed-price purchase options are not considered to be potentially significant to the VIEs. The future minimum lease payments associated with the VIE leases totaled $3.1 billion as of June 30, 2014.

17. Commitments and Contingencies

Asserted and Unasserted Claims Various claims and lawsuits are pending against us and certain of our subsidiaries. We cannot fully determine the effect of all asserted and unasserted claims on our consolidated results of operations, financial condition, or liquidity; however, to the extent possible, where asserted and unasserted claims are considered probable and where such claims can be reasonably estimated, we have recorded a liability. We do not expect that any known lawsuits, claims, environmental costs, commitments, contingent liabilities, or guarantees will have a material adverse effect on our consolidated results of operations, financial condition, or liquidity after taking into account liabilities and insurance recoveries previously recorded for these matters.

Personal Injury The cost of personal injuries to employees and others related to our activities is charged to expense based on estimates of the ultimate cost and number of incidents each year. We use an actuarial analysis to measure the expense and liability, including unasserted claims. The Federal Employers Liability Act (FELA) governs compensation for work-related accidents. Under FELA, damages are assessed based on a finding of fault through litigation or out-of-court settlements. We offer a comprehensive variety of services and rehabilitation programs for employees who are injured at work.

Our personal injury liability is not discounted to present value due to the uncertainty surrounding the timing of future payments. Approximately 92% of the recorded liability is related to asserted claims and approximately 8% is related to unasserted claims at June 30, 2014. Because of the uncertainty

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surrounding the ultimate outcome of personal injury claims, it is reasonably possible that future costs to settle these claims may range from approximately $293 million to $319 million. We record an accrual at the low end of the range as no amount of loss within the range is more probable than any other. Estimates can vary over time due to evolving trends in litigation.

Our personal injury liability activity was as follows:

Millions, *for the Six Months Ended June 30,*	***2014***	*2013*
Beginning balance	**$ 294**	$ 334
Current year accruals	**43**	47
Changes in estimates for prior years	**(14)**	(22)
Payments	**(30)**	(44)
Ending balance at June 30	**$ 293**	$ 315
Current portion, ending balance at June 30	**$ 80**	$ 90

Asbestos We are a defendant in a number of lawsuits in which current and former employees and other parties allege exposure to asbestos. We assess our potential liability using a statistical analysis of resolution costs for asbestos-related claims. This liability is updated annually and excludes future defense and processing costs. The liability for resolving both asserted and unasserted claims was based on the following assumptions:

- The ratio of future claims by alleged disease would be consistent with historical averages adjusted for inflation.
- The number of claims filed against us will decline each year.
- The average settlement values for asserted and unasserted claims will be equivalent to historical averages.
- The percentage of claims dismissed in the future will be equivalent to historical averages.

Our liability for asbestos-related claims is not discounted to present value due to the uncertainty surrounding the timing of future payments. Approximately 20% of the recorded liability is related to asserted claims and approximately 80% is related to unasserted claims at June 30, 2014.

Our asbestos-related liability activity was as follows:

Millions, *for the Six Months Ended June 30,*	***2014***	*2013*
Beginning balance	**$ 131**	$ 139
Accruals	**-**	-
Payments	**(4)**	(5)
Ending balance at June 30	**$ 127**	$ 134
	$ 9	$ 8

Current portion, ending balance at June 30	

We have insurance coverage for a portion of the costs incurred to resolve asbestos-related claims, and we have recognized an asset for estimated insurance recoveries at June 30, 2014, and December 31, 2013.

We believe that our estimates of liability for asbestos-related claims and insurance recoveries are reasonable and probable. The amounts recorded for asbestos-related liabilities and related insurance recoveries were based on currently known facts. However, future events, such as the number of new claims filed each year, average settlement costs, and insurance coverage issues, could cause the actual costs and insurance recoveries to be higher or lower than the projected amounts. Estimates also may vary in the future if strategies, activities, and outcomes of asbestos litigation materially change; federal and state laws governing asbestos litigation increase or decrease the probability or amount of compensation of claimants; and there are material changes with respect to payments made to claimants by other defendants.

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Environmental Costs We are subject to federal, state, and local environmental laws and regulations. We have identified 269 sites at which we are or may be liable for remediation costs associated with alleged contamination or for violations of environmental requirements. This includes 31 sites that are the subject of actions taken by the U.S. government, 17 of which are currently on the Superfund National Priorities List. Certain federal legislation imposes joint and several liability for the remediation of identified sites; consequently, our ultimate environmental liability may include costs relating to activities of other parties, in addition to costs relating to our own activities at each site.

When we identify an environmental issue with respect to property owned, leased, or otherwise used in our business, we perform, with assistance of our consultants, environmental assessments on the property. We expense the cost of the assessments as incurred. We accrue the cost of remediation where our obligation is probable and such costs can be reasonably estimated. We do not discount our environmental liabilities when the timing of the anticipated cash payments is not fixed or readily determinable. At both June 30, 2014, and December 31, 2013, none of our environmental liability was discounted.

Our environmental liability activity was as follows:

Millions, for the Six Months Ended June 30,	***2014***	*2013*
Beginning balance	**$ 171**	$ 170
Accruals	**16**	19
Payments	**(20)**	(21)
Ending balance at June 30	**$ 167**	$ 168
Current portion, ending balance at June 30	**$ 51**	$ 49

The environmental liability includes future costs for remediation and restoration of sites, as well as ongoing monitoring costs, but excludes any anticipated recoveries from third parties. Cost estimates are based on information available for each site, financial viability of other potentially responsible parties, and existing technology, laws, and regulations. The ultimate liability for remediation is difficult to determine because of the number of potentially responsible parties, site-specific cost sharing arrangements with other potentially responsible parties, the degree of contamination by various wastes, the scarcity and quality of volumetric data related to many of the sites, and the speculative nature of remediation costs. Estimates of liability may vary over time due to changes in federal, state, and local laws governing environmental remediation. Current obligations are not expected to have a material adverse effect on our consolidated results of operations, financial condition, or liquidity.

Insurance The Company has a consolidated, wholly-owned captive insurance subsidiary (the captive), that provides insurance coverage for certain risks including FELA claims and property coverage which are subject to reinsurance. The captive entered into annual reinsurance treaty agreements that insure workers compensation, general liability, auto liability and FELA risk. The captive cedes a portion of its FELA exposure through the treaty and assumes a proportionate share of the entire risk. The captive receives direct premiums, which are netted against the Company s premium costs in other expenses in the Condensed Consolidated Statements of Income. The treaty agreements provide for certain protections against the risk of treaty participants non-performance, and we do not believe our exposure to treaty participants non-performance is material at this time. In the event the Company leaves the reinsurance program, the Company is not relieved of its primary obligation to the policyholders for activity prior to the termination of the treaty agreements. We record both liabilities and reinsurance receivables using an actuarial analysis based on historical experience in our Condensed Consolidated Statements of Financial Position.

Guarantees At June 30, 2014, and December 31, 2013, we were contingently liable for guarantees of $93 million and $299 million, respectively. We have recorded a liability of $0.3 million and $1 million for the fair value of these obligations as of June 30, 2014, and December 31, 2013, respectively. We entered into these contingent guarantees in the normal course of business, and they include guaranteed obligations related to equipment financings and affiliated operations. The final guarantee expires in 2022. We are not aware of any existing event of default that would require us to satisfy these guarantees. We

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do not expect that these guarantees will have a material adverse effect on our consolidated financial condition, results of operations, or liquidity.

Indemnities Our maximum potential exposure under indemnification arrangements, including certain tax indemnifications, can range from a specified dollar amount to an unlimited amount, depending on the nature of the transactions and the agreements. Due to uncertainty as to whether claims will be made or how they will be resolved, we cannot reasonably determine the probability of an adverse claim or reasonably estimate any adverse liability or the total maximum exposure under these indemnification arrangements. We do not have any reason to believe that we will be required to make any material payments under these indemnity provisions.

Operating Leases At June 30, 2014, we had commitments for future minimum lease payments under operating leases with initial or remaining non-cancelable lease terms in excess of one year of approximately $4 billion.

Gain Contingency UPRR and Santa Fe Pacific Pipelines (SFPP, a subsidiary of Kinder Morgan Energy Partners, L.P.) currently are engaged in a proceeding to resolve the fair market rent payable to UPRR under a 10-year agreement commencing on January 1, 2004, for pipeline easements on UPRR rights-of-way (*Union Pacific Railroad Company vs. Santa Fe Pacific Pipelines, Inc., SFPP, L.P., Kinder Morgan Operating L.P. D Kinder Morgan G.P., Inc., et al., Superior Court of the State of California for the County of Los Angeles, filed July 28, 2004*). In February 2007, a trial began to resolve this issue, and, on September 28, 2011, the judge issued a tentative Statement of Decision, which concluded that SFPP owes back rent to UPRR for the years 2004 through 2011. On May 29, 2012, the court entered judgment, awarding UPRR back rent and prejudgment interest. SFPP is appealing the final judgment. A favorable final judgment may materially affect our results of operations in the period of any monetary recoveries; however, due to the uncertainty regarding the amount and timing of any recovery, including the outcome of SFPP s appeal of this judgment or any subsequent proceeding, we consider this a gain contingency and do not reflect any amounts in the Condensed Consolidated Financial Statements as of June 30, 2014.

18. Share Repurchase Program

Effective January 1, 2014, our Board of Directors authorized the repurchase of up to 120 million shares of our common stock by December 31, 2017, replacing our previous repurchase program. As of June 30, 2014, we repurchased a total of $10.8 billion of our common stock since the commencement of our repurchase programs in 2007. The table below represents shares repurchased in the first and second quarters of 2013 under our previous repurchase program, and shares repurchased in the first and second quarters of 2014 under the new program.

	Number of Shares Purchased		*Average Price Paid*	
	2014	*2013*	***2014***	*2013*
First quarter	**7,640,000**	5,762,800	**$ 89.43**	$ 68.29
Second quarter	**8,320,000**	6,122,940	**96.84**	75.71
Total	**15,960,000**	11,885,740	**$ 93.29**	$ 72.11
Remaining number of shares that may be repurchased under current authority				104,040,000

Management s assessments of market conditions and other pertinent factors guide the timing and volume of all repurchases. We expect to fund any share repurchases under this program through cash generated from operations, the sale or lease of various operating and non-operating properties, debt issuances, and cash on hand. Repurchased shares are recorded in treasury stock at cost, which includes any applicable commissions and fees.

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

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES

RESULTS OF OPERATIONS

Three and Six Months Ended June 30, 2014, Compared to

Three and Six Months Ended June 30, 2013

For purposes of this report, unless the context otherwise requires, all references herein to UPC , Corporation , Company , we , us , and ou mean Union Pacific Corporation and its subsidiaries, including Union Pacific Railroad Company, which we separately refer to as UPRR or the Railroad .

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements and applicable notes to the Condensed Consolidated Financial Statements, Item 1, and other information included in this report. Our 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 their fair presentation in conformity with accounting principles generally accepted in the United States of America (GAAP).

The Railroad, along with its subsidiaries and rail affiliates, is our one reportable business segment. Although we provide and analyze revenue by commodity group, we treat the financial results of the Railroad as one segment due to the integrated nature of our rail network.

Available Information

Our Internet website is www.up.com. We make available free of charge on our website (under the Investors caption link) our Annual Reports on Form 10-K; our Quarterly Reports on Form 10-Q; eXtensible Business Reporting Language (XBRL) documents; our current reports on Form 8-K; our proxy statements; Forms 3, 4, and 5, filed on behalf of directors and executive officers; and amendments to any such reports filed or furnished pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act), as soon as reasonably practicable after such material is electronically filed with, or furnished to, the Securities and Exchange Commission (SEC). We also make available on our website previously filed SEC reports and exhibits via a link to EDGAR on the SEC s Internet site at www.sec.gov. We provide these previously filed reports as a convenience and their contents reflect only information that was true and correct as of the date of the report. We assume no obligation to update this historical information. Additionally, our corporate governance materials, including By-Laws, Board Committee charters, governance guidelines and policies, and codes of conduct and ethics for directors, officers, and employees are available on our website. From time to time, the corporate governance materials on our website may be updated as necessary to comply with rules issued by the SEC and the New York Stock Exchange or as desirable to promote the effective and efficient governance of our company. Any security holder wishing to receive, without charge, a copy of any of our SEC filings or corporate governance materials should send a written request to: Secretary, Union Pacific Corporation, 1400 Douglas Street, Omaha, NE 68179.

References to our website address in this report, including references in Management s Discussion and Analysis of Financial Condition and Results of Operations, Item 2, are provided as a convenience and do not constitute, and should not be deemed, an incorporation by reference of the information contained on, or available through, the website. Therefore, such information should not be considered part of this report.

Critical Accounting Policies and Estimates

We base our discussion and analysis of our financial condition and results of operations upon our Condensed Consolidated Financial Statements. The preparation of these financial statements requires estimation and judgment that affect the reported amounts of revenues, expenses, assets, and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. If these estimates differ materially from actual results, the impact on the Condensed Consolidated Financial Statements may be material. Our critical accounting policies are available in Item 7 of our 2013 Annual

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Report on Form 10-K. There have not been any significant changes with respect to these policies during the first six months of 2014.

RESULTS OF OPERATIONS

Quarterly Summary

On June 6, 2014, we completed a two-for-one stock split, effected in the form of a 100% stock dividend. The stock split entitled all shareholders of record at the close of business on May 27, 2014, to receive one additional share of our common stock, par value $2.50 per share, for each share of common stock held on that date. The financial results discussed in this report reflect the stock split when presenting information on a per share basis.

We reported earnings of $1.43 per diluted share on net income of $1.3 billion in the second quarter of 2014 compared to earnings of $1.18 per diluted share on net income of $1.1 billion for the second quarter of 2013. Year-to-date, net income was $2.4 billion versus $2.1 billion for the same period in 2013. Freight revenues increased 10%, or $508 million, in the second quarter compared to the same period in 2013 driven by 8% volume growth and pricing gains. Volume growth from grain, frac sand, rock, and intermodal (domestic and international) shipments offset declines in crude oil shipments. The second quarter of 2014 generated best-ever quarterly financial results, reflecting our ability to leverage additional volumes and improve core pricing.

In the second quarter of 2014, our volume levels grew 7% from the first quarter and 8% from 2013. These significant growth levels coupled with the residual impact from the severe winter weather that impacted all major U.S. and Canadian railroads affected the performance of our network and the North American rail network as a whole. Recent flooding throughout the Midwest also negatively affected our network and service performance during the second quarter. We recalled furloughed employees and reactivated stored locomotives to help address operating challenges and growing demand, validating our strategy of deploying surge resources. We added over 500 locomotives to our active fleet and over 1,100 Train, Engine and Yard (TE&Y) employees since the beginning of the year. Additionally, the Board authorized an increase in capital expenditures in 2014 to $4.1 billion (which excludes the headquarters building that was purchased in the second quarter) from $3.9 billion. The additional capital will be used for locomotive and railcar acquisitions, as well as additional capacity investment in constrained areas of the network. We will continue to focus on improving service and velocity by acquiring locomotives and hiring employees to meet demand and to ultimately restore our surge capacity.

Average train speed and average terminal dwell were both impacted in the second quarter by inclement weather, congestion at interchange gateways, and increased volume. As reported to the Association of American Railroads (AAR), average train speed decreased 7% and average terminal dwell time increased 12% during the second quarter of 2014 compared to 2013.

Operating Revenues

	Three Months Ended			*Six Months Ended*		
	June 30,		*%*	*June 30,*		*%*
Millions	***2014***	*2013*	***Change***	***2014***	*2013*	***Change***
Freight revenues	**$ 5,661**	$ 5,153	**10%**	**$ 10,947**	$ 10,137	**8%**
Other revenues	**354**	317	**12**	**706**	623	**13**
Total	**$ 6,015**	$ 5,470	**10%**	**$ 11,653**	$ 10,760	**8%**

We generate freight revenues by transporting freight or other materials from our six commodity groups. Freight revenues vary with volume (carloads) and Average Revenue per Car (ARC). Changes in price, traffic mix and fuel surcharges drive ARC. We provide some of our customers with contractual incentives for meeting or exceeding specified cumulative volumes or shipping to and from specific locations, which we record as reductions to freight revenues based on the actual or projected future shipments. We recognize freight revenues as shipments move from origin to destination. We allocate freight revenues between reporting periods based on the relative transit time in each reporting period and recognize expenses as we incur them.

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Other revenues include revenues earned by our subsidiaries, revenues from commuter rail operations that we manage, accessorial revenues, which we earn when customers retain equipment owned or controlled by us or when we perform additional services such as switching or storage, and miscellaneous contract revenue. We recognize other revenues as we perform services or meet contractual obligations.

Freight revenues for all six commodity groups increased during the second quarter of 2014 and the year-to-date period of 2014 compared to 2013, as a result of economic improvements in certain market sectors, along with the improved harvest. Volume levels increased for five of the six commodity groups, with particularly strong growth in agricultural products, industrial products and intermodal. ARC increased 1% during both the second quarter and year-to-date periods of 2014 versus 2013, driven by pricing gains partially offset by business mix changes.

Each of our commodity groups includes revenue from fuel surcharges. Freight revenues from fuel surcharge programs were $726 million and $1.4 billion in the second quarter and year-to-date periods of 2014, compared to $665 million and $1.3 billion in the same periods of 2013. Higher fuel surcharge recoveries were driven by increased volume.

In the second quarter and year-to-date periods of 2014, other revenues increased from 2013 due to higher revenues at our subsidiaries, primarily those that broker intermodal and automotive services, accessorial revenue driven by increased volume and per diem revenue for container usage (previously included in automotive freight revenue).

The following tables summarize the year-over-year changes in freight revenues, revenue carloads, and ARC by commodity type:

	Three Months Ended			*Six Months Ended*		
Freight Revenues	*June 30,*		*%*	*June 30,*		*%*
Millions	***2014***	*2013*	***Change***	***2014***	*2013*	***Change***
Agricultural	**$ 934**	$ 784	**19%**	**$ 1,844**	$ 1,568	**18%**
Automotive	**545**	534	**2**	**1,033**	1,021	**1**
Chemicals	**913**	890	**3**	**1,806**	1,763	**2**
Coal	**989**	975	**1**	**1,950**	1,911	**2**
Industrial Products	**1,130**	977	**16**	**2,141**	1,893	**13**
Intermodal	**1,150**	993	**16**	**2,173**	1,981	**10**
Total	**$ 5,661**	$ 5,153	**10%**	**$ 10,947**	$ 10,137	**8%**

	Three Months Ended			*Six Months Ended*		
Revenue Carloads	*June 30,*		*%*	*June 30,*		*%*
Thousands	***2014***	*2013*	***Change***	***2014***	*2013*	***Change***
Agricultural	**243**	209	**16%**	**482**	421	**14%**
Automotive	**208**	197	**6**	**396**	381	**4**
Chemicals	**283**	287	**(1)**	**553**	558	**(1)**
Coal	**417**	414	**1**	**847**	816	**4**
Industrial Products	**356**	317	**12**	**670**	606	**11**
Intermodal [a]	**924**	822	**12**	**1,757**	1,632	**8**
Total	**2,431**	2,246	**8%**	**4,705**	4,414	**7%**

[a] Each intermodal container or trailer equals one carload.

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	Three Months Ended			Six Months Ended		
	June 30,		%	June 30,		%
Average Revenue per Car	*2014*	*2013*	*Change*	*2014*	*2013*	*Change*
Agricultural	**$ 3,833**	$ 3,750	**2%**	**$ 3,824**	$ 3,721	**3%**
Automotive	**2,619**	2,715	**(4)**	**2,606**	2,683	**(3)**
Chemicals	**3,230**	3,098	**4**	**3,267**	3,160	**3**
Coal	**2,369**	2,353	**1**	**2,301**	2,341	**(2)**
Industrial Products	**3,175**	3,079	**3**	**3,195**	3,124	**2**
Intermodal [a]	**1,246**	1,210	**3**	**1,237**	1,214	**2**
Average	**$ 2,329**	$ 2,295	**1%**	**$ 2,327**	$ 2,297	**1%**

[a] Each intermodal container or trailer equals one carload.

Agricultural Products Higher volume and price increases drove the increase in freight revenue from agricultural shipments in the second quarter and year-to-date periods of 2014 versus 2013. Grain shipments increased 43% and 41% in the second quarter and year-to-date periods of 2014 versus 2013, reflecting the impact of the severe drought in 2012 that affected territory served by us during the first half of 2013. Higher grain exports also contributed to the increase in grain shipments for both periods.

Automotive Freight revenue from automotive shipments increased compared to the second quarter and year-to-date periods of 2013. Increased shipments of automotive parts and finished vehicles and core price improvements drove the higher revenue. Increased shipments of finished vehicles in the second quarter with improved sales and production offset declines in the first quarter due to winter weather. Volume for automotive parts increased during the second quarter and year-to-date periods of 2013 driven by continued strength in production and market penetration. Mix shifts and a change in how we are compensated for container usage, which is now included as a per diem charge in other revenue, negatively impacted ARC in the second quarter and year-to-date periods.

Chemicals Core price improvements partially offset by lower volume increased freight revenue from chemicals in the second quarter and year-to-date periods of 2014 versus 2013. Shipments of industrial chemicals increased due to continuing strong demand in the drilling market in the second quarter and year-to-date periods of 2014. Shipments of crude oil from the Bakken, Permian and Eagle Ford shale formations to the Gulf area declined in both periods, as market factors, primarily regional pricing differences for various types of crude oil, have displaced some of the former gulf coast shipments to the East and West Coast.

Coal Higher volume increased freight revenue from coal shipments in the second quarter and year-to-date periods of 2014 compared to 2013. Year-to-date, higher volume offset the lower ARC driven by negative business mix, resulting in a net increase to freight revenue in 2014. Despite strong demand due to inventory replenishment following the cold winter, network performance and contract losses limited second quarter volume growth. Southern Powder River Basin shipments declined 2% for the second quarter and were flat year-to-date. Growth in the first quarter due to severe winter weather conditions, low inventories at utilities and higher natural gas prices were offset by the second quarter declines. Shipments from Colorado and Utah mines increased 10% and 11%, from the second quarter and first half of 2013, respectively, driven by high natural gas prices and strong exports through the West Coast.

Industrial Products Volume growth and core pricing gains increased freight revenue from industrial products in the second quarter and year-to-date periods of 2014 versus 2013. Shipments of non-metallic minerals (primarily frac sand) grew as a result of drilling activity for energy products, partly reflecting evolving drilling practices, which can increase the amount of frac sand used at certain wells. Additionally, both rock and lumber increased 17% in the second quarter, driven by growth in new housing and commercial construction.

Intermodal Increased shipments and core pricing improvement drove higher freight revenue from intermodal shipments in the second quarter and year-to-date periods of 2014 compared to the same periods in 2013. International shipments increased 13% in the second quarter partly driven by the acceleration of shipments in anticipation of any impasse during renegotiations of labor contracts at West Coast ports. These gains offset the declines in the first quarter due to severe weather that negatively impacted consumer demand. Domestic traffic for the quarter and year-to-date periods increased 12% and 10%, respectively, driven by continued conversions from trucks and new premium services.

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Mexico Business Each of our commodity groups includes revenue from shipments to and from Mexico. Revenue from Mexico business increased 15% to $599 million in the second quarter of 2014 versus the same period in 2013. Volume levels increased 15% from the second quarter of 2013, driven by strong growth in five of our six commodity groups. Year-to-date, revenue grew 11% versus 2013 to $1.1 billion. Volume levels increased 12% from the first half of 2013, as increases in agricultural products, chemicals, intermodal, and automotive offset lower export in coal shipments.

Operating Expenses

	Three Months Ended			*Six Months Ended*		
	June 30,		*%*	*June 30,*		*%*
Millions	***2014***	*2013*	***Change***	***2014***	*2013*	***Change***
Compensation and benefits	**$ 1,246**	$ 1,185	**5%**	**$ 2,500**	$ 2,401	**4%**
Fuel	**923**	863	**7**	**1,844**	1,763	**5**
Purchased services and materials	**636**	585	**9**	**1,243**	1,142	**9**
Depreciation	**470**	438	**7**	**934**	872	**7**
Equipment and other rents	**316**	302	**5**	**628**	615	**2**
Other	**228**	219	**4**	**454**	456	**-**
Total	**$ 3,819**	$ 3,592	**6%**	**$ 7,603**	$ 7,249	**5%**

Operating expenses increased $227 million and $354 million in the second quarter and six-month periods of 2014, respectively, versus 2013. Volume related expenses, incremental costs associated with operating a slower network, depreciation, wage and benefit inflation, and locomotive and freight car materials contributed to the higher costs during the periods. In addition, the first six months of 2014 includes first quarter weather related costs of approximately $35 million.

Compensation and Benefits Compensation and benefits include wages, payroll taxes, health and welfare costs, pension costs, other postretirement benefits, and incentive costs. Volume-related expenses and a slower network increased our train and engine work force, which, along with general wage and benefit inflation, drove the increases in the second quarter of 2014 versus 2013. Weather related costs in the first quarter of 2014 also increased costs for the year-to-date period.

Fuel Fuel includes locomotive fuel and gasoline for highway and non-highway vehicles and heavy equipment. Fuel costs were higher as gross-ton miles increased 7% in the second quarter. The fuel consumption rate, computed as gallons of fuel consumed divided by gross ton-miles in thousands, improved 1% compared to the second quarter of 2013. Increases in heavier, more fuel-efficient shipments, which generally move from a single source to a single destination, drove the gross-ton-mile increase and helped improve the fuel consumption rate despite the increase in our premium services, which generally are not as fuel efficient. Locomotive diesel fuel prices, which averaged $3.10 per gallon (including taxes and transportation costs) in the second quarter of 2014, were flat with the same period in 2013. For the six month period, lower locomotive diesel fuel prices that averaged $3.11 per gallon versus $3.16 per gallon in 2013 reduced expenses by $28 million, which partially offset the increased fuel expense associated with the 7% increase in carloadings.

Purchased Services and Materials Expense for purchased services and materials includes the costs of services purchased from outside contractors and other service providers (including equipment maintenance and contract expenses incurred by our subsidiaries for external transportation services); materials used to maintain the Railroad s lines, structures, and equipment; costs of operating facilities jointly used by UPRR and other railroads; transportation and lodging for train crew employees; trucking and contracting costs for intermodal containers; leased automobile maintenance expenses; and tools and supplies. Purchased services increased 5% and 6% in the second quarter and year-to-date periods of 2014 when compared to the same periods in 2013, primarily due to volume-related expense incurred by our logistics subsidiaries for external transportation and increased crew transportation and lodging due to volume, weather and a slower network. Year-to-date comparison was also impacted by snow removal in the first quarter of 2014. Locomotive and freight car material expenses increased in the second quarter of 2014 compared to the second quarter of 2013 due to additional volumes, including the impact of activating stored equipment to address operational issues caused by demand and a slower network.

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Depreciation The majority of depreciation relates to road property, including rail, ties, ballast, and other track material. A higher depreciable asset base, reflecting higher ongoing capital spending, increased depreciation expense in the second quarter and year-to-date periods of 2014 compared to 2013.

Equipment and Other Rents Equipment and other rents expense primarily includes rental expense that the Railroad pays for freight cars owned by other railroads or private companies; freight car, intermodal, and locomotive leases; and office and other rentals. More intermodal shipments increased short-term freight car rental expense in the second quarter and year-to-date periods of 2014, compared to 2013. Conversely, lower container and freight car lease expense partially offset the higher freight car rental expense, as we exercised purchase options on some of our leased equipment.

Other Other expenses include state and local taxes; freight, equipment and property damage; utilities, insurance, personal injury, environmental, employee travel, telephone and cellular, computer software, bad debt and other general expenses. Other costs in the second quarter increased from 2013 as higher property tax more than offset lower freight damage. Year-to-date, higher utility costs and property taxes were offset by decreased damaged freight and equipment costs, and environmental expense compared to the same period in 2013.

Non-Operating Items

	Three Months Ended			*Six Months Ended*		
	June 30,		*%*	*June 30,*		*%*
Millions	***2014***	*2013*	***Change***	***2014***	*2013*	***Change***
Other income	**$ 22**	$ 23	**(4)%**	**$ 60**	$ 63	**(5)%**
Interest expense	**(138)**	(133)	**4**	**(271)**	(261)	**4**
Income taxes	**(789)**	(662)	**19**	**(1,460)**	(1,250)	**17**

Other Income Other income decreased slightly in the second quarter of 2014 versus 2013. Year-to-date, other income decreased as the $17 million received from a settlement of land lease arrangement in 2013 more than offset an increase due to the sale of a permanent easement in 2014.

Interest Expense Interest expense increased in the second quarter of 2014 versus 2013 due to an increased weighted-average debt level of $10.4 billion in 2014 versus $9.8 billion in 2013. Year-to-date, the increase in the weighted-average debt level to $10.3 billion in 2014 from $9.5 billion in 2013 drove the increase in interest expense for 2014 compared to the same period of 2013. A slightly lower effective interest rate of 5.5% versus 5.6% partially offset the impact of the higher debt balances.

Income Taxes Higher pre-tax income increased income tax expense in the second quarter and year-to-date periods of 2014 compared to 2013. Our effective tax rate for the second quarter of 2014 was 37.9% compared to 37.4% in 2013. Our 2014 year-to-date effective tax rate was 38.0% compared to 37.7% in 2013.

OTHER OPERATING/PERFORMANCE AND FINANCIAL STATISTICS

We report a number of key performance measures weekly to the Association of American Railroads (AAR). We provide this data on our website at www.up.com/investors/reports/index.shtml.

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Operating/Performance Statistics

Railroad performance measures are included in the table below:

	Three Months Ended			*Six Months Ended*		
	June 30,		*%*	*June 30,*		*%*
	2014	*2013*	***Change***	***2014***	*2013*	***Change***
Average train speed (miles per hour)	**23.9**	25.7	**(7)%**	**24.2**	26.1	**(7)%**
Average terminal dwell time (hours)	**29.8**	26.6	**12 %**	**30.3**	27.0	**12 %**
Gross ton-miles (billions)	**252.5**	235.4	**7 %**	**492.7**	463.1	**6 %**
Revenue ton-miles (billions)	**135.8**	127.4	**7 %**	**267.3**	251.4	**6 %**
Operating ratio	**63.5**	65.7	**(2.2) pts**	**65.2**	67.4	**(2.2) pts**
Employees (average)	**47,052**	46,787	**1 %**	**46,608**	46,612	**- %**

Average Train Speed Average train speed is calculated by dividing train miles by hours operated on our main lines between terminals. Average train speed, as reported to the Association of American Railroads (AAR), decreased 7% in both the second quarter and year-to-date periods of 2014 versus 2013. Midwest flooding, gateway congestion and volume growth drove the decline in the second quarter. Year-to-date average train speed was also impacted by the severe weather conditions in the first quarter that impacted all major U.S. and Canadian railroads.

Average Terminal Dwell Time Average terminal dwell time is the average time that a rail car spends at our terminals. Lower average terminal dwell time improves asset utilization and service. Average terminal dwell time increased 12% in both the second quarter and year-to-date periods of 2014 compared to 2013, reflecting the impact of weather, gateway congestion, and higher volumes.

Gross and Revenue Ton-Miles Gross ton-miles are calculated by multiplying the weight of loaded and empty freight cars by the number of miles hauled. Revenue ton-miles are calculated by multiplying the weight of freight by the number of tariff miles. Gross ton-miles and revenue ton-miles both increased 6% during the first half of 2014 compared to the same period in 2013 driven by increased carloadings.

Operating Ratio Operating ratio is our operating expenses reflected as a percentage of operating revenue. Our operating ratio improved 2.2 points to a record low 63.5% in the second quarter of 2014 versus the same period of 2013 and 2.2 points to 65.2% in the six-month period of 2014 versus 2013. Core pricing gains, business demand and productivity more than offset the incremental operating costs associated with a slower network, weather and inflation.

Employees Employee levels increased 1% in the second quarter of 2014 and remained flat for the six-month period of 2014 compared to the same periods in 2013. A decrease in our capital workforce due to improved productivity and project mix offset the larger train and engine work force required for higher volume levels and a slower network. We successfully managed the growth of our full-time-equivalent train and engine force levels at a rate less than our carload growth in the second quarter and year-to-date periods of 2014 compared to the same periods in 2013.

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Debt to Capital / Adjusted Debt to Capital

Millions, Except Percentages	***June 30, 2014***	*Dec. 31, 2013*
Debt (a)	**$ 10,843**	$ 9,577
Equity	**21,440**	21,225
Capital (b)	**$ 32,283**	$ 30,802
Debt to capital (a/b)	**33.6%**	31.1%

Millions, Except Percentages	***June 30, 2014***	*Dec. 31, 2013*
Debt	**$ 10,843**	$ 9,577
Net present value of operating leases	**2,943**	3,057
Unfunded pension and OPEB	**150**	170
Adjusted debt (a)	**13,936**	12,804
Equity	**21,440**	21,225
Adjusted capital (b)	**$ 35,376**	$ 34,029
Adjusted debt to capital (a/b)	**39.4%**	37.6%

Adjusted debt to capital is a non-GAAP financial measure under SEC Regulation G and Item 10 of SEC Regulation S-K, and may not be defined and calculated by other companies in the same manner. We believe this measure is important to management and investors in evaluating the total amount of leverage in our capital structure, including off-balance sheet lease obligations, which we generally incur in connection with financing the acquisition of locomotives and freight cars and certain facilities. Operating leases were discounted using 5.5% at June 30, 2014, and 5.7% at December 31, 2013. The discount rate reflects our effective interest rate. We monitor the ratio of adjusted debt to capital as we manage our capital structure to balance cost-effective and efficient access to the capital markets with the Corporation s overall cost of capital. Adjusted debt to capital should be considered in addition to, rather than as a substitute for, debt to capital. The tables above provide reconciliations from debt to capital to adjusted debt to capital.

LIQUIDITY AND CAPITAL RESOURCES

Financial Condition

Cash Flows

Millions, for the Six Months Ended June 30	***2014***	*2013*
Cash provided by operating activities	**$ 3,221**	$ 3,218
Cash used in investing activities	**(2,178)**	(1,739)
Cash used in financing activities	**(938)**	(697)
Net change in cash and cash equivalents	**$ 105**	$ 782

Operating Activities

Higher net income in the first six months of 2014 increased cash provided by operating activities compared to the same period of 2013. Higher net income was partially offset by the impact of higher cash payments for income taxes resulting from the expiration of bonus depreciation.

Investing Activities

Higher capital investments in the first six months of 2014, including the early buyout of the long-term operating lease of our headquarters building for approximately $261 million, drove the increase in cash used in investing activities compared to the same period in 2013.

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The table below details cash capital investments:

Millions, for the Six Months Ended June 30,	***2014***	*2013*
Rail and other track material	**$ 388**	$ 378
Ties	**212**	243
Ballast	**101**	105
Other [a]	**123**	112
Total road infrastructure replacements	**824**	838
Line expansion and other capacity projects	**223**	213
Commercial facilities	**84**	48
Total capacity and commercial facilities	**307**	261
Locomotives and freight cars	**411**	366
Positive train control	**183**	208
Technology and other	**343**	57
Total cash capital investments	**$ 2,068**	$ 1,730

[a] Other includes bridges and tunnels, signals, other road assets, and road work equipment.

Capital Plan

As previously announced, we intend to make new capital investments of approximately $4.1 billion (excluding the early buyout of the long-term operating lease of our headquarters building) under our capital plan in 2014, which we may revise if business conditions warrant or if new laws or regulations affect our ability to generate sufficient returns on these investments.

Financing Activities

Cash used in financing activities increased in the first six months of 2014 versus the same period of 2013. Higher dividend payments in 2014 of $776 million compared to $646 million in 2013, an increase of $501 million in debt repaid, and an increase of $617 million for the repurchase of shares under our common stock repurchase program, more than offset an increase of $951 million in debt issued.

Free Cash Flow Free cash flow is defined as cash provided by operating activities less cash used in investing activities and dividends paid. Higher capital spending and dividends decreased free cash flow in 2014.

Free cash flow is not considered a financial measure under accounting principles generally accepted in the U.S. (GAAP) by SEC Regulation G and Item 10 of SEC Regulation S-K and may not be defined and calculated by other companies in the same manner. We believe free cash flow is important to management and investors in evaluating our financial performance and measures our ability to generate cash without additional external financings. Free cash flow should be considered in addition to, rather than as a substitute for, cash provided by operating activities. The following table reconciles cash provided by operating activities (GAAP measure) to free cash flow (non-GAAP measure):

Millions, for the Six Months Ended June 30,		***2014***		*2013*
Cash provided by operating activities	**$**	**3,221**	$	3,218
Cash used in investing activities		**(2,178)**		(1,739)
Dividends paid		**(776)**		(646)
Free cash flow	**$**	**267**	$	833

Credit Facilities During the second quarter of 2014, we replaced our $1.8 billion revolving credit facility, which was scheduled to expire in May 2015, with a new $1.7 billion facility that expires in May 2019 (the facility). The facility is based on substantially similar terms as those in the previous credit facility. At June 30, 2014, we had $1.7 billion of credit available under the facility, which is designated for general corporate purposes and supports the issuance of commercial paper. We did not draw on either facility at any time during the six months ended June 30, 2014. Commitment fees and interest rates payable under the facility are similar to fees and rates available to comparably rated, investment-grade borrowers. The facility allows for borrowings at floating rates based on London Interbank Offered Rates, plus a spread, depending upon credit ratings for our senior unsecured debt. The facility matures in 2019 under a five-year term.

The facility requires that the Corporation maintain a debt-to-net-worth coverage ratio as a condition to making a borrowing. At June 30, 2014, and December 31, 2013 (and at all times during the first and second quarters), we were in compliance with this covenant. The definition of debt used for purposes of calculating the debt-to-net-worth coverage ratio includes, among other things, certain credit arrangements, capital leases, guarantees and unfunded and vested pension benefits under Title IV of ERISA. At June 30, 2014, the debt-to-net-worth coverage ratio allowed us to carry up to $43 billion of debt (as defined in the facility), and we had $11.0 billion of debt (as defined in the facility) outstanding at that date. Under our current capital plans, we expect to continue to satisfy the debt-to-net-worth coverage ratio; however, many factors beyond our reasonable control could affect our ability to comply with this provision in the future. The facility does not include any other financial restrictions, credit rating triggers (other than rating-dependent pricing), or any other provision that could require us to post collateral. The facility also includes a $125 million cross-default provision and a change-of-control provision.

During the three and six months ended June 30, 2014, we did not issue or repay any commercial paper, and at June 30, 2014, we had no commercial paper outstanding. Our revolving credit facility supports our outstanding commercial paper balances, and, unless we change the terms of our commercial paper program, our aggregate issuance of commercial paper will not exceed the amount of borrowings available under the facility.

Shelf Registration Statement and Significant New Borrowings Under our current shelf registration, we may issue, from time to time, any combination of debt securities, preferred stock, common stock, or warrants for debt securities or preferred stock in one or more offerings. We have no immediate plans to issue equity securities; however, we will continue to explore opportunities to replace existing debt or access capital through issuances of debt securities under our shelf registration, and, therefore, we may issue additional debt securities at any time.

During the six months ended June 30, 2014, we issued the following unsecured, fixed-rate debt securities under our current shelf registration:

Date	*Description of Securities*
January 10, 2014	$300 million of 2.25% Notes due February 15, 2019
	$400 million of 3.75% Notes due March 15, 2024
	$300 million of 4.85% Notes due June 15, 2044

We used the net proceeds from this offering for general corporate purposes, including the repurchase of common stock pursuant to our share repurchase program. These debt securities include change-of-control provisions. At June 30, 2014, we had remaining authority to issue up to $1.85 billion of debt securities under our shelf registration.

At June 30, 2014, and December 31, 2013, we reclassified as long-term debt approximately $400 million and $0, respectively, of debt due within one year that we intend to refinance. This reclassification reflects our ability and intent to refinance any short-term borrowings and certain current maturities of long-term debt on a long-term basis.

Equipment Trust On May 20, 2014, UPRR consummated a pass-through (P/T) financing, whereby a P/T trust was created which issued $500 million of P/T trust certificates with a stated interest rate of 3.227%. The P/T trust certificates will mature on May 14, 2026. The proceeds from the issuance of the P/T trust certificates were used to purchase equipment trust certificates to be issued by UPRR to finance the acquisition of 245 locomotives. The equipment trust certificates are secured by a lien on the locomotives.

During the three months ended June 30, 2014, UPRR received $402 million in proceeds (net of $3 million in transaction fees) to fund the purchase of 199 locomotives delivered by the closing of the financing. The remaining proceeds of $95 million are held in an escrow account and will fund the acquisition of 46 additional locomotives scheduled for delivery by the end of the third quarter of 2014. The restricted cash held in the escrow account is included in other assets on the Condensed Consolidated Statement of Financial Position.

UPRR evaluated whether the P/T trust is a variable interest entity (VIE). As UPRR has control over the escrow account based on the P/T trust agreement, it was determined that UPRR has a variable interest in the trust and must consolidate the trust in accordance with ASC 810. As such, the Company recorded the debt obligation and restricted cash held in escrow upon the initial issuance of the P/T trust certificates.

Debt Redemption On May 14, 2013, we redeemed all $40 million of our outstanding 5.65% Port of Corpus Christi Authority Revenue Refunding Bonds due December 1, 2022. The redemption resulted in an early extinguishment charge of $1 million during the three months ended June 30, 2013.

Receivables Securitization Facility The Railroad maintains a $600 million, 364-day receivables securitization facility under which it sells most of its eligible third-party receivables to Union Pacific Receivables, Inc. (UPRI), a wholly-owned, bankruptcy-remote subsidiary that may subsequently transfer, without recourse, an undivided interest in accounts receivable to investors. The investors have no recourse to the Railroad s other assets except for customary warranty and indemnity claims. Creditors of the Railroad do not have recourse to the assets of UPRI.

The amount outstanding under the facility was $400 million and $0 at June 30, 2014, and December 31, 2013, respectively. The amount outstanding under the facility was supported by $1.3 billion and $1.1 billion of accounts receivable as collateral at June 30, 2014, and December 31, 2013, respectively, which, as a retained interest, is included in accounts receivable, net in our Condensed Consolidated Statements of Financial Position.

The outstanding amount the Railroad is allowed to maintain under the facility, with a maximum of $600 million, may fluctuate based on the availability of eligible receivables and is directly affected by business volumes and credit risks, including receivables payment quality measures such as default and dilution ratios. If default or dilution ratios increase one percent, the allowable outstanding amount under the facility would not materially change.

The costs of the receivables securitization facility include interest, which will vary based on prevailing benchmark and commercial paper rates, program fees paid to participating banks, commercial paper issuing costs, and fees of participating banks for unused commitment availability. The costs of the receivables securitization facility are included in interest expense and were $1 million for the three months ended June 30, 2014, and 2013, and $1 million and $2 million for the six months ended June 30, 2014, and 2013.

We are currently in the process of renewing the receivables securitization facility under comparable terms and conditions.

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Share Repurchase Program

Effective January 1, 2014, our Board of Directors authorized the repurchase of up to 120 million shares of our common stock by December 31, 2017, replacing our previous repurchase program. As of June 30, 2014, we repurchased a total of $10.8 billion of our common stock since the commencement of our repurchase programs in 2007. The table below represents shares repurchased in the first and second quarters of 2013 under our previous repurchase program, and shares repurchased in the first and second quarters of 2014 under the new program. All references to common shares and per share amounts have been retroactively adjusted to reflect the stock split for all periods presented.

	Number of Shares Purchased		*Average Price Paid*	
	2014	*2013*	***2014***	*2013*
First quarter	**7,640,000**	5,762,800	**$ 89.43**	$ 68.29
Second quarter	**8,320,000**	6,122,940	**96.84**	75.71
Total	**15,960,000**	11,885,740	**$ 93.29**	$ 72.11

Remaining number of shares that may be repurchased under current authority	104,040,000

Management s assessments of market conditions and other pertinent factors guide the timing and volume of all repurchases. We expect to fund any share repurchases under this program through cash generated from operations, the sale or lease of various operating and non-operating properties, debt issuances, and cash on hand. Repurchased shares are recorded in treasury stock at cost, which includes any applicable commissions and fees.

Off-Balance Sheet Arrangements, Contractual Obligations, and Commercial Commitments

As described in the notes to the Condensed Consolidated Financial Statements and as referenced in the tables below, we have contractual obligations and commercial commitments that may affect our financial condition. However, based on our assessment of the underlying provisions and circumstances of our contractual obligations and commercial commitments, including material sources of off-balance sheet and structured finance arrangements, there is no known trend, demand, commitment, event, or uncertainty that is reasonably likely to occur that would have a material adverse effect on our consolidated results of operations, financial condition, or liquidity. In addition, our commercial obligations, financings, and commitments are customary transactions that are similar to those of other comparable corporations, particularly within the transportation industry.

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The following tables identify material obligations and commitments as of June 30, 2014:

Contractual Obligations		*Jul. 1 through Dec. 31,*	*Payments Due by Dec. 31,*					
Millions	*Total*	*2014*	*2015*	*2016*	*2017*	*2018*	*After 2018*	*Other*
Debt [a]	$ 16,912	$ 673	$ 805	$ 928	$ 947	$ 843	$ 12,716	$ -
Operating leases [b]	3,835	241	488	450	408	339	1,909	-
Capital lease obligations [c]	2,016	88	249	249	247	225	958	-
Purchase obligations [d]	5,124	1,842	1,463	556	320	257	654	32
Other postretirement benefits [e]	416	21	42	43	44	45	221	-
Income tax contingencies [f]	61	26	-	-	-	-	-	35
Total contractual obligations	$ 28,364	$ 2,891	$ 3,047	$ 2,226	$ 1,966	$ 1,709	$ 16,458	$ 67

[a] Excludes capital lease obligations of $1,571 million and unamortized discount of ($597) million. Includes an interest component of $7,043 million.

[b] Includes leases for locomotives, freight cars, other equipment, and real estate.

[c] Represents total obligations, including interest component of $445 million.

[d] Purchase obligations include locomotive maintenance contracts; purchase commitments for fuel purchases, locomotives, ties, ballast, and rail; and agreements to purchase other goods and services. For amounts where we cannot reasonably estimate the year of settlement, they are reflected in the Other column.

[e] Includes estimated other postretirement, medical, and life insurance payments and payments made under the unfunded pension plan for the next ten years.

[f] Future cash flows for income tax contingencies reflect the recorded liabilities and assets for unrecognized tax benefits, including interest and penalties, as of June 30, 2014. For amounts where the year of settlement is uncertain, they are reflected in the Other column.

Other Commercial Commitments		*Jul. 1 through Dec. 31,*	*Amount of Commitment Expiration by Dec. 31,*				
Millions	*Total*	*2014*	*2015*	*2016*	*2017*	*2018*	*After 2018*
Credit facilities [a]	$ 1,700	$ -	$ -	$ -	$ -	$ -	$ 1,700
Receivables securitization facility [b]	600	600	-	-	-	-	-

Guarantees [c]	93	8	12	30	10	11	22
Standby letters of credit [d]	28	8	20	-	-	-	-
Total commercial commitments	$ 2,421	$ 616	$ 32	$ 30	$ 10	$ 11	$ 1,722

[a] None of the credit facility was used as of June 30, 2014.

[b] $400 million of the receivables securitization facility was utilized at June 30, 2014, which is accounted for as debt. The full program matures in July 2014.

[c] Includes guaranteed obligations related to equipment financings and affiliated operations.

[d] None of the letters of credit were drawn upon as of June 30, 2014.

OTHER MATTERS

Asserted and Unasserted Claims Various claims and lawsuits are pending against us and certain of our subsidiaries. We cannot fully determine the effect of all asserted and unasserted claims on our consolidated results of operations, financial condition, or liquidity; however, to the extent possible, where asserted and unasserted claims are considered probable and where such claims can be reasonably estimated, we have recorded a liability. We do not expect that any known lawsuits, claims, environmental costs, commitments, contingent liabilities, or guarantees will have a material adverse effect on our consolidated results of operations, financial condition, or liquidity after taking into account liabilities and insurance recoveries previously recorded for these matters.

Indemnities Our maximum potential exposure under indemnification arrangements, including certain tax indemnifications, can range from a specified dollar amount to an unlimited amount, depending on the nature of the transactions and the agreements. Due to uncertainty as to whether claims will be made or how they will be resolved, we cannot reasonably determine the probability of an adverse claim or reasonably estimate any adverse liability or the total maximum exposure under these indemnification

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arrangements. We do not have any reason to believe that we will be required to make any material payments under these indemnity provisions.

CAUTIONARY INFORMATION

Certain statements in this report, and statements in other reports or information filed or to be filed with the SEC (as well as information included in oral statements or other written statements made or to be made by us), are, or will be, forward-looking statements as defined by the Securities Act of 1933 and the Securities Exchange Act of 1934. These forward-looking statements and information include, without limitation, the statements and information in this Item 2 regarding our resources, operations, capital plan and statements under the captions Quarterly Summary and Off-Balance Sheet Arrangements, Contractual Obligations, and Commercial Commitments . Forward-looking statements and information also include any other statements or information in this report regarding: expectations as to operational or service improvements; expectations regarding the effectiveness of steps taken or to be taken to improve operations, service, infrastructure improvements, and transportation plan modifications; expectations as to cost savings, revenue growth, and earnings; the time by which goals, targets, or objectives will be achieved; projections, predictions, expectations, estimates, or forecasts as to our business, financial and operational results, future economic performance, and general economic conditions; proposed new products and services; estimates of costs relating to environmental remediation and restoration; estimates and expectations regarding tax matters, expectations that claims, litigation, environmental costs, commitments, contingent liabilities, labor negotiations or agreements, or other matters will not have a material adverse effect on our consolidated results of operations, financial condition, or liquidity and any other similar expressions concerning matters that are not historical facts.

Forward-looking statements and information reflect the good faith consideration by management of currently available information, and may be based on underlying assumptions believed to be reasonable under the circumstances. However, such information and assumptions (and, therefore, such forward-looking statements and information) are or may be subject to variables or unknown or unforeseeable events or circumstances over which management has little or no influence or control. The Risk Factors in Item 1A of our 2013 Annual Report on Form 10-K, filed February 7, 2014, could affect our future results and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements, and this report, including this Item 2, should be read in conjunction with these Risk Factors. To the extent circumstances require or we deem it otherwise necessary, we will update or amend these risk factors in a Form 10-Q or Form 8-K. Information regarding new risk factors or material changes to our risk factors, if any, is set forth in Item 1A of Part II of this report. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times that, or by which, such performance or results will be achieved. Forward-looking information is subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements.

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There were no material changes to the Quantitative and Qualitative Disclosures About Market Risk previously disclosed in our 2013 Annual Report on Form 10-K.

Item 4. Controls and Procedures

As of the end of the period covered by this report, the Corporation carried out an evaluation, under the supervision and with the participation of the Corporation s management, including the Corporation s Chief Executive Officer (CEO) and Executive Vice President Finance and Chief Financial Officer (CFO), of the effectiveness of the design and operation of the Corporation s disclosure controls and procedures pursuant to Exchange Act Rules 13a-15 and 15d-15. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Based upon that evaluation, the CEO and the CFO concluded that, as of the end of the period covered by this report, the Corporation s disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the SEC, and that such information is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Additionally, the CEO and CFO determined that there were no changes to the Corporation s internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the last fiscal quarter that materially affected, or are reasonably likely to materially affect, the Corporation s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

There were no material changes to existing legal proceedings during the period covered by this report.

Environmental Matters

We receive notices from the EPA and state environmental agencies alleging that we are or may be liable under federal or state environmental laws for remediation costs at various sites throughout the U.S., including sites on the Superfund National Priorities List or state superfund lists. We cannot predict the ultimate impact of these proceedings and suits because of the number of potentially responsible parties involved, the degree of contamination by various wastes, the scarcity and quality of volumetric data related to many of the sites, and the speculative nature of remediation costs.

Information concerning environmental claims and contingencies and estimated remediation costs is set forth in Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies Environmental, Item 7 of our 2013 Annual Report on Form 10-K.

Item 1A. Risk Factors

There were no material changes from the risk factors previously disclosed in our 2013 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities On June 6, 2014, we completed a two-for-one stock split, effected in the form of a 100% stock dividend. The stock split entitled all shareholders of record at the close of business on May 27, 2014, to receive one additional share of our common stock, par value $2.50 per share, for each share of common stock held on that date. The following table presents common stock repurchases during each month for the second quarter of 2014:

Period	*Total Number of Shares Purchased [a]*	*Average Price Paid Per Share*	*Total Number of Shares Purchased as Part of a Publicly Announced Plan or Program [b]*	*Maximum Number of Shares That May Be Purchased Under Current Authority [b]*
Apr. 1 through Apr. 30	3,322,070	$ 93.89	2,860,000	109,500,000
May 1 through May 31	2,743,276	96.39	2,730,000	106,770,000
Jun. 1 through Jun. 30	2,749,700	100.41	2,730,000	104,040,000
Total	8,815,046	$ 96.70	8,320,000	N/A

[a] Total number of shares purchased during the quarter includes 495,046 shares delivered or attested to UPC by employees to pay stock option exercise prices, satisfy excess tax withholding obligations for stock option exercises or vesting of retention units, and pay withholding obligations for vesting of retention shares.

[b] Effective January 1, 2014, our Board of Directors authorized the repurchase of up to 120 million shares of our common stock by December 31, 2017. These repurchases may be made on the open market or through other transactions. Our management has sole discretion with respect to determining the timing and amount of these transactions.

Dividend Restrictions Our revolving credit facility includes a debt-to-net worth covenant that, under certain circumstances, restricts the payment of cash dividends to our shareholders. The amount of retained earnings available for dividends was $16.0 billion and $16.3 billion at June 30, 2014, and December 31, 2013, respectively.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
Filed with this Statement	
3(a)	Restated Articles of Incorporation of UPC, as amended and restated through June 27, 2011, and as further amended May 15, 2014.
12(a)	Ratio of Earnings to Fixed Charges for the Three Months Ended June 30, 2014 and 2013.
12(b)	Ratio of Earnings to Fixed Charges for the Six Months Ended June 30, 2014 and 2013.
31(a)	Certifications Pursuant to Rule 13a-14(a), of the Exchange Act, as Adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - John J. Koraleski.
31(b)	Certifications Pursuant to Rule 13a-14(a), of the Exchange Act, as Adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Robert M. Knight, Jr.
32	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 John J. Koraleski and Robert M. Knight, Jr.
99(a)	Form of U.S. $1,700,000,000 5-Year-Revolving Credit Agreement, dated as of May 21, 2014.
101	eXtensible Business Reporting Language (XBRL) documents submitted electronically: 101.INS (XBRL Instance Document), 101.SCH (XBRL Taxonomy Extension Schema Document), 101.CAL (XBRL Calculation Linkbase Document), 101.LAB (XBRL Taxonomy Label Linkbase Document), 101.DEF (XBRL Taxonomy Definition Linkbase Document) and 101.PRE (XBRL Taxonomy Presentation Linkbase Document). The following financial and related information from Union Pacific Corporation s Quarterly Report on Form 10-Q for the period ended June 30, 2014 (filed with the SEC on July 25, 2014), is formatted in XBRL and submitted electronically herewith: (i) Condensed Consolidated Statements of Income for the periods ended June 30, 2014 and 2013, (ii) Condensed Consolidated Statements of Comprehensive Income for the periods ended June 30, 2014 and 2013, (iii) Condensed Consolidated Statements of Financial Position at June 30, 2014 and December 31, 2013, (iv) Condensed Consolidated Statements of Cash Flows for the periods ended June 30, 2014 and 2013, (v) Condensed Consolidated Statements of Changes in Common Shareholders Equity for the periods ended June 30, 2014 and 2013, and (vi) the Notes to the Condensed Consolidated Financial Statements.
Incorporated by Reference	
3(b)	By-Laws of UPC, as amended, effective May 14, 2009, are incorporated herein by reference to Exhibit 3.2 to the Corporation s Current Report on Form 8-K dated May 15, 2009.

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SIGNATURES

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

Dated: July 25, 2014

UNION PACIFIC CORPORATION (Registrant)

By /s/ Robert M. Knight, Jr.
Robert M. Knight, Jr.
Executive Vice President Finance and
Chief Financial Officer
(Principal Financial Officer)

By /s/ Jeffrey P. Totusek
Jeffrey P. Totusek
Vice President and Controller
(Principal Accounting Officer)