# Table of Contents

## Introduction

4. Letter to Stakeholders  
6. About This Report  
7. About Union Pacific  
11. Stakeholder Outreach  
13. Sustainability at Union Pacific  
14. 2010 Sustainability Highlights  
16. Sustainability & Citizenship Goals  
16. Fuel Consumption Rate Reduction Goal  
16. Safety Goals

## Environment

18. Reducing Our Environmental Impact  
19. Union Pacific Environmental Policy  
20. Rail’s Environmental Advantage  
21. Environmental Management  
21. Environmental Governance  
21. Compliance  
22. Climate Change  
23. Reducing Fuel Use  
24. Union Pacific GHG Emissions  
25. Fuel-Efficient Locomotives  
26. Locomotive Greenhouse Gas Emissions – Chart  
27. Continuous Improvement  
27. Exploring Innovative Technologies  
29. Building it Green  
30. Water  
31. Responsible Waste Management  
34. Environmental Collaboration  
36. Alternative Energy

## Society

39. Commitment to Employees  
40. Benefits  
42. Safe Workplace  
43. Employee Reportable Injury Rates – Chart  
44. Training & Career Development  
45. Recruiting  
46. Valuing Employee Diversity & Inclusion  
47. Commitment to Public Safety  
49. Innovative Safety Technology  
50. Emergency Training & Response Systems  
52. Commitment to Communities  
53. Community Impact  
53. Union Pacific Economic Impact by State  
54. The Principals’ Partnership & Community-Based Grants  
55. Public-Private Partnerships  
56. Commitment to Customers  
59. Fostering Supplier Diversity

## Governance and Ethics

61. Board of Directors  
63. Guiding Policies & Principles  
64. Equal Opportunity  
64. Ethical Standards  
65. Union Pacific Harassment Policy  
65. Audit Compliance  
65. Compensation

## Recognition

67. Company Awards & Recognition  
70. Employee Awards & Recognition

## Moving Forward

71. Future Reporting  
71. Additional Resources  
72. Cautionary Information  
74. Feedback

Published May 31, 2011 via the company’s website at [www.up.com](http://www.up.com).  
Contact us at sustainability@up.com.
OUR VALUES:

Focus on performance.
Ensure high ethical standards.
Work as a team.
While this is Union Pacific's second Sustainability and Citizenship Report, our role as a partner with our nation and communities dates back a century and a half.

Ever since Abraham Lincoln signed the Pacific Railway Act, authorizing construction of the transcontinental railroad and creating Union Pacific, our company has been charged with building America. Practically everything that touches our daily lives moves on a train -- including lumber for homes, concrete for roads, grains and produce to feed our families, and chemicals that make our water safe for drinking.

As we approach our 150th anniversary, our longstanding commitment to safety, service and efficiency remains critical to maintaining Union Pacific’s position as one of the most fuel-efficient, environmentally responsible and safe modes of freight transportation. We are making significant strides in our efforts to strengthen our sustainability and commitment to social responsibility.

Among our 2010 accomplishments, we:

- Completed the year with our best-ever employee safety performance.
- Reduced our greenhouse gas emissions rate by 3 percent on a gross-ton mile basis.
- Improved fuel efficiency by 3 percent, saving more than 27 million gallons of diesel fuel.
- Increased freight capacity by handling 13 percent more carloads a day while increasing train miles only 8 percent compared to 2009.
- Increased the use of distributed power, which allowed us to move 8 percent more gross-ton freight miles, enhance train safety, generate fuel savings and reduce emissions.
- Supported our 7,000-plus communities with more than $14 million in cash donations and thousands of volunteer hours.
- Earned an all-time best customer satisfaction score.
- Delivered shareholder value with record earnings per share, operating income, net income and operating ratio.
By many operating and financial measures, 2010 was a record year for our company. We are equally proud of the advancement of our sustainability efforts, which align with the Global Reporting Initiative’s definition of sustainable development: meeting the needs of the present without compromising the ability of future generations to meet their own needs.

As we look to the future, one of the most significant ways Union Pacific will continue to connect our nation and contribute to America’s sustainable development is by supporting the country’s growing infrastructure needs. The Federal Railroad Administration’s National Rail Plan, released in September 2010, estimates our country’s freight transportation requirements will increase 22 percent by 2035. As a result, Union Pacific’s responsibility to deliver sustainable freight transportation for our nation’s businesses and families has never been greater.

We invested more than $28 billion in our rail network from 2000 to 2010 and plan to spend a record $3.3 billion in 2011. Our infrastructure spending is more than that of highway departments in all but three states.

Preparing our rail network to support America’s future freight transportation growth is good business and it’s also good for the environment. According to the U.S. Environmental Protection Agency, railroads move 43 percent of the nation’s freight while generating just 7 percent of transportation-related NOx emissions. In addition, railroads are nearly four times more fuel efficient than trucks.

Rest assured, we will not grow complacent with our performance. Instead, we will focus on areas where we can do better.

We will continue to achieve results through our leadership attributes of vision, commitment, communication, teamwork and respect, while living them through our mission, “The Men and Women of Union Pacific Are Dedicated to Serve.”

Jim Young
Chairman and CEO
ABOUT THIS REPORT

The 2010 Union Pacific Sustainability and Citizenship Report marks the second year that Union Pacific is reporting the commitments and progress we are making in three critical areas: environment, society and governance.

These three factors align well with the Global Reporting Initiative’s 2006 Sustainability Reporting Guidelines, which provide a standard framework and guidance on sustainability performance reporting.

The information that follows applies to railroad and select other operations. This publication is primarily focused on initiatives and accomplishments from the 2010 calendar year and includes 2010 data, unless otherwise noted.
ABOUT UNION PACIFIC

Union Pacific Corporation (NYSE: UNP) is one of America's leading freight transportation companies.

With headquarters in Omaha, Neb., Union Pacific employs more than 43,000 people and provides safe, fuel-efficient and environmentally responsible freight transportation. We link 23 states in the western two-thirds of the United States by rail and deliver door-to-door freight solutions and logistics expertise.

We operate 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.

Union Pacific's diversified business mix includes Agricultural Products, Automotive, Chemicals, Energy, Industrial Products, Intermodal and service to Mexico markets. In 2010, Union Pacific reported operating revenue totaling $17 billion.

We combine excellent customer service with innovation, technology and capital investment. As evidenced in this report, we are reducing our environmental footprint, providing attractive jobs that support our country's economy and contributing to improving the quality of life in the communities where we live and work.
Agricultural Products

Population growth around the world, particularly in Asian countries, coupled with standard of living improvements is expected to drive increased demand for U.S. grain, soybeans and other agricultural products. Union Pacific’s Agricultural Products business helps farmers deliver their products in a safe and efficient manner. We haul everything from fresh and frozen foods to beverages like beer, sweeteners, meals, oils and the whole grains and grain products that feed the nation. We also have a team of experts dedicated to serving the ethanol industry.

Automotive

We serve customers in the finished vehicle and aftermarket vehicle sectors. Union Pacific directly serves vehicle assembly plants in the western U.S., carries imported vehicles from West Coast and Gulf Coast ports, and operates vehicle distribution centers for all major automotive manufacturers. We also provide expedited automobile parts shipping—in both boxcars and containers.

Chemicals

Chemicals are integral to supporting America’s standard of living. They are used to make our drinking water safe, produce plastics used in the industrial manufacturing and disposable consumer goods markets and in fertilizers used to grow food. Union Pacific’s Chemicals group ships petrochemicals, fertilizer and soda ash. It serves the nation’s largest chemical production area, located in the Gulf Coast, and the world’s largest soda ash reserve, located in Green River, Wyo. Union Pacific also offers key routes to major population centers in the eastern United States.

Energy

Coal generates nearly 50 percent of the U.S. electricity supply and Union Pacific delivers approximately 23 percent of the total coal American businesses and consumers demand. Our Energy team is committed to providing coal transportation to the utility, industrial and export markets. Every year, we ship more than 200 million tons of coal from mines in the Southern Powder River Basin, Utah, Colorado, Southern Wyoming and Southern Illinois. Our geographic reach and connections allow us to deliver coal to electric plants across the nation, West Coast and Gulf Coast ports and facilities located on the Mississippi River, the Ohio River and the Great Lakes.
INDUSTRIAL PRODUCTS

The Union Pacific Industrial Products team ships a variety of raw materials and finished goods. Key products shipped include aggregates, cement, roofing materials, military equipment, wind turbine components, generators, household appliances, lumber and panel products, pipe, sheet steel, beams, scrap metal, sand, lime, clay and waste.

INTERMODAL

One Union Pacific intermodal train can take as many as 300 trucks off America’s congested highways and we provide more single-driver truck-competitive routes than ever. Our Intermodal team offers a wide range of multimodal transportation solutions for domestic and international freight including electronics, furniture, clothing, toys, appliances and many other products. Our extensive door-to-door and ramp-to-ramp services provide customers access to markets throughout North America, with the flexibility to move freight in rail-owned shipping containers or private equipment.

MEXICO MARKETS

Union Pacific is the leading transportation services provider to and from the United States/Mexico border and the only railroad to serve all six major gateways. We have extensive sales coverage in Mexico (Mexico City, Monterrey, Guadalajara and Irapuato), at the border (Laredo and El Paso) and throughout the United States. Our bilingual, experienced International Customer Service Center (ICSC) team has expertise in international freight handling, border processes and Mexico rail systems. Approximately 57 percent of Union Pacific’s Mexico traffic consists of southbound shipments of products such as corn, dry feed ingredients, autos and auto parts, steel, plastics and minerals. Our Mexico customers have access to all of Union Pacific’s shipping solutions, including carload, intermodal and transload.
For the full year 2010, Union Pacific reported net income of $2.8 billion or $5.53 per diluted share. This compares to $1.9 billion or $3.74 per diluted share in 2009, a 47 and 48 percent increase, respectively. The company's operating revenue totaled $17 billion versus $14.1 billion in 2009. Operating income increased 47 percent to $5 billion, up from $3.4 billion in 2009.

- All six business groups reported volume and freight revenue growth in 2010. Business volumes increased 13 percent versus 2009 and freight revenue grew 20 percent to $16.1 billion, compared to freight revenue of $13.4 billion in 2009.
- Average diesel fuel prices increased 31 percent from an average of $1.75 per gallon in 2009 to an average of $2.29 per gallon in 2010.
- Union Pacific's operating ratio in 2010 was a record 70.6 percent, 5.5 points of improvement versus the previous annual record of 76.1 percent set in 2009.
- The company repurchased more than 16.6 million shares with an aggregate cost of approximately $1.25 billion.

**2010 FULL YEAR PERFORMANCE SUMMARY**

Diluted earnings per share improved 48 percent to $5.53.

Operating income totaled $5.0 billion, up 47 percent from 2009.

Net income increased 47 percent to $2.8 billion.

Operating ratio was 70.6 percent, 5.5 points of improvement.*

Return on invested capital improved 2.6 points to 10.8 percent.

Customer Satisfaction Index reached an all-time high of 89, up one point from 2009.

* Operating ratio is defined as operating expenses divided by operating revenues.
Communicating with our stakeholders is important and we consider the needs, opinions and ideas of various groups that are affected by our business, reaching out to them across many channels.
These stakeholder groups include:

**COMMUNITIES**
- Union Pacific volunteers
- UP CARES trespasser and grade crossing education and accident reduction safety program
- Operation Lifesaver safety and education campaign
- State-specific Public Affairs contacts and outreach efforts
- Public-private partnerships
- Employee and corporate giving
- Nationwide, 24-hour emergency hotline to report concerns
- Safety training for fire and law enforcement personnel
- Coordinated Union Pacific/community emergency response committees
- The Principals’ Partnership
- Union Pacific Foundation community-based grants
- Employee recruiting
- Union Pacific Railroad Museum
- www.up.com
- Facebook
- Twitter

**INVESTORS**
- Annual reports and proxy statements
- Annual shareholder meeting
- Investor conferences
- Earnings conference calls
- SEC filings
- Quarterly earnings
- www.up.com
- News Releases and media outreach
- E-mail alerts
- Website FAQ

**CUSTOMERS**
- Customer-dedicated Web portal
- National Customer Service Center
- Union Pacific customer service and account representatives
- Advertising and marketing campaigns
- New-customer onboarding team
- Electronic commerce capabilities
- Industry-specific customer education seminars
- Service updates
- Events and trade shows
- Monthly customer service surveys
- Industry association memberships
- Pinnacle awards for chemicals customers
- Innovative customer partnerships, including TRANSCAER®
- News releases and media outreach
- RSS news feed

**REGULATORY OFFICIALS**
- Ongoing dialogue via our Washington, D.C.-based staff
- Industry trade and regulatory group participation
- State regulatory agencies
- Voluntary participation in initiatives such as the EPA’s SmartWay Transportation Partnership and with the California Air Resources Board
- Union Pacific Environmental Management Program
- Participation with the Customs-Trade Partnership Against Terrorism
- Employee and corporate regulatory and legislative advocacy
- www.up.com
- Advertising campaign
- News releases and media outreach
- RSS news feed

**EMPLOYEES**
- UPOnline daily news and blog
- Employee website
- Employee ethics hotline
- InsideTrack employee newsletter
- Craft-specific and regional employee newsletters
- Labor Relations Connection online portal for union employees
- Retirees and Families website
- Town Halls
- Employee resource groups
- Safety policies, training and certification programs
- Education assistance, management training and management development
- Friend-to-Friend employee financial support network
- Diversity and military recruiting programs
- Performance management
- Surveys and focus groups
- Leadership meetings
- Reward and recognition programs

**SUPPLIERS**
- Competitive bid process
- Electronic commerce capabilities
- Supplier diversity program
- Partnering with customers to reduce their own supply chain impacts
- Supplier performance tracking system
- Supplier quality program
- Website FAQ
For nearly 150 years, Union Pacific has helped connect a continent and transport the products America needs. Today, our trains operate in 23 states over roughly 32,000 miles of track.

We can haul almost anything from origin to destination. What’s truly special about Union Pacific is the way we get the job done, focusing on safety, service, efficiency and ethics. In the way we conduct business, we demonstrate our respect for each other, the environment, our customers, communities and anyone who encounters our railroad and our people. This approach defines us as a company and as a responsible corporate citizen.

Following are some of the industry, business and environmental organizations in which Union Pacific is a member:

- American Wind Energy Association
- Association of American Railroads
- Business Roundtable
- Global Environmental Management Initiative
- National Association of Manufacturers
- National Minority Supplier Development Council
- United States-Mexico Chamber of Commerce
- U.S. Chamber of Commerce

**UNION PACIFIC FAST FACTS**

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Route Miles</td>
<td>32,000</td>
</tr>
<tr>
<td>Employees</td>
<td>43,500</td>
</tr>
<tr>
<td>Annual Payroll</td>
<td>$3.6 billion</td>
</tr>
<tr>
<td>Community Giving</td>
<td>$14 million</td>
</tr>
<tr>
<td>Capital Spending</td>
<td>$2.5 billion</td>
</tr>
<tr>
<td>Locomotives</td>
<td>8,200</td>
</tr>
<tr>
<td>Freight Cars</td>
<td>83,200</td>
</tr>
<tr>
<td>Customers</td>
<td>25,000</td>
</tr>
</tbody>
</table>

*for the year ending 12/31/10*
2010 SUSTAINABILITY HIGHLIGHTS

ENVIRONMENT

• We reduced the greenhouse gas emissions rate from Union Pacific locomotives by 3 percent on a gross-ton mile basis compared to 2009.
• Union Pacific saved more than 27 million gallons of diesel fuel compared to 2009. Since 2000, we have improved fuel efficiency by 19 percent.
• Union Pacific increased by 8 percent the number of gross-ton miles of freight moved by distributed power technology, generating approximately 4 to 6 percent fuel savings compared to standard locomotive power, resulting in fewer emissions.
• We retired roughly 300 older, less fuel-efficient locomotives and overhauled or rebuilt approximately 500 locomotive diesel engines to run cleaner and more efficiently.
• Union Pacific operates North America's cleanest and most modern locomotive fleet. Since 2000, we have spent approximately $6 billion to purchase more than 3,400 locomotives that meet EPA Tier 0, Tier 1 or Tier 2 guidelines, with plans to purchase an additional 100 locomotives in 2011.

• The company found new uses for 93 percent of the wood railroad ties removed from active rail lines and reduced the amount of paper used in our business by 20 million sheets.
• Union Pacific's Omaha, Neb., headquarters continued implementing a range of sustainability practices and features and is on track to earn LEED certification.
• Union Pacific pioneered the Generator Set (Genset), a switching technology that allows locomotives to operate on less horsepower to conserve fuel. With 165 Gensets in our 2010 locomotive fleet, we operated more than half of all Gensets in service in the United States.
• The Union Pacific headquarters building in Omaha, Neb., earned Energy Star designation from the U.S. EPA for the fifth consecutive year.
SOCIETY

- Union Pacific employees recorded the safest year in company history with a 1.37 reportable injury rate, a 6 percent improvement over the previous best of 1.45 established in 2009.
- Our reportable derailment rate declined 26 percent from 2000 to 2010 and 6 percent in 2010 compared to 2009.
- Union Pacific’s rail-crossing accident rate declined nearly 34 percent from 2000 to 2010.
- We conducted more than 7,300 UP CARES outreach and training events reaching more than 450,000 people in 2010.
- The company provided training for approximately 3,500 local, state, and federal first responders.
- Union Pacific donated more than $14 million and supported more than 2,500 nonprofits in 2010 through a combination of the Union Pacific Foundation, matching gifts and corporate contributions.
- The Principals’ Partnership, our award-winning signature giving program, provided resources, links and education for more than 1,000 public high school principals with responsibility for more than one million students in 21 states in 2010.
- Union Pacific and its employees combined to contribute more than $2 million to the United Way.
- We worked with customers, government and communities to move forward on successful public-private partnership projects such as ConnectOregon, CREATE in Chicago, and the Alameda Corridor that links the ports of Los Angeles and Long Beach.

GOVERNANCE & ETHICS

- Union Pacific works diligently to be among the best-governed companies in America. Efforts begin with our board of directors, composed of independent directors except for our chairman and CEO.
- Union Pacific has in place the following codes of ethics and conduct:
  - 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 workforce exceeds federal and most 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-union employees and executives.
SUSTAINABILITY & 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 a dedication to service, Union Pacific is committed to 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:

- 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.

SAFETY GOALS

- Zero employee reportable incidents
- Zero employee injuries
- Zero trespasser fatalities
- Zero vehicle grade crossing accidents
- Zero train derailments

FUEL CONSUMPTION RATE REDUCTION GOAL

Reduce our locomotive fuel consumption rate by 1 percent annually from 2011 to 2015, as measured on a gross-ton mile basis. As a result, our corresponding greenhouse gas emissions rate also would decrease by 1 percent annually as measured on a gross-ton mile basis. Using 2000 as a benchmark, attaining this fuel consumption rate goal would represent a 23 percent fuel-efficiency increase from 2000 to 2015.
Protecting the environment is a central guiding principle at Union Pacific. Whether it’s increasing fuel efficiency, reducing air emissions and energy consumption, or recycling used materials, we strive to achieve environmental sustainability.
REDUCING OUR ENVIRONMENTAL IMPACT

Union Pacific strives to be a leader in developing technology and conscientiously using resources to reduce our environmental impact.

Railroads are the most environmentally sustainable way to transport ground freight, and Union Pacific operates North America's cleanest and most modern locomotive fleet. We've achieved this by making sustainability a priority, relentlessly developing new technologies and methods to improve fuel efficiency, reducing emissions and working smarter to minimize our impact on the environment.
UNION PACIFIC ENVIRONMENTAL POLICY

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’s the greenest in the industry. Our employees understand that protecting the environment is part of every job and they 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.

JOINING THE GLOBAL ENVIRONMENTAL MANAGEMENT INITIATIVE

Bob Grimalia, vice president - Safety, Security and Environment and a 35-year railroad veteran, knows that when it comes to environmental sustainability, there is much to be learned from sharing information with others. In late 2010, Grimalia announced that Union Pacific had joined the Global Environmental Management Initiative (GEMI), a coalition of companies dedicated to strengthening their sustainability by sharing tools, information and best practices. Union Pacific will benefit by learning about the strongest programs and practices of its GEMI partners and will be able to share some of its own.

“I was looking for ways to partner and collaborate with more companies similar to Union Pacific,” Grimalia said. “GEMI’s mission of business helping business achieve environmental sustainability excellence aligns very well with Union Pacific’s environmental strategies and practices.”
Shipping goods is a critical component of America’s economy, and railroads are by far the most environmentally sustainable way to transport those goods by ground.

Rail transportation is nearly four times more fuel efficient than truck, and a single train can carry as much freight as 300 trucks. Moving freight by rail instead of road results in significant fuel savings and sharply decreased emissions.

Additionally, shipping goods by train makes personal driving better in terms of both safety and sustainability. On your next road trip or commute, just imagine if there were 300 more trucks on the highway – for each train on the rails. Because of traffic congestion, there would be more wasted fuel, more wasted time, more wear and tear on the roadways and more accidents. Shifting freight to rail helps reduce each of these.

In fact, according to the 2010 Urban Mobility Report published by the Texas Transportation Institute, highway congestion in the United States costs $115 billion in wasted travel time (more than 30 hours for every commuter) and wasted fuel (nearly 30 gallons of gas for every commuter) per year.
ENVIRONMENTAL MANAGEMENT

We are committed to being an environmentally responsible transportation leader.

Every organization needs to approach environmental responsibilities in a strategic way. For a nationwide network like Union Pacific, ensuring that environmental programs and policies are working together smoothly requires an extra level of planning and coordination.

ENVIRONMENTAL GOVERNANCE

Managing a company in an environmentally sustainable way doesn’t happen by accident. Our Environmental Management Group is strategically integrated into the company’s daily operations. Ensuring that practices are followed that reduce environmental impact requires planning, coordination and communication – and the hands-on involvement and awareness of every railroad employee. Union Pacific strategically deploys environmental management specialists to key locations. These specialists – experts in both environmental impact and hazardous materials – serve as on-the-ground observers and innovators, and they work with the communities where our railroads operate.

COMPLIANCE

Compliance with laws and regulations is critical to every aspect of our business.

Some of our most important efforts to protect the environment concern the safe transportation of hazardous materials. Although the tank cars carrying these chemicals belong to our customers, it’s critically important for us to make sure the cars do not experience malfunctions while on our tracks. That’s why we track every hazmat rail car on our network. If a car carrying hazardous materials is delayed, a dedicated team immediately takes steps to ensure that it reaches its destination safely and in a timely fashion.

Our compliance efforts go far beyond hazardous materials transportation. We conduct regular, detailed inspections of every component of our network that has an impact on the environment. This includes all potential sources of airborne emissions, releases of fuel or oil into the environment from storage facilities or locomotives; and, industrial wastewater and storm water runoff.
CLIMATE CHANGE

Union Pacific sees the railroad industry as one of the solutions to the country’s environmental priorities. Freight trains are more fuel-efficient than over-the-road trucks and produce fewer greenhouse gas emissions per ton of freight carried.

We support efforts to use and develop more renewable energy sources and enhance energy conservation. Any practical, long-term approach must consider reducing carbon dioxide emissions and preserving our country’s competitiveness. Union Pacific supports investments in technology to use America’s abundant coal reserves while reducing emissions.

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. This compares to 5.8 percent for trucking. If just 10 percent of the long distance freight that currently moves by highway switched to rail, annual greenhouse gas emissions would fall by approximately 12 million tons.

It is possible that future legislative and regulatory action on climate change could affect our operations and financial performance (see the risk factors in our annual report on form 10-K). However, we are currently unable to predict such impact. We continuously explore new ways to increase our fuel efficiency and reduce our fuel consumption rate by constantly working to develop innovative locomotive technology, strengthen engineer training and implement employee development with an eye toward conservation.

As part of our analysis of risks and opportunities associated with climate change legislation, members of Union Pacific’s environmental management group prepared an inventory of our locomotive fleet’s greenhouse gas emissions. The results are shown on the chart on page 26.
REDUCING FUEL USE

Union Pacific is a leader in developing new fuel efficiency technologies. Cutting down on fuel consumption requires more than just the right technology: it requires hands-on commitment and participation by the engineers who operate our trains. More than 6,000 locomotive engineers – nearly 98 percent of all our road engineers – participate in the Union Pacific Fuel Masters Unlimited program, where they learn and commit to using techniques that eliminate unnecessary fuel consumption. For instance, operating practices such as limiting train speeds and shutting down idle locomotives have been established specifically to save fuel. In fact, locomotive shutdowns can save 15-24 gallons of fuel per locomotive, per day.

The right equipment can help supplement these fuel conservation efforts. All new Union Pacific locomotives have automatic stop-start equipment that eliminates unnecessary idling, and we are retrofitting older locomotives with this technology as well. More than 70 percent of our locomotive fleet is now outfitted with automatic stop-start equipment.

All of these efforts are helping push fuel-consumption rates to record-low levels. Since 2000, we have achieved an almost 19 percent reduction in our fuel consumption rate, including a 3 percent reduction in 2010 alone.

FUEL MASTERS UNLIMITED

A team consisting of business and information technology staff developed an application that analyzes train operations from onboard computers to evaluate how efficiently engineers operate their trains. This application supports Union Pacific’s Fuel Masters Unlimited program, an employee-driven conservation initiative that rewards locomotive engineers for their fuel-saving efforts. As we improve fuel efficiency, we simultaneously reduce our greenhouse gas emissions rate. Our Fuel Masters Unlimited program is so successful that other railroads have implemented versions of it in their operations. The system calculates on a monthly basis the total gallons of diesel fuel saved and the related dollar amount saved. In 2010, Fuel Masters Unlimited helped Union Pacific reduce our fuel consumption rate by 3 percent, or 27 million gallons, from 2009 levels.
UNION PACIFIC GREENHOUSE GAS EMISSIONS

Simply by doing what we do best – moving freight on our 32,000 mile rail network – we are helping to reduce the overall rate of emissions in the United States.

According to the EPA, freight railroads account for just 2.1 percent of U.S. greenhouse gas emissions from transportation. Cars, light trucks and motorcycles combined produce nearly 66 percent, while trucking generates more than 20 percent.

Union Pacific produced a total of 11,560,004 metric tons of greenhouse gas emissions in 2010. This marks the first year we included non-locomotive greenhouse gas emissions data.

Locomotives account for nearly all of our greenhouse gas emissions, and during the past 12 years we have reduced those emissions by investing in more fuel-efficient locomotives, retrofitting older locomotives to be more environmentally friendly and implementing more efficient operating practices. Our locomotive greenhouse gas emissions rate is at its lowest level ever (see page 26).

While we reduced the greenhouse gas emissions rate from Union Pacific locomotives by 3 percent on a gross-ton mile basis in 2010 compared to 2009, Union Pacific locomotives produced 10,771,069 metric tons of greenhouse gas emissions in 2010 compared to 10,030,828 tons in 2009, a 7 percent increase. We attribute this 2010 increase in part to the recent economic recession, which in 2009 reduced our total amount of freight shipped and therefore reduced overall emissions. As the economy continues to recover, the amount of goods requiring transportation has increased, as have our total fuel consumption and emissions.

By way of comparison, in 2010, our locomotives moved 10 percent more gross-ton miles than in 2009 while our locomotive greenhouse gas emissions increased by only 7 percent.

Ron Belnap, Union Pacific's director-Operations Support in Fort Worth, Texas, had the distinct honor of accepting a “Working for Clean Air Award” from the North Texas Clean Air Coalition on behalf of Union Pacific. The award, given to workplaces that implement successful initiatives to reduce environmental impact in a range of areas, was given to Union Pacific in recognition of our successes in reducing fuel use, developing new fuel efficient, low-emissions locomotives and expanding our e-waste recycling program. Belnap was proud to represent Union Pacific, and gratified to see the company receive deserved attention for its environmental record. “Union Pacific is making a difference in protecting the environment; we’re developing new emissions-reduction technologies and implementing new fuel-efficiency programs,” he said. “We were already the most environmentally friendly way to ship ground freight. It means so much that groups like the North Texas Clean Air Coalition recognized our efforts.”
FUEL-EFFICIENT LOCOMOTIVES

Union Pacific operates North America’s cleanest and most modern locomotive fleet. Since 2000, we have spent approximately $6 billion to purchase more than 3,400 locomotives that meet EPA Tier 0, Tier 1 or Tier 2 emissions guidelines, with plans to purchase an additional 100 locomotives in 2011.

Generator-Set or “Genset”, an ultra low-emissions diesel locomotive, and other newer, more fuel-efficient locomotives have contributed to our efforts to lower emissions. Advances have also come from the introduction of a process called Tons Per Axle (TPA), which uses horsepower more efficiently than we could before. TPA distributed power has helped us build longer, more fuel-efficient trains, with more improvements yet to come.
In 2010, Union Pacific:

- Reduced our greenhouse gas emissions rate by 3 percent on a gross-ton mile basis.
- Increased by 8 percent the number of gross ton miles of freight moved by distributed power technology. Distributed power generates approximately 4 to 6 percent fuel savings, resulting in fewer emissions.
- Retired roughly 300 older, less-fuel-efficient locomotives.
- Overhauled or rebuilt approximately 500 locomotive diesel engines to run cleaner and more efficiently.

Governor’s Environmental and Economic Leadership Award

An award from California for environmental accomplishment is high praise. In November 2010, California Governor Arnold Schwarzenegger bestowed a 2010 Governor’s Environmental and Economic Leadership Award on Union Pacific in recognition of our development and use of the Genset ultra-low emitting locomotive. As part of the award process, the executive director of the Sacramento Metropolitan Air Quality Management District noted Genset’s success in “providing emission benefits, lower fuel needs and greenhouse gas savings associated with burning less fuel.”
CONTINUOUS IMPROVEMENT

Improving our processes helps communities and customers. For example, adjusting how we switch rail cars on trains to minimize blocked crossing time keeps vehicle traffic moving. Reducing the amount of time trains are delayed, either in rail yards or held in sidings, improves delivery reliability. Shaving two hours per train out of our mixed-freight network might not sound like a significant improvement, but it adds up to almost 200,000 hours of delay that our Continuous Improvement team has helped remove from the Union Pacific train network. By changing Union Pacific’s paradigm from “buy more assets” to “evaluate the process,” Union Pacific has been able to eliminate waste, improve services and increase productivity. It has also played a major role in minimizing our environmental impact by producing less waste and conserving energy.

Serving America’s freight transportation needs means that we consume roughly one billion gallons of diesel fuel a year. With those numbers, every hundredth of a percentage point saved in our fuel consumption rate can translate to 10 million gallons. We evaluated human factors – fuel master job processes, dispatcher impact and yard shutdowns – along with technological ones such as throttle management, train to rail friction and aerodynamics. As a result, we reduced our fuel consumption from 1.16 gallons per gross-ton mile in 2009 to 1.13 in 2010. As recently as 2006, we burned 1.35 gallons per gross-ton mile. That’s nearly a 16 percent improvement in four years.

EXPLORING INNOVATIVE TECHNOLOGIES

Reducing the environmental impact of our trains involves doing many things better. If we want to improve the environmental performance of the trains we operate today, we need to find ways to improve the technology of those trains. Union Pacific is proud of our environmental technology innovation track record. Examples include the following:

AERO WEDGE

Union Pacific is performing additional aerodynamic tests and evaluations of the Aero Wedge, an aerodynamic structure placed on the top of the first rail car of a double-stack container train. Preliminary results from wind tunnel, computer and test track analyses are promising for fuel savings and corresponding emissions reductions. Union Pacific has applied for a patent on the concept.

AUTOMATIC ENGINE STOP-START

Union Pacific’s locomotive shutdown rules reduce emissions and also save fuel. We require locomotives to be shut down if they are stationary for 15 minutes or longer, unless the temperature is expected to drop below 35 degrees. Locomotive engines may be kept idling for several reasons: In a yard, they idle between work events; on the main line, they idle while meeting or passing other trains; in cold temperatures, they idle to keep their fuel and water lines from freezing. Union Pacific developed a comprehensive plan to reduce the amount of time locomotive engines idle. As a part of this strategy, all new locomotives have automatic stop-start equipment and older locomotives are being retrofitted with the technology, which eliminates unnecessary idling. Locomotive shutdowns can save 15-24 gallons of fuel, per locomotive, per day. More than 70 percent of our locomotive fleet is equipped with this stop-start technology.

FRICITION MODIFIERS

Friction modifiers, which allow trains to roll along the tracks with less resistance, are being deployed in ever-increasing numbers. In addition to fuel savings, this technology decreases wheel and rail wear, thus enhancing safety and increasing operating efficiency.
GENSET LOCOMOTIVES

The Genset locomotive is an engine that, by using multiple smaller diesel engines and generators instead of a single, large one, can achieve a significantly better emissions profile than a conventional engine. Union Pacific created and pioneered Genset locomotive technology, and today we have 165 Genset locomotives in our fleet representing more than half of all Gensets in America. Genset locomotives are being used by railroads around the world.

Compared to conventional diesel locomotives, Genset engines reduce greenhouse gas emissions by as much as 37 percent, emissions of the oxides of nitrogen by up to 80 percent, and emissions of particulate matter by 90 percent. Genset engines achieve these reductions by using only as many of their motors as necessary at any given time. Some rail yard work might demand the power of all motors, but many other tasks may require less power. Running fewer motors translates to burning less fuel and releasing fewer emissions.

GREEN GOAT LOCOMOTIVES

Union Pacific incorporated hybrid electric technology into locomotives, allowing similar emissions reductions and fuel-efficiency improvements as in consumer automobiles. In 2002, we tested the world’s first diesel-battery hybrid-switch locomotive and purchased our first Green Goat locomotive in 2005. Like hybrid electric cars, Green Goats use a conventional engine to charge a battery, which in turn powers the train. With this technology, our Union Pacific Green Goats – with 10 in Texas and 10 in California – are able to reduce fuel consumption by at least 16 percent and emissions of nitrogen and particulate matter by as much as 80 percent.

MORE IN DEVELOPMENT

Other developments will bring computer-aided fuel savings through real-time simulation, choosing the most fuel-efficient profile under any given set of conditions. Aerodynamic initiatives are also in development.

From 2005-10, Union Pacific’s information technology group decreased power consumption by 14 percent at the company’s Omaha data center while increasing computing capacity by approximately 200 percent and disk storage space by more than 700 percent.

MOVING THE IRON HORSE AWAY FROM BIG IRON

Union Pacific was on the cutting-edge of the information technology revolution when we first implemented our “big iron” IBM mainframe in the 1960s. In fact, we were the first railroad system in the world to schedule and route individual shipments at the car level and automate tracking.

But 40 years later, we needed to rethink a system that had become less versatile and agile with time. Union Pacific made a strategic decision and mapped out a multiyear plan to spend up to $200 million to design and build a new information technology platform.

“Our vision was to deliver a distributed, automated network and applications platform that could increase in scale with the company and that could control 8,200 locomotives traveling across 32,000 miles of track,” said Lynden Tennison, senior vice president and chief information officer.

The heart of the new platform is a transportation control system called NetControl that relies chiefly on freely available, community-maintained (open-source) technology and runs on small servers in a loosely coupled network. This allows the company to utilize a smaller footprint than that of multi-CPU, large-scale servers.

Union Pacific expects this system to increase productivity, gain efficiencies and enhance responsiveness to customers. The project is 40 percent complete and it is anticipated to be fully integrated by 2015.
BUILDING IT GREEN

The fuel efficiency of rail transportation allows us to implement sustainable business practices, but we don't limit those practices to the train tracks. Our corporate headquarters building in Omaha, Neb., was designed from the ground up with efficiency and sustainability as key guidelines.

For example, a central atrium provides natural light throughout the workplace, reducing the need for artificial light and electricity demand. An under-floor heating and cooling system keeps the building comfortable in the Nebraska summers while using less energy than older, more conventional climate control systems. The building is equipped with a sophisticated air-handling system that uses a central computer to control fan speed depending on the number of people in the building at any given time, ensuring that climate control equipment is based on the needs of people, not presets on a thermostat.

We're proud of our efforts to build our headquarters green from the ground up and are pleased that others have noticed. In 2010, the EPA awarded Union Pacific Center its fifth consecutive Energy Star® designation. The Department of Energy recognized our headquarters with an Energy Innovators Award.

We are actively pursuing Leadership in Energy and Environmental Design (LEED) certification for Union Pacific Center from the U.S. Green Building Council, and we have created an ambitious plan of action to achieve this prestigious recognition. By the end of 2011, we plan to:

- Re-commission the HVAC system to ensure maximum energy efficiency.
- Implement a "green cleaning" program using low-impact cleaning supplies and methods.
- Install motion-sensor lights in bathrooms and atrium conference rooms.
- Install energy-efficient light bulbs that meet or exceed LEED standards for reduced mercury content.
- Expand our single-stream recycling program to include non-network toner cartridges.
- Convert to paper towels and toilet paper that contain higher recycled content.
We are reducing water usage and the impact our wastewater has on the environment.

In 2010, we installed low-flow water fixtures in every bathroom in our Omaha headquarters. This simple step reduced the gallons-per-minute flow rate of these fixtures from more than two gallons to less than a half gallon. By making this investment in water conservation, we have reduced our headquarters building’s water consumption by 2 percent, approximately 50,000 gallons, during the first three months of implementation.

To meet federal, state and local compliance obligations and minimize our impact on the environment, 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 and discharged in accordance with state and federal requirements.
RESPONSIBLE WASTE MANAGEMENT

Wherever possible, Union Pacific reduces the waste our company produces and encourages reusing and recycling materials that still have a useful life.

These efforts include companywide programs using technology and training to recycle materials like railroad ties, fuel, oil and e-waste. They also include initiatives to minimize hazardous waste and partnerships with our customers to minimize the risk that there is a release of hazardous materials from one of their freight cars.
HAZARDOUS WASTE MANAGEMENT

Union Pacific complies with federal, state and local hazardous waste requirements and has taken steps to implement programs and processes to minimize waste in our supply chain. This includes establishing procurement protocols that require centralized chemicals purchasing, reducing the amount of toxic materials purchased and working to develop new methods of reusing and recycling hazardous waste.

EFFORTS TO REDUCE, REUSE AND RECYCLE

A successful recycling program requires employee engagement. Union Pacific encourages employees to recycle at company locations and trains employees on what and how to recycle. The program includes the same sorts of materials that a consumer might recycle at home – paper, plastic, aluminum, engine lubricant and e-waste. We also look for opportunities to reuse materials in our operations.

RAILROAD TIES

Discarding materials while they still have useful life – even if they will be recycled after being discarded – represents a missed opportunity to increase efficiency and reduce overall impact on the environment. Union Pacific has a sophisticated system in place to monitor our railroad tie replacement cycle to ensure ties are replaced only when the limits of their useful life have been reached.

To the greatest extent possible, Union Pacific rehabs and reuses the railroad ties on our 32,000-mile network. In 2010, we replaced more than 3.8 million wood railroad ties, of which 93 percent were re-used in some manner. Laid end-to-end, the wood railroad ties we re-used in 2010 would reach from New York to Los Angeles and back again, with hundreds of miles to spare.

Union Pacific has been using concrete ties for nearly 20 years and we continue to add concrete ties to our system. Concrete ties are used in high-tonnage, high-traffic areas where the wear and tear on ties is much greater. Because concrete ties last much longer than wood, they generate much less waste and require a decreased consumption of materials. We also use composite ties, made from 100 percent recycled plastic, as an alternative to wood ties in areas such as the Gulf Coast where wet weather reduces the lifespan of wood ties.

For each composite rail tie we use, we prevent more than 1,100 one-gallon plastic milk jugs from going to landfills.
HAZARDOUS WASTE MANAGEMENT & EFFORTS TO REDUCE, REUSE AND RECYCLE

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.

We recycled more than 13 million gallons of oil and diesel fuel from all sources from 2008-10.

E-WASTE

The quantity of electronic devices Union Pacific uses has increased dramatically during the past several decades as information technology has improved the efficiency of moving goods around the country.

Along with that increase, however, has come a growing understanding of the damage some electronic devices and components can do if they are disposed of improperly. Care and expertise are required to ensure that devices and parts are recycled to the maximum extent possible.

At Union Pacific, electronic equipment no longer needed is evaluated to determine whether it can be recycled, reused or rebuilt. The company recycled more than 1.5 million pounds of electronic equipment and nearly 3 million pounds of signal batteries from 2008 to 2010.

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. We also provide recycling training to employees and have recycling programs at more than 60 of our locations in 50 cities across the country.

In 2010, Union Pacific recycled an average of more than 100 tons of paper, cardboard, plastics and aluminum each month. We also recycled nearly one million tons of metal from 2008-10.

Suggestions from field employees were major contributors to reducing the amount of paper used in our business by 20 million sheets. In addition, each year Union Pacific employees across the country volunteer thousands of hours to community efforts aimed at educating kids about conservation and sustainability, and cleaning up local communities.
ENVIRONMENTAL COLLABORATION

When Union Pacific works to reduce our environmental impact, we engage with a wide range of partners – including federal, state and local authorities, customers and third-party stakeholders – to help us achieve our environmental objectives.
Increasingly, Union Pacific's customers are considering fuel economy and environmental impact when making logistics decisions. Union Pacific's certification in the EPA's SmartWaySM Transport program shows our dedication to environmental stewardship and providing the best value for our customers.

SmartWaySM allows freight transportation companies to voluntarily partner with the EPA to improve energy efficiency and reduce emissions. These collaborations help companies cut fuel costs and reduce their environmental impact by leveraging the expertise and tools of the EPA. Union Pacific is a proud participant in the SmartWaySM program. We are proud to be one of the partners authorized to use the SmartWaySM Transport logo as recognition of our exceptional fuel efficiency and environmental performance scores.

Union Pacific has worked closely with the California Air Resources Board (CARB) in a cooperative effort to reduce air emissions and improve California’s air quality since the mid 1990s. 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. According to CARB, this 1998 Memorandum of Understanding (MOU) reduced locomotive NOx emissions in the South Coast Air Basin by 65 percent in 2010 compared to 1998 levels.

Beginning in 1999, Union Pacific provided the data to CARB to produce its first-ever comprehensive Health Risk Assessment (HRA) of an operating rail yard. CARB’s findings in this study were summarized in the Roseville Rail Yard Study regarding the J.R. Davis Yard in Roseville. Based on the success of that project and the identification of additional effective emission reductions measures, CARB brought the two California Class I railroads - Union Pacific and BNSF Railway - together to sign a second MOU in 2005.

The subsequent 2005 CARB/Railroad Statewide Agreement, effective through 2015, is wide-ranging and contains provisions for the railroads to:

- Install idle control devices on intrastate locomotives.
- Perform locomotive exhaust opacity inspections.
- Maximize the use of Ultra Low Sulfur diesel fuel.
- Investigate locomotive performance and the feasibility of incorporating emerging technologies.
- Complete detailed emissions inventories and dispersion modeling for 17 rail yards that would enable CARB to prepare HRAs.
- Work with local stakeholders to evaluate emission reduction ideas.

According to CARB, this MOU is projected to reduce diesel particulate matter (DPM) by approximately 20 percent statewide.

Union Pacific continues to work with CARB to seek additional emissions reductions in areas where they are needed the most.

Railroads are the safest way to transport hazardous material and the federal government requires railroad companies such as Union Pacific to use our locomotives and railroads to transport tank cars containing hazardous materials. Ensuring that these tank cars arrive safely is a top priority for Union Pacific. Even though the tank cars are not owned by Union Pacific, we have a responsibility to the communities that host our train tracks to do everything we can to secure the cars that carry hazardous materials.

As in other areas of our business, Union Pacific complies with all regulations pertaining to the transportation of hazardous materials. We go further, however, by taking voluntary measures designed to minimize the risk of hazardous material release. Every year throughout our system, we select more than 5,000 of our customers’ tank cars for inspection to ensure security and safety. These
regular examinations help identify defective cars and provide opportunities for
the training necessary to reduce accidents and spills.

We don't just work with our customers to help them minimize the risk of releases
from their tank cars; we recognize their efforts and accomplishments in doing
so. Each year, Union Pacific bestows the annual Pinnacle Award on companies
that have implemented strong prevention and correction plans, and have
achieved a perfect safety record in terms of accidental releases of regulated
hazardous materials. The Pinnacle Award is one of several Union Pacific safety
initiatives that helped reduce the number of accidental releases on our network
by approximately 15 percent since 2002.

Another example is our partnership with The Dow Chemical Company.
Together, Dow and Union Pacific have made great progress in achieving safe
chemical transport 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 United States 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 innovation and design of 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.

ALTERNATIVE ENERGY

Union Pacific uses renewable energy to provide power to some of our facilities.
For example, we use solar panels to power many of our facilities in areas
without access to electricity grids. This solar-generated electricity powers
our microwave communications transmission systems, track circuits, detector
fences, intermediate signal locations and control points. Advancements in solar
technology resulting in improved panels, batteries and control systems have continued to lower the overall costs of the systems and have made it possible for Union Pacific to increasingly utilize this technology.

Union Pacific is not just a consumer of renewable energy. We also help support renewable energy providers by transporting equipment. We were the first railroad to offer door-to-door transportation for the wind turbine manufacturing industry, and we continue to play an important role in supporting renewable energy by providing the wind energy industry with safe and sustainable transportation. Union Pacific began shipping wind turbine components in 2003. In 2007, responding to growing interest in wind power technology, we joined the American Wind Energy Association (AWEA).

IMPROVING RAIL CHEMICAL TRANSPORTATION WITH OUR PARTNERS

GOALS

Each of the following goals plays a distinctive role in improving the rail chemical 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
At Union Pacific, it’s our business to make connections. Our job is to connect products and customers from coast to coast. We connect our customers with communities across America, employees with the tools they need to have a meaningful and safe job experience and the communities we serve with resources and education. We continue our strong commitment to provide the best workplace, keep our trains and structures safe, build strong relationships and offer the best service to customers today and in the future.
COMMITMENT TO EMPLOYEES

Our more than 43,000 employees are the reason Union Pacific can stand behind our promise of “Building America.” 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, a safe and rewarding place to work and professional development opportunities that enable all members of our team to reach their greatest potential.
BENEFITS

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

AUXILIARY WORK AND TRAINING STATUS (AWTS)

Union Pacific has not been immune to the challenges of the global economy in recent years and had as many as 5,300 employees furloughed at the height of the global recession in 2009. We are the only company in the industry that invests in our employees after a furlough to get them back to work as soon as possible. Through initiatives such as our Auxiliary Work and Training Status agreements (AWTS), many furloughed employees are given the opportunity to work and train on a part-time basis. Often, it can take up to 90 days for an employee to complete the necessary refresher training and examinations when returning to work. 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. Employees taking advantage of this program retain full healthcare benefits and accrue service time toward Railroad Retirement benefits.

BENEFITS PACKAGES

Union Pacific offers non-union employees competitive benefit packages, including medical, dental, prescription drug, life, disability and long-term care insurance. All medical plans include preventive care covered at 100 percent with no deductible. They 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. Our employees can also participate in a 401(k) plan, which includes an employer match option for non-union employees.

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 union 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.

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 customer demands. Options include a compressed work week, job sharing and phased retirement.

HEALTH AND WELL-BEING

At Union Pacific, we want each of our employees to live the fullest, healthiest life possible. We strive to be one of America’s healthiest companies as recognized by leading health and wellness organizations. Health initiatives are incorporated into the core structure of our company because we know that healthy employees contribute to a safer work environment and increase productivity – and, because we believe it’s the right thing to do.

Our commitment to employee health includes a broad menu of comprehensive health insurance plans, but we do more than just help pay doctors’ bills. We strive to avert medical problems by offering nationally recognized employee wellness programs focused on prevention. We provide assessments and resources, incentives for making good choices and regular health events such as cholesterol screenings.

We also maintain a smoke-free work environment.

UNION PACIFIC WELLNESS

In 1987, we launched Union Pacific Wellness to help employees make healthy decisions every day, at every stage of life. The initiative specifically targets diabetes, asthma, high blood pressure, stress, smoking, inactivity, excess weight, fatigue, high cholesterol, nutrition and depression and teaches employees how to reduce their personal risk for these conditions. Each year we dedicate more than $4 million to support the program and track its effectiveness.
KEY COMPONENTS INCLUDE:

WELL-BEING ASSESSMENT

Employees complete a confidential well-being assessment, which serves as a personal baseline for improving health. They choose to participate voluntarily, knowing that Union Pacific’s goal is to help employees identify risks and learn ways to improve their health. We also provide financial incentives to encourage employees to complete the well-being assessment, obtain an annual physical exam and to stop or continue not smoking.

FITNESS CENTERS

Union Pacific contracts with more than 1,400 facilities across the country so our employees are able to exercise free of charge. Our headquarters building includes a 19,000-square-foot fitness center with state-of-the-art equipment for employees, retirees and spouses.

HEALTH EDUCATION PROGRAMS

We provide employees with several opportunities to better understand their health. Programs like “Know Your Numbers” educate employees on optimal health numbers, such as blood pressure, cholesterol and Body Mass Index. Occupational health nurses also provide health education training as part of safety meetings.

INJURY PREVENTION PROGRAM

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

LIFESTYLE COACHING

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

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, who receive special training on railroad culture and safety regulations, have become a trusted health resource for our employees in the field. Today, Union Pacific has more than 40 OHNs across our network.

TOBACCO CESSIONATION

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. The team's more than 1,000 employee volunteers are specially trained and draw from their own experiences to support fellow employees and their families through physical, psychological or emotional stress.

EMPLOYEE ASSISTANCE PROGRAM

Union Pacific offers an Employee Assistance Program (EAP) to all employees that provides short-term counseling, guidance and referral services to employees and their families with personal and work-related problems.

Referral services are available to address the following:

- Alcohol and drug abuse
- Peer Support/Critical Incidents
- Psychological problems
- Depression or anxiety
- Relationship problems
- Stress
- Work-related concerns
- Legal/financial problems
- Trauma
Independent counselors provide EAP services to eligible employees and family members. A staff of professionals is available through a toll-free telephone consultation service 24 hours a day, seven days a week. All employees and their family members are eligible to use the service. Family members include persons of an employee’s immediate household and dependent children.

SAFE WORKPLACE

In 2010, Union Pacific celebrated the lowest reportable injury rate in our history, moving us one step closer to our goal of zero incidents and zero injuries. We are proud to have an exceptional safety record in what is already the safest industry for ground freight transportation. According to the U.S. Bureau of Labor Statistics, railroads have lower employee injury rates than most other modes of transportation and major industry groups, even grocery stores.

At Union Pacific, we reduced employee reportable injury rates by 53 percent from 2000 to 2010. Safety briefings are standard at meetings across all company locations, including daily job briefings for Union Pacific employees and contractors.

TOTAL SAFETY CULTURE

Union Pacific and our employees share an absolute commitment to safety. Our Total Safety Culture (TSC) is a voluntary, employee-owned process to improve employee safety that focuses on training, observations and feedback. TSC directly empowers our union employees to address at-risk behaviors. The values of the program are shared, and supported, by the company’s senior management.

TSC is active in all three regions of our company’s service area, and each location has an Implementation Team (I-Team) representative of the work force. I-Team members collaborate with TSC facilitators and master trainers to train employees on safe workplace standards. Both voluntary positions, facilitators guide the I-Team and master trainers make sure training meets TSC standards. Union Pacific’s TSC master trainers must complete seven modules and be unanimously approved by a review board to assume the role.

TOTAL SAFETY CULTURE IN ACTION

Employees at our Hinkle Locomotive Service and Repair Facility have a distinction unmatched by any North American railroad mechanical facility – 1.8 million work hours without a Federal Railroad Administration reportable injury.

The safety streak dates back to early 2007. From July 2006 to January 2007, the Hinkle facility had four FRA-reportable injuries and nearly a dozen other incidents. Employee morale was low and managers realized the shop needed to focus on implementing an employee-run Total Safety Culture process.

“We took ownership of the safety process ourselves,” said John Kirwan, Hinkle’s Total Safety Culture facilitator. “We organized a series of events and incentives to improve morale, and we provided some additional training.” About 75 percent of Hinkle’s 214 employees went through a 32-hour leadership training program to break down barriers and enhance teamwork.

Kirwan was named the 2010 Harold F. Hammond Award winner for outstanding safety achievement by the Association of American Railroads.
53% REDUCTION IN EMPLOYEE REPORTABLE INJURY RATES
2000-2010

Reportable injury rate is calculated using the number of injuries per 200,000 worker hours, which is the equivalent to the number of hours worked by 100 full-time employees in a year.
Training & Career Development

Union Pacific has to manage constantly evolving and improving technologies to safely and successfully operate our trains and rail lines and maintain our infrastructure. To help employees meet the challenge and keep up with the latest industry trends, Union Pacific invests heavily in employee training and career development. Daily job briefings, workplace operating rules application and testing, training and a constant focus on safety are integrated into all work processes.

Education Assistance

Union Pacific values continuing education. Our education assistance program pays up to 85 percent of the cost of tuition for full-time employees to enroll in job- or career-related courses at accredited schools, colleges and universities. Maximum reimbursement levels apply per calendar year.

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 and values and how they will be measured. For non-union employees, performance management includes three phases: goal planning, coaching and reviews. It is an ongoing process with regular discussions between employees and managers being the most critical component.

Management Development

We offer employees leadership and skills performance training throughout their careers with Union Pacific. These programs and courses are offered to support the company’s mission and values, strategic initiatives and individual development needs.

Training Facilities

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

Train Crew/Trade:
These unionized positions across our system include:
- **Train service employees** responsible for providing the safe, on-time and on-plan movement of freight trains.
- **Track laborers** responsible for maintaining the track on which our trains operate.
- **Signal employees** responsible for the installation, repair and maintenance of railroad signals and grade-crossing protection equipment.
- **Electricians and mechanics** responsible for the repair and maintenance of our 8,200 diesel electric locomotives.

**Operations Management Training Program:**
Union Pacific offers degreed, non-unionized professionals the opportunity to be among our next generation of leaders. For this 8-24 month training program, we hire:
- **Engineering Associates** who will supervise the building and maintenance of tracks, bridges, buildings and communication devices.
- **Mechanical Associates** who will supervise the maintenance of our fleet of over 8,200 diesel electric locomotives and more than 83,200 freight cars.
- **Transportation Associates** to manage the safe and efficient movement of trains throughout our system.

**Professional:**
We recruit talented college graduates and mid-career professionals in finance and accounting, information technologies, marketing and sales, supply, distribution services, dispatching and others to join our staff of more than 4,500 at our Omaha, Neb., corporate headquarters. Typical jobs include:
- **Business Analyst**
- **Financial Auditor**
- **Program Engineer**
- **Applications Developer**
- **Account Representative**
- **Apprentice Train Dispatcher**

VIRTUAL SIMULATION TRAINING

We develop innovative solutions to ensure that all of our employees have access to training. We developed a video simulation training program to help employees learn how to sort cars onto tracks, stop and start locomotives and uncouple rail cars. The simulator allows employees to become familiar with rail yard surroundings in a controlled environment, creating a safer, and more proficient and confident work force. The program is now being used at 45 training locations across our network and is used as a model by other railroads across the industry.

RECRUITING

The strength of Union Pacific relies on our employees. Recognizing this fact, we continue to build a strong organization by recruiting top talent. We have recruiters located across the system who lead the company’s efforts to attract a qualified and diverse pool of applicants.

Our recruiters build relationships with military installations, community colleges and universities, state and local work force agencies and diversity organizations, along with other channels. In 2010, we hired approximately 2,000 union and professional employees. We are planning to hire approximately 4,500 employees in 2011.

**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. Since 2005, Union Pacific has hired approximately 5,000 members of the armed forces.

We have continued involvement at military transition offices, military education offices, reserve units, military panels, National Guard units, career fairs, information sessions, employer panels and resume review and assistance opportunities. Union Pacific representatives serve on local military committees and boards.
VALUING EMPLOYEE DIVERSITY & INCLUSION

To remain an innovative, industry-leading and customer-focused company, Union Pacific draws upon the expertise and experiences of individuals from all backgrounds. That commitment doesn't end with recruitment. We want to build an environment where all our employees can do their best work. Our employee resource 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 personal and professional growth, and by working with Union Pacific senior leadership to raise awareness of diversity issues.

COUNCIL OF NATIVE AMERICAN HERITAGE (CONAH)

Formed in 2006 and formalized in 2008, CONAH works to balance diversity at Union Pacific and support the professional growth of Native American employees. Every November, the group plans a celebration at our Omaha headquarters, coinciding with national Native American celebrations.

LATINO EMPLOYEE NETWORK (LEN)

The Latino Employee Network was established in 2004 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 wanting to enroll their children in school and sponsoring needy families during the holidays.

LEAD, EDUCATE, ACHIEVE AND DEVELOP (LEAD)

Lead, Educate, Achieve and Develop (LEAD) is a women's initiative that was established in 2003 to increase opportunities for women to be recruited, retained and advanced as Union Pacific leaders. LEAD offers members professional programming, mentoring, skills training, informal networking, work/life balance projects and LEAD-sponsored community activities.

UP TIES

Formed in 2008, 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.

CONGRESSIONAL HISPANIC INSTITUTE CONFERENCE

Some of our employees extend their multicultural efforts to advocate on behalf of diverse populations in communities. Four Union Pacific employees did just that by traveling to Washington, D.C., for the Congressional Hispanic Caucus Institute Conference.

Conference participants attended sessions and workshops hosted by leading Hispanic Congressional members, focused on topics such as education, healthcare, transportation and diversity.

“The event facilitated discussion on the rising Hispanic population and how Hispanic issues affect our entire country,” said attendee Ivan Jaime, director - Border Policy and Community Affairs. “It truly was a once-in-a-lifetime opportunity, and we got plenty of work done.”

Jaime’s work territory includes Texas and Mexican border regions and covers a predominantly Hispanic population, including six districts represented by Hispanic members of Congress.

SPOTLIGHT
COMMITMENT TO 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 initiatives.
Union Pacific reduced crossing accidents by 34 percent from 2000 to 2010. The company works with federal, state and local officials to promote safety at rail crossings. Government officials determine where signals should be placed and when crossing improvements and safety upgrades are needed.

Reducing collisions at highway-rail grade crossings is a key industry goal. From 1980 through 2010, industry grade-crossing collisions fell 81 percent, grade crossing injuries fell 79 percent and grade crossing fatalities fell 69 percent, according to the Association of American Railroads. Still, one accident is one too many. We will continue to work toward improving infrastructure and collaborating with state and local governments and law enforcement personnel to reduce collisions.

Our North Platte Service Unit, which covers most of the 1,067 miles of track Union Pacific operates in Nebraska, celebrated more than 400 days without a public grade-crossing collision.

The Union Pacific Railroad Police teamed up with the Buffalo County Sheriff’s Office to remind motorists of highway-railroad grade-crossing laws as part of Union Pacific’s Crossing Accident Reduction Education and Safety (UP CARES). Through this partnership, an officer riding on the train radios an officer positioned near the crossing to issue citations to motorists. The area was chosen by the UP CARES task force because of reports from both Union Pacific employees and local officials of repeated violations by motorists.
“Caring, collaboration and community” best describe Union Pacific’s public safety efforts, and these traits are embodied in the railroad’s public safety initiative, UP CARES (Union Pacific Crossing Accident Reduction Education and Safety).

Union Pacific engages in safety outreach through community events, media, Union Pacific special agents, employee resource groups and Operation Lifesaver. UP CARES events offer opportunities to interact one-on-one with a range of community stakeholders to communicate key safety messages and change unsafe behavior.

UP CARES events generally encompass several elements:

• Grade crossing education and enforcement, during which motorists who have violated rail crossing signs and laws are educated about the dangers of such actions.
• Safety trains that provide local law enforcement, media and public officials with the opportunity to ride in the locomotive cab and see traffic violations from a locomotive engineer’s point of view. This also allows Union Pacific to connect with community leaders and help them better understand the railroad’s safety focus.
• Communication blitzes, which educate the public via community events and media outreach. For example, Union Pacific often sponsors sporting events in its communities, communicating safety messages on highly visible signs in sports arenas and on giveaways such as mini footballs or basketballs. Media outreach coincides with safety trains in Union Pacific communities.

Union Pacific volunteers discuss the importance of railroad safety with school and community groups. We conducted more than 7,300 UP CARES outreach and training events reaching more than 450,000 people in 2010, compared to more than 6,000 programs reaching more than 378,000 people in local communities in 2009.

INNOVATIVE SAFETY TECHNOLOGY

Our derailment reportable rate decreased 26 percent from 2000 to 2010. Union Pacific continues to incorporate innovative technology and solutions to decrease derailments and enhance safety.

DISTRIBUTED POWER UNITS (DPU)

Distributed power involves having locomotives in the middle and/or end of trains rather than having all locomotives at the front end. Distributed power enhances safety because it reduces the physical forces on the train, making it less prone to derailments and facilitates more even braking to reduce wheel and track wear. Distributed power usage is increasing across the entire Union Pacific network and was used to move approximately 62 percent of 2010’s gross-ton miles. We increased the total number of gross-ton miles moved by distributed power by 8 percent year-over-year. Distributed power also provides a fuel savings of 4-6 percent compared to standard locomotive power, depending upon the route and topography.

ULTRASONIC WHEEL-DEFECT DETECTION

Our Ultrasonic Wheel-Defect Detection system scans each wheel in our coal-car fleet every 60 to 90 days in an effort to eliminate derailments caused by broken wheels. Since its installation, about 5 million wheel inspections have taken place, finding 93 defective wheels. As a result, Union Pacific has not had a shattered rim derailment on our coal fleet in more than two years. This equipment lets us identify cracks the size of a nickel, which could fail in as few as 10 trips. Improvements are being made to the system to ensure even higher quality detection that could ultimately find even smaller cracks.
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. 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 and reduce the total number of derailments. More than 4,700 detectors are deployed across our rail network.

EMERGENCY TRAINING & RESPONSE SYSTEMS

SAFE HAZARDOUS MATERIALS TRANSPORT

Rail is the safest method to transport hazardous materials. Railroads are required to transport hazardous materials according to a federal law known as the common carrier obligation. Railroads haul more than 20 percent of the chemicals used in the United States.

Currently, 99.996 percent of the industry’s freight rail chemicals shipments move without incident or loss. However, we will not be satisfied until we meet our 100 percent objective.

FIRST-RESPONDER TRAINING

Union Pacific partners with local, state, and federal first responders and emergency management organizations to help minimize the impact of a derailment on a community.

Approximately 3,500 local, state, and federal first responders received training through our programs in 2010.

Each year, Union Pacific participates in industry-wide whistle stop training tours. More than 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 multiple forms of transportation, including railroads and truck lines.

Through our TRANSCAER® partnership with Dow Chemical, we also work to improve emergency responder awareness of hazardous materials transportation throughout the country.

PRECISION IN TRACKING

With the click of a mouse on our secure surveillance network, security personnel can follow 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 down to the trip history and plan for each car.

Prior to receiving the delivery, a shipment 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 the safe transport of these materials through our communities. In addition, we inspect more than 5,000 tank cars each month. Although not legally mandated to do so, Union Pacific believes these regular, proactive examinations help identify defective cars.

REPORTING UNSAFE MOTORISTS TO IMPROVE SAFETY

A new online system makes it easier for train crews to report close calls involving motorists and pedestrians. Historically, an engineer and conductor completed an “Unsafe Motorist” prepaid postcard or relayed the details to a dispatcher or the Response Management Communication Center. There, the information was re-entered into a database, and the Safety Department mailed a warning letter to the registered vehicle owner.

More confidential and legible than a postcard, the first-of-its-kind online system improves workflow and prevents errors because the data does not need to be re-entered. Most importantly, it pinpoints the highest-risk locations and makes the data accessible to both Union Pacific and outside agencies to develop safety plans in case there are problems and solutions that go beyond individual driver error. Even the smallest bit of information can help avoid collisions.
EMERGENCY RESPONSE COMMITTEES

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

SAFETY THROUGH SECURITY

Our robust security program operates 24/7 on what amounts to a 32,000-mile outdoor factory. 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.

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), the U.S. Coast Guard, the Federal Bureau of Investigation, the Central Intelligence Agency, the Department of Homeland Security and the Transportation Security Administration.

Union Pacific was the first U.S. railroad to be named a partner in the Customs-Trade Partnership Against Terrorism (C-TPAT), a CBP program designed to develop, enhance and maintain effective security processes throughout the global supply chain. We have 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 Union Pacific police officers and K-9 patrol and $72.5 million over the last decade on drug interdiction programs. We continue to enhance technology at the border and launched a new rail inspection portal at Eagle Pass in June 2010.

PROTECTING AREA SCHOOLS

Valverda Elementary School is located one mile from our rail yard in Livonia, La. Among the school’s 600 students, 22 are children or grandchildren of Union Pacific employees.

Seeing the school every day so close to the yard prompted Tom Robinson, manager – hazardous materials management, to create an emergency hazmat plan, should an unforeseen incident take place.

“We worked with school officials to develop a ‘shelter-in-place’ plan, designating the school’s gymnasium as a meeting place in an emergency,” Robinson said. “Rather than evacuating, sometimes it’s safer to stay inside, close all doors and windows, and shut down units moving air inside the building.”

The emergency plan is now used as a model for all schools within the district.
COMMITMENT TO COMMUNITIES

Many of the more than 7,000 communities throughout our system can trace their origins directly to a Union Pacific depot.

Through company programs and the efforts of the Union Pacific Foundation, we seek to enhance these relationships for the good of the communities themselves, and the good of our employees and customers.

ECONOMIC DEVELOPMENT

Union Pacific has invested more than $28 billion in America's transportation infrastructure since 2000 and plans to spend a record $3.3 billion in 2011.

Unlike trucks, barges and airlines, freight railroads including Union Pacific own, build and maintain the infrastructure on which we and others operate using private capital almost exclusively. In fact, a 2008 comparison of the amount of money spent on infrastructure between railroads and state highway agencies showed that Union Pacific invests more in our tracks, bridges, tunnels, signals, terminals and safety equipment than any other railroad. We also surpass highway spending by state agencies in 47 states, with the lone exceptions of Texas, Florida and California.

According to the Association of American Railroads, every railroad job supports an additional 4.5 U.S. jobs. Railroad business activities – and buying power – support an additional 1.2 million jobs across the broader economy.
ECONOMIC IMPACT: STATE BY STATE

<table>
<thead>
<tr>
<th>STATE</th>
<th>EMPLOYEES</th>
<th>PAYROLL($)</th>
<th>ROUTE MILES</th>
<th>CAPITAL SPENDING($)</th>
<th>IN-STATE PURCHASE($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>1,269</td>
<td>96.7</td>
<td>642.0</td>
<td>68.6</td>
<td>17.7</td>
</tr>
<tr>
<td>Arkansas</td>
<td>2,503</td>
<td>185.3</td>
<td>1,327.0</td>
<td>78.8</td>
<td>29.3</td>
</tr>
<tr>
<td>California</td>
<td>4,700</td>
<td>383.5</td>
<td>3,228.0</td>
<td>229.1</td>
<td>247.5</td>
</tr>
<tr>
<td>Colorado</td>
<td>1,294</td>
<td>106.0</td>
<td>1,535.0</td>
<td>368.0</td>
<td>173.0</td>
</tr>
<tr>
<td>Idaho</td>
<td>950</td>
<td>73.7</td>
<td>849.0</td>
<td>17.6</td>
<td>25.5</td>
</tr>
<tr>
<td>Illinois</td>
<td>3,822</td>
<td>296.1</td>
<td>2,201.0</td>
<td>216.7</td>
<td>1,500.0</td>
</tr>
<tr>
<td>Iowa</td>
<td>1,777</td>
<td>132.5</td>
<td>1,427.0</td>
<td>40.0</td>
<td>67.2</td>
</tr>
<tr>
<td>Kansas</td>
<td>1,483</td>
<td>133.3</td>
<td>2,205.0</td>
<td>82.5</td>
<td>188.9</td>
</tr>
<tr>
<td>Louisiana</td>
<td>1,147</td>
<td>94.6</td>
<td>1,138.0</td>
<td>89.8</td>
<td>30.5</td>
</tr>
<tr>
<td>Minnesota</td>
<td>412</td>
<td>32.4</td>
<td>689.0</td>
<td>7.4</td>
<td>83.8</td>
</tr>
<tr>
<td>Missouri</td>
<td>2,607</td>
<td>174.5</td>
<td>149.7</td>
<td>69.2</td>
<td>297.1</td>
</tr>
<tr>
<td>Montana</td>
<td>14</td>
<td>1.0</td>
<td>125.0</td>
<td>**</td>
<td>1.3</td>
</tr>
<tr>
<td>Nebraska</td>
<td>7,739</td>
<td>802.8</td>
<td>1,068.0</td>
<td>230.8</td>
<td>314.4</td>
</tr>
<tr>
<td>Nevada</td>
<td>558</td>
<td>39.1</td>
<td>1,193.0</td>
<td>73.7</td>
<td>26.4</td>
</tr>
<tr>
<td>New Mexico</td>
<td>327</td>
<td>22.4</td>
<td>618.0</td>
<td>14.8</td>
<td>4.1</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>334</td>
<td>30.2</td>
<td>1,173.0</td>
<td>44.3</td>
<td>106.6</td>
</tr>
<tr>
<td>Oregon</td>
<td>1,581</td>
<td>123.4</td>
<td>1,073.0</td>
<td>89.6</td>
<td>84.9</td>
</tr>
<tr>
<td>Tennessee</td>
<td>55</td>
<td>3.2</td>
<td>14.0</td>
<td>**</td>
<td>93.2</td>
</tr>
<tr>
<td>Texas</td>
<td>7,391</td>
<td>576.8</td>
<td>6,319.0</td>
<td>435.0</td>
<td>1,900.0</td>
</tr>
<tr>
<td>Utah</td>
<td>1,404</td>
<td>118.9</td>
<td>1,250.0</td>
<td>54.1</td>
<td>163.1</td>
</tr>
<tr>
<td>Washington</td>
<td>319</td>
<td>23.2</td>
<td>532.0</td>
<td>18.8</td>
<td>95.9</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>339</td>
<td>32.0</td>
<td>928.0</td>
<td>35.6</td>
<td>60.4</td>
</tr>
<tr>
<td>Wyoming</td>
<td>1,320</td>
<td>99.3</td>
<td>879.0</td>
<td>98.9</td>
<td>65.6</td>
</tr>
</tbody>
</table>

2010 data
*in millions
**Nominal capital spent due to low route miles in state

JOLIET INTERMODAL TERMINAL

In October, Union Pacific opened the 785-acre Joliet Intermodal Terminal.

“The facility increases Union Pacific’s international and domestic container capacity while improving rail traffic efficiency throughout the Chicago region, the largest rail center in the nation,” said John Kaiser, vice president and general manager - Intermodal. “Our $370 million private investment in this intermodal terminal greatly enhances our ability to serve customers and the community.”

Joliet is the “greenest” terminal in the Union Pacific system, equipped with:

- Solar panels to provide electricity to the terminal’s office.
- Air compressors with “soft start” technology that use less energy.
- Advanced computer technology to decrease truck processing time at the terminal’s entrance from four minutes to as little as 30 to 90 seconds, resulting in reduced fuel use and emissions.

Nearly 6,000 construction jobs were created to build the terminal. When considering the entire industrial park development, up to 1,300 permanent intermodal facility jobs are expected, along with 4,500 industrial park jobs and more than 3,000 new truck driver positions.
COMMUNITY GIVING
Union Pacific plays an active role in our communities, and we constantly seek to improve the quality of life in the communities where we live and work. Our employees give their time, talents and generous financial contributions to provide 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, an important education leadership program, and community-based grants. In 2010, Union Pacific as a company donated $14 million in community giving and supported 676 nonprofit organizations. Combining those efforts with corporate support and employee matching gifts, Union Pacific helped more than 2,500 nonprofit organizations. Union Pacific and its employees combined to contribute more than $2 million to the United Way in 2010.

THE PRINCIPALS’ PARTNERSHIP
Union Pacific understands the important role schools play in strengthening communities. National research shows that highly skilled principals are a critical factor in the success of high school students.

To help improve public education, Union Pacific enlisted education professionals to design The Principals’ Partnership, a unique program that emphasizes leadership development, encourages information sharing and promotes innovative strategies.

The Principals’ Partnership brought 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 sponsored a Summer Leadership Institute, where principals had the opportunity to learn from nationally renowned speakers and, perhaps most importantly, network with one another.

After 10 successful years, The Principals’ Partnership will conclude at the end of 2011. Union Pacific values the relationships we developed with educators and is extremely proud of the positive impact The Principals’ Partnership made on more than 1,000 high school principals. We are in the process of developing a new signature giving program that we anticipate will bring benefits to communities and align with our company’s sustainability initiatives.

COMMUNITY-BASED GRANTS
The Union Pacific Foundation provides funding to nonprofits that enhance quality of life in their communities. Specifically, the foundation supports organizations that concentrate on bettering education, advancing the visual and performing arts, improving healthcare or providing human services. We hope to build capacity in these organizations and increase their effectiveness in serving residents and families.
PUBLIC-PRIVATE PARTNERSHIPS

Teamwork with stakeholders creates great success stories. We work with customers, government agencies and communities to move forward on a variety of public-private partnership projects.

ConnectOregon

With support from Union Pacific, the Oregon legislature implemented ConnectOregon in 2005 to enhance the state’s transportation system. Union Pacific worked with the Port of Portland, the Oregon Transportation Commission and others to complete several projects that reduce train delays on a key portion of track, contributing to increased potash and grain exports at the Port of Portland.

CREATE

The Chicago Region Environmental and Transportation Efficiency (CREATE) program is a public-private partnership between the U.S. Department of Transportation, the state of Illinois, city of Chicago, Metra commuter rail, Union Pacific and other Class I railroad companies. CREATE involves significant financial cooperation between the private railroad industry and governmental entities, as well as operational and infrastructure asset sharing between competing railroads.

CREATE will bring public benefits to the Chicago region valued at:

- $595 million related to motorists, rail passengers and safety.
- $1.1 billion related to air quality improvements.
- $2.2 billion related to construction.

During its construction period, CREATE will generate an annual average of more than 2,700 full-time construction-related jobs and $365 million in materials purchases and services.

Alameda Corridor

Through the years, Union Pacific has worked with the Southern California Association of Governments, the Los Angeles County Transportation Commission and others to develop a 20-mile-long cargo expressway linking the ports of Los Angeles and Long Beach to the transcontinental rail network near downtown Los Angeles. Funded through public and private sources, the project helps relieve highway congestion by transferring freight from trucks to rail and supports vehicle and pedestrian safety by eliminating 200 grade crossings in seven Los Angeles-area communities.
COMMITMENT TO CUSTOMERS

Union Pacific delivers the products American business and families need. Our customers represent nearly every business imaginable – consumer goods of all types, autos and auto parts, chemicals for a variety of uses, construction and energy-related products, along with thousands of others.

Union Pacific strives every day to improve the service and consistency we offer our customers, who count on us as the fastest, safest and most cost-effective transportation available. We offer them the most efficient, environmentally friendly transportation solutions available today. Our customer satisfaction index has reached record levels, up one point over 2009 to 89. Numerous customers recognized us with partnership awards in 2010, and our continuous investments to improve our infrastructure improve service and enhance safety.
CUSTOMER SERVICE

We pride ourselves on the service we provide to 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 freight transportation solutions provider. We offer flexible options to help our customers with nearly every type of shipment and are prepared to ship just about anything safely and on time. In order to meet customers’ needs, we use our extensive system to map and coordinate shipments through our network, other railroads and over-the-road transportation to provide complete, door-to-door service.

HURRICANE ALEX

Hurricane Alex caused flood damage in Mexico that greatly impaired the railroads with which we interchange at the Mexico border. In fact, the Laredo gateway was out of service for 26 days in July. Union Pacific worked diligently to reduce the impact to our customers by bringing additional people and locomotives where needed and coordinated with U.S. Customs to convert our Eagle Pass gateway into a 24/7 operation to help during the Laredo traffic embargo. Our quick and decisive actions led to minimal interruptions in service and brought high praise from our international customers.

IMPROVING CUSTOMER SUPPLY CHAIN IMPACTS

Increasingly, companies are evaluating their supply chains while determining their own environmental impact. Union Pacific offers 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 million fewer tons of greenhouse gas emissions, equivalent to nearly 2 million passenger vehicles or the CO₂ emissions from electricity used in one million homes for one year.

ETHANOL RAIL SAFETY

In April 2010, Union Pacific hosted an Ethanol Rail Safety Conference. Joined by equipment supplier GATX, we educated customers about Union Pacific’s safety and security measures including non-accident release reduction, emergency response techniques and safe loading and unloading procedures.

About 85 participants representing more than 30 ethanol shippers attended. The conference featured a panel discussion with industry safety experts, including representatives from Union Pacific, the Ethanol Emergency Response Coalition and the Federal Railroad Administration.

“Safety is a core value at Union Pacific,” said Paul Hammes, vice president - Agricultural Products. “By hosting the 2010 Ethanol Rail Safety Conference, we taught ethanol shippers how they can embrace the same safety focus that supports Union Pacific’s commitment to provide efficient, safe and reliable service to our customers.”
Pinnacle Awards

For the 14th straight year, Union Pacific honored a select group of our customers with the Pinnacle Award for chemical transportation safety. The annual award recognizes companies 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.

An NAR is an unintentional release of hazardous material during transportation not caused by an accident or train derailment. NARs consist of leaks, splashes and other releases from improperly secured or defective valves, fittings and tank shells, and also include improper venting from safety relief devices.

NARs on Union Pacific's network have declined approximately 15 percent since 2002, due in part to increased inspections by our hazardous material safety field personnel and the Pinnacle Award criteria, which focus heavily on tank car securement. Railroads annually transport more than 1.5 million carloads of hazardous cargo, and rail remains the safest way to move these materials.
FOSTERING SUPPLIER DIVERSITY

Our policy is to offer qualifying businesses the maximum opportunity to compete in the marketplace. Union Pacific’s supplier diversity program, implemented in 1982, was the first among the largest U.S. railroads. In the first year, our company spent $10 million with minority- and women-owned businesses. Today, Union Pacific’s direct spending has grown to more than $335 million on purchases such as fuel, engineering services, railroad maintenance and technology needs. In 2008, we refocused our attention on critical suppliers and asked them to report to us their direct spend with minority- and women-owned businesses as a means to foster expanded opportunities for those businesses. In 2010, 16 of our critical suppliers reported nearly $600 million in direct and indirect spend with diverse suppliers.

SUPPORTING MINORITY- AND WOMEN-OWNED BUSINESSES

To support our diversity mission, we host a conference and networking session for current and potential suppliers in partnership with the National Minority Supplier Development Council. In 2010, representatives from more than 65 minority- and women-owned businesses participated in our second annual networking event.

“As a member of the National Minority Supplier Development Council, Union Pacific is committed to finding ways that we can be regionally and nationally involved to support and embrace supplier diversity,” said Joe O’Connor, vice president - Supply. “Our networking event is one of the many ways we work toward this goal.”

The event is an opportunity for minority- and women-owned businesses to discuss their business value and opportunities with Union Pacific’s supply department, as well as with several of our key suppliers and internal customers. It enables suppliers to make business connections while helping Union Pacific broaden and strengthen our purchasing base, promote economic growth and support supplier development.

Additionally, Union Pacific is actively involved in the professional development of diverse businesses. In partnership with the National Minority Supplier Development Council and the Midwest Minority Supplier Development Council, Union Pacific cosponsored diverse businesses to the Northwestern University Kellogg School of Management Advanced Management Education Program. Nearly 500 minority entrepreneurs have graduated from this program, which is designed specifically for growth-oriented minority businesses.

Union Pacific was instrumental in revitalizing the Midwest Minority Supplier Development Council’s minority supplier program in Omaha. We hold seats on the board of directors and advisory council of the Regional Midwest Minority Supplier Development Council, which governs strategies for growth and inclusion for minority-owned businesses in the Midwest region.
Thanks in large part to high ethical standards within our company and among our employees, Union Pacific has earned a position as an industry leader. We were recognized in 2010 as one of Corporate Responsibility’s 100 Best Corporate Citizens. We are proud to have earned that recognition and are committed to maintaining it and invest company resources so we can continue to provide quality service and value to our customers and investors.
Union Pacific works diligently on behalf of our shareholders, employees and customers in our effort to be among the best-governed companies in America.

Our efforts begin with our board of directors, which is composed of at least a majority of independent directors, including no more than two management directors at any given time. At year-end 2010, 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 composed 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.
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 annually conduct self-evaluations 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. 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 & 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 should always be a source of pride for employees and a bond with customers, investors and community partners. In support of that goal, union and non-union employees are expected to comply with applicable laws and regulations and adhere to high ethical standards, which include honesty, fairness, integrity and respect. We incorporate ethics training into employee education offerings and have 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 employees can contribute to their full potential. Union Pacific’s Equal Employment Opportunity Policy helps us provide an equal opportunity to succeed for all employees and applicants, without regard to race, color, gender, national origin, age, religion, sexual orientation, veteran status or disability. Because we prohibit discrimination based on sexual orientation, our policy exceeds federal and most state equal employment opportunity laws. Our policy applies to all terms and conditions of employment including, but not limited to, 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 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 about our ethical standards 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. This 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.

AUDIT 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. 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 regard to adjustments and changes needed to maintain competitive salaries and benefits for non-agreement employees and executives.
COMPANY AWARDS & RECOGNITION

**BLOOMBERG BUSINESSWEEK TOP 50**

*Bloomberg BusinessWeek* named Union Pacific to its top 50 list, an annual ranking of the 50 top-performing stocks of the last five years. Union Pacific ranked No. 44 with a five-year return of 127.9 percent.

**CENTENNIAL CORPORATE PARTNER OF THE YEAR**

The Boy Scouts of America, Mid America Council, named Union Pacific Centennial Corporate Partner of the Year for demonstrating remarkable support for the youth of the community.

**COMPUTERWORLD TOP GREEN-IT ORGANIZATIONS**

IDG's *Computerworld* named Union Pacific to its Top Green-IT Organizations list as a result of the railroad's implementation of green information technology systems. Union Pacific has programs in place to educate IT personnel on the power efficiencies of green equipment options.

**CORPORATE RESPONSIBILITY 100 BEST CORPORATE CITIZENS**

*Corporate Responsibility* named Union Pacific among its 100 Best Corporate Citizens for 2010. The award measures Russell 1000 Index companies across seven categories: governance, environmental, human rights, employee relations, climate change, philanthropy and financial. Union Pacific ranked second among all transportation companies and was the only railroad named.

**DEsert Peak Awards**

The Maricopa County Association of Governments in Arizona awarded Union Pacific its Desert Peaks award in recognition of the positive results of the Ellsworth Loop Road Improvement project in conjunction with the city of Queen Creek, Ariz. The project helped turn a two-lane interstate bottleneck into six lanes, improving traffic flow through the area.

**DIVERSITY CAREERS IN ENGINEERING AND INFORMATION TECHNOLOGY A BEST DIVERSITY COMPANY**

*Diversity Careers in Engineering and Information Technology* named Union Pacific a 2010 Best Diversity Company. The magazine honored Union Pacific for our support of minorities and women, attention to work/life balance, and supplier diversity commitment based on feedback from its readers and website visitors.
EASTMAN CHEMICAL COMPANY HIGHEST LEVEL SUPPLIER EXCELLENCE AWARD

Union Pacific received the highest level of all Eastman Supplier Excellence Program awards in recognition of our consistent performance in providing Eastman with high-quality products and services working on Eastman’s behalf to improve the company’s efficiency and competitiveness. Union Pacific is the first railroad to receive this award.

G.I. JOBS TOP MILITARY-FRIENDLY EMPLOYERS

G.I. Jobs selected Union Pacific as one of America’s top military-friendly employers for 2010. Union Pacific offers a wide range of job opportunities for employees with military backgrounds and organizes a military-specific recruiting plan. More than 10,000 Union Pacific employees are veterans.

GOVERNOR’S ENVIRONMENTAL AND ECONOMIC LEADERSHIP AWARD

Union Pacific earned California’s most prestigious environmental honor, the 2010 Governor’s Environmental and Economic Leadership Award. Recipients were chosen based on their strength in eight areas: results, transferability, environmental impact, resource conservation, economic progress, innovation and uniqueness, pollution prevention, and environmental justice. The award recognized UP for its pioneering development and use of ultra-low emissions “Genset” switching locomotives.

HUMAN RESOURCE EXECUTIVE 50 MOST ADMIREDFOR HR*

Human Resources Executive named Union Pacific to its list of the 50 Most Admired for Human Resources companies. Criteria included quality of management, people management, innovativeness and quality of human resources products and services offered. Union Pacific was the highest-rated U.S. Class I railroad on the list and is ranked No. 19 overall, up 10 spots from the previous year.

KOMEN FOR THE CURE® OUTSTANDING VOLUNTEER GROUP AWARD

Union Pacific’s women’s initiative, LEAD (Lead, Educate, Achieve, Develop), received the annual Outstanding Volunteer Group Award at the 2010 Komen for the Cure Affiliate Conference. Komen honored the Union Pacific group for dedication, commitment, creativity and initiative to help breast cancer awareness and programs in Nebraska.

LOWE’S HOME IMPROVEMENT RAIL CARRIER OF THE YEAR*

Lowe’s Home Improvement named Union Pacific its Rail Carrier of the Year based on the railroad’s ability to differentiate itself through its variety of products and commitment to customer service.

MILITARY TIMES EDGE BEST FOR VETS EMPLOYERS

Military Times EDGE named Union Pacific among the 50 Best for Vets Employers in 2010. The magazine ranked employers based on veteran recruiting, training and mentoring practices; reserve policies; and corporate culture’s representation, retention and support of veterans and military personnel. The publication ranked Union Pacific No. 10 on its list.

NATIONAL BUSINESS GROUP ON HEALTH’S BEST EMPLOYERS FOR HEALTHY LIFESTYLES

The National Business Group on Health (NBGH) named Union Pacific one of the 2010 Best Employers for Healthy Lifestyles. The NBGH recognized companies that demonstrated continued commitment to promoting healthy work environments and encouraging workers to choose healthier lifestyles. Union Pacific is one of only five companies to be recognized all six years the awards have been presented.

* awarded in 2010 for prior year’s performance.
**NATIONAL GOVERNORS ASSOCIATION OUTSTANDING COLLABORATION WITH STATES**

The National Governors Association (NGA) recognized Union Pacific, along with two other NGA Corporate Fellow companies, with its annual Public-Private Partnership Awards following Nebraska Gov. Dave Heineman’s nomination of Union Pacific's innovative Principals' Partnership. The awards recognized companies that have partnered with a governor’s office to implement a program or project that positively affects the state’s citizens.

**OWENS CORNING GLOBAL LOGISTICS CARRIER EXCELLENCE**

Owens Corning named Union Pacific as a Global Logistics Carrier Excellence award recipient. Union Pacific received the award due to our superior on-time performance while significantly contributing to the success of the entire Owens Corning enterprise.

**TOYOTA TOP RAILROAD IN ON-TIME SERVICE PERFORMANCE AND CUSTOMER SERVICE**

Toyota Logistics Services recognized Union Pacific as the top railroad in on-time service performance and customer service. Union Pacific’s collaborative focus on responsiveness, process standardization, problem solving and consistent transportation service performance contributed to this recognition.

**TRANSCEAER® NATIONAL ACHIEVEMENT AWARD**

The Transportation Community Awareness and Emergency Response (TRANSCEAER®) initiative recognized Union Pacific for the third consecutive year for our commitment to helping communities prepare for and respond to possible hazardous transportation incidents.

**UNITEDHEALTH GROUP APEX AWARD**

Union Pacific received UnitedHealth Group’s 2010 Apex Award. The award recognizes innovation and leadership displayed by employers and brokers working to improve the healthcare system. Union Pacific received the award based on our success in helping employees reduce their prescription drug costs by implementing a customized mandatory mail order (MMO) program and educating employees on their prescription drug options.

* awarded in 2010 for prior year’s performance.
**Diversity MBA Magazine Top 100 Under-50 Diverse Executive & Emerging Leaders**

*Diversity MBA Magazine* named Jacqueline White, assistant vice president – Strategic Sourcing, to its list of Top 100 Under-50 Diverse Executive & Emerging Leaders. The magazine recognized individuals based on corporate leadership, scope of responsibility, civic achievement and advanced degrees.

**Profiles in Diversity Journal's Women Worth Watching**

*Profiles in Diversity Journal* recognized Diane Duren, vice president and general manager – Chemicals, in its 9th Annual Women Worth Watching feature. Duren develops and implements market strategy and manages customer relationships for Union Pacific’s Chemicals marketing team. The magazine recognized women executives who share personal leadership successes designed to encourage aspiring business leaders and help advance women into leadership ranks.

**PR Week 40 Under 40**

PR Week named Raquel Espinoza, director - Corporate Relations and Media for Union Pacific’s southern region, to its 2010 40 Under 40 list. Espinoza is Union Pacific’s primary media contact for Arkansas, Louisiana, Oklahoma, Tennessee and Texas. Fluent in Spanish, she has strong relationships with traditional and Hispanic-focused media in several key markets and collaborates with a team of Union Pacific public affairs directors on media and community outreach throughout the five-state territory.

**Wellness Council of the Midlands Healthy Behavior Award**

Ron LeSieur, associate systems consultant-Information Technology, received a Healthy Behavior Award from the Wellness Council of the Midlands (WELCOM) William M. Kizer Light of Wellness Awards in recognition of superior commitment to improving his health. The event highlighted Omaha business community members who have best modeled successful changes in their health habits as a result of their companies’ wellness programs.
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.

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

The 2010 Union Pacific Sustainability and Citizenship Report shares our initiatives and progress thus far. We continuously strive to improve in all aspects of our business.

**FUTURE REPORTING**
This report is our second effort to provide a comprehensive review of our sustainability performance. We will continue to provide an annual review of our environmental, social 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 at www.up.com.

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. We also provide RSS feed for news releases.
Our 2010 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 United States 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 infrastructure improvements; 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 4, 2011, 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.
Thank you for reading Union Pacific's 2010 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.