

**UNION PACIFIC CORPORATION
COMPENSATION AND BENEFITS COMMITTEE OF THE
BOARD OF DIRECTORS
CHARTER**

Purpose

The Compensation and Benefits Committee (the “Committee”) will assist the Board of Directors (the “Board”) in fulfilling its responsibilities related to compensation. The Committee will (i) report to the Board on matters concerning the Company’s compensation philosophy and strategy, (ii) oversee the Company’s general compensation plans including its executive compensation plans and equity-based plans, and (iii) assist the Board in fulfilling its responsibilities regarding the design, establishment, and termination of employee benefit plans and practices subject to the Employee Retirement Income Security Act of 1974, as amended. The Committee also will perform such duties and responsibilities as may be assigned to it under the terms of the Company’s general compensation and employee benefit plans.

Membership

The Committee will be composed of three or more Directors appointed by the Board, each of whom will meet the New York Stock Exchange (the “NYSE”) standards of “independence” for directors and compensation committee members and any other applicable standards as determined by the Board in its business judgment. Additionally, members of the Committee are intended to qualify as “non-employee directors” for purposes of Rule 16b-3 of the Securities Exchange Act of 1934 (the “Act”), as amended, and “outside directors” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. One member of the Committee will be appointed by the Board as Chair of the Committee. Notwithstanding the foregoing, if it is determined that a director failed to satisfy any of these standards at the time the Committee approved any action, that fact shall nonetheless not invalidate the action unless required by law or unless the remaining members of the Committee determine that satisfaction of such standard was necessary to achieve the fundamental purpose of the action.

Meetings and Procedures

The Committee will meet at least three times each year. Meetings will be conducted in accordance with applicable provisions of the Utah Revised Business Corporation Act. The Committee will keep written minutes of its meetings, which

minutes will be maintained with the books and records of the Company. The Committee will provide the Board regular reports of its activities.

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; provided, however, that no subcommittee will consist of fewer than two members. The Committee will not delegate to a subcommittee any power or authority required by any law, regulation or listing standards to be exercised by the Committee as a whole.

Outside Advisors

The Committee will have the authority, at the expense of the Company, to retain such outside advisors as it deems appropriate to assist it in the performance of its functions and responsibilities, including the sole authority to retain or obtain the advice of, compensation consultants, independent legal counsel or other advisors. Before retaining or obtaining the advice of any outside advisors or consultants, the Committee will consider all factors relevant to the independence of any advisor or consultant, including the factors specified by Rule 10C-1(b)(4) of the Act, as amended, and applicable NYSE listing standards. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any advisor retained by it.

Duties and Responsibilities

A. Executive Compensation

As part of its duties and responsibilities with respect to executive compensation, the Committee will:

- (1) Have direct responsibility to review and approve corporate goals and objectives relevant to the compensation of the Company's CEO, evaluate the CEO's performance in light of those goals and objectives, and together with other independent directors, determine and approve the CEO's compensation level based on this evaluation.
- (2) Have direct responsibility to review and refer to the Board for approval the compensation of the Company's other elected executives and other executives determined by the Committee or the Board.
- (3) Oversee and refer to the Board for approval the determination of the annual incentive pay amount under the Executive Incentive Plan (the "EIP").

- (4) Administer and approve annual executive incentive payments under the EIP.
- (5) Review and make recommendations to the Board regarding employment agreements, severance arrangements and change in control plans or provisions for the CEO, elected executives of the Company, and other executives determined by the Committee or the Board.
- (6) Review and discuss with management the Compensation Discussion and Analysis (the “CD&A”) portion of the Company’s Proxy Statement.
- (7) Recommend to the Board, based upon the review and discussion noted in item A(6) above, that the CD&A should be included in the Company’s Proxy Statement and Annual Report on Form 10-K and oversee the preparation of the Committee report to be included in the Company’s Annual Report and Proxy Statement.
- (8) Annually review compliance by the CEO and executive officers with the Company’s stock ownership requirements.
- (9) Oversee the assessment of the risks related to the Company’s compensation policies and programs applicable to officers and employees, and annually review the results of this assessment.
- (10) At least annually, assess whether the work of compensation consultants involved in determining or recommending executive compensation has raised any conflict of interest that is required to be disclosed in the Company’s Proxy Statement and Annual Report on Form 10-K.

B. Long-Term Incentive Compensation and Equity-Based Plans

The Committee will have the following responsibilities with respect to the Company’s long-term incentive compensation and equity-based plans for which the Committee provides oversight:

- (1) Have direct responsibility to review and make recommendations to the Board regarding any new long-term incentive compensation or equity-based plans and amendments to existing long-term incentive compensation or equity-based plans that require such approval.
- (2) Grant awards and approve payments, where applicable, under the Company’s long-term incentive compensation plans and equity-based plans.

- (3) Assess whether any performance objectives which may be established in connection with long-term incentive compensation plans are consistent with the Company's financial and strategic plans and objectives.

C. Other Compensation and Employee Benefit Plans

The Committee will:

- (1) Review and make recommendations to the Board on the Company's overall compensation philosophy and strategy, including assessing whether the Company's compensation structure establishes appropriate incentives for management and employees.
- (2) Review the goals and objectives of the Company's employee benefit plans, including, but not limited to the Company's pension and thrift plans, and recommend to the Board any amendments to employee benefit plans that require Board approval.
- (3) Oversee the administration of the Company's general compensation plans and employee benefit plans as provided in such plans.

D. Evaluation of the Committee

The Committee will evaluate its performance and assess the adequacy of its charter on an annual basis and make reports thereon to the Board.