

UPC STOCK SPLIT FAQ's

1) The Company's Board of Directors recently approved a two-for-one stock split. What is a stock split?

In a two-for-one stock split (effected as a stock dividend), each holder of stock receives one additional share for each share he or she owns. The stock split doubles the number of shares outstanding but the corresponding market value per share decreases by half.

Example:

Assume that as of the May 12, 2008 (the record date) an investor owns 100 shares of common stock and the market price is \$140 per share. The investor's total investment value would be \$14,000. On May 29, 2008 (the ex-split date) the investor will own 200 shares at a market price of \$70 per share (assuming a \$140 stock price on May 29, 2008). The investor's total investment value would remain the same at \$14,000.

If you are actually holding certificates, your additional shares will be deposited as book entry shares by Union Pacific Corporation's Transfer Agent, Computershare Investor Services, LLC. Book entry shares are shares deposited electronically without the movement of stock certificates. Computershare keeps a record of your shares on the Company's register of owners. They will mail you a statement reflecting the additional shares. You will not receive additional certificates. If you hold your shares with a broker in "street name", your brokerage account will be credited with the additional shares.

2) When is the stock split effective?

There are several key dates to be aware of:

- The **record date**, May 12, 2008, determines which shareholders are entitled to receive additional shares due to the split. However, you will not receive the additional book entry shares, and your brokerage account will not be credited, until after May 28, 2008 -- the "Payable Date."
- The **payable date** (or distribution date), May 28, 2008, is the date shareholders of record are mailed notification of the shares received as a result of the split.
- The **ex-split date**, May 29, 2008, is the date when Union Pacific common shares will trade on the NYSE at the new split-adjusted price.

3) What do I do with my existing stock certificate(s)?

Your existing common stock certificates are still valid. **KEEP YOUR STOCK CERTIFICATES. DO NOT DESTROY THEM.** The stock certificates you personally hold should be kept in a safe place such as a safety deposit box, as they are valuable documents.

You keep your existing certificate(s) and, because the split is two-for-one, you will receive an additional, equal number of shares deposited at Computershare. You will not receive an additional certificate, rather shares will be deposited in book entry form at Computershare. Statements reflecting the deposit of additional shares will be mailed from Computershare beginning on May 28, 2008.

4) What if I want a certificate for the newly issued shares?

When you receive your statement from Computershare reflecting the deposit of additional shares, the statement will contain a Direct Registration Transaction Request Form that will allow you to elect to receive the shares in certificate form.

5) What if my shares are held with a broker?

You will **not** need to take any action if your shares are held with a broker. You should receive a stock split notice and your additional shares should be reflected on your next statement following the payable date of May 28, 2008. Please contact your broker for specific information.

6) When will the market price reflect the split?

Although the stock split is legally effective on the Record Date of May 12, 2008, the trading price of the stock on the New York Stock Exchange will not reflect the split until the day after the Payable Date, May 29, 2008 (the "Ex-Date"). Trading between May 12, 2008 and May 28, 2008, will generally occur on the same basis as it did prior to the announcement of the split. Effective May 29, 2008, (the date after the Payable Date), trading will reflect the split and, therefore, the trading price or the market price will be at half the prior day's closing price.

7) Is the stock split a taxable transaction?

The receipt of the additional shares will not result in taxable income under existing U.S. tax law. The tax basis of each share owned after the stock split will be half of what it was before the split. The new shares will be treated as if they were acquired on the same date as the shares with respect to which they were issued. Individual shareholders should consult their tax advisor with questions regarding their specific tax situation.

8) How does the split affect Union Pacific's quarterly dividend rate?

Prior to the split, Union Pacific paid a 44 cent per share quarterly dividend. The dividend rate will be adjusted by half to reflect the increased number of shares outstanding because of the split. For example, a shareholder whose stock ownership increased from 100 to 200 shares because of the split, would receive the same dividend amount of \$44.00 (200 shares multiplied by 22 cents per share vs. 100 shares multiplied by 44 cents per share).

9) I want to sell shares of Union Pacific Corporation stock that I purchased PRIOR to the Record Date. Does it matter when I sell my shares?

No. If you sell shares prior to the Payable Date (5/28), you will be selling them at the pre-split price. After the Record Date (5/12) and prior to the Payable Date (5/28) your shares trade with a "due bill," i.e., the shares you trade are "due" an equal number of shares issuable in the stock split. When you make your trade, you surrender your pre-split shares. You are then going to receive (or your brokerage account will be credited with) an equal number of shares as a result of the stock-split. Because the shares you sold traded with a "due bill", you are required to forfeit that same number of shares received in the split to the broker. Your broker will keep a tab of shares owed on "due-bills" and will settle your account when the broker receives those shares.

Example 1: If you have 100 shares in your brokerage account on the Record Date (5/12) and you want to sell the shares on May 14, 2008, you will be selling 100 shares at the FMV at the time of your sale (e.g.,

100 shares @ \$140.00/share). Your broker will sell the shares in your account and settle your trade on the third trading day. The 100 shares were traded with a "due bill"; i.e. the buyer of the shares is now due an equal number of shares as a result of the stock split. Since your 100 shares were held in "street name" in your brokerage account, your account will be credited with the additional shares after the Payable Date (without any action by you - you will see the credit on a statement produced by your broker). The broker will then remit the 100 shares received in the split to the buyer with the "due bill".

Example 2: If you personally hold a certificate for 100 shares on the Record Date (5/12) and you take the certificate to your broker to sell the shares on May 14, 2008, you would be selling the 100 shares at the FMV at the time of your sale (e.g., 100 shares @ \$140.00/share). The buyer of these 100 shares is "due" a certificate representing an equal number of shares because of the stock split. Therefore, the broker will sell the shares, settle your account on the third trading day following the May 14 sale and keep track that you still owe the buyer 100 shares that you will receive in the split. When you receive those shares in the stock split after the Payable Date, you will then be required to forfeit those shares to the broker (your account will reflect a 100-share deficit until you deliver these shares to the broker).

10) Does the two-for-one stock split dilute the value of my Union Pacific stock holdings by increasing the number of shares outstanding?

No. The stock split does not change the proportionate interest that a shareholder maintains in the Company. That is, a shareholder who owned 1% of Union Pacific common stock before the split will continue to own 1% of Union Pacific common stock after the split.

11) Who do I contact if I have more specific questions?

Union Pacific's Transfer Agent:
Computershare Investor Services, LLC
PO Box 43036
Providence, RI 02940
(800) 317-2512
<http://www.computershare.com>

OR

Investor Relations
Union Pacific Corporation
1400 Douglas St., STOP 1920
Omaha, NE 68179
investor.relations@up.com
(402) 544-4937