

Union Pacific

2009 SUSTAINABILITY AND CITIZENSHIP REPORT



BUILDING AMERICA®

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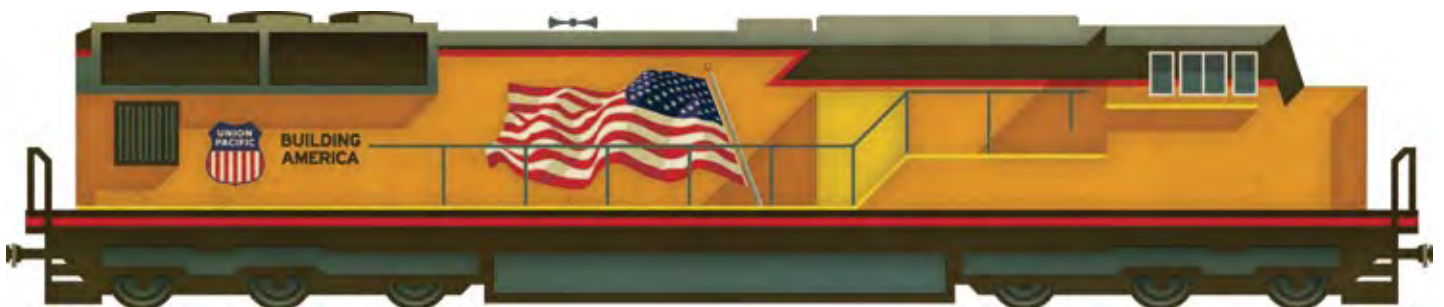
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INTRODUCTION



Our values:

Focus on performance.

Ensure high ethical standards.

Work as a team.



BUILDING AMERICA®

Letter to Stakeholders



On behalf of Union Pacific, I am proud to present our company's inaugural Sustainability and Citizenship Report.

Above: Chairman, President and CEO Jim Young, left, surveys operations with Union Pacific Superintendent Andy Yedlick in El Paso, Texas. Doublestack intermodal trains, like the one shown, can take up to 300 trucks off of America's congested highways.

We have a strong legacy of running our business profitably, safely and responsibly. Combining innovative technology, capital investment and a dedication to safety and service, we reduce our environmental footprint, provide attractive jobs that bolster our economy and support communities nationwide.

For nearly 150 years, Union Pacific has exemplified a commitment to excellent service and delivering the goods American families and businesses use daily. Today, we continue to build on this tradition by providing one of the safest, most fuel-efficient and environmentally responsible modes of freight transportation. Despite recent economic challenges, Union Pacific maintains a commitment to excellence and getting the job done safely, ethically, efficiently and with respect for all stakeholders.



Our achievements include:

Putting Safety First

The safety of our employees, customers and the public is a top priority. Since 2001, we have reduced the employee reportable injury rate by 50 percent, achieved a 37 percent reduction in rail crossing accident rate and attained a 34 percent reduction in derailment reportable rate. But we believe we can do better. We continue to engage in safety education and outreach, make investments in our infrastructure and work with government and private industries to make the railroad industry even safer.

Reducing Fuel Consumption

Since 1998, we've improved fuel efficiency 20 percent, which helps reduce costs, emissions and America's dependency on foreign oil. Today, we operate North America's cleanest locomotive fleet, with more than 75 percent of our locomotives certified under existing EPA standards.

Valuing Employees

The true power behind our railroad isn't our locomotives – it's our employees who have helped make us North America's premier railroad franchise. We put high value on teamwork, diversity and dedication to excellence. We are committed to providing award-winning wellness programs, competitive benefits, training, career opportunities and a safe, rewarding work environment to maintain our position as an employer of choice.

Supporting Communities

We annually purchase billions of dollars in supplies. In 2009 alone, we spent more than \$5.3 billion on purchases in the states where we operate and gave more than \$13 million in community contributions. We offer good jobs that won't be outsourced overseas. Our annual wages and retiree payments help support local and state economies.

We are proud of our role in building America and know it will be even greater in the future. We will continue to run our operations in a manner that honors the generations that preceded us and serves as a promise for generations to follow.

At Union Pacific, we are very optimistic about tomorrow, despite today's challenges. Our goal is to produce the best results possible and emerge from the global economic recession as a stronger, more profitable company. We're also working to get our nation back on track by serving as a vital link to the country's economic future. Staying true to our mission to serve has made Union Pacific one of America's iconic companies and remaining focused on that mission will help us continue to build a sustainable future.

A handwritten signature in black ink that reads "Jim Young". The signature is written in a cursive, flowing style.

Jim Young

Chairman, President and CEO

About this Report



The 2009 Union Pacific Sustainability and Citizenship Report shares our initiatives and progress in three critical areas: environment, society and governance.

While previously communicating these efforts via our website, annual report and other public forums, our inaugural Sustainability and Citizenship report represents the next step in our journey to becoming an even stronger corporate citizen.

In formulating this report, consideration was given to the Global Reporting Initiative's (GRI) 2006 Sustainability Reporting Guidelines. GRI Sustainability Reporting Guidelines provide a standard framework and guidance for organizations to report on their sustainability performance.

The information in this report applies to railroad and select other operations. This publication is primarily focused on initiatives and accomplishments from the 2009 calendar year and performance data are primarily for 2009, unless otherwise noted.

About Union Pacific



Union Pacific Corporation (NYSE:UNP) is one of America's leading transportation companies. Incorporated in Utah in 1969, its principal operating company, Union Pacific Railroad Company, is North America's premier railroad franchise.

With headquarters in Omaha, Neb., Union Pacific employs nearly 42,000 people and provides Americans with a safe, fuel-efficient and environmentally responsible mode of freight transportation. The company is a member of the Association of American Railroads and The Business Roundtable.

We emphasize excellent customer service and offer competitive routes from all major West Coast and Gulf Coast ports to eastern gateways. Union Pacific connects with Canada's rail systems and is the only railroad serving all six major gateways to Mexico, making it North America's premier rail franchise.

Union Pacific's diversified business mix includes Agricultural, Automotive, Chemicals, Energy, Industrial Products and Intermodal. In 2009, Union Pacific reported operating revenue totaling \$14.1 billion.

Combining innovation, technology, capital investment and dedication to service, Union Pacific is reducing its environmental footprint, providing attractive jobs that support our country's economy, and participating as an integral member of the communities in which we live and work.

SUSTAINABILITY AT UNION PACIFIC

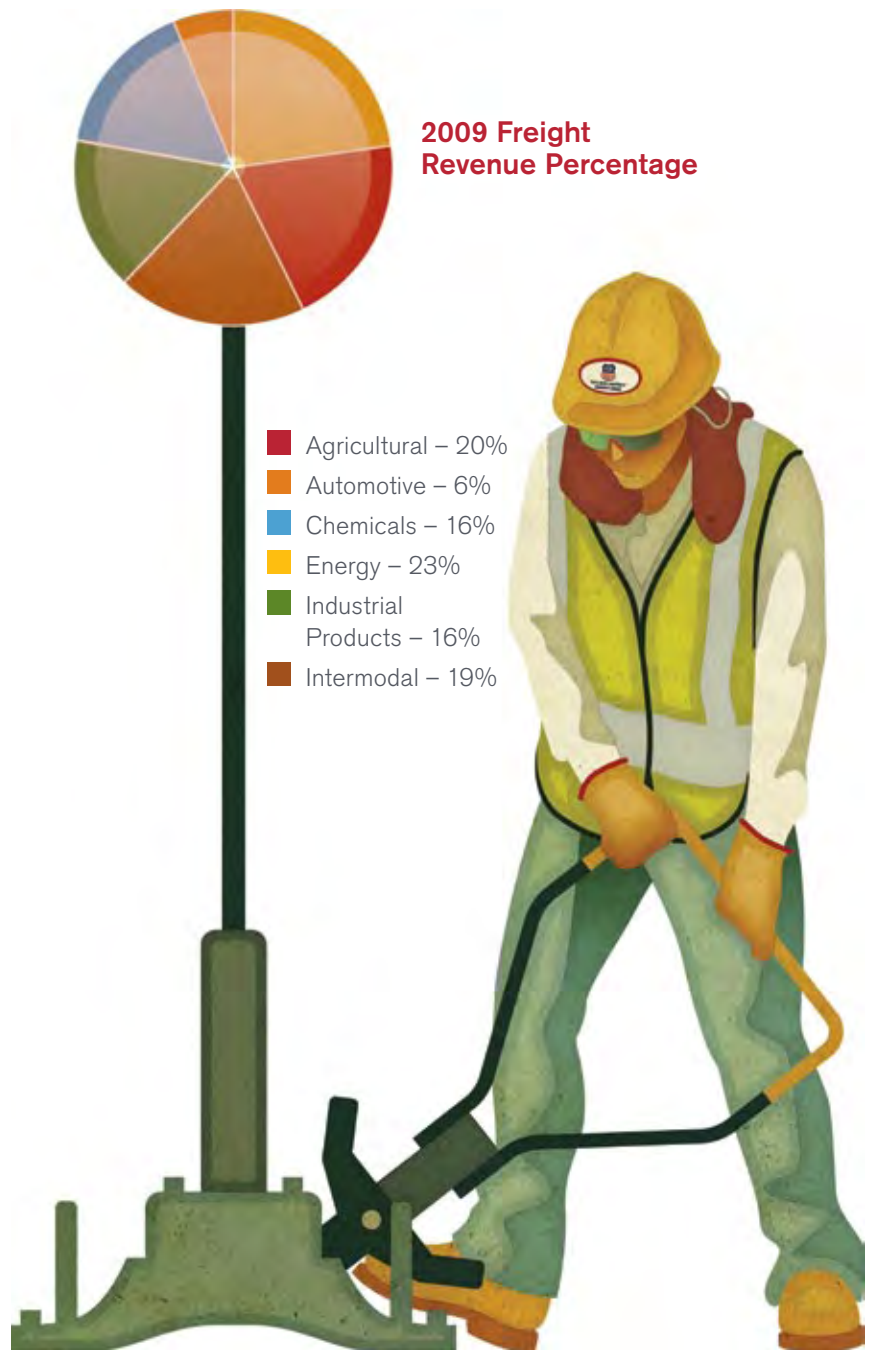
For nearly 150 years, Union Pacific has helped connect a continent. Since President Abraham Lincoln signed the Pacific Railway Act in 1862 that created Union Pacific, we have helped transport the products America needs. We want to be as vital to our nation's future as we've been to its history.

Today, our trains operate in 23 states over more than 32,000 miles of track. We can haul almost anything from origin to destination. But what's truly special about Union Pacific is the way we get the job done: Safely; Ethically; Efficiently; and with respect for each other, the environment, our customers, communities and anyone who encounters our railroad. This approach defines us as a company – and as a responsible corporate citizen.

UNION PACIFIC FAST FACTS*

Route Miles	32,100
Employees	41,700
Annual Payroll	\$3.5 billion
Community Giving	\$13.1 million
Capital Spending	\$2.5 billion
Locomotives	8,350
Freight Cars	83,200
Customers	25,000

*for the year ending 12/31/09



Sustainability Highlights

ENVIRONMENT

With more than 75 percent of our locomotive fleet certified under existing standards, Union Pacific operates the cleanest locomotive fleet in North America.

We continue to invest in fuel-efficient locomotives. Since 2000, we have:

- Spent approximately \$6 billion to purchase new, environmentally friendly locomotives,
- Added more than 3,400 new fuel-efficient, long-haul, high-horsepower locomotives,
- Retired more than 2,300 older, less-fuel-efficient locomotives,
- Overhauled or rebuilt almost 3,200 locomotive diesel engines to run cleaner and more efficiently.

Union Pacific pioneered Genset technology and with 165 Gensets in our locomotive fleet we operate more than half of all Gensets in service in the United States.

Since 1998, Union Pacific has improved fuel efficiency by 20 percent. In 2009 alone, Union Pacific saved more than 40 million gallons of diesel fuel.

Today, we can move one ton 865 miles on a single gallon of fuel – the equivalent of a passenger vehicle getting more than 400 miles per gallon.

GOVERNANCE AND ETHICS

Union Pacific works diligently to be among the best-governed companies in America. Efforts begin with our Board of Directors, which is comprised of all independent directors except for our Chairman and CEO.

Union Pacific has in place the following codes of ethics and conduct to guide its employees and leaders:

- The Union Pacific Corporation Code of Ethics for the CEO and Senior Financial Officers
- The Statement of Policy on Ethics and Business Conduct for Employees
- The Union Pacific Corporation Code of Business Conduct and Ethics for Members of the Board of Directors.

Our commitment to a diverse work force exceeds federal and state Equal Employment Opportunity laws and applies to all terms and conditions of employment.

Compensation is evaluated by an independent consultant to maintain competitive salaries and benefits for non-agreement employees and leadership.



SOCIETY

Union Pacific offers a nationally recognized employee wellness program that contributes to making us an employer of choice.

We have reduced the employee reportable injury rate by 50 percent since 2001.

Since 2001, we have achieved a 37 percent reduction in the rail crossing accident rate and a 34 percent reduction in the derailment reportable rate.

Since 1986, more than 900 local response personnel have been trained at a formal test center in Pueblo, Colo., with Union Pacific paying for 100 percent of their expenses. In addition, we provide one-on-one training to any emergency response team upon request. Since 1979, Union Pacific has trained more than 170,000 local fire and law enforcement personnel.

Union Pacific was the first U.S. railroad to be named a partner in the Customs-Trade Partnership Against Terrorism (C-TPAT), a Customs and Border Patrol (CBP) program designed to develop, enhance and maintain effective security processes throughout the global supply chain.

Union Pacific has taken a number of significant actions on the U.S. side of the border to help CBP prevent illegal drug smuggling, spending at least \$3.6 million annually on UP police officers and K-9 patrol, and \$72.5 million over the last decade on support for drug interdiction programs.

Support includes constructing the Eagle Pass, Texas, border patrol building that opened in July 2009; installing lighting at the Nogales, Ariz. border; adding fencing; and building inspection towers to facilitate CBP inspections at various border crossings.

UP continues to enhance technology at the border with plans to launch a new rail inspection portal at Eagle Pass in June 2010.

We maintain a dedicated police force, supplemented by security teams and K-9 teams, devoted primarily to detecting and removing illegal drugs once trains cross into the United States.



Above: Many employees volunteer to support the Susan G. Komen for the Cure, which recognized Union Pacific with its Outstanding Volunteer Group Award.

Additionally, we have provided K-9 training to DEA and FBI task forces, conducted joint exercises and developed computer profiles to identify drug traffickers.

In 2009, Union Pacific donated more than \$13 million in community giving and supported more than 600 nonprofit organizations. The Principals' Partnership, our award-winning signature giving program, provides resources, links and education for more than 1,000 public high school principals in 21 states.

Sustainability and Citizenship Goals



Union Pacific is committed to excellent service, delivering the goods American families and businesses use every day. As one of America's leading transportation companies, Union Pacific works to grow our business profitably, responsibly and safely.

Combining innovation, technology, capital investment and dedication to service, Union Pacific is reducing our environmental footprint, providing attractive jobs that support our country's economy, and participating as an integral member of the communities in which we live and work. Our goals include continuing to:

- Operate a safe, efficient and environmentally responsible rail network,
- Improve employee, customer and public safety through training, education and investment,
- Develop employee programs and processes that make us an employer of choice,
- Invest in our network infrastructure to enhance service, productivity and safety,
- Increase fuel efficiency and reduce emissions through technology and process improvements,
- Grow our business profitably and responsibly in order to invest in future growth, and
- Make a positive impact on the 7,000 communities we touch.

***Above:** As part of the original transcontinental route, Union Pacific tracks still wind through Palisade Canyon, Nev. We believe when you are part of the American landscape, you protect it. We strive to do just that in our daily operations.*

ENVIRONMENT



We understand that protecting the environment is part of every job, and we are creating and implementing world-class energy conservation techniques that are helping us move more freight with less fuel.



BUILDING AMERICA®

Environment



Union Pacific is an engine of change, striving to be a leader in developing technology that will reduce our environmental impact.

Our trains provide a cleaner, safer, more fuel-efficient method of shipping freight across the country thus reducing emissions and improving air quality.

We are committed to protecting the environment now and for future generations. This means complying with all environmental laws and regulations, and providing the most sustainable mode of surface freight transportation.

As North America's premier railroad, Union Pacific is positioned to help the nation realize the benefits of freight rail transportation. We have the cleanest locomotive fleet in North America and are an industry pioneer in identifying and adopting new locomotive technologies that deliver better fuel efficiency and reduce our environmental impact. Our trains provide a cleaner, safer, more fuel-efficient method of shipping freight across the country, thus reducing emissions and improving air quality.

ENVIRONMENTAL ADVANTAGE

Railroads are the most sustainable mode of ground freight transportation. One train can transport as much freight as 300 trucks, and freight trains are almost four times more fuel-efficient than trucks. This translates into significant fuel savings, improved air quality and reduced greenhouse gas emissions. Additionally, increased rail traffic can remove trucks from the road, reducing traffic congestion and potential for traffic accidents.

Environmental Management



At Union Pacific, we meet our commitment to be an environmentally responsible transportation leader. We take this responsibility seriously.

By implementing systems and processes to train employees and maintain equipment, we reduce or avoid environmental impacts from the materials and products we haul.

Our systematic approach to environmental management led to the creation of our federal permit planning process. Union Pacific changed from a local project-centric approach to a systemwide program with centralized, documented procedures, utilities and compliance assurance for its engineering group. This created a standardized approach across our network.

Above: Outside of Missouri Valley, Iowa, a track renewal train is hard at work. This extremely efficient machine can lay 5,000 concrete ties in an 8-hour day. High-tech equipment, a strong focus on research and development and continuous process improvements have allowed railroads to move nearly twice the amount of freight today using virtually the same amount of fuel as in 1980.

Union Pacific owns the cleanest locomotive fleet in the industry, with more than 75 percent of our locomotives certified under existing EPA emissions standards.

ENVIRONMENTAL GOVERNANCE

Union Pacific employees are critical to operating a safe and environmentally sound railroad and are actively engaged in identifying opportunities that support safe operations.

Union Pacific has environmental field managers and hazardous material managers strategically assigned to specific locations. These managers are knowledgeable about environmental issues and address local community needs and requirements.

COMPLIANCE

Our environmental compliance efforts include monitoring and inspecting facilities. For example, a team is dedicated to tracking all rail cars containing chemicals that are time sensitive. Union Pacific was the first railroad to monitor – on a daily basis – every time-sensitive chemical shipment. If a rail car appears delayed en route to its destination, this team initiates a series of actions to ensure safe arrival of the material in the designated time period.

Regular inspections also are performed on sources that generate air emissions, industrial wastewaters and storm-water runoff, or that store hazardous waste and petroleum products. Periodic testing is performed on locomotive fuel storage tanks and underground petroleum pipelines to maintain container integrity and prevent releases of fuel or oil into the environment.

UNION PACIFIC ENVIRONMENTAL POLICY

At Union Pacific, we are committed to protecting the environment now and for future generations. Our employees, customers, shareholders and the communities we serve can expect our full compliance with all laws and regulations.

Union Pacific is developing and investing in new technologies that provide for cleaner air and water, including a locomotive fleet that is the greenest in the industry.

Our employees understand protecting the environment is part of every job, and we are creating and implementing world-class energy conservation techniques that are helping us to move more freight with less fuel.

We will continue our leadership in caring for the environment while delivering the goods that America needs.



Climate Change

Below: A doublestack intermodal train is moved across the Great Salt Lake using distributed power technology. Distributed power improves fuel efficiency, reliability and safety as it reduces the physical forces on the train.



Our rail infrastructure investment allows us to move goods across the country more efficiently than other modes of ground freight transportation while emitting less greenhouse gas. According to the United States Environmental Protection Agency (EPA), all freight railroads contribute less than 1 percent of the greenhouse gas emissions in the United States.

According to the EPA, freight railroads account for 0.7 percent of U.S. greenhouse gas emissions. Passenger transportation accounts for 19.8 percent and trucking 5.7 percent.

Our locomotives emitted approximately 10,030,000 metric tons of greenhouse gas in 2009, which we estimate to be more than 95 percent of Union Pacific's total greenhouse gas emissions. We remain committed to continuing our fuel conservation efforts, which are directly related to our greenhouse gas emissions.

Union Pacific identifies significant risks and/or opportunities from certain climate change legislation through our risk management processes and application of our environmental policy. As part of that analysis, members of Union Pacific's environmental management group worked with an outside consultant to prepare an inventory of our greenhouse gas emissions.

Although climate change could have an adverse impact on our operations and financial performance in the future (see our Risk Factors in our Annual report on Form 10-K), we are currently unable to predict the manner or severity of such impact. However, we continue to look for new ways to maximize every drop of fuel, focusing on conservation through better locomotive technology, engineer training and employee development.

OPERATING SMARTER – REDUCING FUEL USE

A crucial element of our fuel-efficiency strategy is to improve our operating policies and procedures, as well as to encourage employees to support this effort.

Union Pacific has developed a comprehensive plan to reduce the amount of time locomotive engines idle, saving fuel and reducing emissions. As a part of this strategy, all new locomotives have automatic stop-start equipment that eliminates unnecessary idling.

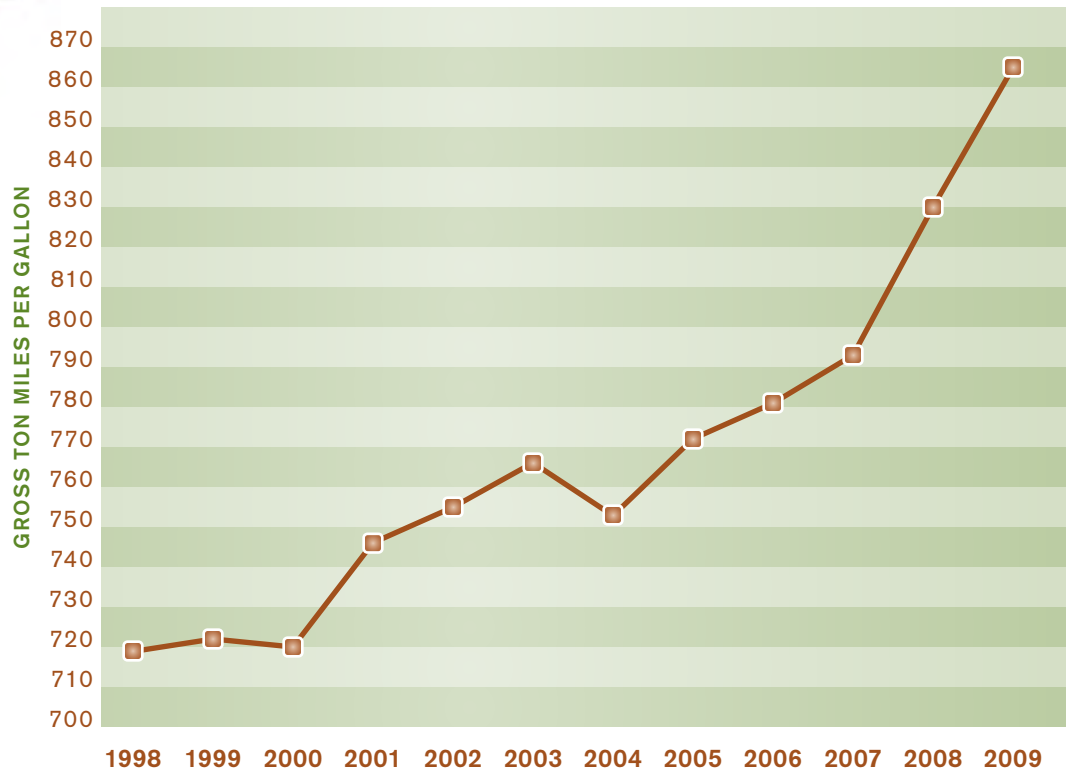
We are retrofitting older locomotives with the technology as well. Locomotive shutdowns can save 15-24 gallons of fuel, per locomotive, per day. Nearly two-thirds of our locomotive fleet is now outfitted with automatic stop-start equipment.

Balancing speed and customer service requirements, our Fuel Conservation Speed (FCS) programs save fuel by limiting speeds on trains hauling certain commodities. These programs are helping push fuel-consumption rates to record low levels.

More than 6,000 locomotive engineers, nearly 98 percent of all road engineers, participate in the Union Pacific Fuel Masters Unlimited program. Fuel Masters Unlimited is an employee-driven conservation initiative that rewards locomotive engineers' fuel-saving efforts. The program is so successful that other railroads have implemented versions of it in their operations.



UNION PACIFIC LOCOMOTIVE FUEL EFFICIENCY

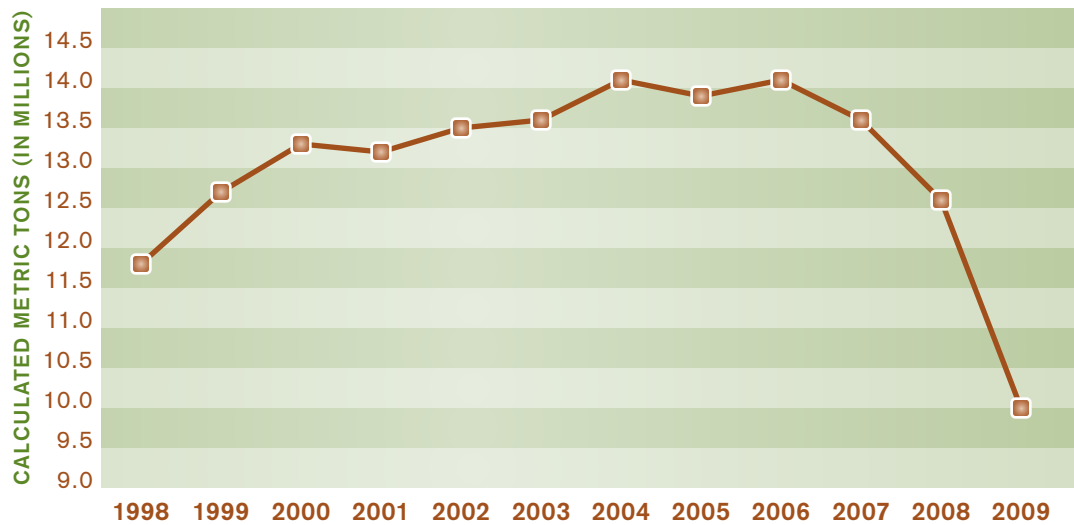


Union Pacific Emissions



Union Pacific is committed to preserving the environment by improving fuel efficiency, thus reducing air emissions to help improve air quality. Our operating procedures, investments in environmentally friendly locomotives and efforts to reduce emissions from older locomotives are all part of this commitment.

UNION PACIFIC LOCOMOTIVE GHG EMISSIONS



FUEL-EFFICIENT LOCOMOTIVES

With more than 75 percent of our locomotive fleet certified under existing EPA standards and 186 ultra-low emission switchers including Gensets and Green Goats, Union Pacific operates the cleanest locomotive fleet in North America. We continue to invest in fuel-efficient locomotives. Since 2000, Union Pacific has:

- Spent approximately \$6 billion to purchase new, environmentally friendly locomotives,
- Added more than 3,400 new fuel-efficient, long-haul, high-horsepower locomotives,
- Retired more than 2,300 older, less fuel-efficient locomotives,
- Overhauled or rebuilt almost 3,200 locomotive diesel engines to run cleaner and more efficiently.

PIONEERING SUSTAINABLE TECHNOLOGIES: THE BIRTH OF THE GENSET

From its very beginnings, the key to a locomotive's power has been its ability to convert fuel into motion. During the 19th and early 20th centuries, locomotives harnessed steam to move trains. In the early 1930s, electricity began replacing steam. Locomotives became electric power generators, producing electricity to drive motors attached to axles and wheels. Diesel became the fuel of choice to power the on-board engine that helped generate the electricity.

In 2002, Union Pacific's Mike Iden, general director of car and locomotive engineering, thought it was time to take locomotive technology to the next level. Since many locomotives do not require maximum horsepower all the time, Iden investigated the development of a switching locomotive that would use modern, off-road diesel engines. These modern, off-road diesel engines would be capable of providing the lower power required by typical switching locomotives, while reducing fuel consumption and, most importantly, exhaust emissions. Instead of having one large conventional locomotive diesel engine operating at various speeds, only one of which was most fuel efficient, he wondered if multiple smaller diesel engines, running in combinations of one, two or three engines, could produce the required horsepower levels.

Though no manufacturer offered such a locomotive, and many doubted the feasibility or need for one, Iden was undaunted. He started discussions about such switch technology with a small Illinois-based locomotive remanufacturing company, National Railway Equipment, and spent more than a year refining the concept and making preliminary plans for a prototype called the "Genset switcher." In 2004, his vision became a reality when Union Pacific authorized construction of a prototype, low-emission Genset locomotive.

Today, Union Pacific operates 165 Gensets, the industry's largest fleet.



Mike Iden

EXPLORING INNOVATIVE TECHNOLOGIES

Union Pacific is proud to be an industry pioneer in identifying and adopting new, lower-emitting diesel locomotive technologies. These technologies include the Generator-Set, also known as the Genset locomotive, the Green Goat locomotive, the Oxidation Catalyst Device and diesel particulate filters on yard switchers.

Genset Locomotives

Union Pacific led the industry with development of the revolutionary Genset – ultra-low-emitting, environmentally friendly diesel locomotive. Union Pacific began testing the prototype Genset switcher locomotive in 2002 and now has 165 units. This represents more than half of all Gensets in service in the United States.

The Society of Automotive Engineers (SAE) recognized Union Pacific with its Engineering Excellence in Transportation award in 2007 for our work in developing and promoting the Genset. This was the first SAE award presented to any railroad.

The Genset reduces greenhouse gas emissions by as much as 37 percent, emissions of the oxides of nitrogen by up to 80 percent and particulate matter by 90 percent, as compared to older switching locomotives. While traditional locomotives have one large diesel engine, the Genset uses multiple smaller diesel engines and generators. The latest version has six traction motors to increase power over previous Gensets. The locomotive uses all of the small engines when necessary and automatically shuts down excess engines when not needed, conserving fuel and cutting greenhouse gas emissions.

Green Goat Locomotives

In 2002, Union Pacific tested the world's first diesel-battery, hybrid-switch locomotive, and in 2005 acquired our first Green Goat. Similar in concept to a hybrid automobile, which relies on both a gasoline engine and a battery-powered electric motor, the Green Goat depends entirely on its small diesel-powered engine to charge onboard storage batteries. This hybrid locomotive is estimated to reduce oxides of nitrogen and particulate matter emissions by up to 80 percent and reduce fuel consumption by at least 16 percent as compared to a conventional switch locomotive. Currently, 10 Green Goats are serving Texas and an additional 11 are in California, most in the Los Angeles area.

Diesel Particulate Filters

Union Pacific has tested the use of Diesel Particulate Filters (DPF) on a 1,500-horsepower yard switch locomotive built in 1982. The DPF acts as a filter that uses high-temperature silicon carbide blocks to trap particulate matter in the exhaust. As the gases containing the carbon particles accumulate, the device periodically heats the carbon, causing it to ignite and burn off as water and carbon dioxide. Initial tests demonstrate a 75 percent reduction in particulate matter. These results are undergoing third-party review.

Oxidation Catalyst Device

Union Pacific is exploring an emission-reduction device for older locomotives. From 2006-2009, we conducted field tests on the Oxidation Catalyst Device (OxiCat), which acts like a catalytic converter found on a car. As the diesel engine's exhaust flows through these converters, microscopic particles, known as particulate matter, generated by the diesel combustion process will be converted into water and carbon dioxide. This technology has the potential to reduce particulate emissions by about 50 percent, hydrocarbons by 38 percent and carbon monoxide by 82 percent.

While field tests uncovered durability issues, we are awaiting third-party review of the tests conducted on a 3,800-horsepower locomotive built in 1992. This is the first freight locomotive in North America to be equipped with a set of OxiCat converter devices.

Building It Green



In 2004, Union Pacific opened the doors to our new headquarters building in Omaha, Neb. When constructing the 19-story Union Pacific Center, energy efficiency was a critical consideration.

The building includes an atrium incorporating natural light into the workplace, an under-floor cooling system and a computerized energy-management system.

For optimal efficiency, the building is equipped with an air-handling system that has variable speed fans and direct digital controls for computerized management of mechanical equipment and lighting. Instead of drawing in a standard amount of outside air, the ventilation system automatically adjusts fresh air for the number of people in the building. In addition, a hydraulic economizer is used in the cooling tower for optimal energy savings.

As a result of our efforts, Union Pacific Center was recognized as one of the nation's most energy-efficient buildings, receiving an Energy Star® designation from the EPA and an Energy Innovators Award from the Department of Energy.

***Above:** We are pursuing Leadership in Energy and Environmental Design (LEED®) certification for Union Pacific Center, which is more than just a work place. With more than a dozen training rooms, a 19,000-square-foot fitness center and a 600-seat dining room offering nutritious meal options, employees can enjoy healthy lifestyles.*

Water



Union Pacific is committed to following federal, state and local laws regarding water discharges. As part of this effort, we operate and maintain more than 100 wastewater treatment facilities across our system.

Our wastewater treatment facilities are designed to capture and process wastewater from our fueling and maintenance operations. Wastewater is treated to a quality standard set by the regulating agency. After treatment, wastewater is either discharged to surface waters, such as adjacent rivers or streams, or transferred to publicly owned treatment works to receive additional treatment prior to surface discharge.

Responsible Waste Management



Union Pacific's comprehensive waste reduction and recycling programs touch nearly every part of the company. These programs include minimizing hazardous waste, working closely with our customers to avoid a release of hazardous materials, and recycling railroad ties, fuel, oil and e-waste.

HAZARDOUS WASTE MANAGEMENT

Union Pacific complies with hazardous waste requirements. A critical element of our hazardous waste management is minimizing waste in the supply chain. We have changed processes and established procurement controls to require centralized purchasing of chemicals, reduce the number of toxic materials purchased, and find ways to reuse and recycle waste materials.

***Above:** An undercutter excavates the ballast, or rock bed, on the rail line in Gore Canyon, Colo. With conveyor belts and screens, the undercutter separates reusable ballast from waste material. The "clean" ballast is reinstalled, providing proper drainage and reinforced track foundation. This entire recycling effort is done onsite, minimizing fuel use and emissions.*

RECYCLING EFFORTS

Recycling is encouraged at all company locations. Union Pacific has recycling programs for wooden railroad ties, used oil and e-waste. In addition, we have a successful environmental stewardship program that provides recycling training and has led to significant recycling at Union Pacific Center, the company's headquarters building in Omaha.

Railroad Ties

Whenever possible, railroad ties are salvaged, rehabbed and reused on Union Pacific's 32,000-mile network. In 2009, we replaced more than 3.5 million wood railroad ties, of which 86 percent were re-used in some manner in 2009.

Union Pacific has been using concrete ties for nearly 20 years and continues to add concrete ties to its system. Concrete ties are used in high-tonnage, high-traffic areas such as the Powder River Basin. Because concrete lasts longer, it generates less waste. Composite ties are used as an alternative to wood ties in the Gulf Coast area, where wet weather reduces the lifespan of wood ties.

The tie replacement cycle is monitored on an ongoing basis so we do not replace ties before it is necessary.

Fuel and Oil

Union Pacific's standard operating equipment for fueling and locomotive-maintenance activities includes automatic fuel-nozzle shutoffs to prevent overflows, drip pans to catch spills, and separators to recover oil from industrial wastewater. On-board retention tanks capture residual oil from locomotive engines for proper disposal.

In addition, recycling used oil is a high priority at Union Pacific. One hundred percent of the oil captured at fueling and servicing facilities is recycled.

E-waste

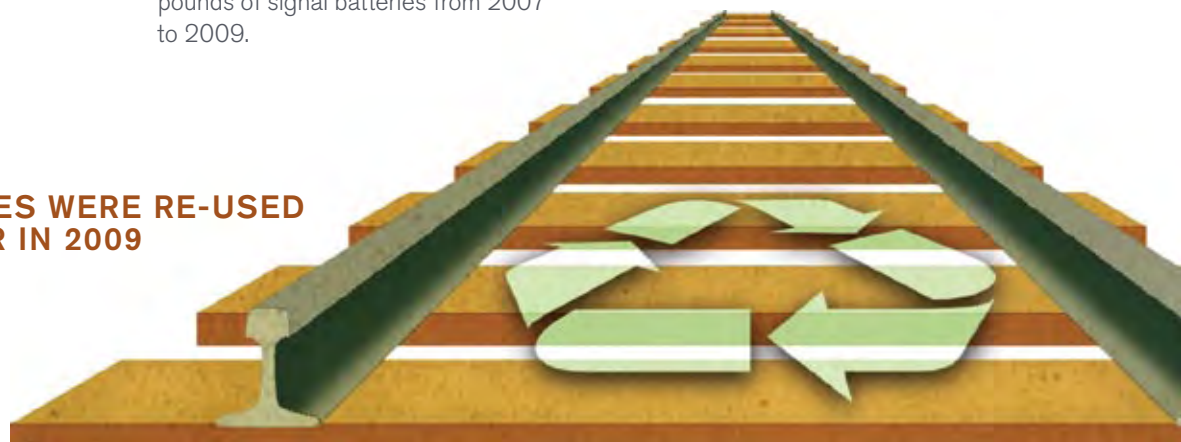
As the number of electronic devices for personal and business use continues to grow, so does the amount of electronic waste. At Union Pacific, electronic equipment no longer needed is evaluated to determine if it can be recycled, reused or rebuilt. The company has recycled more than 1.1 million pounds of electronic equipment and nearly 3.5 million pounds of signal batteries from 2007 to 2009.

Employee Stewardship and Recycling

Union Pacific manages an employee environmental stewardship program with the theme "Caring for the Environment: My Company, My Work, My Life." The program provides education to employees about environmental stewardship on the job and at home. Information and training cover topics such as fuel conservation, locomotive shutdown, an energy audit checklist and recycling guidelines. Each month, Union Pacific recycles nearly 20 tons at its Omaha headquarters in addition to recycling at field locations.

A cornerstone of the company's environmental stewardship is engaging employees to make a positive environmental impact. In 2009, Union Pacific employees invested thousands of volunteer hours to support community efforts including school presentations and cleanup activities.

**86% OF WOOD TIES WERE RE-USED
IN SOME MANNER IN 2009**



Environmental Collaboration



Union Pacific believes collaboration with federal, state and local authorities is key to meeting our environmental objectives. We also work with our employees to reduce our operational environmental impacts and collaborate with third-party organizations to reduce emissions and improve air quality.

SMARTWAYSM



Union Pacific participates in the SmartWay Transport Partnership – a voluntary alliance between the EPA and freight industry. Commercial, industrial and public sector participants commit to reduce greenhouse gas emissions and air pollution, and to improve fuel efficiency of ground freight transportation. The EPA assists with efforts, providing fleet management tools, technical support, information, public recognition and, for exceptional environmental performers such as Union Pacific, use of the SmartWay Transport Partner logo.

Above: Union Pacific Director of Public Affairs Lupe Valdez speaks in Colton, Calif., as part of a “green tour” that presented technology like the Genset yard locomotive, which can reduce emissions by more than 80 percent while using up to 37 percent less fuel than traditional yard locomotives.



COLLABORATION WITH CUSTOMERS

A common carrier obligation means railroads are mandated by the U.S. government to transport hazardous materials because rail is the safest mode of freight transportation.

It is a common misconception that trains made up of tank cars are owned by the railroad. In fact, while Union Pacific owns the locomotive, customers own the tank cars. Therefore, Union Pacific works closely with customers to protect materials by properly securing cars that contain hazardous materials. Each year, approximately 5,000 tank cars are selected for inspection throughout Union Pacific's system. Although not required by any rule or regulation, Union Pacific believes these regular examinations help identify defective cars and provide opportunities for the training necessary to reduce accidents and spills.

Union Pacific also recognizes customers who maintain zero releases of hazardous materials from their cars each year, while offering separate awards for customers demonstrating excellence in their billing procedures. Billing description of a rail car's contents is critical and needs to be exact for the proper response in the event an emergency occurs.

Dow Chemical Company and Union Pacific On Track to Improve Rail Safety and Security

The Dow Chemical Company and Union Pacific Railroad have made great advancements goals to enhance the safe transport of chemicals across the United States.

Dow and Union Pacific are working to enhance chemical transportation over the more than 160,000 miles of rail in the U.S. through a variety of innovative solutions and public-private partnerships. Examples include industry wide railway crossing safety initiatives, Global Positioning Satellite (GPS) sensors that track rail car movements, and designing the next generation of rail tank cars.

Dow and Union Pacific's eight jointly created goals are consistent with the principles and practices of Responsible Care®, a voluntary chemical industry initiative that Dow and other leading companies helped establish in 1985 to drive continuous improvement in the safe and secure manufacture, distribution and use of chemical products.

Each of the following goals plays a distinctive role in improving the rail bulk transportation infrastructure.

1. Expand the TRANSportation Community Awareness and Emergency Response (TRANSCAER®) Program
2. Improve Shipment Visibility
3. Develop the Next Generation Rail Tank Car
4. Improve Supply Chain Design
5. Eliminate Non-Accidental Releases (NAR)
6. Deploy Communications-Based Train Control/Anti-Collision System (Positive Train Control)
7. Reduce Movement in High-Threat Urban Areas
8. Improve Accident Prevention



CALIFORNIA AIR RESOURCES BOARD

For more than 15 years, Union Pacific has worked closely with the California Air Resources Board (CARB) in a cooperative effort to reduce emissions and improve California's air quality.

The genesis of these efforts began with a first-of-its-kind commitment in 1998 to bring the most advanced and environmentally friendly technology to the South Coast Air Basin by January 2010. This 1998 Memorandum of Understanding (MOU) has achieved major reductions and is expected to reduce locomotive NOx emissions in the South Coast Air Basin by 65 percent by 2010. In 1999, Union Pacific provided data to CARB, which CARB used to prepare the first-ever comprehensive Health Risk Assessment (HRA) of an operating rail yard. CARB published these findings in the Roseville Rail Yard Study (CARB 2004).

Based on the success of that project and the identification of effective emission reduction measures, CARB brought the two California Class I railroads, Union Pacific and BNSF Railway, together to sign a voluntary MOU in 2005. As part of that MOU, Union Pacific agreed to and completed the phase out of non-essential idling within six months of the agreement, and installed Automatic Engine Shutoff Systems (AESS) on California-based locomotives by 2008.

In addition, Union Pacific agreed with CARB to expeditiously repair locomotives that were excessively smoking and that 99 percent of all locomotives pass CARB smoke inspections. We also agreed to maximize the use of ultra-low sulfur diesel fuel by Jan. 1, 2007, six years prior to regulatory mandates and prepare a progress report by January 2006 on feasible air emission mitigation at eight major rail yards.

By 2007, Union Pacific had reduced overall emissions significantly from year 2000 levels while still accommodating growth in the volume of goods and materials moved through the region. The railroad achieved these reductions using a combination of new technology, operational changes, new equipment, fuel-quality improvements and collaboration with CARB.

Union Pacific is committed to seeking reduced emissions. Compared to 2005 levels, CARB has estimated Union Pacific and BNSF actions will reduce rail yard diesel particulate matter emissions by an average of 50 percent as early as 2010, 65 percent by 2015 and 80 percent by 2020. Union Pacific is on track to meet or exceed our commitment to reducing emissions.

Wind Energy

Below: A Union Pacific train moves wind turbine components across Iowa.



Union Pacific was the first railroad to offer door-to-door transportation service for wind turbine components. The company began shipping them in 2003, and in 2007, responding to growing interest in wind power technology, we joined the American Wind Energy Association (AWEA).

Union Pacific plays an important role in supporting renewable energy by providing the wind energy industry with safe and sustainable transportation solutions.

The wind power business is an emerging market, and Union Pacific is proving to be a valuable transportation service provider in this growing industry. In fact, the wind energy industry continues to ship additional products with Union Pacific.

Union Pacific provides numerous advantages for its wind energy customers:

- With our wealth of experience, we have a clear understanding of the wind industry's unique shipping requirements and work closely with customers to engineer new equipment.
- Union Pacific's rail transportation solution provides greater value than trucks due to simplified logistics and economies of scale achieved by working with our Union Pacific Distribution Services subsidiary.
- Union Pacific owns our own tracks and does not require the state-by-state permitting necessary for trucks when hauling oversized loads.

- Our trains operate in a more controlled and safer environment than trucks.

- Moving wind turbine components via Union Pacific trains helps reduce highway congestion; it would require considerably more trucks to deliver the same number of wind turbines.

According to AWEA and our own research, many of the ports served by Union Pacific are expanding investments and capacity to make it easier to unload shipments of wind energy components and equipment. These investments, along with those of Union Pacific, are critical to create new sources of energy – a top priority for our nation.

SOCIETY



Union Pacific's success is attributed to the hard work and dedication of our employees, our partnerships with communities and our focus on serving the needs of customers. It is with these three groups that we believe the future success of Union Pacific lies. We will continue our strong commitment to providing the best workplace, keeping our trains and structures safe, partnering with communities, and offering the best service to customers today and into the future.

Above: Union Pacific helped the Boy Scouts of America's centennial by commemorating a special locomotive. Both groups have been serving our country for a century or more.



BUILDING AMERICA®

Commitment to Employees



Our employees don't just work for Union Pacific – they are Union Pacific. And after nearly 150 years, they continue to be our most valuable asset.

To maintain our position as North America's premier railroad franchise, we need the best people, doing their best work. That is why we provide our employees competitive benefits and a safe and rewarding place to work, enabling all members of our team to reach their greatest potential.

***Above:** Workers prepare to weld steel rail. One mile of non-constricted rail can contract or expand more than 2 feet in extreme weather, so steel rail is tempered and anchored during installation to improve the infrastructure's integrity. Union Pacific's robust maintenance program has helped reduce our derailment rate by 34 percent over the past eight years.*

OUR EMPLOYEES

41,700 – at year-end 2009.

85 – Percentage of employees represented by 14 major rail unions.

\$3.5 billion – annual payroll.

BENEFITS

We strive to be an employer of choice and offer strong benefits to help recruit top talent and retain our dedicated work force.

Benefits Packages

Union Pacific offers non-union employees competitive benefit packages, including medical, prescription drugs, life, disability and long-term care insurance. All medical plans include preventive care covered at 100 percent with no deductible. Union employee benefits are determined through collective bargaining agreements and are unique to each representative union and operating area.

In addition to benefits provided by Union Pacific, railroad employees are covered under the Railroad Retirement Board – a federal agency that administers retirement and unemployment benefits to workers and families. Union Pacific and our employees contribute to this program. Non-union employees also receive benefits under the Union Pacific pension plan. The pension is funded by Union Pacific, and an employee is vested after five years of service with the company. Finally, our employees also may participate in a 401(k) plan, which includes an employer match option for non-union employees.

Auxiliary Work and Training Status (AWTS)

Union Pacific is not immune to the challenges facing the global economy. However, if and when a furlough status must be implemented, we strive to get employees back to work as soon as possible. In fact, we are the only company in the industry that invests in these employees after they are furloughed to get them back to work as soon as possible. Through initiatives such as our Auxiliary Work and Training Status agreements (AWTS), which cover train and yard service employees on more than half of Union Pacific's system, many employees are given the opportunity to work and train on a part-time basis in lieu of being furloughed. Often, it can take up to 90 days for an employee to complete the necessary refresher training and examinations when returning to work from furlough status. The AWTS program helps employees maintain their training and proficiency while working on a part-time basis, thereby making it possible for them to return more quickly once they have been recalled to work on a full-time basis. Employees taking advantage of this program retain full healthcare benefits, as well as accrue service time toward Railroad Retirement benefits.

Flexible Work Options

Union Pacific offers alternative schedules to accommodate the diverse needs of our work force, when possible. Flexible work options provide arrangements to help balance employee, business and Union Pacific customer demands. Options include a compressed work week, job sharing and phased retirement.



HEALTH AND WELLNESS

Union Pacific's vision is to have the healthiest employees of any industry. At Union Pacific, we support employee efforts to live a healthier, fuller life. Our health promotion initiatives are incorporated into the company structure because healthy employees contribute to a safer work environment and increase productivity.

Union Pacific's commitment to employee health includes our broad menu of comprehensive health insurance plans, but the real benefit includes more than just helping pay doctors' bills. We strive to avert medical problems by offering nationally recognized employee wellness programs that focus on prevention. We provide assessments and resources, incentives for making good choices, and regular health-centered events such as blood pressure and cholesterol screenings.

Union Pacific Wellness

We want to help employees make healthy decisions every day, at every stage of life. That's why, in 1987, we launched Union Pacific Wellness, a health promotion program aimed at improving employee health and safety. The initiative specifically targets diabetes, asthma, high blood pressure, stress, smoking, inactivity, excess weight, fatigue, high cholesterol and depression. It also teaches employees how to reduce their personal risk for these problems. We embrace Union Pacific Wellness as any other business initiative and place priority on measuring its impact on employee health and well-being. Each year we dedicate more than \$4 million to support the program and track its effectiveness.



Union Pacific wellness programs are nationally recognized.

Union Pacific Wellness key components include:

Wellness Assessment

The cornerstone is the wellness assessment. Employees complete a confidential wellness assessment, which serves as an individual baseline for improving health and wellness. Employees participate in the program knowing that Union Pacific's goal is to help them identify health risks and learn ways to improve their health. We provide financial incentives to encourage employees to complete the wellness assessment, obtain an annual physical exam from their doctor and to stop or continue not smoking.

Lifestyle Coaching

Employees who want to improve their health through lifestyle changes may participate in our telephonic health coaching program. Participants are paired with a health coach who helps them set and achieve goals for healthy lifestyles.

Fitness Centers

Union Pacific contracts with more than 600 facilities across the country where employees may exercise free of charge. Our headquarters building includes a 19,000-square-foot fitness center for employees, retirees and spouses. The facility features state-of-the-art equipment including elliptical machines, treadmills, stationary bicycles, weight machines and free weights.

Injury Prevention Program

Employees at risk for injury because of low fitness levels may participate in the System Health Injury Prevention program (SHIP). SHIP participants are paired with a personal trainer who works with them to improve their overall fitness level.

Health Education Programs

Employees are provided several opportunities to better understand their health. A Know Your Numbers program educates employees on optimal health numbers, such as blood pressure, cholesterol and Body Mass Index. Our occupational health nurses also provide health education training as part of our safety meetings.

Occupational Health Nurses (OHN)

As part of our commitment to the safety and well-being of our work force, Union Pacific employs occupational health nurses (OHN). Our nurses receive training to ensure they understand the railroad culture and safety regulations. They develop strong relationships with employees and have become a trusted health resource. In 2008, we expanded our OHN program, targeting train service employees who travel across the system. Today, Union Pacific has more than 40 OHNs across our network dedicated to improving employee health.

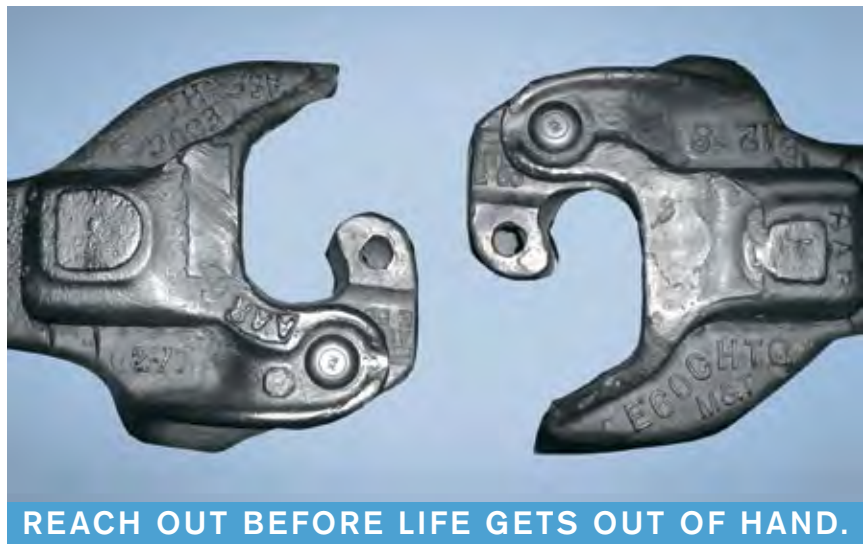
Union Pacific nurses deliver our health message face to face.

Tobacco Cessation

Employees and spouses who use tobacco are eligible for a tobacco cessation program. This program includes lifestyle coaching as well as pharmacological interventions.

Peer Support

When employees face a difficult situation, whether a tragic accident or personal crisis, they can turn to the Union Pacific Peer Support team. In the face of these experiences, individuals can feel significant loss of their sense of control. Understandably, events such as these may seriously affect an employee's ability to perform job functions safely and efficiently for a period of time, due to physical, emotional or psychological reactions.



More than 1,000 employee volunteers stand ready to support co-workers and their families when traumatic incidents occur. Members of the Peer Support team undergo special training and draw from their own experiences to support fellow employees. Their role has been vital to affected employees and families, and secondarily, their work enhances the safety and welfare of other employees in our network.

SAFE WORKPLACE

Not only is rail the safest mode of ground freight transportation, it is also one of the safest industries in which to be employed. Union Pacific is committed to making our industry even safer. According to the U.S. Bureau of Labor Statistics, railroads have lower employee injury rates than other modes of transportation and most other major industry groups, even grocery stores.

At Union Pacific, we have reduced employee reportable injury rates by 50 percent since 2001.

Safety briefings are standard at meetings across all company locations, and daily job briefings for Union Pacific employees as well as contractors focus on operating safely.



EMPLOYEE REPORTABLE INJURY RATES

Reduced by Half in 8 Years



Total Safety Culture

Employees caring for each other describes Union Pacific's Total Safety Culture (TSC) approach. What makes TSC unique is it is a voluntary, employee-owned process, rather than an outcome-based program, that focuses on training, observations and feedback and empowers employees to address at-risk behaviors. All these values are shared by the company's senior management.

Union Pacific TSC locations have Implementation Teams that are representative of the entire Union Pacific work force. Together, with the TSC facilitator and master trainers, the Implementation Team works to train employees on safe workplace standards.

TSC CHARACTERISTICS

- Safety is held as a value by all employees.
- Each individual feels a sense of responsibility for the safety of their co-workers, as well as themselves.
- Each individual is willing and able to go beyond the call-of-duty on behalf of the safety of others.
- Each individual routinely performs actively-caring and/or safety behaviors for the benefit of others.



TRAINING AND CAREER DEVELOPMENT

Employee development is critical to Union Pacific. The technologies required to safely and successfully operate our trains and rail lines, as well as maintain railroad infrastructure are constantly evolving. To help employees meet this challenge and keep up with the latest industry trends, Union Pacific invests in employee training and career development. Training, daily job briefings, operating rules application and testing, and constant focus on safety are integrated into all work processes.

Training Facilities

Union Pacific has training facilities located across our network. Major training facilities are located in Salt Lake City, West Chicago, Houston and Omaha. The major training facilities are equipped with full-size simulators and laboratories to support highly technical training. To increase the availability of and access to ongoing training opportunities, Union Pacific offers onsite training at many locations across our service area.

Union Pacific partners with several community colleges across our service area to provide continued and enhanced employee training. These partnerships include sharing facilities, lab equipment, classrooms and, in some cases, instructors. In Salt Lake City, Union Pacific's Technical Training Center is located on the campus of Salt Lake Community College, where we utilize more than 40,000 square feet of office and classroom space.

Virtual Simulation Training

Union Pacific has engaged in innovative approaches to ensure that all employees have access to training. Our video simulation training programs help employees learn how to sort cars onto tracks, stop and start locomotives and uncouple rail cars. The simulator enables employees to become familiar with rail yard surroundings in a controlled environment, and such training creates a safer, more proficient and confident work force. The program is now being used at 45 training locations across Union Pacific's network.



Employee Performance Management

To thrive in a competitive and frequently changing environment, our employees must have a clear understanding of what is expected of them, how their work relates to the company's business objectives, values and competencies, and how they will be measured. Performance management at Union Pacific is an ongoing process, with regular discussions between an employee and manager being the critical component. The performance management process comprises three phases for non-union employees: goal planning, coaching and reviews.

Education Assistance

Union Pacific values continuing education. Our education assistance program encourages full-time employees to enroll in job- or career-related courses at accredited schools, colleges and universities. The program pays up to 85 percent of the cost of tuition.

Management Development

Management development opportunities are available to employees throughout their careers and include a series of leadership and skills performance programs and courses. These programs and courses are offered to support the company's mission and values, strategic initiatives and individual development needs.

VALUING EMPLOYEE DIVERSITY AND INCLUSION

To remain an innovative, industry-leading and customer-focused company, Union Pacific draws upon the expertise and experiences of individuals from all backgrounds. We work to increase our diversity from our headquarters to the train yard. It is a priority for Union Pacific to reflect the customer base and the communities in which we live and work.

Employee Resource Groups

Raising awareness and providing a nurturing environment where all employees can do their best work is critical to successful diversity management. Employee resource groups are important to achieving this objective. Some of these groups work with management to raise awareness of diversity issues and to support recruiting, retaining and advancing careers of women and minorities within our company.



Black Employee Network (BEN)

The Black Employee Network was established in 1979 with the mission to recruit, retain and advance the careers of African-American employees within Union Pacific by promoting and facilitating both personal and professional growth, and by working with Union Pacific senior leadership toward an awareness of diversity issues.

BEN led the initiative that resulted in the creation of "CNET," which makes access to job openings available to all qualified individuals, and also played a key role in the development and pilot of the "Accountability Partners," mentoring program which has subsequently been adopted by Union Pacific.

On a community involvement level, BEN supports local African-American communities by providing scholarships to graduating seniors and college freshmen, and by working to encourage high school graduates to pursue post-secondary education. Since 1980, BEN chapters system-wide have awarded more than \$300,000 in scholarships.



Council of Native American Heritage, (CONAH)

In 2006, a group of Union Pacific employees of Native American heritage began planning a November celebration at Union Pacific's Omaha headquarters to coincide with the national Native American celebrations. The celebration has continued since then, and the organizing group was formalized in 2008. CONAH works with Union Pacific leadership and human resources to discuss and plan efforts to balance diversity at Union Pacific and support the professional growth of Native American employees.



Lead, Educate, Achieve and Develop (LEAD)

Established in 2003, Lead, Educate, Achieve and Develop (LEAD) is a women's initiative whose mission is to foster an environment that increases opportunities for women to be recruited, retained and advanced as Union Pacific leaders. Through diverse committees and organization-wide activities, LEAD offers members the opportunity to interact with other employees through professional programming, mentoring, skills training, informal networking, work/life balance projects and LEAD-sponsored community activities.

LEAD's organization of Union Pacific's annual Susan G. Komen Race for the Cure effort earned LEAD and the company the Outstanding Volunteer Group Award at the 2010 Komen for the Cure Affiliate Conference for dedication, commitment, creativity and initiative to help breast cancer awareness and programs in Nebraska. Each year, Union Pacific's LEAD group organizes one of the largest corporate Race for the Cure teams, and in 2009, broke its own team member record with 2,481 participants. LEAD and Union Pacific have raised more than \$500,000 since the first Union Pacific group was formed, with \$76,500 raised in 2009 alone.

Additionally, LEAD works with Operation Lifesaver to promote awareness of rail safety in the communities served by Union Pacific.

LEAD's membership has grown to more than 500 members in 2010, representing employees at headquarters and 10 field chapters.



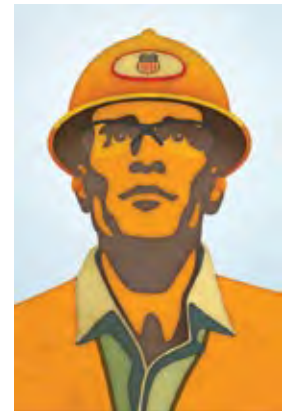
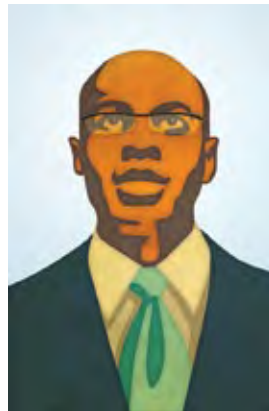
Latino Employee Network (LEN)

Established in 2004, the Latino Employee Network works to recruit, retain and advance the careers of Union Pacific's Latino employees. LEN supports Latino communities by sponsoring clothing and food drives, translating for Spanish-speaking parents enrolling their children in kindergarten and sponsoring families during the holidays. In addition, LEN chapters systemwide have awarded \$46,000 in scholarships to graduating high school seniors and college students.



UP Ties

UP Ties provides opportunities for emerging professionals to enhance their understanding of Union Pacific, strengthen cross-departmental knowledge, heighten leadership and communication skills, become involved in the community with co-workers, build a professional network, and foster new relationships and friendships.



Military Recruiting

Union Pacific values the commitment, training and diversity that members of our armed forces bring to the workplace, and we actively recruit men and women in uniform.

We have continued our involvement at military transition offices, military education offices, reserve units, military panels, National Guard units, career fairs, information sessions, employer panels and resume review assistance opportunities. Union Pacific representatives serve on local military committees and boards. Since 2005, Union Pacific has hired approximately 5,000 members of the armed forces.

Commitment to Communities



The Union Pacific team extends beyond our employees and their families to include the communities in which we work and live.

Many of the more than 7,000 communities throughout the railroad's system can trace their origins directly to a Union Pacific depot. These communities were with us in the beginning, sustained us over time and have helped make us an industry leader today. They play a vital role in maintaining the safety and security of our railways. They provide well-trained employees that foster Union Pacific's commitment to excellent service. Through our programs and the Union Pacific Foundation, we seek to enhance our relationships with the communities in our network for their good as well as the benefit of our employees and customers.

***Above:** Elmhurst, Ill., was officially incorporated as a village in 1882. At the time, the Galena and Chicago Union Railroad, now part of Union Pacific, provided local farmers convenient rail access to and from Chicago. More than a century later, Union Pacific still carries critical produce and grains to cities and towns across America.*

PUBLIC SAFETY

Safety is a top priority for Union Pacific. As a company, we continuously look for innovative approaches to enhance the safety and security of our employees, our communities and the customers we serve. Our partnership with local community teams is a key element in our safety profile.

Rail Crossings

Union Pacific works with federal, state and local officials to promote safety at rail crossings. Government officials determine signal placements, upgrades and crossing improvements, implementing the necessary safety upgrades. However, technical and structural enhancements are just two components of reducing railroad crossing injuries. Union Pacific also partners with communities on important educational programming.

Union Pacific helped create and now collaborates with Operation Lifesaver, a non-profit safety education and outreach organization.

Union Pacific helped create and now collaborates with Operation Lifesaver, a non-profit safety education and outreach organization. It was created in 1972 as a state initiative in Idaho to end collisions, deaths and injuries at intersections of train tracks and roadways and on railroads' rights of way. Today, Operation Lifesaver is an independent program that works cooperatively with government and private industries to educate the public on the importance of railroad safety.

Volunteer Union Pacific representatives discuss the importance of railroad safety with school and community groups. In 2009, Union Pacific sponsored more than 6,000 programs reaching more than 378,000 people in local communities across the 23 states we serve.



In addition to community group presentations, we hold Union Pacific Crossing Accident Reduction Education and Safety (UP CARES) events across the country. Union Pacific invites local school groups, law enforcement, judges and prosecutors, and community leaders to ride a Union Pacific safety train to observe motorist behavior on television monitors that transmit live footage from a video camera mounted on the locomotive. In 2009, Union Pacific held 523 UP CARES events across the country.



Preventing Derailments

Our derailment reportable rate decreased 34 percent from 2001 to 2009. Union Pacific continues to incorporate innovative technology and solutions to decrease derailments and enhance safety.

Innovative Technology:

Ultrasonic Wheel-Defect Detection

Union Pacific installed an ultrasonic detection machine in 2009 that can quickly scan all of a train's wheels for damage. As the train rolls down the track, ultrasonic sensors detect defects and instantly flag problems. The goal of the new system is to scan every wheel in our coal-car fleet every 60 days and eliminate derailments related to broken wheels.

Wayside Detectors

Union Pacific's wayside detection systems have evolved during the past two decades to more accurately identify potential failures in rail equipment components that can lead to derailments. Data from these systems is networked through a centralized computing system, allowing us to produce a report card for each car and locomotive. This improves our ability to predict and prioritize work.

New Approaches and Training:

Distributed Power Units (DPU)

Distributed power involves putting locomotives in the middle and/or end of trains rather than having all locomotives at the front end. Distributed power enhances train safety because it reduces the physical forces on the train, making it less prone to derailments. Distributed power also facilitates more even braking and has the potential to reduce wheel and track wear.

Union Pacific began using distributed power in 1995 on trains traveling on mountain grade territory, as well as coal trains. Distributed power usage is increasing across the entire Union Pacific network and moved approximately 65 percent of 2009's gross-ton miles. Union Pacific plans to increase that amount to approximately 70 percent in 2010.

First-Responder Training

Union Pacific partners with local emergency responders to help minimize the impact of a derailment on a community. We believe this partnership is vital to our company. Since 1979, Union Pacific has trained more than 170,000 local fire and law enforcement personnel. In 2009, approximately 4,800 emergency responders received training through our programs.



Safe Hazardous Materials Transport

Rail is the safest method of transport for hazardous materials. We are required to transport hazardous materials according to federal law known as the common carrier obligation. Railroads haul 20 percent of the chemicals used in the United States – from chlorine that not only cleans water but also is used in pharmaceuticals, building materials and many products we use every day.

Currently, 99.99 percent of our chemicals shipments move without incident or loss. However, we will not be satisfied until we meet our 100 percent objective. Union Pacific has developed the following procedures and programs to help meet this objective.

Precision in Tracking

We manage every move with the utmost precision. Leading-edge technology helps Union Pacific track sensitive materials shipped on the railroad. With the click of a mouse on our secure surveillance network, security personnel can find Toxic Inhalation Hazard shipments anywhere on the system, whether the cars are moving or not. We can focus in on any shipment and see greater detail with every level we define – down to the trip history and plan for each car, train information and more. Prior to receipt, the company receiving the delivery must be confirmed and documented along with the car number, location, date and time. This assists in our efforts to work with the Transportation Security Administration to ensure safe transport of these materials through our communities.

In addition, we have a process to randomly select tank cars for inspection each month throughout Union Pacific's system. Although not legally mandated, Union Pacific believes these regular, proactive examinations can help identify defective cars and provide opportunities for the training needed to reduce accidents and spills.

Training

We work with community emergency response personnel to implement preparedness tools and approaches. This includes sharing best practices and jointly educating our mutual team members. We have trained approximately 19,000 public responders in the last four years.

Each year, Union Pacific participates in industrywide whistle stop training tours. Nearly 6,000 local emergency responders have been reached through these locally administered training programs at Union Pacific-sponsored sites, which focus on emergency response as it relates to all forms of transportation, including railroads and truck lines.

PUBLIC SAFETY: UNION PACIFIC FACTS

37 percent reduction in rail crossing accident rate since 2001.

11 percent reduction in rail crossing accident rate between 2008 and 2009.

More than 95 percent of our lead locomotives have train image recorders (TIRs).

34 percent reduction in derailment reportable rate since 2001.

Union Pacific uses lasers and ultrasound to find rail imperfections, and we track the acoustic vibration on wheels to forecast potential failures before they happen.



Above: Even though rail is already the safest mode of ground freight transportation, we continue to plan, communicate and train for all possible scenarios. Community emergency responders across our 23-state network travel to Pueblo, Colo., for specialized rail car safety training.

Emergency Response Committees

Keeping our communities safe also requires partnering with multiple community stakeholders to discuss and prepare for emergencies. Union Pacific employees actively participate in state and local emergency planning committees which include representatives from local fire and health departments, education institutions, industry organizations, transportation departments and the public. The committees receive information about chemicals moving through their communities and use this information to help formulate local emergency plans. Union Pacific requires its hazardous materials managers to participate in local planning committees.

Partnering With Customers

TRANSCAER®: Union Pacific and Dow Chemical created the Transportation Community Awareness and Emergency Response, TRANSCAER, a national initiative to improve emergency responder awareness of hazardous materials transportation throughout the country.

Together we have created a safety train that provides free training to local firefighters and emergency response personnel.

Responsible Care

Union Pacific participates in Responsible Care, the chemical industry's national quality initiative to improve processes related to safety, health, environment and security beyond levels required by the U.S. government. Union Pacific was the only railroad to be certified under Responsible Care 2000 standards and was the first railroad to be certified under 2004 standards. Certification requires outside auditors to review the company's management practices at headquarters and in the field.

TRANSCAER OBJECTIVES

- Improve community awareness of hazardous materials found in transportation.
- Encourage partnerships between citizens and industry.
- Assist emergency responders in planning and preparing for hazardous material-related incidents.
- Assist emergency responders in evaluating their community's emergency response plan.

PINNACLE AWARDS RECOGNIZE CHEMICAL TRANSPORTATION SAFETY

Union Pacific's Pinnacle Awards recognize customers that have implemented successful prevention and corrective plans and have achieved a rate of zero non-accident releases (NARs) for shipments of regulated hazardous materials.

We work closely with our customers to help prevent a release during transit of chemical shipments and jointly demonstrate a commitment to the safe transportation of hazardous materials.

The awards program, which began in 1996, is open to all of Union Pacific chemical and petrochemical customers. Criteria include safe loading techniques, securement of shipments and zero NARs.

Non-accident releases of hazardous material on Union Pacific's network have declined approximately 15 percent since 2002 due in part to increased inspections by the railroad's hazardous material safety field personnel and the Pinnacle Awards criteria.

Railroads annually transport more than 1.5 million carloads of hazardous cargo. Rail is the safest way to move this material. In fact, 2009 was the safest year in freight railroad history according to preliminary data from the Federal Railroad Administration.

Safety Through Security

Efforts to ensure railroad security are a way of life at Union Pacific. The company's robust security program operates 24/7 on what amounts to a 32,000-mile outdoor factory. In conjunction with our own highly-trained, commissioned police force, Union Pacific coordinates security efforts with a number of agencies, including U.S. Customs and Border Protection (CBP), U.S. Coast Guard, Federal Bureau of Investigation, Central Intelligence Agency, Department of Homeland Security and Transportation Security Administration.

Union Pacific was the first U.S. railroad to be named a partner in the Customs-Trade Partnership Against Terrorism, a CBP program designed to develop, enhance and maintain effective security processes throughout the global supply chain.

As part of our efforts to keep trains secure and communities safe, Union Pacific employs state-of-the-art security technology that focuses on detecting unauthorized access.



SECURITY

Union Pacific's security efforts include:

- Our own police force consisting of more than 200 UP police officers.
- Officers and K-9 units dedicated to border protection.
- Response Management Communication Center and Department of Defense-certified operation center.
- Newly deployed technology called Train Rider Identification Detection System (TriDS) at McNary, Texas.
- A surveillance network that can report the location and movement of hazardous cargo within seconds.
- Employee and contractor background checks and training.
- Smart cameras, impact recorders and other sensors that are being piloted near bridges, rail yards, tank farms, tunnels and sidings.
- \$72.5 million invested over the last decade on support for drug interdiction programs at the U.S.-Mexico border.
- A virtual-fencing pilot program around our facilities that triggers an alarm to our Response Management Communication Center.

COMMUNITY GIVING

Union Pacific plays an active role in our communities, and we are constantly working to improve the quality of life in the communities where we live and work. Our employees give their time and talents and provide generous contributions to local community programs. We take pride in providing opportunities for children and families in thousands of communities across our network.

The Union Pacific Foundation is the philanthropic arm of Union Pacific Corporation and Union Pacific Railroad. The Foundation was established in 1959 and provides support through The Principals' Partnership and community-based grants. In 2009, Union Pacific donated more than \$13 million in community giving and supported more than 600 nonprofit organizations.

STATE	EMPLOYEES	PAYROLL (s)*	ROUTE MILES	CAPITAL SPENDING (s)*	IN-STATE PURCHASES*
Arizona	1,177	95.9	641.63	106.1	40.7
Arkansas	2,493	179.3	1,330.99	117.5	24.6
California	4,581	388.4	3,383.49	273.2	167.9
Colorado	1,299	108.9	1,534.93	87.7	176.4
Idaho	817	70.8	849.04	27.6	30.7
Illinois	3,587	282.1	2,203.86	256.4	1,200.0
Iowa	1,640	128.5	1,434.45	67.7	49.0
Kansas	1,446	131.7	2,205.13	81.6	159.9
Louisiana	1,004	88.3	1,137.82	45.5	17.9
Minnesota	358	31.1	659.10	12.2	78.1
Missouri	2,477	174.4	1,505.05	85.4	265.8
Montana	16	1.1	125.23	**	1.9
Nebraska	7,501	748.5	1,067.60	224.1	276.0
Nevada	588	40.2	1,192.60	67.6	10.8
New Mexico	318	22.5	618.15	43.4	9.2
Oklahoma	349	29.4	1,172.56	37.9	91.8
Oregon	1,543	121.3	1,072.56	75.5	56.8
Tennessee	47	2.8	14.14	**	81.8
Texas	6,929	553.9	6,336.31	307.0	1,100.0
Utah	1,379	118.2	1,253.73	42.8	173.9
Washington	296	21.5	531.68	10.3	72.1
Wisconsin	325	32.1	928.53	19.7	45.9
Wyoming	1,262	96.4	878.73	61.5	52.1

2009 data.

* in millions

** Nominal capital spent due to low route miles in state.

The Principals' Partnership

Union Pacific understands the important role schools play in strengthening communities and we are committed to providing educational support. National research shows that highly-skilled principals are a critical factor in the success of high school students; however, despite the tremendous influence principals have on students, teachers, parents and communities, there are few leadership programs specifically for them.

To fill the void and improve public education, Union Pacific enlisted education professionals to design a unique principals' program emphasizing leadership development, encouraging information sharing and promoting innovative strategies. The result was The Principals' Partnership.

The Principals' Partnership brings together high school principals from states served by Union Pacific to receive year-round, self-directed assistance from some of the nation's top education professionals. In addition, Union Pacific sponsors a Summer Leadership Institute, where principals have the opportunity to learn from nationally renowned speakers and, most importantly, to network with one another.

Today, this award-winning program includes more than 1,000 public high school principals in 21 states. These principals touch the lives of more than 1 million students and thousands of teachers.

Community-Based Grants

The Union Pacific Foundation provides funding to non-profits that enhance the quality of life in their communities, support visual and performing arts and improve the level of healthcare or provide human services. The intent is to build capacity in these organizations and increase their effectiveness in serving residents and families.

THE PRINCIPALS' PARTNERSHIP

In early 2010, the National Governor's Association honored the state of Nebraska and The Principals' Partnership with its annual Public-Private Partnership Award. The award was presented to the NGA Corporate Fellow companies that partnered with a governor's office to implement a program or project that positively affects the state's citizens.



Commitment to Customers



Union Pacific handles the products America needs. Our customers represent nearly every business imaginable: consumer goods of all types, including whole grains and packaged foods; autos and auto parts, including personal vehicles; chemicals for a variety of uses; construction products such as lumber, rock, asphalt and cement; energy-related products from coal and ethanol to wind turbine components; and thousands of other products.

In everything we do, Union Pacific strives to improve the service and consistency we offer our customers. At the most basic level, customers hire us to transport their goods in the fastest, safest, most cost-effective manner possible. In addition to meeting those needs, we also offer customers the most efficient, environmentally friendly transportation solutions available today. Our safety programs benefit our employees and communities as well as our customers by keeping their employees safe and contributing to their bottom lines. Our customer satisfaction reviews are at record levels, and our investments in improving our infrastructure improve service and enhance safety.

SUPPLY CHAIN ASSISTANCE

As additional pressure is placed on companies to include their supply chains in determining their environmental impact, we offer our customers the opportunity to leverage the benefits of railroads to haul their products in a manner that will have less impact on the environment. If just 10 percent of the long-haul freight currently moved on highways was diverted to rail, annual fuel savings would exceed 1 billion gallons. This reduced fuel consumption would mean more than 12 billion fewer tons of greenhouse gas emissions, equivalent to the emissions of nearly 2 million passenger vehicles or the CO₂ emissions from electricity used by more than 1 million homes for one year.

Over the past two years, we have invested more than \$18 million to upgrade our refrigerated boxcars with new diesel refrigeration units that will reduce diesel particulate emissions by 50 percent. Union Pacific's entire boxcar fleet of mechanical refrigerated cars complies with California Air Resources Board standards.

Right: Fresh fruits and vegetables are loaded onto Union Pacific's RailExpress train, where air composition and temperature are monitored in real time thousands of miles away. This technology offers local farmers an environmentally friendly and cost-effective option.

CUSTOMER SERVICE

We pride ourselves on the service we provide customers. We continue to receive customer awards for responsiveness, process standardization, problem solving and consistent transportation service performance.

Union Pacific is not just about freight rail – we are a comprehensive transportation solutions provider. We offer flexible transportation options to help our customers with nearly every type of shipment. We are prepared to ship just about anything safely and on time. In order to meet customers' needs, we use our extensive system map and coordinate shipments through our network, other railroads and over-the-road transportation, providing complete, door-to-door service.



WHY CUSTOMERS CHOOSE UNION PACIFIC

Flexible Solutions

Union Pacific offers shipment solutions to handle most transportation needs, whether a customer's facility is located on rail track or not.

Strong Value Equation

Union Pacific provides cost-competitive economies of scale versus truck. In fact, just one of our rail cars can hold up to four times the freight of a single truck, lowering unit costs.

Reliable, Secure and Safe Delivery

Union Pacific will speed shipments to their destinations, keeping them secure along the way. For products that require sensitive handling, rail is the safest form of ground freight transportation.

Green Transportation

Union Pacific shipments cut emissions by two-thirds compared to truck. Check out the [Carbon Calculator](#) to see how we can reduce our customers' carbon footprint.

GOVERNANCE AND ETHICS



Union Pacific is proud of the position we have earned as an industry leader and we are committed to maintaining it. Part of that leadership position is due to the high ethical standards of our company and employees. We invest resources so we can continue to provide quality service and value to our customers and investors.



BUILDING AMERICA®

Board of Directors

Union Pacific works diligently on behalf of our shareholders, employees and customers to be among the best-governed companies in America.

Our efforts begin with our Board of Directors, which is comprised of at least a majority of independent directors, including no more than two management directors at any given time. At year-end 2009, our Board consisted of 11 independent directors and one management director. Our Board has four standing Committees – the Audit Committee, Finance Committee, Compensation and Benefits Committee, and Corporate Governance and Nominating Committee – each of which is comprised entirely of independent directors and operates under a written charter adopted by the Board. Additionally, each year the Board elects a chairman, who may or may not be the CEO of the company. If the individual elected as chairman of the Board is not an independent director, the independent directors also elect a lead independent director.

Board Membership Criteria

The Corporate Governance and Nominating Committee is responsible for developing and periodically reviewing the appropriate skills and characteristics required of our Board members. The Committee develops and recommends membership criteria to the Board, including factors such as business and management experience, familiarity with the business, customers and suppliers of Union Pacific, diverse talents, backgrounds and perspectives, as well as relevant regulatory and stock exchange membership requirements for the Board and its Committees.

Evaluation of Board and Committee Performance

The Board and its Committees conduct self-evaluations annually to assess their performance. The evaluation process includes a self-assessment that invites comments on all aspects of the Board and each Committee's process. These evaluations serve as the basis for a discussion of Board and Committee performance as well as recommended improvements.

Communications with the Board of Directors

We believe it is important for shareholders to have access to members of Union Pacific's Board of Directors, and we ensure that information and inquiries are received by the intended director or directors. The Board has appointed and authorized the Secretary of the company to be responsible for processing communications from interested parties addressed to directors. All communications from shareholders are forwarded directly to the appropriate Board members.

Employees, too, are provided avenues for communication on governance issues. The Union Pacific Values Line allows employees to report concerns or complaints with regard to governance issues. Employee concerns may be reported either anonymously or in name. If requested, employee concerns are held in confidence to the extent legally permitted.

The Board of Directors and Union Pacific management team are united in the goal that the company and its subsidiaries are among the best-governed companies in America.

Guiding Policies and Principles

As a publicly traded and owned company, we take pride in achieving our success by maintaining the highest ethical standards. As a company and as individuals, we strive to do the right thing.

Our reputation will always be a source of pride for employees and a bond with customers, investors and community partners. In support of that goal, our employees, both union and non-union, are expected to comply with applicable laws and regulations and adhere to high ethical standards, which include honesty, fairness, integrity and respect. We offer employees ethics training incorporated in their education opportunities. Additionally, Union Pacific has developed a number of policies and principles that guide our company.

Equal Opportunity

Union Pacific is strongly committed to equal opportunity in all employment matters. We strive to maintain a work environment that always respects differences so that all employees can contribute to their fullest potential. Union Pacific's Equal Employment Opportunity Policy helps us provide equal opportunity to all employees and applicants, without regard to race, color, gender, national origin, age, religion, sexual orientation, veteran status or disability. Our policy exceeds federal and state Equal Employment Opportunity laws and applies to all terms and conditions of employment including hiring placement, promotion, demotion, termination, transfer, leaves of absence, compensation and training, among others.

We are committed to affirmative action for women, minorities, individuals with disabilities and veterans at all levels and in every segment of our work force. We also extend our commitment beyond the current legal definitions of protected classes to include marital status, family status, political affiliations, educational background, socioeconomic status, lifestyle, sexual orientation, disability and other non-job-related factors.

Ethical Standards

The Corporate Governance and Nominating Committee developed and maintains the principles and practices that guide our company. The Board has adopted the Union Pacific Corporation Code of Ethics for the CEO and Senior Financial Officers, the Statement of Policy on Ethics and Business Conduct for employees and the Union Pacific Corporation Code of Business Conduct and Ethics for Members of the Board of Directors. We continually assess the appropriateness of these guiding principles and practices, recommend changes that will comply with federal regulations and promote the effective and efficient governance of the company.

Additional information is available in our Annual Report on Form 10-K and the Union Pacific Proxy Statement.

Union Pacific Harassment Policy

We are committed to providing a work environment free from offensive behavior directed at a person's race, color, national origin, religion, gender, sexual orientation, age, veteran status or disability. That includes behavior toward other employees, customers, visitors to company facilities and anyone our employees come in contact with during the normal course of work or while representing the company.

A discrimination-free workplace and fair treatment are fundamental rights of all Union Pacific employees.

Fostering Supplier Diversity

Valuing diversity includes recognizing the contributions businesses owned by minorities and women offer Union Pacific and the communities we serve. Our policy is to offer qualifying businesses the maximum opportunity to compete in the marketplace. From 2005 to 2009, our minority- and woman-owned supplier base for materials and service providers increased by 55 percent. We will assist in developing and strengthening these business relationships by maintaining active efforts to seek, identify and encourage their participation in our procurement processes.

Compliance

Employees and third parties are encouraged to report any concerns regarding questionable accounting, internal accounting controls or auditing matters. Employees can report concerns – either anonymously or openly – via the Union Pacific Values Line or the company's internal audit department.

Compensation

Union Pacific offers competitive compensation to our employees and leadership. Our Board of Directors evaluates our compensation plans and reviews recommendations from the Compensation and Benefits Committee. We use an independent compensation consultant to review and evaluate programs to confirm they are designed with the best interest of employees and shareholders in mind. The Compensation and Benefits Committee uses information from the consultant to make recommendations to the Board with regards to adjustments and changes needed to maintain competitive salaries and benefits for non-agreement employees and leadership.

RECOGNITION



Above: U.S. service men and women attend Union Pacific's steam exhibition during Oklahoma's centennial celebration. Union Pacific has been recognized by multiple military organizations for our recruiting efforts and dedication to employees serving in the military.



BUILDING AMERICA®

Company Awards and Honors

BusinessWeek Best Places to Launch a Career

(2009, 2008): BusinessWeek selected Union Pacific as one of the nation's top 50 Best Places to Launch a Career. BusinessWeek ranked employers based on input from career services directors, benefits and training programs at identified companies and undergraduate surveys. Union Pacific moved from No. 39 in 2008 to No. 28 in 2009.

CALSTART Blue Sky Merit Award™ (2008): The annual award recognizes outstanding marketplace contributions to clean air, energy efficiency and to the clean transportation industry overall by companies, organizations and individuals. Union Pacific was recognized for our commitment to developing and operating cleaner, energy-efficient Genset switching locomotives.

C.H. Robinson Intermodal Rail Carrier of the Year,

C.H. Robinson (2010)*: C.H. Robinson, one of the world's largest third-party logistics companies, named Union Pacific the 2009 Intermodal Rail Carrier of the Year based on our commitment to service and overall value to C.H. Robinson's business.

Corporate Responsibility Officer 100 Best Corporate

Citizens (2010): The 100 Best Corporate Citizens for 2010 measures Russell 1000 Index companies in approximately 360 data points across seven categories: governance, environmental, human rights, employee relations, climate change, philanthropy and financial. The only railroad named to the list, Union Pacific ranked second among all transportation companies and No. 69 overall.

Department of Defense Freedom Award (2008):

For consistent dedication to employees serving in the National Guard and Reserve, Union Pacific was presented the Freedom Award – the U.S. government's highest employer recognition.

Eastman Chemical Company Supplier of Excellence

Award (2010)*: Union Pacific became the first railroad to earn the Eastman Chemical Company Supplier Excellence Award for overall company performance. The award signifies consistent performance in providing Eastman with high-quality products and services, and working on Eastman's behalf to improve the company's efficiency and competitiveness. It represents the highest level of all awards presented in the Eastman Supplier Excellence Program.

Forbes Reputation Rankings (2009): Forbes named Union Pacific Railroad as one of America's most reputable companies.

Fortune Most Admired Railroad (2009): Fortune magazine named Union Pacific the railroad industry's Most Admired company three times in four years as part of the magazine's World's Most Admired Companies survey.

General Electric Excellence in Customer Centricity Award (2009)*:

Union Pacific received GE's Excellence in Customer Centricity award for our work in transporting wind energy components. The award is given to a supplier that consistently meets all sourcing critical to quality and price, delivery quality, and demonstrates flexibility and responsiveness to GE and GE's customers.

General Motors Supplier of the Year (2009)*:

Union Pacific was the only railroad named by General Motors as one of its suppliers of the year. The award recognizes the significant contributions of GM's suppliers as part of the company's global product and performance achievements. Award decisions were based on supplier performance in the areas of quality, service, technology and price.

G.I. Jobs Top Military-Friendly Employer (2010, 2009, 2008): Union Pacific has been named America's top military-friendly employer by G.I. Jobs six times in seven years.

Great Plains Minority Supplier Development Council Corporation of the Year (2009):

Presented annually, this award recognized Union Pacific for its many efforts to increase and improve its minority supplier business relations, as well as assist other companies and their key suppliers to recognize the value of supplier diversity.

Harbor Association of Industry & Commerce of Southern California Salute to Industry Award (2009):

Union Pacific was recognized for air pollution reduction and environmental stewardship efforts, along with our significant contribution to the improvement of the business environment with the Port of Los Angeles and the Port of Long Beach.

Human Resource Executive Most Admired for Human Resources (2010, 2009)*: Human Resource Executive selects companies for the Most Admired for Human Resources list based on quality management, people management, innovativeness and quality of human resources products and services. Union Pacific was ranked No. 19 on the list of top 50 companies as named in January 2010, up 10 spots from the previous year.

Military Officers Association of America Distinguished Service Award (2009): For strongly supporting military people, especially employees in the National Guard and Reserve deployed to Iraq and Afghanistan, the Military Officers Association of America honored Union Pacific with its Distinguished Service Award. Union Pacific was the only company cited by the MOAA for this honor.

National Business Group on Health Best Employers for Healthy Lifestyles (2009): Union Pacific was the only railroad and only transportation company to be recognized, as well as one of only 17 companies to receive the platinum level honor. The award is given to employers that demonstrate exceptional commitments to healthy lifestyles for employees and their families.

Susan G. Komen for the Cure® Outstanding Volunteer Award (2010)*: Union Pacific's women's initiative, LEAD (Lead, Educate, Achieve, Develop), a group of advocates for the Nebraska Affiliate of Susan G. Komen for the Cure®, received the annual Outstanding Volunteer Group Award for dedication, commitment, creativity and initiative to help breast cancer awareness and programs in Nebraska.

Toyota On-Time Service Performance and Customer Service by Toyota (2010)*: Union Pacific was recognized as the top railroad in on-time service performance and customer service by Toyota Logistics Services. These two Toyota Logistics Excellence Awards are presented to the transportation supplier that provides superior on-time service performance and customer service that excels in communication, equipment supply, responsiveness, collaboration, business controls and overall ease of doing business.

Toyota Top Railroad in Customer Service (2009): Union Pacific was recognized as the top railroad in customer service by Toyota Logistics Services. A concerted focus on responsiveness, standardization, problem solving and overall quality contributed to the company's success in being recognized with this prestigious award.

TRANSCAER National Achievement Award (2010, 2009, 2008)*: The award recognizes extraordinary achievement in support of the TRANSCAER (Transportation Community Awareness and Emergency Response) initiative. TRANSCAER is the voluntary national outreach effort to help communities prepare for and respond to a possible hazardous material transportation incident.

UnitedHealth Group Apex Award (2010)*: This award honors innovation and thought leadership displayed by employers and brokers working to improve the health care system. Union Pacific earned the award for reducing employee prescription drug costs 27 percent since 2006 for an average savings of \$500 per employee plan participant.

UPS Outstanding Peak Season Performance (2010, 2009, 2008)*: UPS recognized Union Pacific for 100 percent performance of all package sorts to be delivered by UPS during the peak season from late November to Dec. 24.

Individual Awards and Honors

Black Enterprise 100 Most Powerful Executives in Corporate America (2009): Black Enterprise, a national magazine for African-Americans, featured Union Pacific's Eric Butler in its February issue as one of the "100 Most Powerful Executives in Corporate America." Butler is vice president and general manager-Industrial Products.

Employee Support of the Guard & Reserve (ESGR) Award (2009)*: Union Pacific's Sue Wimmer, assistant director-Protection Management, was presented with one of the ESGR's highest awards for her work with UP's military employees. Wimmer was recognized for working with employees and their families to administer pay and benefits available under the railroad's Reservist policy. Union Pacific compensates any difference between military and railroad pay for employees called to duty.

Harold F. Hammond Award (2010)*: The Association of American Railroads named Union Pacific employee Willie Sandoval the 2009 winner of this award, which honors an individual railroad employee who has demonstrated outstanding safety achievement. Sandoval, a boilermaker, was recognized for his leadership role and work among fellow employees and within his community in Fort Worth, TX.

Institute of Career Advancement Needs (ICAN) Tim Rouse Advocate for Women in Leadership Award (2009)*: Jack Koraleski, executive vice president-Marketing and Sales at Union Pacific, was recognized for actively participating in the advancement of women in leadership, business and the community.

John H. Chafee Environmental Excellence Award (2008): Debra Schafer, general director maintenance of way-Environmental for Union Pacific was primarily recognized for developing innovative environmental management tools, creating and implementing the air emissions compliance audit program and leading Union Pacific's involvement in a federal Endangered Species Act planning permitting process.

Network and Affinity Leadership Conference (NALC) Above and Beyond Award (2009): The NALC recognized two Union Pacific Railroad employees for tirelessly supporting the railroad's diversity initiatives. NALC honored Union Pacific's Richard Gregory, general director-Labor Relations, and Arnold Nesbitt, director-Port Development, for their instrumental work in establishing the Black Employee Network (BEN), the railroad industry's first employee resource group formed in 1979.

PINK Top Women in Business (2008): Diane Duren, vice president and general manager-Chemicals, was honored as one of the Top 15 Women in Business by PINK, the national magazine for professional women. PINK's exclusive list profiles the most influential women driving innovation and revenue in corporate America. Duren was honored for her vision in creating the Express Lane food products train during her tenure as Union Pacific vice president and general manager-Agriculture Products.

TRANSCAER Distinguished Service Award (2009): Union Pacific's Lou Wagner, general director-Transportation Services, was presented the TRANSCAER Distinguished Service Award, which is presented in recognition of exceptionally meritorious service to the public in a TRANSCAER capacity. It was just the second time this award has been presented since TRANSCAER was formed in 1986. TRANSCAER (Transportation Community Awareness and Emergency Response) is the voluntary national outreach effort to help communities prepare for and respond to a possible hazardous material transportation incident.

United Way of the Midlands Volunteer of the Year Award (2009)*: Train Dispatcher Connie Rose was named Volunteer of the Year for her numerous efforts which included promoting rail safety as a certified Operation Lifesaver instructor and recruiting peers to fund and support a free medical clinic at Omaha's Open Door Mission.

University of Nebraska Women of Color Award for Business and Entrepreneurship (2008): Union Pacific's Jacqueline White, assistant vice president-Purchasing, was selected as a recipient of the 2008 University of Nebraska Women of Color Award for Business and Entrepreneurship. White was selected for making significant contributions to Union Pacific by increasing the company's visibility within the Omaha community and her recruiting efforts at historically black colleges and universities.

UPS Railroad Partner of the Year (2009): Marcia Donahue, director-Premium Operations, was named inaugural Railroad Partner of the Year by UPS. Donahue was recognized for her performance in surpassing UPS' transportation requirements.

* – awarded for prior year(s) performance

Moving Forward

As North America's premier railroad franchise, we continue to focus on providing excellent customer service, safety, productivity and being an employer of choice. Our strategy to address our environmental impact, support our employees, operate with integrity and improve the communities in which we work and play are reasons why Union Pacific is one of America's leading transportation companies.

The rail industry provides Americans with a fuel-efficient, environmentally responsible and safe mode of freight transportation. Union Pacific will continue to invest in innovative technology to advance and improve our sustainability efforts. In addition, we must continue to support our employees and the communities that play major roles in the growth and success of our company.

The 2009 Union Pacific Sustainability and Citizenship Report shares our initiatives and progress thus far. We will continuously strive for improvements and become an even stronger corporate citizen.

Future Reporting

This report represents our inaugural review of our sustainability performance. Moving forward, we will provide an annual review of our social, environmental and governance efforts.

Additional Resources

Links to Union Pacific Corporation's Annual Report on Form 10-K, Proxy Statement and other SEC filings are available on the [Investor section](#) of our website.

For more information on Union Pacific's environmental efforts, visit the [Environmental section](#) of our website.

Up-to-date news and information regarding Union Pacific can be found on the [Media section](#) of our website.

Cautionary Information

The “2009 Sustainability and Citizenship Report” provides additional explanatory information regarding Union Pacific that may not be available, included or directly derived from information in the Company’s Annual Report.

This Report includes statements and information regarding future expectations or results of the Company that are not historical facts. These statements and information are, or will be, forward looking as defined by the federal securities laws. Forward looking statements and information can be identified by use of forward looking terminology (and derivations thereof), such as “believes”, “expects”, “may”, “should”, “will”, “would”, “intends”, “plans”, “estimates”, “anticipates”, “projects” and other words or phrases of similar intent. Forward looking statements and information generally include statements and information regarding: the Company’s expectations or forecasts with respect to general economic conditions in the U.S. and the world; the Company’s financial and operational performance; increases of the Company’s earnings; demand for the Company’s rail service; improving customer service; enhancing profitability; volume and revenue growth; efficiency improvements and increasing returns; improving asset utilization; the effectiveness or growth of new and newer services; management of network volumes; increasing shareholder value; total amount of capital investments; completion and effectiveness of capacity expansion and other capital investments, and other investments in upgrading or adding signals and facilities; returns on capital investments; improvements regarding safety of our operations and equipment; and effectiveness of plans, programs and initiatives to reduce costs and other efficiency improvements.

Forward-looking statements and information 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 statements and information are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements.

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 the Company’s Annual Report on Form 10-K, filed on February 5, 2010, 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 information. This Report should be read in consideration of these Risk Factors. To the extent circumstances require or the Company deems it otherwise necessary, the Company will update or amend these Risk Factors in subsequent Annual Reports, periodic reports on Form 10-Q or current reports on Form 8-K.

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.

Feedback

Thank you for reading Union Pacific's 2009 Sustainability and Citizenship Report. Union Pacific welcomes any and all feedback on our efforts. We encourage you to send comments or questions to sustainability@up.com.

