

**Notice of Your Rights in the
Union Pacific Data Breach
Class Action Settlement**

*A Federal Court authorized this Notice. You are NOT being sued.
This is NOT a solicitation from a lawyer.*

PLEASE READ THIS NOTICE CAREFULLY.

- This Notice is to advise you that the Court has granted preliminary approval to a class action Settlement involving certain current and former Union Pacific employees.
- Under the Settlement, Union Pacific has committed to make specific changes in the way it safeguards, stores, and uses your confidential information to reduce the likelihood that a future data breach will occur or will expose you to any risk of identity theft.
- Under the Settlement, Union Pacific will also provide a total of \$550,000 to pay claims for those who sustained monetary damages as a result of the theft or loss of a Union Pacific computer or computer storage device containing their personal information. (These incidents are referred to in the Notice as “Data Breach Incidents”.)
- To qualify for monetary relief under the Settlement if you believe you are the victim of identity theft, you must initiate a simplified arbitration proceeding. That process is described in this Notice.
- Your legal rights are affected whether you act or don’t act. Please read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN CONNECTION WITH THIS SETTLEMENT ARE:	
1. Do Nothing	If you do nothing and the Court grants final approval to the Settlement, the preventative measures that Union Pacific has pledged to undertake in the Settlement to safeguard your confidential information will automatically apply to you. You will automatically be included in the Settlement Class. This means that you are bound by the Court’s orders in this case and give up your right to be part of any other lawsuit concerning the claims in this case. You will not be eligible to receive monetary relief for financial harm you suffer unless you initiate a simplified arbitration, and you will be given three years to do as described in this Notice.
2. Submit a Claim Form and Participate in a Simplified Arbitration	This is the only way to get a direct monetary payment under the Settlement. You may submit a claim form if you believe that you sustained recoverable losses, such as identity theft, as a result of a Data Breach Incident. This Notice describes how to initiate such arbitration. Arbitrations can be initiated only after the Settlement is approved by the Court, and can be filed up to three years after the Settlement becomes effective.
3. Exclude Yourself from the Settlement	You have a right to exclude yourself from this Lawsuit. To do so, you must tell the Court in writing by November 1, 2007. However, if you do so, you will not be eligible to receive monetary benefits under this Settlement.
4. Object to the Settlement	You may remain in the Class and write to the Court about what you don’t like about the Settlement no later than November 1, 2007.

- These rights and obligations – and the **deadlines** to exercise them – are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the Settlement. The ability to initiate simplified arbitrations and potentially receive monetary payment will be available only if the Court approves the Settlement and after any appeals are resolved. Please be patient.

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1. WHY DID I GET THIS NOTICE?

You are receiving this Notice to advise you of certain benefits you may be entitled to receive pursuant to the settlement of three consolidated class action lawsuits that are now pending in the United States District Court for the District of Nebraska (collectively, the “Lawsuit”). This Notice describes the Lawsuit, provides a summary of the terms of the proposed class action settlement pursuant to the Settlement Agreement (the “Settlement”), and advises you of the date, time, and place of a hearing to be held by the Court to decide whether the Court will give final approval to the Settlement.

The Court in charge of this case is the United States District Court for the District of Nebraska. The Court ordered that you be given this Notice because you have a right to know about a Settlement of this Lawsuit, and about your options, before the Court decides whether to approve the Settlement.

This Notice explains:

- What the Lawsuit is about
- Who is included in the Settlement
- How the Settlement will benefit you
- How to get the benefits
- What your legal rights are

2. WHAT IS THIS LAWSUIT ABOUT?

Three separate class action lawsuits – now consolidated as the “Lawsuit” – were filed against Union Pacific in connection with the theft or loss of Union Pacific computers or mass storage devices containing confidential information about current and/or former employees. (These incidents are collectively referred to in this Notice as the “Data Breach Incidents”). The Lawsuit claims that Union Pacific was negligent in the way that it protected its employees’ confidential information, and that the Data Breach Incidents increase the risk of exposure to identify theft.

The three lawsuits that have been consolidated are:

- (1) *Blackmore v. Union Pacific Railroad* (consolidated under Case No. 06-464; originally No. 06-548).
- (2) *Huck v. Union Pacific Corp. and Union Pacific Railroad Co.* (Case No. 06-464).
- (3) *Boiles v. Union Pacific Corp.* (consolidated under Case No. 06-464; originally No. 06-759).

The Lawsuits have been filed as class actions. In a class action, one or more people, called "Class Representatives," sue on behalf of people who have similar claims. All of these people are a "Class" or "Class Members." The lawyers who filed these suits are referred to in this Notice as "Class Counsel."

The Court has made no determination that Union Pacific did anything wrong. Union Pacific denies any wrongdoing, denies that any Class Members have been harmed as a result of the Data Breach Incidents, and will vigorously defend itself if the Settlement is not approved. Likewise, the Class Representatives deny that any of their claims lack merit. However, in order to avoid the risk and uncertainty inherent in any litigation, Union Pacific and the Class Representatives, on their own behalf and on behalf of the Class Members, have agreed to settle the Lawsuit.

The Court has certified the Class for purposes of settlement only. If the Settlement does not become final, the Lawsuit will proceed as if there had been no Settlement or Notice.

3. WHO IS IN THE SETTLEMENT?

You are a Class Member and affected by this Settlement if you are a current or former employee of Union Pacific, and Union Pacific previously notified you by letter that your name and Social Security Number may have been contained on a Union Pacific computer or Union Pacific mass storage device that was lost or stolen in a Data Breach Incident between April 1, 2006, and January 31, 2007.

The Data Breach Incidents included in this Settlement are as follows:

- April 2006 – A Union Pacific employee's laptop computer was stolen in Omaha, Nebraska, and never recovered.
- July 2006 – A Union Pacific employee's laptop computer was stolen in San Antonio, Texas, and never recovered.
- September 2006 – A Federal Railroad Administration contractor's computer was stolen in Atlanta, Georgia, and never recovered.
- October 2006 – A Union Pacific employee's laptop computer was lost in central Texas, and never recovered.
- October 2006 – A Union Pacific employee's laptop computer was stolen in San Antonio, Texas, and never recovered.
- December 2006 – A Union Pacific employee's laptop computer was stolen in Salt Lake City, Utah, and never recovered.
- January 2007 – A Union Pacific employee's laptop computer was stolen in Forest Hill, Texas, and never recovered.
- January 2007 – A Union Pacific employee misplaced a USB memory drive (or "memory stick"), in St. Charles, Illinois. The USB memory drive was recovered a short period later.

4. WHAT BENEFITS DOES THE SETTLEMENT PROVIDE?

If the Court grants final approval to the proposed Settlement at the Fairness Hearing scheduled for December 7, 2007, at 9:00 a.m., Union Pacific will provide the following benefits to the Settlement Class Members:

A. CHANGES UNION PACIFIC WILL MAKE TO FURTHER SAFEGUARD CONFIDENTIAL INFORMATION:

Union Pacific will make a number of changes that will benefit all Settlement Class Members concerning the manner in which Union Pacific safeguards confidential information of current and former employees. These additional protections are designed to reduce the risk of future data breaches and the consequences of such incidents or similar incidents. As a general matter, Union Pacific will cease using Social Security Numbers as a routine means of identifying its employees and will instead use Social Security Numbers only to the extent required by law (*e.g.*, for payroll or retirement purposes) or as required in the operations of Union Pacific's business (*e.g.*, new employee applications or licensing). In addition, Union Pacific will take the specific steps discussed below:

1. Union Pacific will restrict access to records containing Social Security Numbers to employees with job duties and responsibilities that require access to such information (*e.g.*, for payroll or retirement purposes) or as otherwise required by law. Union Pacific has agreed to implement this protection no later than December 31, 2007.
2. Paper records or removable media containing Social Security Numbers will be stored in a secure location. Electronic records containing Social Security Numbers on file servers will be stored in a secure location with restricted access. For laptop computers, workstations, and shared network drives, Union Pacific will instruct its employees to remove or delete any records with a Social Security Number, or to move the record to a secure location on the network. Union Pacific has agreed to implement this protection no later than December 31, 2009.

3. Union Pacific will implement full disk encryption for all data files stored on Union Pacific laptop computers, which will protect those files from unauthorized access. Union Pacific has agreed to implement this protection no later than December 31, 2007.
4. Union Pacific will cease using Social Security Numbers as a routine means of employee identification (except for payroll, tax, and new hire purposes) on internal documents or forms no later than December 31, 2008.

The implementation dates were agreed upon based on the size and complexity of Union Pacific's operations and computer systems.

B. SIMPLIFIED ARBITRATION PROCESS AVAILABLE FOR SETTLEMENT CLASS MEMBERS TO CLAIM MONETARY DAMAGES:

Under the proposed Settlement, any Settlement Class Member who contends that he or she has incurred actual out-of-pocket damages (compensatory damages) as a result of identity theft attributable to a Data Breach Incident may elect to seek payment (a "Monetary Payment") for a portion of that Class Member's demonstrable compensatory damages through a simplified Arbitration process. The simplified Arbitration will be presided over by an arbitrator to be agreed to by the Parties and approved by the Court (the "Arbitrator"). Union Pacific will be responsible for the Arbitrator's fees and costs. There will be no in-person hearing. Instead, the Class Member will submit his or her claim in writing, along with supporting documentation; and Union Pacific, if it chooses to respond, will respond in the same way. The Arbitrator may, however, convene a brief telephone conference at his or her discretion. The Arbitrator may grant a Monetary Payment only on an individual basis. The decision of the Arbitrator will be final, binding, and non-appealable. Unless you exclude yourself from the Settlement, the Arbitration described in this Notice will be the only way you can seek monetary damages relating to any Data Breach Incident.

In order to initiate an Arbitration, a Settlement Class Member must submit a valid Identity Theft Claim Form, a copy of which will be made available to Settlement Class Members for three years following the Court's approval of this Settlement. (Instructions on how to initiate an Arbitration are provided in the next section of this Notice.) The Identity Theft Claim Form must be completed according to the instructions provided on the form and signed under penalty of perjury. A Settlement Class Member who submits an Identity Theft Claim Form is referred to as a "Claimant."

Among other requirements, in order to be valid, an Identity Theft Claim Form must be accompanied by: (i) a letter of at most ten (10) pages in length, signed under penalty of perjury, and among other things setting forth the basis for the identity theft claim, a description of the damages claimed, and other basic facts (a "Claim Explanation Letter"); and (ii) any documents the Claimant wishes to have the Arbitrator consider. In addition, in order for a Settlement Class Member to be eligible to recover damages in an Arbitration, the Settlement Class Member must establish that he or she has exhausted certain consumer remedies, as further described in the Identity Theft Claim Form, such as disputing the item with the merchant and credit bureaus in the case of fraudulently obtained credit.

Under the terms of the Settlement, if a Claimant submits a valid Identity Theft Claim Form and Claim Explanation Letter, a legal presumption will be created that any identity theft experienced by the Claimant within the relevant time period was the result of a Data Breach Incident and that any compensatory damages attributable to identity theft were proximately caused by a Data Breach Incident. Union Pacific can overcome that legal presumption only by clear and convincing evidence that the Claimant's identity theft was from some other cause, or that the damages sought were caused by something other than a Data Breach Incident.

If the Arbitrator rules in favor of the Claimant, the amount awarded by the Arbitrator will be fifty-percent (50%) of the actual compensatory damages that the Arbitrator determines have been established by the Claimant. The Arbitrator shall not be permitted to award any claim for consequential damages, punitive damages, attorneys' fees (subject to the exception discussed below), injunctive relief, statutory awards or penalties, and any other damages other than those expressly permitted by the Settlement. As an added benefit, any Settlement Class Member who receives an award of damages from the Arbitrator will be entitled to one (1) year of Equifax Credit Watch (or a similar product selected by Union Pacific), which Union Pacific will pay for.

Examples of compensatory damages for which payment can be sought in the Arbitration process, which are provided for illustration purposes only, are: (i) a Claimant's actual out-of-pocket costs paid to a creditor (notwithstanding the Claimant's attempt to dispute said charges) for credit that was improperly opened in the Claimant's name as a result of identity theft – e.g., someone else opened a charge account in the Claimant's name and bought a TV, for which the creditor billed the Claimant and the Claimant had to pay; and (ii) the cost of obtaining any documents reasonably required by the Settlement Class Member to report the identity theft or to dispute charges or credit opened in the Claimant's name.

Examples of financial expenses or damages for which payment cannot and will not be paid under this Settlement, which are provided for illustration purposes only, are: (i) the cost of credit monitoring services; (ii) the costs of an attorney hired by a Claimant or any administration services obtained by a Claimant in connection with actual or suspected identity theft (except that such attorney and legal

expenses, if in a reasonable amount and reasonably incurred, can be paid under this Settlement if such expenses claimed do not exceed \$500 and are supported by an itemized invoice), except that a Claimant may not seek attorney and legal expenses in connection with hiring an attorney or administrator to pursue arbitration under this Agreement; (iii) the costs of medical and/or health treatment, or other claimed damages, due to any anxiety, emotional distress, or medical condition(s) that the Claimant contends is attributable to identity theft or the fear of identity theft; and (iv) the value of a Claimant's time spent identifying or resolving identity theft issues.

Union Pacific has agreed to make available up to a total of \$550,000 to pay the claims of all Settlement Class Members who initiate an arbitration. The Parties and their counsel believe that \$550,000 will be adequate to pay any monetary claims of Settlement Class Members. If, however, Settlement Class Members submit valid Identity Theft Claim Forms such that the \$550,000 being made available by Union Pacific to pay such claims is depleted, then Union Pacific will be under no obligation to pay any claims upon the depletion of the fund, and Settlement Class Members who submit Identity Theft Claim Forms after the fund is depleted will be entitled to no Monetary Payments under the Settlement. If the fund is depleted and there are pending Identity Theft Claims, and the payment of those claims in full would exhaust the remaining money available to pay claims under the Settlement, then the payment of any such remaining claims shall be reduced pro rata. In no event, regardless of the number of valid Identity Theft Claim Forms, will Union Pacific be required to pay more than \$550,000 in payment of Claims. In no event will any Settlement Class Member individually be entitled to a Monetary Payment of more than \$25,000 regardless of the number or types of claims submitted by the Settlement Class Member.

5. HOW TO INITIATE A SIMPLIFIED ARBITRATION – SUBMITTING A REQUEST FORM.

You can initiate a simplified Arbitration only after the Settlement is approved and becomes final. (See the following section for more information on determining if that has occurred.) If the Settlement is approved, you can initiate an arbitration for up to three years following the Court's final approval of the Settlement.

As noted already, in order to initiate a simplified Arbitration, you must submit a valid Identity Theft Claim Form. Copies of the Identity Theft Claim Form will be available from the following: (i) at www.up.com/settlement; (ii) by calling the Settlement Administrator toll-free at 1-800-760-4821; and (iii) from the Union Pacific Human Resources Service Center at 877-275-8747 (toll free), or through the UP network at 544-4000. Be sure to fill in and supply all the information on the Identity Theft Claim Form and sign it.

The Identity Theft Claim Form, Claim Explanation Letter, and any accompanying documents must be mailed to both of the following no later than the three years from the Court's final approval of the Settlement:

Werner Institute for Negotiation and Dispute Resolution
Creighton University School of Law
2500 California Plaza
Omaha, Nebraska 68178

Union Pacific Data Breach Settlement
c/o Rust Consulting, Inc.
P.O. Box 1900
Faribault, Minnesota 55021-7155

6. WHEN WILL I KNOW IF THE SETTLEMENT IS APPROVED AND BECOMES FINAL?

The Court will hold a hearing (called the "Fairness Hearing") at **9:00 a.m. on December 7, 2007**, to determine whether the Court should approve the Settlement. The Court is located in the Roman L. Hruska U.S. Courthouse, 111 South 18th Plaza, Omaha, NE 68102. You may attend if you wish. If the Court approves the Settlement, the Settlement still might not become effective immediately because there could be appeals. An appeal can take many months. You can periodically check the settlement website at www.up.com/settlement for updates as to whether the Settlement has been approved and becomes effective. Please be patient.

7. ATTORNEYS' FEES AND EXPENSES; INCENTIVE AWARD

As an additional benefit to you, the parties have agreed that, subject to Court approval, Union Pacific will pay Class Counsels' attorneys' fees and actual expenses of \$350,000. Class Counsel has agreed not to request any greater amounts from the Court. You will not have to pay any attorneys' fees or expenses to Class Counsel, nor will any such amounts be deducted from the benefits available to you. Class Counsel will also ask the Court to approve a \$500 incentive award to each of the twenty-seven Class Representatives who originally brought the Lawsuit. The Court will determine attorneys' fees, expenses, and Class Representative incentive awards at the Fairness Hearing.

QUESTIONS? Visit www.up.com/settlement or call 1-800-760-4821

8. WHAT RIGHTS AM I RELEASING?

Unless you opt out of the Settlement (which is called “excluding yourself”), you will be part of the Class. By remaining as part of the Class, all of the Court’s orders will apply to you. If the Court grants final approval to the Settlement, all Class Members who have not excluded themselves from the Class will give Union Pacific a “release” as part of the final judgment. A release means you can’t ever again sue or be part of any other lawsuit against Union Pacific about the claims or issues in *this* lawsuit, including but not limited to claims related in any way to a Data Breach Incident or about Union Pacific’s alleged failure in the past to safeguard your personal confidential information.

9. HOW DO I EXCLUDE MYSELF FROM THIS LAWSUIT?

You can get out of the Settlement and the Class. This is called excluding yourself. If you exclude yourself, you cannot object to the Settlement and you cannot make any claim under this Settlement in the future if you become the victim of identity theft. If you choose to exclude yourself from the Class, you may pursue whatever legal rights you may have at your own expense concerning the claims in *this* lawsuit.

To exclude yourself from the Class, you must submit a written request for exclusion that includes your name, current address, and the statement “I request to be excluded from the proposed Settlement Class in the Union Pacific Data Breach Litigation.” You must sign the request for exclusion. Requests for exclusion must be mailed to: **Union Pacific Settlement Administrator, P.O. Box 1900, Faribault, MN 55021-7155. The request for exclusion must be postmarked (or sent by overnight delivery) no later than November 1, 2007.**

10. HOW DO I ENTER AN INDIVIDUAL APPEARANCE OR OBJECT TO THE SETTLEMENT?

All Class Members who do not opt out will be represented by the Class Representatives and Class Counsel unless they enter a separate appearance. You are not required to obtain your own counsel, but if you do, it will be at your own expense. Your individual lawyer must file an entry of appearance with the Court no later than **November 1, 2007**, and mail a copy of that appearance to the following two attorneys:

Robert E. O’Connor, Jr., Esq.
2433 South 130th Circle
Omaha, NE 68144
One of Class Counsel

Kenneth M. Kliebard, Esq.
Howrey LLP
321 North Clark Street, Suite 3400
Chicago, Illinois 60610
One of Union Pacific’s Counsel

Any Class Member may object to the terms of the Settlement, but if you wish to object to the Settlement, you must be and remain a Class Member – *i.e.*, if you exclude yourself, you cannot also object. You may object to the terms of the Settlement Agreement by filing written objections with the Clerk of the Court, at the address listed in Section 11 below, **by November 1, 2007**. Any objections must be received by that date. You must also mail copies of anything you file to the two attorneys listed above.

11. FINAL HEARING ON FAIRNESS OF SETTLEMENT

The Court has ordered that a hearing be held at **9:00 a.m. on December 7, 2007**, in the Roman L. Hruska U.S. Courthouse, 111 South 18th Plaza, Omaha, NE 68102, before the Honorable Lyle E. Strom, United States District Judge for the District of Nebraska, to determine whether the Court should approve the Settlement. At the hearing, the Judge will listen to people who have asked to speak at the hearing. After the hearing, the Court will decide whether to approve the Settlement. **YOU DO NOT NEED TO ATTEND THE HEARING**, although you have the right to do so.

12. GETTING MORE INFORMATION

This Notice summarizes the Settlement. More details are in the Settlement Agreement. A full copy of the Settlement Agreement and related documents can be found at the following website: www.up.com/settlement. Answers to frequently asked questions are available at the settlement website or by calling 1-800-760-4821. You may also contact Class Counsel, whose contact information is available at www.up.com/settlement.

QUESTIONS? Visit www.up.com/settlement or call 1-800-760-4821

13. WHAT ELSE CAN I DO?

Although the Parties are currently unaware of any identity theft attributable to the Data Breach Incidents, there are additional steps you may choose to take to obtain an increased level of protection against identity theft. These additional steps include the following:

You should continue to read your financial account statements promptly and carefully, review your credit reports, and monitor your credit reports once a year thereafter. For more information on getting your credit reports free once a year or buying additional reports, read Your Access to Free Credit Reports at www.ftc.gov/bcp/online/pubs/credit/freereports.shtm.

You may also chose to place a “fraud alert” on your credit file. A fraud alert advises potential creditors that you may have been a potential victim of fraud and provides telephone contact information for the creditor to contact you. The alert lasts for 90 days. There is no charge for this service.

To place a fraud alert, call any of the three credit reporting agencies listed below:

EXPERIAN
(888) 397-3742
www.experian.com

EQUIFAX
(877) 478-7625
www.equifax.com

TRANSUNION
(800) 680-7289
www.transunion.com

If your confidential information has been misused, be sure to file a report about your identity theft with the police, and file a complaint with the Federal Trade Commission at www.consumer.gov/idtheft.

Further information on how you can protect yourself can be found at the website of the Federal Trade Commission, at <http://www.ftc.gov/bcp/edu/microsites/idtheft/>.

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**PLEASE DO NOT CONTACT THE COURT OR
UNION PACIFIC FOR INFORMATION ON THE SETTLEMENT**

This Notice is not an expression of any opinion by the Court as to the merits of any claims or defenses asserted by the parties in the Litigation.

BY ORDER OF THE COURT

The Honorable Lyle E. Strom
United States District Court for the District of Nebraska

Dated: July 30, 2007

Union Pacific Data Breach Settlement
c/o Rust Consulting, Inc.
PO Box 1900
Faribault MN 55021-7155

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