UNION PACIFIC CORP
Form 11-K
June 17, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

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

For the fiscal year ended December 31, 2015

- OR -

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

For the transition period from ____________________ to _________________

Commission file number 1-6075

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

CHICAGO AND NORTH WESTERN RAILWAY COMPANY

PROFIT SHARING AND RETIREMENT SAVINGS PROGRAM

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

UNION PACIFIC CORPORATION

1400 DOUGLAS STREET

OMAHA, NEBRASKA 68179

Chicago and North Western

Railway Company Profit

Sharing and Retirement

Savings Program

Employer ID No: 94-6001323

Plan Number: 002

Financial Statements as of and for the

Years Ended December 31, 2015 and 2014,

Supplemental Schedule as of the Year Ended

December 31, 2015, and Report of

Independent Registered Public Accounting Firm

CHICAGO AND NORTH WESTERN RAILWAY COMPANY

PROFIT SHARING AND RETIREMENT SAVINGS PROGRAM

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NOTE:Additional supplemental schedules required by the Employee Retirement Income Security Act of 1974, as amended, are disclosed separately in Master Trust reports filed with the Department of Labor or are omitted because of the absence of the conditions under which they are required.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To Trustees and Participants of

Chicago and North Western Railway Company

Profit Sharing and Retirement Savings Program

Omaha, Nebraska

We have audited the accompanying statements of net assets available for benefits of the Chicago and North Western Railway Company Profit Sharing and Retirement Savings Program (the “Program”) as of December 31, 2015 and 2014, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Program is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Program as of December 31, 2015 and 2014, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The supplemental schedule listed in the Table of Contents has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental schedule reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented incompliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, such schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

Omaha, Nebraska

June 17, 2016

CHICAGO AND NORTH WESTERN RAILWAY COMPANY

PROFIT SHARING AND RETIREMENT SAVINGS PROGRAM

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS:		
Investments at fair value (Note 3)	$ 52,014,635	$ 64,761,373
Investments at contract value (Note 4)	20,441,697	20,520,660
Plan interest in Master Trust	72,456,332	85,282,033
Receivables:		
Notes receivable from participants	37,312	59,663
Total Receivables	37,312	59,663
NET ASSETS AVAILABLE FOR BENEFITS	$ 72,493,644	$ 85,341,696

See notes to the financial statements.

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CHICAGO AND NORTH WESTERN RAILWAY COMPANY

PROFIT SHARING AND RETIREMENT SAVINGS PROGRAM

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
ADDITIONS TO (DEDUCTIONS FROM) NET ASSETS ATTRIBUTED TO:		
Investment income:		
Plan interest in Master Trust investment income (Note 4):		
Net (depreciation) appreciation in fair value of investments	$ (4,769,677)	$ 5,635,269
Interest and dividends	2,547,060	2,386,774
Net investment (loss) income	(2,222,617)	8,022,043
Interest income on notes receivable from participants	1,489	2,636
Total (deductions) additions	(2,221,128)	8,024,679
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Distributions to participants	10,603,569	7,885,740
Other	23,355	19,141
Total deductions	10,626,924	7,904,881
NET (DECREASE) INCREASE IN NET ASSETS	(12,848,052)	119,798
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year	85,341,696	85,221,898
End of year	$ 72,493,644	$ 85,341,696

See notes to the financial statements.

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CHICAGO AND NORTH WESTERN RAILWAY COMPANY
PROFIT SHARING AND RETIREMENT SAVINGS PROGRAM

NOTES TO THE FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

1. DESCRIPTION OF PLAN

The following description of the Chicago and North Western Railway Company Profit Sharing and Retirement Savings Program (the “Program”) is provided for general information only. Participants should refer to the Program document for more complete information.

General — The Program was initially established to provide retirement benefits to eligible employees of Chicago and North Western Railway Company (the “Company”) and other common control employers who adopt the Program. Vanguard Fiduciary Trust Company (“VFTC”) serves as the trustee of the Program. The Program is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions — The Program was frozen effective December 31, 1995. No new participants or contributions are allowed in the Program after December 31, 1995.

Notes Receivable from Participants — Participants are eligible to take a loan from their fund accounts, subject to the following limits. Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of (a) one-half of their account balance or (b) $50,000, taking into consideration additional loan balances under the Program and any other qualified plan maintained by Union Pacific Corporation (the “Corporation”) or its subsidiaries. Loan transactions are treated as a transfer to (from) the respective investment funds from (to) the loan fund. Loan terms range from 1–5 years or up to 15 years for the purchase of a principal residence. The loans are secured by the balance in the participant’s account and bear a fixed rate of interest set by the Program administrator based on interest rates being charged on similar loans. Principal and interest is paid ratably, generally through monthly payroll deductions. As of December 31, 2015 and 2014, participant loans have maturities through 2020 at an interest rate of 3.25% and 2027 at interest rates ranging from 3.25% to 4.75%, respectively.

Participant Accounts — Individual accounts are maintained for each Program participant. Participants may direct the investment of their account into various investment options offered by the Program or may elect to participate in the Vanguard Advisers Managed Account Program (“Managed Account Program”). The Managed Account Program is a program in which certain participants may delegate ongoing, discretionary investment management decisions with respect to their account to Vanguard Advisers, Inc. Each participant’s account is credited with an allocation of the Program’s earnings (losses) based on the type of investments selected and their performance. Allocations are based on each participant’s account balance by investment type. If a participant does not provide investment direction with respect to an amount credited to their account, such amount is invested in a default investment option designated under the Program. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account.

Vesting — Participants at all times have a 100% vested interest in their accounts.

Distributions to Participants — Under the terms of the Program, distributions are to be paid in the form of a joint and survivor annuity. A participant’s account may, as elected by the participant (with spousal

consent when required), be paid to him/her in a lump sum. In order to provide a joint and survivor annuity (or single life annuity where spousal consent is obtained or there is no spouse), the participant's account balance is transferred to the Chicago and North Western Railway Company Supplemental Pension Plan (the "Supplemental Pension Plan") for payment of the annuity. The annuity may, at the option of the Program administrator, be purchased from a third-party institution or paid from the assets of the Supplemental Pension Plan. A required minimum distribution option is available at age 70 1/2. A terminated participant may defer distribution until the earlier of the participant's required beginning date, as defined in the Program, or the participant's death. If distribution is deferred until the participant's required beginning date, the participant may elect (with spousal consent when required) distribution either in a single sum or in the form of monthly, quarterly, semi-annual or annual installments. Such single sum distribution must be made (or installments begin) no later than the participant's required beginning date. A distribution of a single sum payment of the portion of a participant's account invested in the Union Pacific Common Stock Fund is distributed in cash unless shares of stock are elected at the time of distribution. If the participant remains employed with Union Pacific Railroad Company (the "Railroad") after attaining age 70 1/2, the participant must commence distribution of his/her account no later than the April 1st of the year following the year in which the participant terminates employment.

In-service withdrawals, including withdrawals of rollover contributions, hardship withdrawals, and withdrawals after age 59 1/2, may be made by a participant from their account in accordance with the Program's provisions.

Program Administration — Prior to November 1, 2014, the Program was administered by the Vice President, Human Resources of the Railroad. From November 1, 2014, through March 31, 2016, the Program was administered by the Assistant Vice President, Compensation & Benefits of the Railroad Company. Effective April 1, 2016, the Program is administered by the Vice President, Human Resources of the Railroad. Investment management fees for the Program's investment options are netted against investment earnings. Expenses incurred administering the Program, including participant recordkeeping expenses, are payable from Program assets, but effective July 1, 2014, participant recordkeeping expenses are no longer netted against investment earnings.